

2005-2007 Biennial Budget Request



Wisconsin Department of Public Instruction
Elizabeth Burmaster
State Superintendent

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DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 4001 – AMERICAN INDIAN ISSUES INITIATIVE

176 – American Indian Studies; Program Operations

s. 20.255 (1) (kt)—New

234 – Grants for Diversity Education Programs

s. 20.255 (2) (kj)—New

| FISCAL SUMMARY | | |
|-------------------------|-----------------------------|------------------------------|
| | 2005-06 Request | 2006-07 Request |
| State Operations | \$80,600 1.0 FTE | \$263,800 1.0 FTE |
| Grants | | \$150,000 |
| Total Request | \$80,600 | \$413,800 |

Request/Objective

The department requests \$80,600 PR-S and 1.0 FTE PR-S position in FY06 and \$263,800 PR-S and 1.0 FTE PR-S position in FY07 to support an expanded American Indian studies program and to provide funding to support the newly established American Indian Student Achievement Network (AISAN). The department also requests \$150,000 PR-S in FY07 for grants to support diversity education initiatives. The total amount requested is \$80,600 PR-S in FY06 and \$413,800 PR-S in FY07. Tribal gaming revenues would be transferred to a new PR-S appropriation.

Background/Analysis of Need

There is a need for school districts and tribal communities to collaborate to address common needs, share expertise, showcase promising local practices and offer professional development opportunities that will improve services to American Indian pupils. Budget and staff cuts, particularly the elimination of the American Indian Language and Culture Education Board (AILCEB) in 1997, have made it difficult to provide professional development opportunities for school district tribal language teachers and home/school coordinators.

The American Indian studies program at the department exists primarily to assist with the implementation of curricular requirements in the areas of American Indian history, culture, and tribal sovereignty. Staff is currently comprised of 1.6 FTE, and duties include providing training and technical assistance to districts, developing and acquiring materials and resources to improve instruction, and maintaining contact with key committees and organizations. However, current department staffing of 1.6 FTE for the program is inadequate in assisting school districts with the implementation of curricular requirements in the areas of American Indian history, culture, and tribal sovereignty.

In 1979, the American Indian Language and Culture Education Program was established. A 12-member American Indian Language and Culture Education Board, whose members were appointed by the Governor, oversaw the program and was staffed by 1.0 FTE in the department. Duties of the board included advising the UW System, technical colleges, and the Higher Education Aids Board on matters pertaining to the education of American Indian pupils. Other tasks included awarding grants and aid to nonsectarian alternative schools. In 1997, Wisconsin Act 27 eliminated the American Indian Language and Culture Education Board and transferred its duties to the DPI. In addition to the responsibilities summarized above, the 1.6 FTE staff assigned to the American Indian studies program has assumed these duties.

Statistics on the Wisconsin Knowledge and Concepts Examination (WKCE) administered in the fall of 2003 show a significant gap between achievement levels of Native American pupils and white pupils.

For example, the score gap between Native American pupils and white pupils on the mathematics portion of the WKCE was as follows: Grade 4—15.8 points, Grade 8—28.1 points and Grade 10—27.6 points.

In an effort to adequately serve the needs of school districts, funding is requested for 1.0 FTE and \$45,600 PR-S in FY06 (six months of funding) and \$86,700 PR-S in FY07 to add an American Indian education consultant to existing department staff. This consultant would have lead responsibility for an expanded American Indian studies program as described below.

American Indian studies staff have recently established the American Indian Student Achievement Network (AISAN). More than half of all American Indian pupils in Wisconsin are enrolled in 24 school districts. Based on interest and attendance at an informational meeting in April 2004, at least 18 of these targeted districts are eager to participate in the AISAN. Funding of \$35,000 annually is requested to support quarterly meetings of the group. Activities will be part of an ongoing effort to facilitate collaboration to improve achievement of American Indian pupils, including joint inservices around shared needs, promising local practices, and ongoing research on effective programs. Strong collaborative efforts with local districts, tribal education departments, tribal language programs, and tribal colleges are encouraged.

In FY07, this proposal includes funding to cover the expenses of one person per district to attend the American Indian Studies Summer Institute. Other team members from the districts would be encouraged to attend at their own expense. In addition, funding is requested for three people per district to attend the Wisconsin Indian Education Association Conference. As part of the AISAN, this request also includes funding for the establishment of the American Indian Action Research Network. Existing research and existing curriculum materials in Indian education tend to be focused on or oriented toward linguistically and culturally dissimilar populations elsewhere in the United States. One way to address this deficiency in the current knowledge base and in existing resources is for teachers to engage in action research that would improve their own teaching and yield instructional materials best suited to local communities. The network would provide teachers with intensive training in action research and ongoing electronic mentoring. Funding is also requested for professional services contracts with two individuals to provide ongoing mentorship to classroom teachers engaging in action research and local curriculum development efforts.

There is a need for training opportunities related to curriculum development, instructional design and methodology, and related topics for those holding American Indian Language and Culture Education (AILCE) licenses. This proposal includes funding for training and technical assistance for current and prospective holders of AILCE licenses as well as the tribal programs that train, assess, and license them.

The following chart summarizes the state operations funding requested for the components of the proposal described above:

| | FY06 | FY07 |
|-----------------------------------------------------------------------------|------------------|------------------|
| 1.0 FTE American Indian education consultant (first year = 6 months) | \$ 45,600 | \$ 86,700 |
| Quarterly meetings of AISAN | 35,000 | 35,000 |
| American Indian Studies Summer Institute (1 attendee from each district) | | 21,700 |
| WIEA Conference (3 attendees from each district) | | 41,800 |
| American Indian Action Research Network | | 43,800 |
| Professional services contract for two mentors working in the field | | 25,000 |
| Professional development (current and prospective AILCE licensees) | | 9,800 |
| TOTAL | \$ 80,600 | \$263,800 |

In an effort to provide adequate support to school districts in meeting the educational needs of American Indian pupils, the department requests \$150,000 PR-S in FY07 to fund a competitive grant program to provide assistance to collaborative student-school-community-based programs and activities to achieve one or more of the following:

- Provide education and experiences to promote an appreciation and understanding of different value systems and cultures and to promote an understanding of human relations, particularly with regard to American Indians, as directed in s. 118.01 (2) (c) 7 and 8, Wis. Stats.
- Assist pupils and pupil organizations to appreciate diversity.
- Assist schools, pupils, and communities to develop and implement activities that prevent violence, aggression, hatred, and intolerance and restore and maintain the ethics and practices of a just and caring society.
- Prevent crises and develop alternative dispute-resolution techniques.
- Assist schools to integrate educational equity, fairness, and inclusiveness within their reform efforts.
- Implement other diversity education projects approved by the department.

Eligible applicants would be local school districts, CESAs, federally recognized tribes, tribal organizations, community-based organizations, or a consortium of school districts, CESAs, and other organizations. Grants of up to \$30,000 each would be awarded annually.

Statutory Language

The department is proposing statutory language related to this request. See *American Indian Issues Initiative* in the Statutory Language section of this document.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 4002 – ADVANCED PLACEMENT GRANTS

101 – General Program Operations

s. 20.255 (1) (a)

205 – Grants for Advanced Placement

s. 20.255 (2) (fw)—New

| FISCAL SUMMARY | | |
|-------------------------|-----------------------------|-----------------------------|
| | 2005-06 Request | 2006-07 Request |
| State Operations | \$66,300 1.0 FTE | \$86,700 1.0 FTE |
| Grants | \$200,000 | \$200,000 |
| Total Request | \$266,300 | \$286,700 |

Request/Objective

The department requests \$200,000 GPR annually in FY06 and FY07 to award grants to school districts to partially reimburse the costs related to offering advanced placement (AP) courses to students. Grants will be available only to schools that are not currently offering AP courses or programs. Grants will be awarded based on the number of students participating in AP courses (limited to \$300 per student per semester). In addition, the department requests \$66,300 GPR and 1.0 FTE in FY06 and \$86,700 GPR and 1.0 FTE in FY07 to fund a consultant position to administer the advanced placement grant in this request, to support the gifted and talented co-op program as requested in Decision Item 4003, and to support gifted and talented programming statewide.

Background/Analysis of Need

Since January 2000, the state has received federal funds to provide an AP program under Title I, Part G, of the Elementary and Secondary Education Act of 1965. The program provides competitive grants to state education agencies (SEAs) to increase the successful participation of low-income students in pre-advanced placement and advanced placement courses and tests. The AP program provides an alternative way for students to master college-level course work while still in high school.

Originally, only SEAs could apply for AP funds and although eligibility criteria targeted low-income students, all students could be served. Although the department is the fiscal agent for the federal grant program, the application is written and the program is administered through Cooperative Educational Service Agency (CESA) 12. Currently, the CESA 12 online AP program serves all 426 school districts and is available to all students in Wisconsin.

Federal funds end in October 2004 and will not be available in state FY05. Although federal funds will be available again in FY06, the awarding criteria will be changed to serve only schools with 40 percent or more free or reduced-price lunch eligible students. This criterion is projected to apply to only 90 school districts in Wisconsin. Further, in addition to SEAs, local education agencies, charter schools, and nonprofit educational entities will be eligible to apply for funding decreasing the odds of the department receiving AP funds in the future.

Currently, the federal AP grant money can be used for:

- Expanding awareness of AP programs and exams among teachers, students, and parents;
- Training teachers to teach AP courses and/or be mentors for students taking online AP courses or preparing to take AP exams;
- Delivering online or interactive AP courses;

- Purchasing College Board CD-ROMs, Apex Learning Incorporation's ClassTools and student AP exam review for students and other instructional supplements for AP courses or exams;
- Registration fees for Apex online AP courses;
- Other innovative methods for delivery of AP courses to students.

During 2001-03, students took 1,650 semesters of online AP courses, 17,483 students prepared to take AP exams with online AP exam review, and teachers subscribed to 1,930 sections of class tools to support teaching AP courses in their home school.

As of November 2003, approximately 80 percent of the 654 students that enrolled in the 2003-04 school year's first semester were still actively engaged in their online work. It is anticipated that 68 percent will successfully complete the semester. Students, teachers and administrators submit favorable comments on the AP program.

College admission committees now view the presence of AP course work on an applicant's high school transcript as a key indicator of academic motivation and achievement. Students with AP classes on their transcript have a clear advantage.

Unfortunately, equitable access to AP classes does not exist. Small school enrollments, coupled with a shortage of qualified teachers, make AP inaccessible to many rural and small high schools.

In FY04, 25 percent of Wisconsin's 500 public high schools did not offer AP courses. The goal of this AP proposal is to have AP classes available to public high schools that because of the size, economic status or geographic location of their district, do not offer or have access to AP courses.

If school districts receive grants under this proposal, advanced placement courses could be provided by the following entities that have contracted for statewide services:

- CESA 9 has contracted with the Wisconsin Virtual School (WVS) beginning in the fall of 2004 to provide online AP courses for school districts statewide through Aventa Learning. WVS offers AP courses (taught by Wisconsin certified AP teachers), teacher tools and exam reviews. AP subjects will cover 85 percent of all those AP courses offered in Wisconsin increasing to 95 percent in FY05. With WVS, school districts can offer online options to their students with minimal cost and time. The cost of this service is \$315 per student per course.
- UW-Madison receives a federal grant through the U.S. Department of Education to offer a statewide advanced placement consortium. This project provides real time AP distance learning opportunities for students regardless of where they live. The federal grant will end in August 2005. The cost of a course is \$250 per student per semester.

Statutory Language

The department is proposing statutory language related to this request. See *Advanced Placement Grants* in the Statutory Language section of this document.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 4003 – SUPPORTING GIFTED AND TALENTED PUPILS

202 – Grants for Gifted and Talented Programs
s. 20.255 (2) (fy)—New

| FISCAL SUMMARY | |
|-----------------------|------------------|
| 2005-06 | 2006-07 |
| Request | Request |
| \$182,000 | \$182,000 |

Request/Objective

The department requests \$182,000 GPR annually in FY06 and FY07 to serve academically talented pupils across the state by establishing a school district cooperative grant program that will provide challenging advanced curriculum and assessments for middle schools.

Background/Analysis of Need

Of the more than one million pupils enrolled in Wisconsin’s public and private schools in 2003-04, pupils with exceptional academic ability represent about 51,000 (five percent) of that total. Wisconsin state law (s. 118.35, Wis. Stats.) requires school districts to establish programs for these pupils, but the fiscal pressures facing many school districts has led a growing number of them to severely curtail or eliminate these programs. In fact, superintendents in Wisconsin’s 426 school districts were surveyed last fall by the Wisconsin Education Association Council (WEAC) and the Wisconsin Association of School District Administrators. Sixty percent said their districts were planning to prune or eliminate talented and gifted programs.

To address this problem and help pupils receive the services they require, the Wisconsin Center for Academically Talented Youth (WCATY) developed the District Co-Op Program. The program addresses two difficult issues in providing adequate programs for academically talented youth: resources and critical mass.

Given the success experienced by WCATY, as well as the continuing success of online Advanced Placement courses, the department proposes to expand the co-op model to 13 sites (12 Cooperative Educational Service Agencies [CESAs] plus Milwaukee Public Schools). At each site, four to six middle schools would be involved with approximately 25-30 pupils. Each site would offer two courses per school year. Thus, approximately 780 academically talented middle school pupils would have access to high quality advanced studies.

Further, the investment in course and teacher development creates a library of curriculum offerings that can be used in the future.

Program Structure

School districts collaborate with WCATY and the program director to develop accelerated courses for their pupils. The courses are delivered via WCATY’s online community and some face-to-face meetings. Each course involves approximately four to five school districts, regionally based, working together. Having four to five school districts participate in each course provides a critical mass of pupils and working with school districts in a particular region allows a face-to-face component in the course. Such a structure lays the foundation for future online learning by the pupils, such as through Advanced Placement.

The schools work in concert with WCATY, the department, and a course instructor to develop the course curriculum, determine the course schedule, and approve the pupil assessment process. By involving school faculty in the planning process, the course meets pupil needs but also fulfills content requirements and state standards.

Once participating schools have been identified, an instructor develops appropriate curriculum and assessment methods in consultation with WCATY and department staff and school faculty. Then, the course is delivered to pupils in the various schools via WCATY's online community and some face-to-face meetings. The pace of the course reflects pupil readiness, and the pupils' work is evaluated by the instructor throughout the course. Typically, courses run for nine weeks or the equivalent of one school quarter at a time.

Goals

The purpose of the program is to provide a statewide system to reach academically talented youth in grades 4-8 (critical developmental years when programming is often not available) with the education they need to maximize their potential.

The goals for the co-op program are:

- Create an environment that is academically, socially, and emotionally stimulating and supportive;
- Allow school districts to increase educational options for academically talented pupils by providing accelerated, enriched curriculum within the regular school day;
- Provide interdisciplinary learning opportunities that reflect what pupils will see in high school, college, and beyond;
- Replace pupils' regular curriculum with a course tailored to their learning needs;
- Provide opportunity for teachers to develop online teaching skills;
- Create shared program offerings building on teacher expertise;
- Build a cost effective model for addressing gifted and talented needs.

Development costs for each course are projected at \$7,000. Thus, 26 course offerings each year generate the total request of \$182,000. The department is proposing that the 1.0 FTE consultant requested to administer the new Advanced Placement grant program (see Decision Item 4002) will also administer this program, as well as provide statewide leadership for gifted and talented pupils and programming.

Statutory Language

The department is proposing statutory language related to this request. See *Supporting Gifted and Talented Pupils* in the Statutory Language section of this document.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 4004 – SCHOOL BREAKFAST PROGRAM REIMBURSEMENT RATE

**215 – Grants for School Breakfast Programs
s. 20.255 (2) (cm)**

| FISCAL SUMMARY | | |
|----------------------------|----------------------------|----------------------------|
| | 2005-06 Request | 2006-07 Request |
| Requested Aid | \$1,780,500 | \$1,885,500 |
| Less Base | \$1,055,400 | \$1,055,400 |
| Less Est. Carryover | \$225,000 | |
| Requested Change | \$500,100 | \$830,100 |

Request/Objective

The department requests \$500,100 GPR in FY06 and \$830,100 GPR in FY07 to increase the per meal reimbursement rate from 10 cents to 15 cents per breakfast served by public and private schools under the state’s School Breakfast Program.

Background/Analysis of Need

In 2002, the Hunger Task Force of Milwaukee completed a breakfast research study on the attitudes and perceptions of Wisconsin school officials toward the school breakfast program. The survey concluded that cost is a barrier to participation.

Department school nutrition staff, the State Superintendent and the Governor have indicated they would like to see Wisconsin improve school breakfast participation. Although the breakfast program school and student participation rates continue to grow, Wisconsin must improve in both:

- School participation rates. The Food Research and Action Center’s *School Breakfast Scorecard: 2003* ranked Wisconsin 50th in terms of school participation in the School Breakfast Program compared to participation in the National School Lunch Program. Only 46 percent of Wisconsin’s schools that participate in the Lunch Program also participate in the Breakfast Program. The national average is 78 percent. In Wisconsin, there are 10 public school districts that do not have a lunch program.
- Student participation rates. All students have access to the school breakfast program if it is offered in their school, but many choose not to participate. The Food Research and Action Center’s *School Breakfast Scorecard: 2003* ranked Wisconsin 51st in terms of free and reduced-price children participating in the School Breakfast Program compared to their participating in the National School Lunch Program. Only 24 percent of Wisconsin’s children eligible for free and reduced-price meals that participate in the Lunch Program also participate in the Breakfast Program. The national average is 42 percent.

The federal School Breakfast Program provides cash assistance to states to operate nonprofit breakfast programs in schools and residential childcare institutions. School breakfasts are available to all students.

Participating entities receive cash subsidies from the U.S. Department of Agriculture (USDA) for each meal they serve. In return, they must serve breakfasts that meet federal requirements, and they must offer free or reduced price breakfasts to eligible children. Eligibility criteria, student costs, and USDA reimbursement rates for free and reduced- and full-price meals are as follows:

| | Eligibility Criteria | Amount Student Pays | Amount USDA Reimburses Participating Entity |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|
| Free meals | Children from families with incomes at or below 130 percent of the federal poverty | \$0.00 | \$1.20 per meal |
| Reduced-price meals | Children from families with incomes between 130 percent and 185 percent of the poverty level are eligible for reduced-price meals | No more than 30 cents | 90 cents per meal |
| Full-price meals | Children from families with incomes over 185 percent of the poverty level pay full price | Schools set their own prices for breakfasts served, though they must operate their meal services as non-profit programs. | 22 cents per meal |

In addition, the state provides GPR to reimburse participating entities at a rate of 10 cents per each breakfast served, regardless of a student's eligibility for free or reduced-price meals.

Prior to the current 10 cent payment (before 2000), the department awarded startup grants, not to exceed \$10,000, to school districts and private schools to reimburse them for certain nonrecurring costs associated with establishing breakfast programs. Only districts or private schools with 20 percent of their pupils eligible to receive free or reduced-price lunch were eligible to receive a startup grant.

1999 Wisconsin Act 9, beginning in the 2000-01 school year, eliminated the startup grant program and instead each eligible institution was reimbursed 10 cents per breakfast served in the prior year. The school breakfast funding was also increased by \$742,000.

Beginning in the 2000-01 school year, the federal Kohl Breakfast Startup Grant Program awarded funds to eligible entities to address the problem of overcoming initial startup costs for the breakfast program. The Kohl startup grant program has awarded \$2 million over the past three years. The Kohl startup grants brought an additional 250 schools into the breakfast program with an enrollment of 100,900 students.

2001 Act 16, beginning in the 2001-02 school year, increased the school breakfast program appropriation where it continues to be funded annually at \$1,055,400 GPR under s. 20.255 (2) (cm), Wis. Stats. A history of the school breakfast appropriation follows:

| | Beginning Balance | Appropriation | Actual Expenditure | Ending Balance | Breakfasts Served |
|---------|--------------------------|----------------------|---------------------------|-----------------------|--------------------------|
| 1998-99 | \$144,742 | \$150,000 | \$139,778 | \$154,964 | N/A |
| 1999-00 | \$154,964 | \$150,000 | \$159,492 | \$145,472 | N/A |
| 2000-01 | \$145,472 | \$892,100 | \$990,089 | \$47,483 | *10,034,500 |
| 2001-02 | \$47,483 | \$1,055,400 | \$906,985 | \$195,898 | *10,783,710 |
| 2002-03 | \$195,898 | \$1,055,400 | \$983,740 | \$267,558 | *11,480,800 |
| 2003-04 | \$267,558 | \$1,055,400 | \$1,047,000 | \$275,958 | N/A |

NOTE: The school breakfast appropriation is a continuing appropriation; therefore, any unspent funds or ending balance becomes the subsequent year's beginning balance.

*Breakfasts served include charter schools under s. 118.40 (2r), Wis. Stats., state schools, and Child Care Institutions. These entities are not funded under the school breakfast program.

It is assumed that the number of breakfasts eligible for aid will increase to 12,570,000 by FY07.

Although the table above reflects an ending balance to be carried over each fiscal year, the actual expenditure in FY04 for the number of meals served is catching up to the amount of funds appropriated.

This request supports the Governor's KidsFirst initiative in which he hopes to increase school breakfast participation.

Statutory Language

The department is proposing statutory language related to this request. See *School Breakfast Program Reimbursement Rate* in the Statutory Language section of this document.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 4005 – REDUCED-PRICE SCHOOL BREAKFAST

216 – Grants for Reduced-Price School Breakfast
s. 20.255 (2) (cq)—New

| FISCAL SUMMARY | |
|-----------------------|--------------------|
| 2005-06 | 2006-07 |
| Request | Request |
| \$1,200,000 | \$1,200,000 |

Request/Objective

The department requests \$1,200,000 GPR annually in FY06 and FY07 to create a new grant program to pay the 30 cents charged to each student for his or her reduced-price breakfast, thus allowing the student to eat a free breakfast.

Background/Analysis of Need

Department school nutrition staff, the State Superintendent and the Governor have indicated they would like to see Wisconsin improve school breakfast participation. Although the existing School Breakfast Program participation rates continue to grow, Wisconsin must improve in both:

- School participation rates. The Food Research and Action Center's *School Breakfast Scorecard: 2003* ranked Wisconsin 50th in terms of school participation in the School Breakfast Program compared to participation in the National School Lunch Program. Only 46 percent of Wisconsin's schools that participate in the Lunch Program also participate in the Breakfast Program. The national average is 78 percent. In Wisconsin, there are 10 public school districts that do not have a lunch program.
- Student participation rates. All students have access to the school breakfast program if it is offered in their school, but many choose not to participate. The Food Research and Action Center's *School Breakfast Scorecard: 2003* ranked Wisconsin 51st in terms of free and reduced-price children participating in the School Breakfast Program compared to their participating in the National School Lunch Program. Only 24 percent of Wisconsin's children eligible for free and reduced-price meals that participate in the Lunch Program also participate in the Breakfast Program. The national average is 42 percent.

By allowing students who qualify for reduced-price breakfast to receive free breakfast, the department hopes to increase student participation in the program.

The federal School Breakfast Program provides cash assistance to states to operate nonprofit breakfast programs in schools and residential childcare institutions. School breakfasts are available to all students.

Participating entities receive cash subsidies from the U.S. Department of Agriculture (USDA) for each meal they serve. In return, they must serve breakfasts that meet federal requirements, and they must offer free or reduced-price breakfasts to eligible children. Eligibility criteria, student costs, and USDA reimbursement rates for free and reduced- and full-price meals are as follows:

| | Eligibility Criteria | Amount Student Pays | Amount USDA Reimburses Participating Entity |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|
| Free meals | Children from families with incomes at or below 130 percent of the federal poverty level | \$0.00 | \$1.20 per meal |
| Reduced-price meals | Children from families with incomes between 130 percent and 185 percent of the poverty level are eligible for reduced-price meals | No more than 30 cents | 90 cents per meal |
| Full-price meals | Children from families with incomes over 185 percent of the poverty level pay full price | Schools set their own prices for breakfasts served, though they must operate their meal services as non-profit programs. | 22 cents per meal |

Congress may authorize a gradual elimination of reduced-price meals in an effort to increase access to healthy school meals. Upon introduction of the bill, Representative Shay said “Child hunger is a serious but preventable barrier to success in schools.”

The State Superintendent sent a letter to the Wisconsin Congressional Delegation in support of the bill, writing “The fee charged for participation in the reduced-price school lunch and breakfast programs is a significant barrier to participation for many working poor families. Elimination of the reduced-price category would result in free, nutritious meals for a greater number of Wisconsin school children.”

Review of participation data indicates only one of six eligible reduced-price children actually eats breakfast. Factors other than the 30 cent charge may explain why children are not eating. However, one of three students eligible for a free breakfast eats breakfast. Thus, elimination of the reduced charge may significantly increase breakfast participation for the reduced-price population.

Based on the 2002-03 reduced-price breakfasts served, the elimination of reduced-price meals would cost \$343,387. If all eligible reduced-price students received a free breakfast for 180 days, the cost would be approximately \$3.6 million. This request assumes that one-third of the eligible students would participate in the School Breakfast Program. It is assumed the amount of funding requested will be sufficient to pay for actual participants. If appropriated funds are insufficient, allow the department to prorate payments. Participating entities would have to guarantee reduced-price children a free meal regardless of the possible proration of funds.

This request indirectly supports the Governor's KidsFirst initiative in which he hopes to increase school breakfast participation.

Statutory Language

The department is proposing statutory language related to this request. See *Reduced-Price School Breakfast* in the Statutory Language section of this document.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 4006 – STRENGTHENING WISCONSIN EDUCATIONAL OPPORTUNITIES PROGRAM

**101 – General Program Operations
s. 20.255 (1) (a)**

| FISCAL SUMMARY | |
|------------------------|------------------------|
| 2005-06 Request | 2006-07 Request |
| \$125,100 | \$155,500 |
| 2.0 FTE | 2.0 FTE |

Request/Objective

The department proposes to strengthen the Wisconsin Educational Opportunities Program (WEOP) through the following initiatives:

- Restore position in Green Bay WEOP office: Request 1.0 FTE Education Specialist at \$48,100 GPR in FY06 and \$63,300 GPR in FY07 to reinstate the GPR Talent Search position in the Green Bay WEOP office.
- Increase the WEOP variable budget: Request \$28,900 GPR annually in FY06 and FY07 to raise the annual WEOP/Office of Urban Education (OUE) variable operations budget from \$21,100 GPR to \$50,000 GPR.
- Restore position in Milwaukee WEOP office: Request 1.0 FTE Education Specialist at \$48,100 GPR in FY06 and \$63,300 GPR in FY07 to reinstate the GPR Talent Search position in the Milwaukee WEOP office.

Background/Analysis of Need

Green Bay Talent Search Position

The Green Bay Regional Office has been without a full-time Talent Search position since January 16, 2003, when the 50 percent GPR match that was required by the federal Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP) grant was discontinued. As a result, 79 public schools in the 11 counties covered by the Green Bay office have been left with limited services. Twenty percent of the school districts will not have direct access to information regarding the Talent Incentive Program (TIP).

There are a large number of low-income pupils in the Green Bay area. Parents and pupils stopping by the WEOP Green Bay Regional Office requesting information on financial aid have been provided with limited information or have been referred to the WEOP Wausau Regional Office. TIP nominations have been handled by other WEOP offices. Staff persons from other WEOP offices have visited high schools, if possible, since schools have called and asked for appointments. However, many counselors have remarked that they won't bother setting up appointments with staffers from other WEOP offices because they feel it is too far for the WEOP staffers to travel. It is not possible to reprioritize funding allocations to pay for reinstating this position since the present staff in the Green Bay Regional Office is all federally funded. Many parents and pupils will not have the financial aid information that is necessary to assist the pupils in meeting their aspirations for a postsecondary education.

Increase the WEOP Variable Budget

The current annual statewide WEOP/OUE variable operations GPR budget of \$21,100 does not provide funding for the Wausau WEOP office's GPR-related functions, professional development for GPR-funded staff, and other services. Similar to all other GPR-supported department team functions, WEOP has seen a reduction in its variable operations GPR budget over the past two fiscal years. As part of \$250,000 GPR operations cuts in FY03, WEOP regional offices' variable GPR budgets were reduced by \$3,500. GPR match related to GEAR-UP and Talent Search activities were reduced by an additional \$13,500. The Wausau regional office has not had a separate GPR operations budget allocation in the past several years, even prior to the most recent GPR reductions starting in FY03. There is a need for more professional development training for WEOP GPR staff in the areas of counseling strategies for pupil retention and success, pupil financial assistance, database creation and management and instructions in using technology in education.

Milwaukee Talent Search Position

Because of staff cuts, reductions in service have been made to several Milwaukee schools in high need of WEOP services. The impact of this will be lessened by reinstating the Milwaukee GPR Talent Search staff position. A total of 220 schools in the Milwaukee Public Schools (MPS) district rely on WEOP services. Cuts to WEOP have placed much stress on remaining staff. In the first quarter of each calendar year, WEOP's GPR Talent Search counselors visit schools and counsel pupils regarding personal financial matters, college options and decisions. They also seek out the lowest income pupils, and screen and document their eligibility for TIP. This service gives confidence and hope to those who otherwise could not afford college. During 2003, only three GPR professional positions were left to provide service to all of Milwaukee County and the surrounding area. These staff have responsibility for the state Talent Search, Early Identification Program, and pre-college services to the community. They also screen and nominate candidates for TIP grants.

Statutory Language

The department is not proposing any statutory language related to this request.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 4007 – MINORITY GROUP PUPIL PRECOLLEGE SCHOLARSHIP PROGRAM

**310 – Minority Group Pupil Scholarships
s. 20.255 (3) (fz)**

| FISCAL SUMMARY | |
|----------------------------|----------------------------|
| 2005-06 Request | 2006-07 Request |
| \$175,000 | \$175,000 |

Request/Objective

The department requests an increase of \$175,000 GPR annually in FY06 and FY07 to provide additional scholarships, serve more pupils, and act as an inflationary adjustment for such factors as the increasing cost of university programs under the Minority Group Pupil Precollege Scholarship Program (MGPPSP).

Background/Analysis of Need

The MGPPSP targets pupils that are having tremendous academic challenges in their educational programs and thus works to close the achievement gap. Reading, math, and literacy programs are a major component of precollege programs, particularly for those pupils who are enrolled in academic skill building programs. Career and technical education programs are provided for pupils who are enrolled in enrichment programs. Parent and community involvement is emphasized in the program. Precollege programs offered by the institutions develop opportunities and activities for that to occur.

Initiated in 1985, MGPPSP encourages minority pupils in grades 6 through 12 to attend precollege courses at 17 campuses in the UW System, four Wisconsin Technical College System campuses, and 10 private colleges by paying the cost of courses, books, supplies, and room and board. It has served over 40,000 Wisconsin teenagers since it began. Scholarships support academic class work and skill building, as well as assistance with matters such as career choices, preparation for tests, and reinforcement of self esteem. Each pupil may receive up to three scholarships per year. Scholarships range in value from \$75 to \$2,000 each. Most scholarships are in the \$300-\$500 range. Generally speaking, pupils and parents apply for a scholarship to a program they feel would meet the pupil's needs without knowing the dollar amount of the scholarship.

Precollege programs that postsecondary institutions develop must:

- Reinforce basic skills and competencies such as math, reading, writing, and logical reasoning;
- Help pupils develop the skills and attitudes necessary for college and employment;
- Provide special experience such as academic camps and workshops in science, writing, arts, humanities, computers, architecture, and engineering.

Funding levels, the numbers of scholarships, and the number of pupils in the MGPPSP since FY97, with the percentage increase or decrease over the previous fiscal year in parentheses, are:

| Fiscal Year | Budget Amount | # of Scholarships | # of Pupils |
|--------------------|----------------------|--------------------------|--------------------|
| FY 97 | \$900,000 | 2,609 | 2,251 |
| FY 98 | 900,000 (00.0%) | 2,910 (11.5%) | 2,417 (7.4%) |
| FY 99 | 1,050,000 (16.7%) | 2,942 (1.1%) | 2,382 (-1.4%) |
| FY 00 | 1,525,000 (45.2%) | 3,522 (19.7%) | 2,926 (22.8%) |
| FY 01 | 1,525,000 (00.0%) | 4,198 (19.2%) | 3,355 (14.7%) |
| FY 02 | 1,525,000 (00.0%) | 4,221 (0.5%) | 3,452 (2.9%) |
| FY 03 | 2,177,500 (42.8%) | 4,831 (14.5%) | 3,762 (9.0%) |
| FY 04 | 2,177,500 (00.0%) | 4,931* | N/A |
| FY 05 | 2,177,500 (00.0%) | N/A | N/A |

*As of August 31, 2004

All money appropriated for MGPPSP goes toward scholarships. Salaries for program staff are funded through other GPR sources and the federal Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP).

The requested increase in GPR funding would provide additional scholarships, serve more pupils, and act as an inflationary adjustment for such factors as the increasing cost of university programs.

Statutory Language

The department is not proposing any statutory language related to this request.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 4008 – BILINGUAL-BICULTURAL EDUCATION AID INCREASE

**207 – Bilingual-Bicultural Education Aids
s. 20.255 (2) (cc)**

| FISCAL SUMMARY | | |
|-------------------------|----------------------------|----------------------------|
| | 2005-06 Request | 2006-07 Request |
| Requested Aid | \$22,684,500 | \$24,726,100 |
| Less Base | \$8,291,400 | \$8,291,400 |
| Requested Change | \$14,393,100 | \$16,434,700 |

Request/Objective

The department requests an additional \$14,393,100 GPR in FY06 and \$16,434,700 GPR in FY07 to increase the current bilingual-bicultural aid program to reimburse approximately 30 percent of approved prior year costs for school districts required to offer bilingual-bicultural education programs under ss. 20.255 (2) (cc) and 115.97 (2), (3), or (4), Wis. Stats.

Background/Analysis of Need

In certain cases, school districts are required by state law to provide special classes to pupils of limited-English proficiency. These classes are required at schools which enroll 10 or more limited English proficient (LEP) 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. State aid payments are based on the ratio of the categorical aid appropriation to the total aidable costs of the eligible districts in the prior year. Aidable costs are defined as the districts' prior year costs for salaries, special books, equipment and other expenses approved by the department which are attributable only to programs for LEP pupils. The state share has decreased in recent years due to growth in program expenditures. Since FY94, LEP aidable costs have increased an average of nine percent a year (see aidable costs in Tables 2 and 3).

State categorical aid for bilingual-bicultural education has not increased at the same rate as costs. While the rate of reimbursement for this program was originally set at 70 percent of aidable costs, it was subsequently reduced to 63 percent until proration was necessary for reimbursement of approved costs beginning in FY88. In FY05, it is projected that state aid will represent only 12 percent of reimburseable costs. By FY07 it is estimated that only 10 percent of the prior year's aidable costs will be supported by the current appropriation (see Tables 2 and 3). As a result, under the revenue limits, districts are being forced to take money from regular education to pay for these special need pupils.

The number of districts offering programs and services to LEP pupils has increased from seven school districts in 1977 to 45 in the 2002-03 school year. Table 1 below also shows two concurrent dynamics regarding the state's LEP school-age population:

- Districts required to provide LEP program services reported significant annual increases in the number of bilingual-bicultural pupils served over the last ten years and it is estimated that this number will continue to increase to approximately 25,900 pupils by 2006-07; and
- The annual census of all LEP pupils in Wisconsin is estimated to reach approximately 40,000 individuals by 2006-07.

Table 1

| Fiscal Year | Number of Districts Offering Programs | Number of LEP Pupils Served | Census of All LEP Pupils | Difference |
|--------------------|----------------------------------------------|------------------------------------|---------------------------------|-------------------|
| 1993-94 | 36 | 13,994 | 16,755 | 2,761 |
| 1994-95 | 37 | 14,883 | 18,258 | 3,375 |
| 1995-96 | 37 | 15,798 | 21,621 | 5,823 |
| 1996-97 | 41 | 15,798 | 23,340 | 7,542 |
| 1997-98 | 38 | 17,326 | 24,740 | 7,414 |
| 1998-99 | 38 | 17,941 | 25,382 | 7,441 |
| 1999-00 | 37 | 19,003 | 27,184 | 8,181 |
| 2000-01 | 38 | 20,300 | 29,377 | 9,077 |
| 2001-02 | 41 | 22,016 | 32,588 | 10,572 |
| 2002-03 | 45 | 22,136 | 34,199 | 12,063 |
| 2003-04 | 39 | 23,021 | 35,567 | 12,546 |
| *2004-05 | 40 | 23,942 | 36,990 | 13,048 |
| *2005-06 | 40 | 24,900 | 38,500 | 13,600 |
| *2006-07 | 41 | 25,900 | 40,000 | 14,100 |

*Estimated

State categorical aid for bilingual-bicultural education has been frozen at \$8,291,400 since FY91. In addition, 1999 Wisconsin Act 9 required the department to provide \$250,000 from the current bilingual-bicultural appropriation to school districts in which LEP pupils comprise 15 percent or more of the total enrollment. (The Wausau school district was the only district eligible in the 1999-00 school year until Sheboygan became the second district eligible in the 2001-02 school year.)

Maintaining the same level of categorical aid funding and creating a first-draw provision while bilingual-bicultural education costs continue to rise, effectively shifts the funding source for bilingual-bicultural education to general aids and property taxes.

Table 2 provides a brief history of the aid for this program under the requirements of current law:

Table 2

| Fiscal Year | Aidable Costs (Prior Year) | State Aid Appropriation | Percent Reimbursement |
|--------------------|-----------------------------------|--------------------------------|------------------------------|
| 1993-94 | \$25,008,400 | \$8,291,400 | 33.2% |
| 1994-95 | \$27,492,801 | \$8,291,400 | 30.2% |
| 1995-96 | \$29,579,615 | \$8,291,400 | 28.0% |
| 1996-97 | \$32,747,337 | \$8,291,400 | 25.3% |
| 1997-98 | \$35,989,940 | \$8,291,400 | 23.0% |
| 1998-99 | \$38,984,609 | \$8,291,400 | 21.3% |
| 1999-00 | \$41,714,528 | \$8,291,400 | 19.9% |
| 2000-01 | \$44,788,051 | \$8,291,400 | 18.5% |
| 2001-02 | \$48,234,013 | \$8,291,400 | 17.2% |
| 2002-03 | \$58,388,591 | \$8,291,400 | 14.2% |
| *2003-04 | \$63,643,564 | \$8,291,400 | 13.0% |
| *2004-05 | \$69,371,485 | \$8,291,400 | 12.0% |

*Aidable costs based on an estimated annual increase of nine percent over the prior year.

NOTE: Includes \$250,000 first draw to Wausau and Sheboygan School Districts from bilingual-bicultural appropriation.

Table 3 projects future aidable costs and the percent of reimbursement if the state aid appropriation remains the same in the 2005-07 biennium, as well as the proposed 30 percent level:

Table 3

| Fiscal Year | Aidable Costs (Prior Year) | State Aid Appropriation | Percent Reimbursement | Proposed Appropriation | Proposed % Reimbursement |
|--------------------|-----------------------------------|--------------------------------|------------------------------|-------------------------------|---------------------------------|
| *2005-06 | \$75,614,919 | \$8,291,400 | 11.0% | \$22,684,500 | 30.0% |
| *2006-07 | \$82,420,261 | \$8,291,400 | 10.1% | \$24,726,100 | 30.0% |

*Aidable costs based on an estimated annual increase of nine percent over the prior year.

In July 2000, the Wisconsin Supreme Court articulated a new standard for a basic education in *Vincent vs. Voight* that describes the “character of instruction” required to be made available through each public school. In the decision, the court found that an equal opportunity for a sound basic education acknowledges those students and districts are not fungible and takes into account districts with disproportionate numbers of limited-English proficient pupils.

Other important concerns regarding LEP pupils include:

- The average national dropout rate for LEP pupils is approximately double that of English speaking students;
- Research indicates that at least five years of quality language/academic assistance is necessary to ensure a smooth transition of LEP pupils into the mainstream and to significantly raise high school graduation levels;
- With the creation of pupil assessments that affect grade promotion and high school graduation, services for LEP pupils must be adequate, promoting not only language development but also academic proficiency; and
- Rapid increases of LEP pupils are occurring in many communities in Wisconsin. Some of these communities have little prior experience helping these new immigrants learn English, adapt to American life, and succeed academically in schools.

In the 2001-03 executive budget, the Governor proposed increasing bilingual-bicultural aid by \$1.5 million over the biennium; however, this provision was not included in the final budget act.

In its June 2004 report, the Governor’s Task Force on Educational Excellence recommended that funds for the state bilingual-bicultural categorical aid program be substantially increased. While the Task Force elected not to select a specific funding target, it suggests a 25 percentage point increase (would bring reimbursement level to 35 percent in FY06 and FY07) in the state’s reimbursement rate would be the most desirable. The Task Force believes that investment in services and support for LEP students can lead to long-term positive gains.

Statutory Language

The department is not proposing any statutory language related to this request.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 4009 – BILINGUAL-BICULTURAL EDUCATION AID FOR CURRENTLY INELIGIBLE PUPILS

217 – Bilingual-Bicultural Education Aids; Supplement s. 20.255 (2) (bd)—New

| FISCAL SUMMARY | |
|------------------------|------------------------|
| 2005-06 Request | 2006-07 Request |
| \$5,440,000 | \$5,640,000 |

Request/Objective

The department requests \$5,440,000 GPR in FY06 and \$5,640,000 GPR in FY07 to create a new bilingual-bicultural categorical aid program to award \$400 per limited-English proficient (LEP) pupil to districts that have LEP populations below the statutory threshold and thus do not qualify for categorical aid under s. 115.97 (2), (3), and (4), Wis. Stats., but are still educating LEP students.

Background/Analysis of Need

State categorical aid for bilingual-bicultural education is available to school districts whose LEP student population meets certain threshold requirements. Only approximately 40 districts meet these threshold requirements, and only 65 percent of the state’s LEP students are served in these districts. Approximately 160 school districts are educating the remaining third of Wisconsin’s LEP students but receive no additional state assistance from the current bilingual-bicultural categorical aids in providing for their education. Other important concerns include:

- The average national dropout rate for LEP pupils is approximately double that of English speaking students;
- Research indicates that at least five years of quality language/academic assistance is necessary to ensure a smooth transition of LEP pupils into the mainstream and to significantly raise high school graduation levels;
- With the creation of pupil assessments that affect grade promotion and high school graduation, services for LEP pupils must be adequate, promoting not only language development but also academic proficiency; and
- Rapid increases of LEP pupils are occurring in many communities in Wisconsin. Some of these communities have little prior experience helping these new immigrants learn English, adapt to American life, and succeed academically in schools.

In certain cases, school districts are required by state law to provide special classes to pupils of limited-English proficiency. These classes are required at schools which enroll 10 or more LEP 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. State aid payments are based on the ratio of the categorical aid appropriation to the total aidable costs of the eligible districts in the prior year. Aidable costs are defined as the districts’ prior year costs for salaries, special books, equipment and other expenses approved by the department which are attributable only to programs for LEP pupils. The state share has decreased in recent years due to growth in program expenditures.

In FY04, the average amount awarded per LEP pupil under the program was approximately \$350 (\$8,291,400 appropriation/23,021 eligible LEP pupils). (Note: The department is proposing to increase the current categorical aid appropriation in a separate request—see Decision Item 4008.)

The number of districts offering programs and services to LEP pupils has increased from seven school districts in 1977 to 45 in the 2002-03 school year. Table 1 below also shows two concurrent dynamics regarding the state's LEP school-age population:

- Districts required to provide LEP program services reported significant annual increases in the number of bilingual-bicultural pupils served over the last ten years and it is estimated that this number will continue to increase to approximately 25,900 pupils by 2006-07; and
- The annual census of all LEP pupils in Wisconsin is estimated to reach approximately 40,000 individuals by 2006-07.

It is the discrepancy between these two figures that is of particular importance as it is assumed that this difference represents an unaided segment of the LEP pupil population.

Table 1

| Fiscal Year | Number of Districts Offering Programs | Number of LEP Pupils Served | Census of All LEP Pupils | Difference |
|--------------------|----------------------------------------------|------------------------------------|---------------------------------|-------------------|
| 1993-94 | 36 | 13,994 | 16,755 | 2,761 |
| 1994-95 | 37 | 14,883 | 18,258 | 3,375 |
| 1995-96 | 37 | 15,798 | 21,621 | 5,823 |
| 1996-97 | 41 | 15,798 | 23,340 | 7,542 |
| 1997-98 | 38 | 17,326 | 24,740 | 7,414 |
| 1998-99 | 38 | 17,941 | 25,382 | 7,441 |
| 1999-00 | 37 | 19,003 | 27,184 | 8,181 |
| 2000-01 | 38 | 20,300 | 29,377 | 9,077 |
| 2001-02 | 41 | 22,016 | 32,588 | 10,572 |
| 2002-03 | 45 | 22,136 | 34,199 | 12,063 |
| 2003-04 | 39 | 23,021 | 35,567 | 12,546 |
| *2004-05 | 40 | 23,942 | 36,990 | 13,048 |
| *2005-06 | 40 | 24,900 | 38,500 | 13,600 |
| *2006-07 | 41 | 25,900 | 40,000 | 14,100 |

*Estimated

While current law establishes LEP pupil thresholds that trigger required services and programs, districts with LEP enrollments below these thresholds are not required to establish LEP programs under state law and, if begun, their programs are not eligible for categorical state aids. As a result, in 2003-04, 23,000 LEP students were enrolled in categorically aided bilingual programs, while the total number of LEP students identified in Wisconsin was 35,600.

In July 2000, the Wisconsin Supreme Court articulated a new standard for a basic education in *Vincent vs. Voight* that describes the “character of instruction” required to be made available through each public school. In the decision, the court found that an equal opportunity for a sound basic education acknowledges those students and districts are not fungible and takes into account districts with disproportionate numbers of limited-English proficient pupils.

In its June 2004 report, the Governor’s Task Force on Educational Excellence recommended that funds be provided to districts that currently receive no state aid for their bilingual education efforts. The Task Force did not select a specific funding target, but suggested that the \$350 per LEP pupil amount would be the most desirable.

Statutory Language

The department is proposing statutory language related to this request. See *Bilingual-Bicultural Education Aid for Currently Ineligible Pupils* in the Statutory Language section of this document.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 4501 – TRANSPORTATION AID

210 – Aid for Pupil Transportation s. 20.255 (2) (cr)

| FISCAL SUMMARY | | |
|------------------|--------------------|--------------------|
| | 2005-06 Request | 2006-07 Request |
| Requested Aid | \$38,872,500 | \$38,872,500 |
| Less Base | \$17,742,500 | \$17,742,500 |
| Requested Change | \$21,130,000 | \$21,130,000 |

Request/Objective

The department requests \$21,130,000 GPR annually in FY06 and FY07 to do the following: (a) fully fund the current transportation aid appropriation; (b) double the state statutory transportation reimbursement rates to reflect increased costs of transporting pupils in all districts; and (c) provide even higher reimbursement rates to districts transporting pupils the farthest distances (over 12 miles).

Background/Analysis of Need

Under current law, school districts are required to provide transportation services to public and private school pupils enrolled in regular education programs if a pupil resides more than two miles from the nearest public school they are entitled to attend. State pupil transportation categorical aid has not been increased since 1990-91, when it was increased by \$25,000 to its current level of \$17,742,500 GPR annually. State pupil transportation categorical aid is based upon a flat annual amount per transported student that has been unchanged since 1980-81.

Transportation costs have increased significantly over the past 20+ years (labor, maintenance, insurance, fuel, etc.). Geographically large rural districts that transport pupils significant distances (over 12 miles) have been most hard hit by the freeze in state transportation aid due to the longer bus routes they often incur. Individual district transportation costs vary widely among districts, from \$60 to over \$1,000 per pupil. Using the state's criteria for providing pupil transportation aid, state funding was prorated at roughly 91 percent of allowable transportation aid claims for 2003-04 (claims totaled \$19.4 million). The current state appropriation represents less than 10 percent of total statewide school district transportation costs of approximately \$220 million for transporting students to and from school.

On June 4, 2004, the State Superintendent announced her proposal to double the current reimbursement rates for all transportation categories and consolidate the three highest rates into a single category (over 12 miles as opposed to over 18 miles) and increase the reimbursement rate to an even higher level as part of her Rural Initiative.

The proposal would double state pupil transportation categorical aid to virtually all school districts (five to six districts do not claim pupil transportation aid) to better address increasing school district transportation costs. The proposal would provide even greater levels of reimbursement to the 284 districts in the state that currently transport pupils over 12 miles each way. Many of these districts are in rural areas of the state. To the extent new state aid would cover costs currently incurred under revenue limits, districts would have funds "freed up" to use for other purposes (i.e. classroom).

The department proposes to increase transportation aid as follows:

| Distance | Current Rate Per Pupil (Full Year) | Proposed Rate Per Pupil (Full Year) |
|-----------------------------|-------------------------------------------|--------------------------------------------|
| 0-2 miles (hazardous areas) | \$12 | \$24 |
| 2-5 miles | \$30 | \$60 |
| 5-8 miles | \$45 | \$90 |
| 8-12 miles | \$60 | \$120 |
| 12-15 miles | \$68 | \$200 |
| 15-18 miles | \$75 | \$200 |
| 18 plus miles | \$85 | \$200 |

Statutory Language

The department is proposing statutory language related to this request. See *Transportation Aid* in the Statutory Language section of this document.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 4502 – SPARSITY AID FOR SMALL/RURAL DISTRICTS

272 –Aid for Small/Rural Districts
s. 20.255 (2) (bj)—New

| FISCAL SUMMARY | |
|-----------------------|---------------------|
| 2005-06 | 2006-07 |
| Request | Request |
| \$0 | \$24,000,000 |

Request/Objective

The department requests \$24,000,000 GPR in FY07 to create a new statewide, categorical aid program for small, rural districts that meet certain criteria and provide them with additional funding to be used for locally-determined purposes.

Background/Analysis of Need

Many of the state’s small, rural districts face a similar set of issues that include a lack of economies of scale, declining enrollment, rapidly rising property values, low median income, higher transportation costs, and large geographic boundaries. Further, a greater percentage of rural districts (as opposed to urban or suburban) are experiencing declining enrollment, which has further exacerbated issues related to their size and ability to maintain their core educational programs.

Some data indicate districts with the lowest student density, or students per square mile, are among the state’s lowest wealth districts in terms of average income. These districts have higher poverty rates, higher transportation costs, and in some cases have high property values that result in the district receiving lower levels of state aid due to the districts’ property “wealth” as measured by the state school aid formula. Further, some educational research asserts that some state and federally required programs are often more costly for small, rural districts to operate or implement due to lower enrollments in programs that require teachers and staff with specific skills.

Research from 2000 indicates that roughly 30 states incorporate a “sparsity” factor into their state school aid formula and/or provide direct assistance to small, rural districts. Between 1997 and 2002, 68 percent of Wisconsin’s rural districts (as defined by the Institute for Wisconsin’s Future-IWF) experienced declining enrollment, compared to 56 percent of the state’s urban districts (as defined by IWF) and 38 percent of its suburban districts (as defined by IWF).

Currently, there is one state categorical aid program specifically designated to assist a small, rural district. The supplemental categorical aid program, which was created in 1999-00, provides \$125,000 GPR annually to the Laona School District as it is the only district that meets the statutory criteria (under 500 students, over 200 square miles, and 80 percent of property in district is tax-exempt) to receive this aid.

This proposal would establish the following eligibility criteria: (a) district enrollment of 2000 or less; (b) less than 15 students per square mile; and (c) a district free-and-reduced lunch (FRL) eligibility of at least 20 percent. For those districts that qualify, per pupil aid would be \$300 for districts with FRL above 40 percent and \$150 for districts with FRL between 20 percent and 40 percent. Funds could be used for any purpose.

In addition, the department will require that eligible districts would have to report back to their local communities on the use of these funds each year at their annual meeting (if applicable), as well as to

the department. To the extent new state aid would assist in addressing certain costs currently incurred under revenue limits, districts would have funds “freed up” to use for other purposes (i.e. classroom).

Statutory Language

The department is proposing statutory language related to this request. See *Sparsity Aid for Small/Rural Districts* in the Statutory Language section of this document.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 4503 – DECLINING ENROLLMENT REVENUE LIMIT EXEMPTION

| FISCAL SUMMARY | |
|--------------------|--------------------|
| 2005-06 Request | 2006-07 Request |
| \$0 | \$0 |

Request/Objective

The department requests a statutory change that would maintain the current three-year pupil enrollment rolling average calculation for revenue limits, but changes the current 75 percent hold harmless non-recurring exemption to a recurring exemption that districts could retain in their base revenue limit for the following year.

Background/Analysis of Need

Revenue limits were imposed on school districts beginning in 1993-94 and have now been in place for 12 years. While many districts have made difficult fiscal decisions under revenue limits, there is near consensus that declining enrollment districts are in the most challenging situation since some face the possibility of eliminating core educational programs and continued staffing reductions, resulting in fewer services and programs being made available to children who reside in such districts.

Under current law, school districts calculate their three-year rolling enrollment average for revenue limit purposes based on the average of a school district's membership count taken on the third Friday in September for the current and two preceding years. That figure is compared against the prior three-year rolling average to determine if the district qualifies for the current allowable declining enrollment exemption. If the district's enrollment is declining, it is allowed, for that year only, to count 75 percent of the difference between the current three-year average and the prior three-year average enrollment and multiply that figure times its revenue limit per pupil. The district may not keep the money it generates in that year for future years.

Nearly 60 percent (250) of the state's school districts are currently experiencing declining enrollment, which in many cases has resulted in reductions to their existing programs. While the current 75 percent declining enrollment exemption under revenue limits provides some temporary assistance each year, it is arguably not enough. While it is commonly accepted that declining enrollment districts are common throughout northern and southwestern Wisconsin, often have fewer than 1,000 pupils, and are frequently rural, these conditions are not always met. Declining enrollment districts exist in all areas of the state, regardless of their size, property wealth and level of expenditures per pupil. A review of 2003-04 equalization aid data indicates the following:

- 13 of the state's 25 largest districts (52 percent) were in declining enrollment;
- 16 of the state's 25 most property wealthy districts (64 percent) experienced declining enrollment (using property value per pupil to measure property wealth); and
- 32 of the state's 50 highest spending districts (64 percent) were in declining enrollment (using shared cost per pupil to measure spending).

Making the 75 percent revenue limit exemption recurring would (compared to current law) provide roughly \$25-30 million in additional annual statewide revenue limit authority (above the \$25-30 million now allowed on a non-recurring basis), beginning in the second year of the recurring exemption implementation (2006-07 if implemented in 2005-06). The recommendation would assist all declining enrollment districts, regardless of the amount of their decline. However, its greatest impact would be on the state's most severely declining enrollment districts whose base revenues continue to fall annually and in some cases are lower than what they were in the prior year.

Statutory Language

The department is proposing statutory language related to this request. See *Declining Enrollment Revenue Limit Exemption* in the Statutory Language section of this document.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 5001 – SUPPORTING 4-YEAR-OLD KINDERGARTEN

**279 – 4-Year-Old Kindergarten Startup Aids
s. 20.255 (2) (dp)—New**

| FISCAL SUMMARY | |
|----------------------------|----------------------------|
| 2005-06 Request | 2006-07 Request |
| \$0 | \$3,000,000 |

Request/Objective

The department requests \$3,000,000 GPR in FY07 to create a new categorical grant program offering a startup grant for school districts wishing to implement 4-year-old kindergarten (4K). The grant is proposed to be \$3,000 per 4K pupil to districts in the first year of their offering a new 4K program. This request assumes that 10 new districts will offer 4K in FY07 with an average of 100 pupils. However, funding will be available for up to 1,000 total pupils, regardless of the number of districts participating. Districts will be eligible for the grant for two years.

The department also requests statutory language that, beginning in FY07, would permit all school districts that adopt “community approaches” to early care and education to count an additional 0.1 FTE toward funding for each 4K pupil enrolled in the district.

Background/Analysis of Need

Start-up Grants

For nearly 130 years, parents in many parts of the state have had access to publicly funded 4K. Despite this proud history, far too many of Wisconsin’s youngest children do not have access to the kind of high quality early care and education services they need to be successful in school and life.

While the number of districts that offer a 4K program has grown in recent years, far too few families still do not have access to 4K. Several districts around the state, including Madison and Green Bay, that have expressed interest in 4K have not been able to move forward because (a) it takes three years to get full funding (under existing revenue limits) for the program; and (b) there is no state aid for pupils in the first year. A source of startup funds for districts to help cover initial year costs of implementing 4K may encourage its expansion around the state.

Wisconsin is beginning to see returns from its current investments in early childhood education programs, such as 4K. In the last five years, the Wausau School District has experienced a 25 percent reduction in the number of students identified with learning disabilities at the elementary level, in part due to its 4K program and other community early intervention efforts. High quality early care and education programs, like 4K, can help reduce the need for special education services by identifying problems early so they can more easily be addressed.

For too many families, the cost of high quality early care and education services is too high. Affordability is particularly problematic for families whose incomes exceed child care/Head Start subsidy guidelines, and whose communities do not currently offer preschool services through their public school systems. Even while basic child care services may be available in a community, too few child care providers offer affordable, high quality care for children under the age of five. Very few incentives currently exist to encourage and reward providers who go beyond basic licensure requirements to offer exceptional early care and education services.

Approximately 189 (45 percent) school districts in the state provided 4K programs in 2003-04. To permit district and agency planning for 4K grants and implementation, it is recommended that this new grant program start in FY07. In addition, the Governor's Task Force on Educational Excellence recommended the "creation of a state grant program to help cover the implementation costs of 4K."

Additional Full-Time Equivalent (FTE) Authority for Community Approaches

Under current law, school districts with 4K programs are allowed to count pupils enrolled in such programs as either 0.5 FTE, assuming they provide 437 hours of direct instruction annually, or as 0.6 FTE, if they also provide 87.5 hours of parent outreach each year, for state aid and revenue limit purposes. While state law recognizes the importance of parental involvement and rewards such efforts with additional state and local funding, no equivalent incentive is currently provided for districts that utilize "community approaches," which often serve as the centerpiece of an effective universal system of early care and education.

"Community approaches" integrate the efforts and funding sources of multiple types of early care providers so that more children can be served and so that the overall quality of each provider can be enhanced. More and more districts are adopting "community approaches" as they realize the importance of partnering with other local providers. Under this proposal, DPI would certify that a district's 4K implementation plan included input from a wide range of providers and that the proposal is consistent with the goal of building on existing strengths and addressing shortfalls in early childhood services. Such districts would be eligible to count an additional 0.1 FTE toward funding for each 4K pupil enrolled in the district. Private schools in the Milwaukee Parental Choice Program (MPCP) and independent charter schools in Milwaukee and Racine that have 4K programs would be eligible for this additional incentive as well. In FY04, 84 private schools in the MPCP and seven independent charter schools operated 4K programs.

The Governor's Task Force recommended this initiative as part of their overall recommendations related to investing in early childhood education. The Task Force also recommended that special attention be paid to implementing mechanisms to involve child care, Head Start, and kindergarten teachers in common training and professional development activities.

The proposal would not require additional state funding given the state no longer has an overall funding commitment to local school districts. However, the proposal would provide districts that operate 4K programs with "community approaches" with additional membership authority for both state aid and revenue limit purposes. While not increasing the amount of general school aids, the proposal would potentially reallocate general aid, all else being equal, to those districts with 4K programs qualifying for this incentive.

Using the assumption that 25 percent of districts currently operating 4K programs would adopt "community approaches" and be approved by the department, the estimated increased enrollment count would provide additional statewide revenue limit authority of approximately \$1.5 million in the first year of its implementation (presumably FY07), \$3 million in the second year, and \$4.5 million in its third year.

During FY06, the department would promulgate administrative rules to administer the program, including the definition of "community approaches," how compliance with the definition would be determined, and a timeline for making determinations of eligibility for FY07.

Statutory Language

The department is proposing statutory language related to this request. See *Supporting 4-Year-Old Kindergarten* in the Statutory Language section of this document.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 5002 – STRENGTHENING SAGE PROGRAM

101 – General Program Operations

s. 20.255 (1) (a)

275 – Achievement Guarantee Contracts

s. 20.255 (2) (cu)

| FISCAL SUMMARY | | |
|-------------------------|----------------------------|----------------------------|
| | 2005-06 Request | 2006-07 Request |
| State Operations | \$75,000 | \$15,000 |
| Aids | \$26,925,400 | \$29,317,900 |
| Total Request | \$27,000,400 | \$29,332,900 |

Request/Objective

The department proposes to strengthen the Student Achievement Guarantee in Education (SAGE) program through the following initiatives:

- Increase SAGE aid: Request \$26,925,400 GPR in FY06 and \$28,142,900 GPR in FY07 to increase the per full-time equivalent (FTE) low income pupil aid in SAGE from \$2,000 to \$2,500.
- Add new SAGE schools: Request \$1,175,000 GPR in FY07 to allow an estimated 10 additional schools to join SAGE, assuming SAGE aid is raised to \$2,500 per low income pupil. Specify a one-year application window.
- Electronic reporting: Request a one-time expenditure of \$75,000 GPR in FY06 to fund an Internet-based reporting system for SAGE data. Request \$15,000 GPR in FY07 for ongoing system maintenance.

Background/Analysis of Need

The SAGE program was developed in 1995 based on recommendations from the State Superintendent’s Urban Initiative Task Force. SAGE provides participating schools with up to \$2,000 in state aid based on each eligible low income pupil. In return, SAGE schools must reduce the pupil to teacher ratio to 15:1, work to provide a rigorous curriculum, provide professional development and accountability plans, and provide before- and after-school activities. They are required to report on their compliance with these objectives, as well as on academic achievement goals outlined in the statutes.

The program was implemented for grades K-1 at the beginning of the 1996-97 school year with 30 schools in 21 school districts. It was expanded to second grade in 1997-98 and to third grade in 1998-99 when 78 additional schools joined SAGE. Approximately 500 additional schools joined the program in 2000-01. Each expansion was limited by law to a one-year window of opportunity during which the department could accept new contracts and new state aid to fund the expansion. In 2003-04, there were 529 schools in SAGE serving approximately 97,900 pupils in 228 districts.

Increase SAGE Aid

State law limits SAGE aid to \$2,000 per FTE low income pupil. The amount has been in place since the program was created in 1996. The department requests an increase in the annual per low income pupil aid from the current \$2,000 to \$2,500, which would ameliorate the impact of general inflation on the program to a certain extent. SAGE aid might have initially been sufficient to cover the costs of all new teachers that had to be hired to meet the SAGE class size ratio and provide funding to the school to address the other contract requirements. However, that is no longer the case. Some school costs—

particularly health insurance—have increased over and above inflation since 1996. It should be noted that 33 schools have dropped out of the program since 2000-01. Financial issues were a commonly cited reason.

If the \$2,000 per pupil amount had been increased by the same CPI index as district revenue limits between FY97 and FY05, the aid amount would be \$2,405 per pupil. Projecting inflationary adjustments to FY07 results in an aid amount of \$2,529. Thus it can be argued that the \$2,500 request is reasonable.

The Governor's Task Force on Educational Excellence recommended this proposal for enactment.

Add New SAGE Schools

This proposal would amend the SAGE law to reopen the application process for a fourth wave of schools to apply during 2005-06, and add money in the second year of the biennium (2006-07) to fund the expansion. It would not be practical to provide the increase during the first year of the biennium because that would not provide enough time to fully undertake the application process.

If this request is granted, the benefits of SAGE, cited above, would be available to K-1 pupils in an estimated 10 additional schools. Assuming SAGE aid per low income pupil is raised to \$2,500, and a fourth wave of schools phases into the program by providing small classes to grades K-1 during the first year of contracts, the FY07 new state cost would be an average of \$117,500 per school, or \$1,175,000. For purposes of consistency with new waves of schools in the past, a one year application window will be specified.

The Governor's Task Force on Educational Excellence recommended that new SAGE schools be added.

Electronic Reporting

There is a need to collect data required by the SAGE law for compliance and achievement purposes. SAGE schools need to do "accountability reporting for compliance" with the input and process requirements under s. 118.43 (3) (ar), Wis. Stats. SAGE schools are also required under s. 118.43 (3) (bm), Wis. Stats., to "develop performance objectives for academic achievement and the means by which the schools will evaluate success."

Paper reporting is inefficient and unwieldy. A low-tech electronic system, such as is currently in use, does not allow schools access to the information unless they have duplicate databases. An electronic reporting system that has a level of sophistication similar to that currently in use for the Elementary and Secondary Education Act Consolidated Application is needed to assure that compliance and student achievement data will be efficiently available and, therefore, useful for both state (DPI) and local (school district) purposes. Such a system would make the information immediately available to the schools for local purposes and to the department for monitoring. The system would be developed by an outside contractor. Day-to-day operational oversight would be the responsibility of the department's internal information technology staff. If this proposal is approved, schools will have easy access to this information and staff time can be reallocated to the use and analyses of the data to support state and federal school improvement efforts.

The efficient reporting of data is important because the focus of the SAGE program is accountability for results. The essence of accountability is clear goals and objectives that are regularly measured. The schools and districts need consistent information in order to measure progress, and the state needs data to determine compliance with the law and overall program effectiveness.

Statutory Language

The department is proposing statutory language related to this request. See *Strengthening SAGE Program* in the Statutory Language section of this document.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 5003 – PRESCHOOL-GRADE 5 PROGRAM

**219 – Grants for Preschool to Grade 5 Program
s. 20.255 (2) (do)**

| FISCAL SUMMARY | |
|----------------------------|----------------------------|
| 2005-06 Request | 2006-07 Request |
| \$367,700 | \$367,700 |

Request/Objective

The department requests an increase of \$367,700 GPR annually in FY06 and FY07 to provide additional funding to the Preschool-Grade 5 (P-5) program. The additional funding will provide an inflationary increase to the program so the following functions, which are critical to closing the achievement gap, can continue to be performed:

- Aggressive reading programs;
- Maintain quality teachers in P-5 schools;
- Provide more staff development in schools;
- Provide more in-service opportunities for parents to become more involved in their child’s education;
- Closing the digital divide.

The additional money would be spread across the 38 schools that currently participate in the P-5 program (\$367,700/38 schools = average of \$9,676 per school).

Background/Analysis of Need

P-5 was created by the 1985-87 biennial budget, and began service in the 1986-87 school year. Currently, 38 schools in four school districts—Beloit, Kenosha, Milwaukee, and Racine—participate in the program. The communities of which P-5 pupils are a part are plagued by violence, high crime, high unemployment, drug use, high family mobility rates, and unacceptably high rates of suspensions and expulsions. Over 90 percent of the children served by many of the P-5 schools are eligible for free and reduced-price meals. Grants are awarded on a competitive basis, and cannot be renewed unless the school meets performance objectives jointly established by the department and the school. School leaders are told up front that they will lose funding if meaningful results are not produced. Commonly cited successes achieved by P-5 schools include improvements on evaluation measures such as:

- The Wisconsin Reading Comprehension Test;
- The Iowa Basic Skills Test;
- The P-5 writing sample assessments for second and fifth graders;
- The Wisconsin Knowledge and Concepts Examination (WKCE) in reading, writing, and mathematics for fourth graders;
- Increased parental involvement and staff development activities;
- Increased attendance rates.

There are examples of disadvantaged pupils in P-5 schools achieving greater gains than disadvantaged pupils district-wide. Inner-city elementary schools receive grants that are used to develop innovative, supplementary educational strategies such as parental involvement activities, reduced class size, and staff development including portfolio assessment, computer, team building and multicultural training to improve pupil achievement. Examples include the “Direct Instruction” program in

reading and math and the “Success for All” program which has been started in two Beloit schools. In addition, some P-5 schools provide wrap-around day care, child care, and health care programs. All P-5 schools have at least half-day, four-year-old kindergarten or preschool.

P-5 schools are run on a “site-based management” system, meaning the schools largely decide how the grant money they receive will be spent. This is done to assure that the money can be utilized to meet local needs. P-5 schools do a needs assessment each year to determine how their grant will be utilized. The department monitors budgets to assure the local goals are achievement-oriented, however. In addition, the state P-5 Advisory Council oversees requests for funding and funding renewals. Generally speaking, most money is used for staff—classroom teachers, math/reading specialists, etc. To promote parental involvement, P-5 schools must have School Councils (composed of parents, teachers, principals, and others from the community) in their schools, and parents must be active in the school and their community. P-5 schools have home-school coordinators to assure there is meaningful communication between the home, the school, the child, and the parent or the adult(s) in the child’s life. Parents are educated on such matters as how to help a child with his or her homework.

P-5 funds can be used for a broader range of purposes than Student Achievement Guarantee in Education (SAGE) funds (e.g., more comprehensive staff development; more aggressive parental involvement activities; and wrap-around day care, child care and health care programs). P-5 is more directed to educationally, economically, and socially troubled communities. Therefore, P-5 complements, rather than duplicates, SAGE.

P-5 is funded with an annual categorical aid appropriation that has not been increased since FY00. Annual funding levels of the P-5 program since FY96 are as follows, with the percentage increase over the previous year in parentheses:

| Fiscal Year | Budget Amount |
|--------------------|----------------------|
| FY 96 | \$6,670,000 |
| FY 97 | \$6,670,000 (0.0%) |
| FY 98 | \$7,003,500 (5.0%) |
| FY 99 | \$7,003,500 (0.0%) |
| FY 00 | \$7,353,700 (5.0%) |
| FY 01 | \$7,353,700 (0.0%) |
| FY 02 | \$7,353,700 (0.0%) |
| FY 03 | \$7,353,700 (0.0%) |
| FY 04 | \$7,353,700 (0.0%) |
| FY 05 | \$7,353,700 (0.0%) |

Statutory Language

The department is not proposing any statutory language related to this request.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 5004 – SAGE APPROPRIATION CONSOLIDATION

275 – Achievement Guarantee Contracts

s. 20.255 (2) (cu)

274 – Achievement Guarantee Contracts; Supplement

s. 20.255 (2) (cv)

| FISCAL SUMMARY | |
|----------------------------|----------------------------|
| 2005-06 Request | 2006-07 Request |
| \$0 | \$0 |

Request/Objective

The department requests that s. 20.255 (2) (cv), Wis. Stats., be eliminated and its FY05 expenditure authority of \$4,739,000 GPR be combined with s. 20.255 (2) (cu), Wis. Stats., to reflect the department’s proposed consolidation of its two Student Achievement Guarantee in Education (SAGE) appropriations.

Background/Analysis of Need

1995 Wisconsin Act 27 established the SAGE program, which began in FY97 with 30 schools participating in the program. 1997 Wisconsin Act 27 provided additional resources for the program for the initial group of SAGE schools to expand their class size reduction efforts and other statutorily-required activities to the second and third grades during the 1997-99 biennium. However, Act 27 also created a new separate SAGE appropriation [s. 20.255 (2) (cv), Wis. Stats.] solely to fund these specific increases in FY98 and FY99, leaving the existing appropriation [s. 20.255 (2) (cu), Wis. Stats.] to pay for the initial program and all future increases related to it, including the addition of \$47.2 million in 1999 Wisconsin Act 9.

1997 Wisconsin Act 27 also specifically provided that the new SAGE appropriation [s. 20.255 (2) (cv), Wis. Stats.] would not be included in the state’s definition of partial school revenues for purposes of calculating the state’s two-thirds funding commitment. However, 2003 Wisconsin Act 33 eliminated the state’s statutory two-thirds funding commitment, making it unnecessary to maintain the separate SAGE appropriation.

Consolidation of these SAGE appropriations will also allow the department to streamline its accounting procedures.

Statutory Language

The department is proposing statutory language related to this request. See *SAGE Appropriation Consolidation* in the Statutory Language section of this document.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 5501 – SPECIAL EDUCATION CATEGORICAL AID

**206 – Aids for Special Education and School Age Parents Programs
s. 20.255 (2) (b)**

| FISCAL SUMMARY | | |
|-------------------------|----------------------------|----------------------------|
| | 2005-06 Request | 2006-07 Request |
| Requested Aid | \$346,459,800 | \$369,061,600 |
| Less Base | \$320,771,600 | \$320,771,600 |
| Requested Change | \$25,688,200 | \$48,290,000 |

Request/Objective

The department requests \$25,688,200 GPR in FY06 and \$48,290,000 GPR in FY07 to increase special education categorical aid to reimburse 30 percent of estimated prior year aidable costs (up from a projected 29 percent in FY05). In addition, the department is requesting a statutory change that would permit guidance counselors to be included as an eligible category for cost reimbursement under the categorical aid.

Background/Analysis of Need

Special education aids reimburse costs incurred in the prior school year by a school district, independent Milwaukee-Racine charter school, County Children with Disabilities Education Board (CCDEB), or Cooperative Educational Service Agency (CESA).

Federal and state categorical aids for special education have not increased at the same rate as costs. In July 2000, the Wisconsin Supreme Court articulated a new standard for a basic education in *Vincent vs. Voight* that describes the “character of instruction” required to be made available through each public school. In the decision, the court found that an equal opportunity for a sound basic education acknowledges those students and districts are not fungible and takes into account districts with disproportionate numbers of disabled students.

The following chart shows the history of special education aidable costs and reimbursement rates since FY94, including estimated reimbursement rates with no change in the appropriation level for FY05-07:

| Aid Year | Prior Year Aidable Cost | Percent Change | GPR Appropriation | Reimbursement Rate |
|-----------------|----------------------------------------|---------------------------|------------------------------|---------------------------|
| 1993-94 | \$585,879,900 | 10.8% | \$261,330,400 | 44.6% |
| 1994-95 | 625,111,900 | 6.7% | 275,548,700 | 44.1% |
| 1995-96 | 661,000,000 | 5.7% | 275,548,700 | 41.7% |
| 1996-97 | 698,164,300 | 5.6% | 275,548,700 | 39.5% |
| 1997-98 | 747,324,650 | 7.0% | 275,548,700 | 36.9% |
| 1998-99 | 799,556,100 | 7.0% | 275,548,700 | 34.5% |
| 1999-00 | 839,923,200 | 5.0% | 288,048,700 | 34.3% |
| 2000-01 | 880,915,600 | 4.9% | 315,681,400 | 35.8% |
| 2001-02 | 936,788,000 | 6.3% | 315,681,400 | 33.7% |
| 2002-03 | 994,520,000 | 6.2% | 315,681,400 | 31.7% |
| 2003-04 | 1,037,592,000 | 4.3% | 316,466,900 | 30.5% |
| *2004-05 | 1,094,659,600 | 5.5% | 320,771,600 | 29.3% (est) |
| *2005-06 | 1,154,865,800 | 5.5% | 320,771,600 | 27.8% (est) |
| *2006-07 | 1,218,383,500 | 5.5% | 320,771,600 | 26.3% (est) |

*Aidable costs are based on an estimated annual increase of 5.5 percent (average increase 1999-2004) over the prior year.

Maintaining the same level of categorical aid, while special education costs continue to rise, effectively shifts the funding source for special education programs to general aids and property taxes.

The remaining special education costs that are not reimbursed by the state or federal governments are eligible for reimbursement under state general equalization aids; however, revenue limits restrict the amount of state general equalization aids and property tax revenue a school district may receive. Despite continuing increases in general equalization aids (which are inside the revenue limits), rising special education costs have essentially reduced the spending authority of some school districts for regular education.

The proposed level of categorical aid under this proposal and the subsequent reimbursement rate is shown in the table below. The projected prior year aidable costs in FY07 in the table below reflect the proposed inclusion of estimated guidance counselor costs.

| Aid Year | Estimated Prior Year Aidable Cost | Percent Change | Appropriation | Estimated Reimbursement |
|-----------------|------------------------------------------|-----------------------|----------------------|--------------------------------|
| *2004-05 | \$1,094,659,600 | 5.5% | \$320,771,600 | 29.3% |
| *2005-06 | 1,154,865,800 | 5.5% | 346,459,800 | 30.0% |
| *2006-07 | 1,230,205,400 | 6.5% | 369,061,600 | 30.0% |

Statutory Language

The department is proposing statutory language related to this request. See *Special Education Categorical Aid* in the Statutory Language section of this document.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 5502 – HIGH-COST SPECIAL EDUCATION INITIATIVE

204 – Aid for High-Cost Special Education
s. 20.255 (2) (bd)—New

| FISCAL SUMMARY | |
|-----------------------|--------------------|
| 2005-06 | 2006-07 |
| Request | Request |
| \$5,000,000 | \$5,000,000 |

Request/Objective

The department requests \$5,000,000 GPR annually in FY06 and FY07 for a categorical aid program that would provide funding to school districts, Cooperative Educational Service Agencies (CESAs), County Children with Disabilities Education Boards (CCDEBs) and charter schools established under s. 118.40 (2r), Wis. Stats., to educate children with high-cost special needs.

Background/Analysis of Need

Children with severe disabilities often need costly nursing services and assistive technology, expenses that are currently not eligible for reimbursement under the special education categorical aid appropriation. This issue has been identified for a number of years as a priority by school districts around the state.

In her State of Education address in September 2003, the State Superintendent announced her *Keeping the Promise* initiative, designating \$1.5 million in federal Individuals with Disabilities Education Act (IDEA) discretionary funding to Wisconsin schools for services to children with severe disabilities, specifically targeting direct services to educate children with high-cost special needs. Ultimately, a total of \$2 million was set aside for 2003-04.

Aidable costs under the program include all costs (except administration) related to educating a high-cost student with special educational needs. Costs reimbursed by IDEA flow-through funds, Medicaid and special education categorical aids are deducted. Reimbursement is then calculated at 90 percent of the amount by which the total cost of providing special education and related services to an individual child exceeds \$30,000 in the prior year.

In 2003-04, the first year of operation, 115 local education agencies (109 school districts, three CCDEBs and three CESAs) were approved for reimbursement. Eligible claims under the new program totaled \$3.4 million for 2003-04. Therefore, payments were prorated at approximately 59 percent. Claims are expected to rise significantly over the next few years.

Discretionary federal IDEA funding provided a means to get this critically needed aid program started in 2003-04 and 2004-05. With a carryover balance, it was possible to designate funding for this purpose. In the future, it will not be possible to set aside IDEA discretionary funding for this purpose while continuing to fund other projects in school districts throughout the state. State funding is needed to continue the program and provide adequate reimbursement to school districts for these costs.

Statutory Language

The department is proposing statutory language related to this request. See *High-Cost Special Education Initiative* in the Statutory Language section of this document.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 5503 – OPTIONS FOR RESIDENTIAL SCHOOL PUPILS

**102 – General Program Operations: Program for the Deaf and Center for the Blind
s. 20.255 (1) (b)**

| FISCAL SUMMARY | |
|----------------------------|----------------------------|
| 2005-06 Request | 2006-07 Request |
| \$219,100 | \$285,100 |
| 6.92 FTE | 6.92 FTE |

Request/Objective

The department requests 6.92 GPR FTE and \$219,100 GPR in FY06 and \$285,100 GPR in FY07 to establish additional staffing at the residential school campuses of the Wisconsin Educational Services Program for the Deaf and Hard of Hearing (WESP-DHH) and the Wisconsin Center for the Blind and Visually Impaired (WCBVI). At the Wisconsin School for the Deaf (WSD), residential campus of the WESP-DHH, funding of \$89,900 in FY06 and \$116,900 in FY07 would support three additional child care counselors, two evening and one overnight, as well as one half-time guidance counselor. At the Wisconsin School for the Visually Handicapped (WSVH), residential campus of the WCBVI, funding of \$129,200 in FY06 and \$168,200 in FY07 would support three child care counselors, a teacher and a teacher assistant.

Background/Analysis of Need

The original mission for the two state schools was articulated over 100 years ago. Staffing plans for the schools were designed to serve pupils who were hearing impaired or visually impaired, yet were otherwise normally functioning, academically capable pupils. As is true of state schools throughout the nation, the needs have expanded during the last decade. More often than not, placements requested are for pupils with multiple and severe disabilities. The state schools do not have the capacity to serve these pupils and often, because of low incidence rates, local school districts also lack the capacity and staff to serve them.

Options for WSD Pupils with Emotional and/or Behavioral Difficulties

Among deaf children, the incidence rate of mental illness is twice as high as that of the hearing population. Hearing impaired pupils who also exhibit emotional and/or behavioral difficulties often function well in the classroom due to its high structure and low staff to pupil ratio. However, when placed in a residential setting, the higher ratios and greater freedom of that setting create an atmosphere which causes anxiety for these children and often results in acting out behavior which cannot be controlled and is dangerous to themselves and others. This has resulted in these pupils being returned to their local districts.

There is a need to establish a highly structured, separate dormitory facility on the WSD campus where lower staffing ratios would allow these pupils to succeed in the residential school setting. Although physical space is available, additional staff is needed to create such a program. The department requests \$89,900 GPR in FY06 and \$116,900 GPR in FY07 to add three child care counselors (.80 FTE each) and a half-time guidance counselor (.44 FTE) to existing dormitory staff. In addition, a WSD position that will become vacant due to retirement would be reallocated to the proposed program.

Options for WSVH Pupils with Multiple Disabilities

Approximately 75 percent of the pupils currently enrolled at the WSVH campus are multiply disabled, some of them severely. Impairments range from physical, cognitive and secondary sensory impairments to autism, emotional and behavioral difficulties and traumatic brain injuries. There is a

need to add a program support teacher in the area of autism and a teacher assistant for classroom support, as well as child care counselors for after-school programming. Physical therapy staff, occupational therapy staff, speech and language therapy staff, classroom space and dormitory space are all available to support such a program. The department requests \$129,200 GPR in FY06 and \$168,200 GPR in FY07 to add a .88 FTE teacher, a .80 FTE teacher assistant and three child care counselors (.80 FTE each).

The implementation of the programs described above would include plans for existing educational staff, residential staff, therapists and administrators to provide support and technical assistance to the new staff, as well as assistance in implementing behavior plans, to ensure that desired outcomes are achieved. In addition, the responsibilities of existing staff would be adjusted as necessary to adequately implement and maintain these new programs.

Without these, it is likely that the two residential schools will continue to see examples where it is necessary to return pupils to their local school districts.

Statutory Language

The department is not proposing any statutory language related to this request.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 5504 – WESP-DHH AND WCBVI OUTREACH PROGRAMS

**102 – General Program Operations: Program for the Deaf and Center for the Blind
s. 20.255 (1) (b)**

| FISCAL SUMMARY | |
|-----------------------|-----------------|
| 2005-06 | 2006-07 |
| Request | Request |
| \$81,400 | \$81,400 |

Request/Objective

The department requests \$81,400 GPR annually in FY06 and in FY07 to provide adequate funding for the statewide outreach programs of the Wisconsin Educational Services Program for the Deaf and Hard of Hearing (WESP-DHH) and the Wisconsin Center for the Blind and Visually Impaired (WCBVI).

Background/Analysis of Need

1999 Wisconsin Act 9 directed the department to expand statewide services to pupils who are blind and visually impaired while continuing to operate a residential school. Similar legislation, 2001 Wisconsin Act 57, requires expanded statewide services for pupils who are deaf and hearing impaired. The legislation requires that each center develop services to provide evaluation, professional development, consultation, birth-3, and technical support to pupils who are hearing impaired and/or visually impaired, their families and their school districts throughout the state.

No additional funding was appropriated to meet the requirements of 1999 Wisconsin Act 9 or 2001 Wisconsin Act 57. As part of its 2001-03 biennial budget request, the department asked for \$674,600 in FY02 and \$914,600 in FY03 to help fund WCBVI’s new responsibilities. However, the request was not included in the Governor’s budget. A Legislative Audit Bureau report in April, 2003, noted several areas of continuing need and “. . . Act 9 provided no additional funding for the Center’s creation.” More recently, both programs have experienced significant budget cuts and reductions in authorized FTE.

Despite the shortage of adequate funding, both WCBVI and WESP-DHH have worked with broad-based steering committees including parents, administrators, teachers and advocacy groups to develop program models and implementation plans. Existing resources have been reallocated, to the extent possible, to implement the intent and requirements of the law. Almost exclusively, the state-mandated outreach responsibilities have been funded with federal Individuals with Disabilities Education Act (IDEA) discretionary dollars. In several cases, this funding has provided seed money to begin programs and activities, but the funding is temporary and will not continue in future years.

Both outreach programs currently provide evaluation services for pupils in local school districts (both initial and three-year requirements). The WCBVI outreach has provided approximately 300 educational and orientation/mobility evaluations. WESP-DHH has provided approximately 150 evaluations in the areas of communication competency, academics, audiology and language development. WCBVI also provides eight to ten low vision clinics statewide to make recommendations for assistive vision devices and assistive technology to enable pupils to function successfully in regular education classrooms. Consultants work with classroom teachers, support staff and therapists to ensure consistency in approach and understanding of the impact of hearing or vision on the pupils’ ability to succeed. Additionally, both teams provide transition services to help pupils move successfully from early childhood to public school and from public school to postsecondary life, including life-planning services for pupils who are severely multiply impaired.

Outreach services also assist in professional development training, parent involvement and preservice training opportunities to ensure that a well-qualified staff is in place to provide services to pupils in these low-incidence populations. Often, rural districts have no other access to this type of technical assistance and training. Overall, the WCBVI and WESP-DHH outreach teams provide services to over 16,000 disabled pupils statewide.

As the state’s lead agency for serving pupils with vision and/or hearing disabilities, it is critical that the department maintain the capacity to serve these pupils, almost all of whom are pupils with multiple disabilities. In addition, it is crucial that funding is adequate to meet the growing demand for resources to meet the increasing needs at the local district level. Although federal IDEA funding will continue to support a significant portion of the mandated outreach activities, grants for some of the activities will no longer be available. The charts below summarize those outreach services, currently supported by federal seed money, for which the department is requesting GPR funding.

WESP-DHH

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Guide by Your Side Program—early parent support and information sharing program providing parent specialists to families identified by the Universal Newborn Screening program (cooperative program with the Department of Health and Social Services)—training for guides, travel, salaries | \$40,000 |
| Total | \$40,000 |

WCBVI

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Instructors for Silver Lake Training Program—stipend for teachers presenting at teacher training workshops for visually impaired | \$ 9,000 |
| Wisconsin National Agenda Conference—bringing together teachers and families around issues relevant to teaching visually impaired pupils and improving the quality of education | 10,000 |
| Low-vision support: 8-10 regional clinics for evaluation of pupils’ eye conditions and appropriate high- and low-tech assistive technology (clinic expense) | 22,400 |
| Total | \$41,400 |

It is important to note that, despite the progress that has been made in improving services to pupils who are deaf/hard of hearing and blind/visually impaired throughout the state, additional state resources are needed if the department is to successfully carry out the statutory requirements of Acts 9 and 57.

Statutory Language

The department is not proposing any statutory language related to this request.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 6001 – MENTORING GRANTS FOR INITIAL EDUCATORS

211 – Mentoring Grants for Initial Educators
s. 20.255 (2) (fh)—New

| FISCAL SUMMARY | |
|-----------------------|--------------------|
| 2005-06 | 2006-07 |
| Request | Request |
| \$2,625,000 | \$2,625,000 |

Request/Objective

The department requests \$2,625,000 GPR annually in FY06 and FY07 to create a new mentoring categorical aid grant program. The grant will provide \$750 per initial educator.

Background/Analysis of Need

There is general consensus among researchers and practitioners that one of the most important factors in retaining new teachers is appropriate support and mentoring. A lack of support for initial teachers is a fundamental reason that one-third to one-half of them will leave the profession after just a few years. At a time when the state needs to attract and retain more teachers and expect more from their performance, it is critical that they have the support of colleagues and mentors.

The current Peer Review and Mentoring Program was created in 1997 Wisconsin Act 237. Under this program a Cooperative Educational Service Agency (CESA) or a consortium consisting of two or more school districts or CESAs, or a combination thereof, may apply to the department for a grant to provide technical assistance and training for teachers, who are licensed or have been issued a professional teaching permit by the State Superintendent, to implement peer review and mentoring programs. A grant amount may not exceed \$25,000 and a 20 percent match of the grant amount is required. In FY04 and FY05, \$500,000 GPR was appropriated for the program.

In FY03, 33 projects were funded involving approximately 210 school districts. Grants were used to fund training for nearly 900 mentors. Grants were also used to provide 870 newly certified teachers with ongoing training and seminars. The state Peer Review and Mentoring grants have been supplemented in the past with various federal resources. It is not clear whether federal funds will be available to support this program in the future.

The Peer Review and Mentoring Program focuses on providing support for initial educators. Under the program, mentors may be used to provide needed assistance to first year teachers. By making the transition from student to teacher less traumatic for these initial educators, the program seeks to retain skilled, energetic professionals in Wisconsin public schools. Program funding may also support ongoing orientation for initial educators, including seminars to help them develop an understanding of the licensure rules.

The department finalized changes to its administrative rules (Chapter PI 34) related to teacher education and licensing in the spring of 2000. The licensing system under Chapter PI 34 consists of three stages of licensure: initial, professional and master educator. Among the changes pertaining to initial educators is the required implementation of a professional development plan which must include a list of activities, timelines and assessments based on the Wisconsin standards for teacher development and licensure. The assistance and advice of a knowledgeable mentor will help ensure that the nearly 3,500 new teachers in Wisconsin's schools each year will attain the standards. This request will assist school districts in providing mentors for all new teachers.

In its June 2004 report, the Governor's Task Force on Educational Excellence recommended financial support be provided for mentoring under Chapter PI 34 in order to attract teachers to and keep teachers in the profession. The Task Force believes that a separate categorical aid program should be created to provide \$2.5 million to \$3 million annually toward the cost of mentors under the program.

This request assumes the following:

- There will be approximately 3,500 initial educators each year;
- There will be one mentor per initial educator.

If there are insufficient funds to reimburse all initial educators in a given year, the department will prorate the aid amount.

Statutory Language

The department is proposing statutory language related to this request. See *Mentoring Grants for Initial Educators* in the Statutory Language section of this document.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 6002 – GRANTS FOR MASTER EDUCATORS

306 – National Teacher Certification
s. 20.255 (3) (c)

| FISCAL SUMMARY | |
|-----------------------|------------------|
| 2005-06 | 2006-07 |
| Request | Request |
| \$120,000 | \$280,000 |

Request/Objective

The department requests \$120,000 GPR in FY06 and \$280,000 GPR in FY07 to increase the existing sum sufficient national teacher certification grant appropriation to allow teachers receiving master educator licenses through the state process to receive the same grants as those master educators receiving licenses through national certification.

Background/Analysis of Need

Under the state’s current National Teacher Certification grant program, the department is required to award grants of up to \$2,000 for teachers earning national certification and \$2,500 annually for nine years thereafter. Obtaining a national certificate issued by the National Board for Professional Teaching Standards (NBPTS) is one way a teacher may receive certification at the master educator level under Ch. PI 34.

Effective July 1, 2004, an individual may follow a state process to receive a master educator license under Ch. PI 34 in subject areas not currently offered under the NBPTS (school nurse, school counselor, school psychologist, school social worker, adaptive physical education, assistive technology, speech and language pathology, computer science, dance, psychology and theatre). Eventually, the state process will offer master educator licenses in the subject areas granted through the NBPTS as well. The state requirements include:

- Documentation of a related master’s degree;
- Five years of successful professional experience in education;
- Evidence of improved pupil learning;
- An assessment process that is comparable in expectations to the NBPTS.

Because the state process is as rigorous as the NBPTS process (maybe more rigorous because of the requirement that the applicant have a master’s degree), the grant program should be available to all master educators, regardless of the process used to get the license. Without such a grant, there is a reduced incentive to attain a master educator license under the state process rather than attain NBPTS certification.

Recognizing that one of the most important actions the state can take to close the achievement gap, improve student performance, and provide quality educators is to strengthen teaching, the department requests a statutory language change under s. 115.42, Wis. Stats., to allow state certified master educators to receive the same grant awards as those certified by the NBPTS.

It is estimated that there will be 75 new master educators certified at the state level in FY05, 25 in FY06 and 25 in FY07. It is also assumed that these newly certified master educators will be reimbursed at an average of \$1,200 the first year. Assuming funding will be available to fund the FY05 master educators, the following table reflects the department’s estimates of new and continuing state-certified master educators and associated funding needs in FY06 and FY07:

| | FY06 | Cost | FY07 | Cost |
|-----------------|--------------------|-------------|--------------------|-------------|
| Newly-certified | 100 @ \$1,200 each | *\$120,000 | 25 @ \$1,200 each | \$30,000 |
| Continuing | 0 @ \$2,500 each | \$0 | 100 @ \$2,500 each | \$250,000 |
| TOTAL | | \$120,000 | | \$280,000 |

*NOTE: FY05 master educators will not be eligible to receive grants under this program unless statutory language is drafted allowing the department to award grants to such applicants retroactively.

In its June 2004 report, the Governor's Task Force on Educational Excellence recommended financial support be provided for all master educators (not just master educators who are nationally certified).

Statutory Language

The department is proposing statutory language related to this request. See *Grants for Master Educators* in the Statutory Language section of this document.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 6003 – NATIONAL TEACHER CERTIFICATION REESTIMATE

**306 – National Teacher Certification
s. 20.255 (3) (c)**

| FISCAL SUMMARY | | |
|-------------------------|----------------------------|----------------------------|
| | 2005-06 Request | 2006-07 Request |
| Requested Aid | \$780,000 | \$967,500 |
| Less Base | \$625,000 | \$625,000 |
| Requested Change | \$155,000 | \$342,500 |

Request/Objective

The department requests an increase of \$155,000 GPR in FY06 and \$342,500 GPR in FY07 for payment to teachers who are certified by the National Board for Professional Teaching Standards (NBPTS). The appropriation is sum sufficient, requiring the department to make payments for as many teachers as are eligible in any fiscal year.

Background/Analysis of Need

Created in 1987, the NBPTS is an independent, nonprofit, nonpartisan organization governed by a 63-member board of directors. The mission of the NBPTS is to (a) establish rigorous standards for what accomplished teachers should know and be able to do; (b) develop and operate a national, voluntary system to assess and certify teachers who meet these standards; and (c) advance related educational reforms for the purpose of improving student learning in American schools.

Under the state’s current National Teacher Certification grant program, created in 1997 Wisconsin Act 237, the department is required to award grants of up to \$2,000 for teachers earning national certification and \$2,500 annually for nine years thereafter. It is estimated that there will be 72 new master educators certified in FY05 and an average of 75 new master educators certified in FY06 and FY07. These newly certified master educators will be reimbursed at an average of \$1,200 the first year.

The following table reflects the department’s estimates of new and continuing nationally-certified master educators and associated funding needs in 2005-07:

| | FY06 | Cost | FY07 | Cost |
|-----------------|--------------------|-------------|--------------------|-------------|
| Newly-certified | 75 @ \$1,200 each | \$90,000 | 75 @ \$1,200 each | \$90,000 |
| Continuing | 276 @ \$2,500 each | \$690,000 | 351 @ \$2,500 each | \$877,500 |
| TOTAL | | \$780,000 | | \$967,500 |
| Less base | | \$625,000 | | \$625,000 |
| Net increase | | \$155,000 | | \$342,500 |

Statutory Language

The department is not proposing any statutory language related to this request.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 6004 – ELIMINATION OF QUALIFIED ECONOMIC OFFER

| FISCAL SUMMARY | |
|----------------------------|----------------------------|
| 2005-06 Request | 2006-07 Request |
| \$0 | \$0 |

Request/Objective

The department proposes to repeal the Qualified Economic Offer (QEO) provisions related to teacher collective bargaining under s. 111.70, Wis. Stats., effective upon passage of the budget. Through this action, teachers will no longer be constrained by an artificial limit in terms of their ability to bargain compensation increases. Teachers will be able to collectively bargain under essentially the same parameters as other represented public employees.

Background/Analysis of Need

To maintain the excellence of Wisconsin's teachers, there needs to be greater parity at the collective bargaining table. Existing statutes allowing school boards to unilaterally invoke a QEO based on an arbitrary percentage increase in compensation does not serve the state's interest in encouraging Wisconsin's best and brightest to consider or remain in public school teaching careers. There is no compelling reason why teachers, alone among public sector employees, should be placed under collective bargaining restrictions.

One important component of attracting and retaining qualified candidates to any career is salary. Wisconsin's national teacher salary ranking has dropped in recent years, largely as a result of the QEO law. The QEO law went into effect in 1993.

Under the QEO law, a school board can avoid interest arbitration on economic issues in teacher bargaining, if it offers a QEO. To be valid, a QEO must:

- Provide a total compensation (salary and fringe benefits) increase over the prior year of 3.8 percent as measured against the prior year's district-wide base compensation, using the "cast forward" method of costing;
- Maintain (a) all employee fringe benefits, as they existed 90 days prior to the expiration of the previous contract, and (b) the district's percentage contribution to that package;
- If maintaining the fringe benefit package costs more than 3.8 percent of total base compensation the board may cut salaries; and
- Use the amount, if any, of the 3.8 percent remaining after fringe benefits are paid for salary increases first to pay employees for additional years of service before providing any general across-the-board increases.

According to data collected by the American Federation of Teachers, Wisconsin now has both the lowest average salary and lowest beginning salary in the Great Lakes Region.

Wisconsin's overall national rankings on average teacher salaries, excluding fringe benefits, have also declined consistently since the QEO law was implemented (24th in 2002 vs. 14th in 1993). This decline in national ranking also exists when comparing Wisconsin teacher salaries to comparable salaries in the private sector and adjusting teacher salaries for the cost of living.

It has also been argued that in addition to constraining salary structure changes, the QEO has also inhibited local innovation on health insurance matters. The requirement that districts maintain the

existing fringe benefits package, if they choose to impose a QEO, has significantly reduced incentives to bargain alternative health care packages.

The Governor's Task Force on Educational Excellence recommended repeal of the QEO and that doing so "will free teachers and school boards to collectively bargain more meaningful changes in salary structure to reward the teachers' knowledge and skills, and to pursue cost effective innovations in health insurance."

According to the Task Force, most teachers, school administrators, and school board members agree that the QEO law has seriously eroded teacher morale, because it applies only to school district professional employees and restricts local collective bargaining. The combination of increasing teacher retirements and constrained salaries creates conditions that could easily lead to diminishing instructional quality at a time when our economic future depends on a highly educated work force.

Statutory Language

The department is proposing statutory language related to this request. See *Elimination of Qualified Economic Offer* in the Statutory Language section of this document.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 6501 – BADGERLINK

360 – Periodical and Reference Information Databases s. 20.255 (3) (q)

| FISCAL SUMMARY | | |
|--------------------------|--------------------|--------------------|
| | 2005-06 Request | 2006-07 Request |
| Requested Funding | \$2,537,500 | \$2,575,500 |
| Less Base | \$1,943,500 | \$1,943,500 |
| Requested Change | \$594,000 | \$632,000 |

Request/Objective

The department requests an additional \$49,000 SEG in FY06 and \$87,000 SEG in FY07 to maintain the current level of services through BadgerLink.

The department also requests \$545,000 SEG annually in FY06 and FY07 for the addition of one or more encyclopedias in BadgerLink for users of all ages and/or materials to assist pupils in completing classroom assignments.

Costs to continue the BadgerLink contract are projected to increase over the 2005-07 biennium based on five-year prices submitted during the 2003 bid process. In addition, there is no encyclopedia programming currently available through BadgerLink, creating a hole in the information that is available to pupils in completing classroom assignments.

Background/Analysis of Need

BadgerLink is a project with the goal of providing increased access to information resources for Wisconsin residents in cooperation with the state's public, school, academic, and special libraries. The department has provided access to more than 3,500 full-text magazines, newspapers, and other reference materials through BadgerLink since July 1998. Two vendors currently provide services: Elton B. Stephens Company (EBSCO) and ProQuest.

This project was the first priority recommended by the participants of the Wisconsin Technology Conference held in February, 1998.

In 1998, the Division for Libraries, Technology and Community Learning (DLTCL) used federal Library Services and Technology Act (LSTA) funding for a demonstration project providing public, school, academic and special libraries in Wisconsin with access to full-text database services through a statewide contract.

In its 1999-2001 biennial budget request, the department asked for GPR funding to make the program permanent. The Joint Committee on Finance approved \$836,000 SEG (from the Universal Service Fund [USF]) in FY00 and \$1,700,000 SEG in FY01 for BadgerLink.

In the 2003-2005 biennial budget, the Governor provided \$36,700 SEG in FY04 and \$93,300 SEG in FY05 from the USF to maintain BadgerLink services.

Through statewide contracts, BadgerLink provides access to more than 700 newspapers and more than 11,000 magazines, photographs, maps, book reviews, and reference books.

The public has used this service extensively. It is estimated that BadgerLink users will conduct more than eight million searches yearly.

Statewide contracts provide cost savings. Local library staff do not have to review vendor services and bids, negotiate with the vendor, pay invoices, monitor vendor performance, and arrange for training.

As part of the department's strategic Information Technology (IT) Plan, BadgerLink contributes to IT directions by positioning technology and data as agency resources rather than specific program resources, and creating flexible, easy access to data and other information for the staff and public.

Other benefits of Badgerlink include:

- Specialized resources like the African-American Bibliographic Database provide information to minority pupils. Information in Spanish can extend learning to the Hispanic community;
- BadgerLink provides professional education information. Tools such as Page Composer allow teachers to find information for pupils and to set up web pages with links to those resources;
- Searchasaurus provides information for primary school children and EBSCO host has images that can be used with younger children;
- Reading and literacy. The full-text nature of this service provides reading material that can be accessed from home, school or library. Pupils can learn how to do research and find materials independently;
- Statewide contracts equalize educational opportunity across the state for all school districts, particularly small and/or rural districts that may otherwise not be able to afford these services.

The \$545,000 request for an encyclopedia and other information sources could come from possible vendors such as Grolier, World Book or SIRS.

Statutory Language

The department is not proposing any statutory language related to this request.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 6502 – PUBLIC LIBRARY SYSTEM AID

**307 – Aid to Public Library Systems
s. 20.255 (3) (e)**

| FISCAL SUMMARY | | |
|-------------------------|----------------------------|----------------------------|
| | 2005-06 Request | 2006-07 Request |
| Requested Aid | \$22,140,000 | \$23,110,100 |
| Less Base | \$12,084,800 | \$12,084,800 |
| Requested Change | \$10,055,200 | \$11,025,300 |

Request/Objective

The department requests an increase of \$10,055,200 GPR in FY06 and \$11,025,300 GPR in FY07 to fund public library system aid at a 13 percent index level. Current law under s. 43.24 (6), Wis. Stats., requires the department to include a 13 percent index level of funding for public library systems in its biennial budget request. In FY03, the index of state aid to local and county aid for public library service fell to 8.6 percent and is estimated to have fallen further in FY04 to approximately 8.2 percent. This is the lowest state index level of funding in the past 20 years.

Continued inadequate state funding places at risk a program of library access, resource sharing, and improvement that the state has worked to develop since 1972. As a result, the state’s residents will have access to lower quality public library services and will not receive access to the knowledge and information resources that they need to meet their personal, professional and educational goals.

Background/Analysis of Need

There are 17 public library systems in Wisconsin. Over the past 30 years, these systems have developed strong programs of service to their member libraries, including resource sharing and open access for all state residents. The Public Library System Aid Program is the primary state mechanism to support public library services in Wisconsin.

Public library system aid indexing means that system aids should be set at a percentage of local and county expenditures in the previous year.

The present level of funding jeopardizes the current status of full participation by all libraries in the state. Participation in public library systems is voluntary. If public libraries do not participate, access to public library service by non-residents is reduced or eliminated. In order to ensure continued participation by all public libraries, public library systems must provide a level of service that makes participation desirable and beneficial to its member libraries. Without additional funding, public library systems will not be able to provide this level of service.

The following table provides a history of indexing levels based on appropriations.

| | |
|------|-----------------------------------------------------|
| 1981 | 10.88% (11.25% index in effect) |
| 1982 | 11.05% |
| 1983 | 11.25% |
| 1984 | 11.04% |
| 1985 | 10.77% |
| 1986 | 11.53% (13% index in effect) |
| 1987 | 11.89% |
| 1988 | 11.97% |
| 1989 | 11.18% |
| 1990 | 12.26% |
| 1991 | 12.07% |
| 1992 | 12.08% |
| 1993 | 11.63% (13% index eliminated) |
| 1994 | 11.38% |
| 1995 | 10.95% |
| 1996 | 10.49% |
| 1997 | 9.91% (DPI is required to request aid at 13% level) |
| 1998 | 10.30% |
| 1999 | 10.02% |
| 2000 | 9.96% |
| 2001 | 10.08% |
| 2002 | 9.42% |
| 2003 | 8.56% |
| 2004 | 8.25% (est.) |

If state library system aid is not increased, and there is an assumed 4 percent annual local and county library system expenditure increase between FY04 and FY07, the index level of state aid will decrease to an estimated 7.3 percent (\$14,196,700/\$201,775,800) in FY07.

In addition, the department is requesting funds in FY06 and FY07 to cover the delivery costs incurred by public library systems (see Decision Item 6503).

Statutory Language

The department is not proposing any statutory language related to this request.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 6503 – LIBRARY DELIVERY SERVICES

**307 – Aid to Public Library Systems
s. 20.255 (3) (e)**

| FISCAL SUMMARY | |
|----------------------------|----------------------------|
| 2005-06 Request | 2006-07 Request |
| \$329,600 | \$349,300 |

Request/Objective

The department requests \$329,600 GPR in FY06 and \$349,300 GPR in FY07, to cover the delivery costs incurred by public library systems. South Central Library System (SCLS) has successfully connected public library system offices, academic and other types of libraries to provide a statewide service, but the amount of delivery services is expected to grow substantially as more libraries automate and patrons initiate more requests. The original intent of the program was to operate on a cost recovery basis. However, with recent public library system funding cuts, it is difficult to support delivery systems.

Background/Analysis of Need

The department manages statewide interlibrary loan operations. Libraries are encouraged to borrow and lend items not held in each library’s collection to each other. The department has worked with the SCLS to provide statewide delivery services so that systems are interconnected. The department appointed an advisory committee in 1998 to make recommendations concerning the operation and cost of a delivery system. In May 2002, the committee recommended that all public library system connections be made five days a week. The committee also recommended that the service be paid for from a separate state appropriation and not charged back to the systems. Postal services and commercial delivery services such as UPS or Speedee have proven to be more expensive than having a dedicated van delivery service, which is currently employed. With a van delivery service, local library staff does not have to package and individually address each item, thus saving funds for staffing and supply costs.

For a delivery service to be effective, a large number of libraries throughout the state must be willing to take part in it. SCLS has successfully connected public library system offices, academic and other types of libraries to provide the statewide service. Currently, public library systems pay a fee that is based on the system aids amounts received by each system. The department has also allocated federal Library Services Technology Act (LSTA) funding toward delivery service costs. Library system charges and LSTA funding are summarized below:

| Fiscal Year | Library Charges | LSTA Funds | Total Delivery Costs |
|--------------------|------------------------|-------------------|-----------------------------|
| 2002 | \$215,000 | \$45,200 | \$260,200 |
| 2003 | \$236,500 | \$45,200 | \$281,700 |
| 2004 | \$183,300 | \$110,000 | \$293,300 |
| 2005 (est.) | \$249,300 | \$61,600 | \$310,900 |
| 2006 (est.) | \$329,600 | \$0 | \$329,600 |
| 2007 (est.) | \$349,300 | \$0 | \$349,300 |

In its 2003-05 biennial budget request, the department identified service delivery costs in its 13 percent index level funding request for library system aids, indicating that delivery costs would be paid out of any system level aid increases. Neither the service delivery costs, nor the 13 percent index level of aid was included in the Governor’s 2003-05 budget request.

In FY04, the department was able to allocate additional LSTA funds to cushion the blow of not receiving state funding increases. Even so, Milwaukee County Library System did drop out of the delivery service for a period of time. For FY05, the department has not been able to continue to budget the same amount of LSTA for delivery and does not yet know if any systems will drop out in FY05. If fees are raised to cover the entire cost of the service, some libraries and systems may no longer be able to participate, resulting in reduced access to library materials by Wisconsin residents. Private academic and other libraries pay a per stop cost. The University of Wisconsin System has negotiated a separate contract with South Central Library System. In addition, total delivery volume was estimated at 702,000 in 2003 and 757,432 in 2005.

This request assumes six percent annual growth in delivery costs from FY04 to FY07. This reflects actual cost increases between FY02 and FY04. The department has begun to offer patron-generated interlibrary loan requests. When patrons can place holds on local automated systems, it has a great influence on the amount of traffic and the need for increased local delivery services within public library systems. The department began this on a limited statewide basis in 2004 (25 libraries) and will likely open it to more libraries in 2005.

Statutory Language

The department is not proposing any statutory language related to this request.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 6504 – LIBRARY SERVICE CONTRACTS

320 – Library Service Contracts **s. 20.255 (3) (ea)**

| FISCAL SUMMARY | | |
|-------------------------|----------------------------|----------------------------|
| | 2005-06 Request | 2006-07 Request |
| Requested Aid | \$1,031,700 | \$1,031,700 |
| Less Base | \$876,900 | \$876,900 |
| Requested Change | \$154,800 | \$154,800 |

Request/Objective

The department requests an increase of \$154,800 GPR annually in FY06 and FY07 to restore funding for library service contracts that was reduced in 2003 Wisconsin Act 33 and continue/expand contracts and the services they provide. These contracts assure that pupils and other individuals have equal access to informational materials required to do coursework, meet curriculum needs, or pursue personal interests regardless of where they live, their special needs or circumstances. Additional funds are needed to reflect contract cost increases and to assure the services can be continued.

Background/Analysis of Need

This request is to continue four library contracts to supplement services provided by the Division for Libraries, Technology and Community Learning. These contracts are maintained in accordance with s. 43.03 (7), Wis. Stats., which requires the State Superintendent of Public Instruction to contract for services with libraries and other resource providers in and outside of this state to serve as resources of specialized library materials and information not available in public libraries or the Reference and Loan Library. The four providers with whom the department contracts are the Milwaukee Public Library (MPL), Wisconsin Library Services (WiLS), the Wisconsin Regional Library for the Blind and Physically Handicapped (WRLBPH), and the Cooperative Children's Book Center (CCBC).

WiLS and MPL lend materials to all parts of the state in response to requests forwarded by the Reference and Loan Library or public library systems. The contracts with WiLS and MPL ensure access to the major collections and unique materials held by these libraries for patrons statewide. Funds are used to pay for staff to locate, ship and shelve materials and for supplies and postage. Under s. 43.03 (6), Wis. Stats., the State Superintendent is required to contract annually with a public library for the provision of library services to physically handicapped persons including blind and physically handicapped. Since 1961, this contract has been maintained with the WRLBPH located in the MPL, which provides its space without charge. The WRLBPH provides specialized services to certified blind and physically handicapped persons throughout the state. The Library of Congress provides the recorded and Braille materials (estimated at an annual value of \$376,700), but the state is obligated to provide for processing, maintenance and circulation. The CCBC is a repository of children's tradebooks used by children's librarians and teachers throughout the state. It provides unique resources and services to educators and other citizens, especially on freedom of information issues. The contract provides partial funding for staff and center operations.

The contracts are base funded at \$876,900 GPR in FY05, reflecting a \$154,800 GPR base reduction in the 2003-05 biennial budget bill. While this appropriation funds library contracts, it has historically been considered a departmental operations appropriation by the Department of Administration. Therefore, it is subject to any overall administrative budget reductions that are imposed, such as the FY03 and FY04 reductions. Unless this changes, it may also be subject to the 10 percent base reduction suggested by the Governor in his initial instructions for the 2005-07 budget.

The following table presents the library service contracts appropriation history:

| Year | Appropriation | Change over Previous Year |
|-------------|----------------------|----------------------------------|
| FY96 | \$865,100 | 0% |
| FY97 | \$865,000 | 0% |
| FY98 | \$945,300 | 9.28% |
| FY99 | \$973,700 | 3% |
| FY00 | \$1,012,000 | 3.93% |
| FY01 | \$1,047,300 | 3.49% |
| FY02 | \$1,047,300 | 0% |
| FY03 | \$1,031,700 | -1.49% |
| FY04 | \$876,900 | -15% |
| FY05 | \$876,900 | 0% |

Due to the 15 percent reduction for the 2003-05 biennium, the department was not able to maintain all its contracts from the prior biennium. In particular, the interlibrary loan contracts with WiLS and MPL were cut substantially. This has meant that materials were not accessible from the University of Wisconsin and private academic libraries outside of Madison, and that there was not sufficient funding to fulfill all requests that could have gone to UW-Madison.

The department's request of an increase of \$154,800 GPR annually in FY06 and FY07 brings the library service contract appropriation back to its FY03 level.

Statutory Language

The department is not proposing any statutory language related to this request.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 7001 – WISCONSIN KNOWLEDGE AND CONCEPTS EXAMINATION

**105 – Pupil Assessment
s. 20.255 (1) (dw)**

| FISCAL SUMMARY | |
|-----------------------|------------------|
| 2005-06 | 2006-07 |
| Request | Request |
| \$329,200 | \$329,200 |

Request/Objective

The department requests an increase of \$329,200 GPR annually in FY06 and FY07 to support and fulfill the department’s responsibility under s. 118.30 (1), Wis. Stats., to administer and contract for the Wisconsin Knowledge and Concepts Examination (WKCE).

Background/Analysis of Need

In 1992-93, the department made available to districts examinations to evaluate the knowledge obtained by eighth and tenth graders. Participation by school districts was voluntary in the 1992-93 school year, and required beginning in 1993-94. 1995 Wisconsin Act 27 added a fourth grade examination. Participation in this exam by school districts was voluntary in the 1995-96 school year, and required beginning in 1996-97. Starting in 1998-99, school boards operating elementary grades were permitted to develop or adopt their own Knowledge and Concepts Examinations for fourth and eighth grade pupils. School boards that do this are required to notify DPI.

Beginning in the 2002-03 school year, under s. 118.33, Wis. Stats., each school board is required to adopt a written policy (The Grade Advancement Policy) specifying the criteria for promoting a pupil from the fourth to the fifth grade and from the eighth to the ninth grade. The criteria must include the WKCE test score, pupil academic performance, recommendations of teachers based on academic performance, and any other academic criteria identified by the local school board. The promotion policy must include the pupil’s WKCE score administered to pupils enrolled in grades four and eight under s. 118.30, Wis. Stats.

Since 1997-98, results of the WKCE are reported by subject categories. Separate results are reported for each test area: reading, mathematics, science, social studies, language arts, and writing. Scores on the writing sample were formerly combined with scores on the language arts test. These combined scores were called enhanced language scores. According to federal law, results must be disaggregated by English proficiency status, race/ethnicity, gender, and migrant status. In addition, federal law requires that results be reported comparing pupils with disabilities with non-disabled and economically disadvantaged pupils.

Contract and support (non-salary) expenditures for the Wisconsin Knowledge and Concepts Examination over the last four fiscal years were:

| Year | Development Contract GPR | Development Contract FED | Production, Distribution, Scoring, Reporting GPR | Production, Distribution, Scoring, Reporting FED | TOTAL |
|-------------|---------------------------------|---------------------------------|---------------------------------------------------------|---------------------------------------------------------|--------------|
| 2000-2001 | \$0 | \$0 | \$2,154,800 | \$0 | \$2,154,800 |
| 2001-2002 | \$0 | \$0 | \$1,803,200 | \$0 | \$1,803,200 |
| 2002- | \$0 | \$384,100 | \$2,701,700 | \$2,160,600 | \$5,246,400 |

| | | | | | |
|-----------|-----|-------------|-------------|-----|-------------|
| 2003 | | | | | |
| 2003-2004 | \$0 | \$3,056,300 | \$2,244,500 | \$0 | \$5,300,800 |

WKCE contract costs are paid out of the pupil assessment GPR appropriation 20.255 (1) (dw), which is funded at \$2,962,700 GPR each year of the 2003-05 biennium. However, as the table shows, the department has also been making use of federal No Child Left Behind (NCLB) Act funds in the past two years to comply with the additional assessment requirements of the Act. The department received an additional \$917,000 GPR in FY03 for the WKCE to develop customized enhancements related to the state's model academic standards. However, the assessment appropriation was reduced by \$521,600 (15 percent) GPR from FY03 to FY04. There are two reasons for the large increase in expenditures from 2001-02 to 2002-03. First, the NCLB Act required that standards be reset. Second, the WKCE had to be enhanced due to the timeline waiver. This waiver required Wisconsin to provide evidence that assessments were aligned with state standards, as well as evidence that the Wisconsin assessment system included all students. (The U.S. Department of Education has since concluded that the evidence provided by DPI satisfies Title I assessment requirements under the Improving America's Schools Act of 1994.)

The Office of Educational Accountability is estimating a base level of WKCE expenditure of \$6,584,428 in FY05. This includes development costs for the Criterion Reference Test (CRT), an assessment that allows its users to make score interpretations of a student's performance in relation to a specified performance standard or criteria, rather than in comparison to the performances of other test-takers. The WKCE will become the WKCE-CRT in 2005-06.

This request, driven by anticipated inflationary increases in contractor costs, is necessary as assessment contracts cannot continue to be funded with an ever-decreasing GPR appropriation.

Statutory Language

The department is not proposing any statutory language related to this request.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 7003 – PROGRAM REVENUE REESTIMATES

121 – Student Activity Therapy
s. 20.255 (1) (g)

| FISCAL SUMMARY | | |
|-------------------------------|----------------------------|----------------------------|
| | 2005-06 Request | 2006-07 Request |
| Projected Expenditures | \$1,000 | \$1,000 |
| Less Base | \$4,000 | \$4,000 |
| Requested Change | - \$3,000 | - \$3,000 |

The department requests a decrease in expenditure authority of \$3,000 PR annually in FY06 and FY07 to reflect a decrease in projected expenditures.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 7003 – PROGRAM REVENUE REESTIMATES

*122 – Personnel Certific., Teacher Supply, Info. and Analysis and Teacher Improv.
s. 20.255 (1) (hg)*

| FISCAL SUMMARY | | |
|-------------------------------|----------------------------|----------------------------|
| | 2005-06 Request | 2006-07 Request |
| Projected Expenditures | \$4,219,800 | \$4,049,700 |
| Less Base | \$3,522,000 | \$3,522,000 |
| Less Adjustments | \$637,100 | \$728,800 |
| Requested Change | \$60,700 | - \$201,100 |

The department requests an increase in expenditure authority of \$60,700 PR in FY06 and a decrease in expenditure authority of \$201,100 PR in FY07 to reflect changes in projected revenues and expenditures.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 7003 – PROGRAM REVENUE REESTIMATES

124 – Publications

s. 20.255 (1) (i)

| FISCAL SUMMARY | | |
|-------------------------------|----------------------------|----------------------------|
| | 2005-06 Request | 2006-07 Request |
| Projected Expenditures | \$525,000 | \$550,000 |
| Less Base | \$594,200 | \$594,200 |
| Less Adjustments | \$10,100 | \$10,100 |
| Requested Change | - \$79,300 | - \$54,300 |

The department requests a decrease in expenditure authority of \$79,300 PR in FY06 and \$54,300 PR in FY07 to reflect a decrease in projected revenues and expenditures.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 7003 – PROGRAM REVENUE REESTIMATES

126 – Professional Services Center Charges
s. 20.255 (1) (jm)

| FISCAL SUMMARY | | |
|-------------------------------|----------------------------|----------------------------|
| | 2005-06 Request | 2006-07 Request |
| Projected Expenditures | \$175,000 | \$175,000 |
| Less Base | - \$200,000 | - \$200,000 |
| Requested Change | - \$25,000 | - \$25,000 |

The department requests a decrease in expenditure authority of \$25,000 PR annually in FY06 and FY07 to reflect a decrease in projected expenditures.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 7003 – PROGRAM REVENUE REESTIMATES

127 – Gifts, Grants and Trust Funds
s. 20.255 (1) (jr)

| FISCAL SUMMARY | | |
|-------------------------------|----------------------------|----------------------------|
| | 2005-06 Request | 2006-07 Request |
| Projected Expenditures | \$1,200,000 | \$1,400,000 |
| Less Base | \$800,000 | \$800,000 |
| Requested Change | \$400,000 | \$600,000 |

The department requests an increase in expenditure authority of \$400,000 PR in FY06 and \$600,000 PR in FY07 to reflect an increase in projected revenues and expenditures.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 7003 – PROGRAM REVENUE REESTIMATES

**130 – General Educational Development and High School Graduation Equivalency
s. 20.255 (1) (hj)**

| FISCAL SUMMARY | | |
|-------------------------------|----------------------------|----------------------------|
| | 2005-06 Request | 2006-07 Request |
| Projected Expenditures | \$125,000 | \$125,000 |
| Less Base | \$118,600 | \$118,600 |
| Less Adjustments | \$58,000 | \$58,000 |
| Requested Change | - \$51,600 | - \$51,600 |

The department requests a decrease in expenditure authority of \$51,600 PR annually in FY06 and FY07. The decrease requested represents an adjustment to line 6-Supplies and Services to partially offset increases to line 1-Permanent Position Salaries and line 5-Fringe Benefits under Decision Item 3003.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 7003 – PROGRAM REVENUE REESTIMATES

**132 – Funds Transferred from Other State Agencies; Program Operations
s. 20.255 (1) (ke)**

| FISCAL SUMMARY | | |
|-------------------------------|----------------------------|----------------------------|
| | 2005-06 Request | 2006-07 Request |
| Projected Expenditures | \$2,156,500 | \$2,141,400 |
| Less Base | \$2,045,100 | \$2,045,100 |
| Less Adjustments | \$25,100 | \$25,100 |
| Requested Change | \$86,300 | \$71,200 |

The department requests an increase in expenditure authority of \$86,300 PR-S in FY06 and \$71,200 PR-S in FY07 to reflect an increase in projected revenues and expenditures.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 7003 – PROGRAM REVENUE REESTIMATES

**136 – Program for the Deaf and Center for the Blind; Pupil Transportation
s. 20.255 (1) (gt)**

| FISCAL SUMMARY | | |
|-------------------------------|----------------------------|----------------------------|
| | 2005-06 Request | 2006-07 Request |
| Projected Expenditures | \$850,000 | \$875,000 |
| Less Base | \$828,000 | \$828,000 |
| Requested Change | \$22,000 | \$47,000 |

The department requests an increase in expenditure authority of \$22,000 PR in FY06 and \$47,000 PR in FY07 to reflect an increase in projected revenues and expenditures.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 7003 – PROGRAM REVENUE REESTIMATES

139 – State-Owned Housing Maintenance
s. 20.255 (1) (js)

| FISCAL SUMMARY | | |
|-------------------------------|----------------------------|----------------------------|
| | 2005-06 Request | 2006-07 Request |
| Projected Expenditures | \$4,400 | \$0 |
| Less Base | \$7,500 | \$7,500 |
| Requested Change | - \$3,100 | - \$7,500 |

The department requests a decrease in expenditure authority of \$3,100 PR in FY06 and \$7,500 PR in FY07 to reflect a decrease in projected revenues and expenditures.

Please note that the department is proposing statutory language to eliminate this appropriation in FY07. See *Repeal of State-Owned Housing Appropriation* in the Statutory Language section of this document.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 7003 – PROGRAM REVENUE REESTIMATES

**232 – Funds Transferred from Other State Agencies; Local Aids
s. 20.255 (2) (k)**

| FISCAL SUMMARY | | |
|-------------------------------|----------------------------|----------------------------|
| | 2005-06 Request | 2006-07 Request |
| Projected Expenditures | \$9,643,000 | \$9,643,000 |
| Less Base | \$9,164,800 | \$9,164,800 |
| Requested Change | \$478,200 | \$478,200 |

The department requests an increase in expenditure authority of \$478,200 PR-S annually in FY06 and FY07 to reflect an increase in projected revenues and expenditures.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 7004 – FEDERAL REVENUE REESTIMATES

**141 – Federal Aids: Program Operations
s. 20.255 (1) (me)**

| FISCAL SUMMARY | | |
|-------------------------------|----------------------------|----------------------------|
| | 2005-06 Request | 2006-07 Request |
| Projected Expenditures | \$38,692,600 | \$38,343,600 |
| Less Base | \$39,318,000 | \$39,318,000 |
| Less Adjustments | \$2,225,600 | \$2,225,600 |
| Requested Change | - \$2,851,000 | - \$3,200,000 |

The department requests a decrease in expenditure authority of \$2,851,000 PR-F in FY06 and \$3,200,000 PR-F in FY07 to reflect a decrease in projected revenues and expenditures.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 7004 – FEDERAL REVENUE REESTIMATES

146 – Indirect Cost Reimbursements

s. 20.255 (1) (pz)

| FISCAL SUMMARY | | |
|-------------------------------|----------------------------|----------------------------|
| | 2005-06 Request | 2006-07 Request |
| Projected Expenditures | \$2,600,000 | \$2,654,200 |
| Less Base | \$2,438,200 | \$2,438,200 |
| Less Adjustments | \$373,600 | \$373,600 |
| Requested Change | - \$211,800 | - \$157,600 |

The department requests a decrease in expenditure authority of \$211,800 PR-F in FY06 and \$157,600 PR-F in FY07 to reflect a decrease in projected revenues and expenditures.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 7004 – FEDERAL REVENUE REESTIMATES

241 – Federal Aids; Local Aid
s. 20.255 (2) (m)

| FISCAL SUMMARY | | |
|-------------------------------|----------------------------|----------------------------|
| | 2005-06 Request | 2006-07 Request |
| Projected Expenditures | \$513,963,300 | \$517,101,400 |
| Less Base | \$472,352,600 | \$472,352,600 |
| Requested Change | \$41,610,700 | \$44,748,800 |

The department requests an increase in expenditure authority of \$41,610,700 PR-F in FY06 and \$44,748,800 PR-F in FY07 to reflect an increase in projected revenues and expenditures.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 7004 – FEDERAL REVENUE REESTIMATES

343 – Federal Funds; Local Assistance
s. 20.255 (3) (mm)

| FISCAL SUMMARY | | |
|-------------------------------|----------------------------|----------------------------|
| | 2005-06 Request | 2006-07 Request |
| Projected Expenditures | \$1,200,000 | \$1,200,000 |
| Less Base | \$1,022,100 | \$1,022,100 |
| Requested Change | \$177,900 | \$177,900 |

The department requests an increase in expenditure authority of \$177,900 PR-F annually in FY06 and FY07 to reflect an increase in projected revenues and expenditures.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 7004 – FEDERAL REVENUE REESTIMATES

344 – Federal Funds; Individuals and Organizations
s. 20.255 (3) (ms)

| FISCAL SUMMARY | | |
|-------------------------------|----------------------------|----------------------------|
| | 2005-06 Request | 2006-07 Request |
| Projected Expenditures | \$47,060,800 | \$47,060,800 |
| Less Base | \$42,019,400 | \$42,019,400 |
| Requested Change | \$5,041,400 | \$5,041,400 |

The department requests an increase in expenditure authority of \$5,041,400 PR-F annually in FY06 and FY07 to reflect an increase in projected revenues and expenditures.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 7005 – WISCONSIN CAREER ASSESSMENT

101 – General Program Operations s. 20.255 (1) (a)

| FISCAL SUMMARY | |
|--------------------|--------------------|
| 2005-06 Request | 2006-07 Request |
| \$125,000 | \$125,000 |

Request/Objective

The department requests \$125,000 GPR annually in FY06 and FY07 to provide continued funding for the Wisconsin Career Assessment (WCA), a web-based career assessment program which the department currently is supporting in the 2003-05 biennium through the federal Carl Perkins Vocational and Technical Education Act of 1998. However, imminent reauthorization of that act is necessary for continued funding, and the Bush Administration has indicated a policy shift—more toward academics than vocational-technical education—which would make continued funding for WCA through Carl Perkins unlikely.

Background/Analysis of Need

WCA was inaugurated on January 12, 2004. It helps eighth and tenth graders identify their career interests, explore careers related to those interests, and pursue education and training needed to succeed in those careers. Pupils can access their WCA site to re-examine or expand their career results from school or at home. The access is for the remainder of eighth or tenth grade enrollment. Assessment information is confidential. The 180-question assessment can be completed within 15-25 minutes. The results describe pupils' career interests, list matching jobs, and allow pupils to explore careers in which they are interested. Results are saved automatically, and pupils can access their information later from any Internet-connected computer. When fully developed, a companion tool for the WCA will be the pupil career portfolio. The portfolio highlights and stores information related to pupils' emerging career interests and favorite occupations. It is hoped that ultimately, WCA will be made available to provide uniform career information on a cross-agency basis. For instance, it could serve inmates under the custody of the Department of Corrections, unemployed adults being assisted by the Department of Workforce Development, etc.

The department believes that providing a web-based assessment allows for good customer service, providing immediate results and career exploration opportunities via the Internet. It is viewed as an important tool for pupils, parents, educators, and perhaps other state agencies to provide meaningful career information, exploration, development, and educational planning. Because of this function, the WCA is expected to help the department close the achievement gap through contemporary career and technical education. The department believes that the WCA will contribute to the success of the Governor's "Grow Wisconsin" initiative as well as other critical state policy level agencies or committees such as the PK-16 Council, as well as course agreement between secondary and postsecondary educational agencies. It could also be utilized as a resource to Milwaukee Public Schools (MPS), as MPS is a key member in the new "Alliance for Attendance" initiative. Presently, 27 of 221 Milwaukee school sites participate in WCA. Of those 27 schools, 10 are schools "identified for improvement." Research has documented that if truant pupils develop a career plan (i.e., career assessments, pathway opportunities, and contextual teaching and learning), the plan assists pupils in developing a sense and purpose for attending school (*Urban Education*, 1998).

Additionally, the WCA system, by providing aggregate information, makes available to school staffs implementation tools and critical information about pupils' career awareness interests and educational plans. It also is designed to provide pupil, district, regional, and statewide outcome reports.

There are three components to the WCA proposal:

- Provide user services includes the provision of the web-based career assessment tool to school districts, outcome reports, administrative information, implementation guide, training and technical support to local districts, and immediate WCA results that can be used for career exploration and planning. This component also ensures confidentiality of the assessment results for each pupil.
- WCA tools enhancement will enhance the tools available to district and school assessment coordinators; provides support for technical assistance staff at the state level; and resolves technical issues with implementing and using reports.
- WCA reports and outcomes analysis enhancement provides reports summarizing aggregated and disaggregated data as required by federal law. Reports will be generated to indicate the number and percentage of pupils who meet numerous criteria, for example, the number and percent of pupils looking at their results outside of school hours. Selected reports will be available to allow comparisons of results by demographic variables. For local school buildings/districts, the reports will include suggestions for use of the reports for school program evaluation/enhancements. For regional and state use, a report will be generated, in conjunction with department staff, to summarize the data and to provide policy level implications.

The annual costs for the WCA proposal are broken down as follows:

| Component | Cost |
|-----------------------------------------------|------------------|
| Provide User Services | \$65,000 |
| WCA Tools Enhancement | \$15,000 |
| WCA Reports and Outcomes Analysis Enhancement | \$45,000 |
| TOTAL | \$125,000 |

The WCA website is administered through UW-Madison.

Statutory Language

The department is not proposing any statutory language related to this request.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 7006 – WEB-BASED ONLINE TEACHER LICENSING PROJECT

101 – General Program Operations

s. 20.255 (1) (a)

122 – Personnel Certific., Teacher Supply, Info. and Analysis and Teacher Improv.

s. 20.255 (1) (hg)

| FISCAL SUMMARY | | |
|------------------------|------------------------------|------------------------------|
| | 2005-06 Request | 2006-07 Request |
| Program Revenue | \$839,800 2.0 FTE | \$931,500 2.0 FTE |
| GPR | \$0 | \$195,100 |
| GPR-Earned | - \$355,000 | - \$360,000 |

Request/Objective

The department requests a PR expenditure authority increase of \$839,800 PR in FY06 and \$931,500 in FY07 in the teacher licensing appropriation. The expenditure authority increase is necessary to fund the development of the online Wisconsin Educator Licensing System and to support a request for 2.0 FTE project information systems development services specialists.

The department also requests one-time funding of \$195,100 GPR in FY07 to partially fund and implement the online Wisconsin Educator Licensing System.

The department also requests a reestimate of -\$355,000 GPR-earned in FY06 and -\$360,000 GPR-earned in FY07 to reflect a statutory language change that restores 100 percent of teacher certification revenues to the department.

Background/Analysis of Need

One of the department’s responsibilities is to license the educational professionals in Wisconsin’s school districts. The teacher certification program is funded with fees received from applicants for educational licenses and certificates.

Because licenses are effective July 1 through June 30, the department receives most of its applications during the summer months, causing a backlog of applications. Backlogs are not only caused by the number of applications but by the amount of time needed to acquire additional information from the applicants.

Processing an application for a license is labor intensive. Applications are reviewed and, if information is missing, a letter is sent to the applicant requesting the information. Until the missing information is received, this process can be, and often is, repeated several times before a license is issued.

By creating a web-based, online educator licensing system, the department can become an efficient, high performance organization decreasing the amount of paper and time it takes to process applications and issue licenses. Also, license information could be made more readily available across the agency and to the general public.

In FY04, the department issued 32,330 licenses. License review is a cumbersome, paper-based process. Most of the applications received are handwritten, difficult to read and incomplete. An abbreviated version of the license review process is:

- An application is received and reviewed for missing information;

- If information is missing, a letter is mailed to the applicant requesting the information;
- Once the application is complete, staff verify that the license fee has been processed by the bank. The department contracts with the bank to process teacher license checks and credit cards;
- The application and accompanying information is scanned into the data system;
- An LTE generates a report listing the applicant's name, address, etc. The report is sent to the criminal information bureau for a background check;
- Once the process is completed, a license is issued, printed and mailed to the applicant.

An online, web-based licensing program would provide:

- Paperless applications;
- Electronic fee payments;
- Electronic fingerprinting;
- Applicant ability to track processing of a license application;
- Automated background checks to the Department of Justice;
- Educator recruitment tools including a searchable index of approved programs, alternative programs for career-changers, educator position openings, and teacher shortage areas;
- Improved licensing audit procedures for both school districts and the department.

An online, web-based licensing program would make the department become more efficient by:

- Reducing the time it takes to process an application. By automating licensing procedures and streamlining the department's internal licensing review/approval process, the application backlogs should be eliminated. Department staff time is wasted requesting information from applicants. If license information is submitted online, the program could "force" Internet information to be inserted before it could be emailed to the department. In other words, an applicant will not be able to send his or her application for a license if required information is not entered. This ability will alleviate the need to send repeated information requests to applicants;
- Reducing or eliminating the need for LTE data entry staff. By providing an electronic connection to the Department of Justice, the department could eliminate the need for the LTE currently entering data for background checks (\$10,000);
- Eliminating the contract paid to the bank for license payment processing. An electronic fee payment could be made by the applicant using the Department of Administration's E-Payment system eliminating the need to contract with the bank for processing such fees;
- Reducing postage, phone, paper and supply costs. Because electronic applications would need to be filled in completely, staff would no longer have to mail letters or call applicants requesting additional information. Paper applications would no longer have to be submitted to the department nor would the department have to issue paper licenses.

Implementation of the online license project will be done in stages. Applicants requesting renewal of applications will be the first group to use the online application process. In FY04 of the 32,330 applications received, approximately 18,000 were renewal requests. Currently, a pilot is being conducted for licensing interns online. There are approximately 50 applications currently in the system. Many of the components used in processing intern applications will be used for applicants renewing licenses or applying for initial licenses.

Potential vendors have estimated a one-time cost to provide a customized online licensing system, including software and hardware, to be \$1,200,000 annually in FY06 and FY07. This estimate is consistent with the cost of similar systems successfully implemented in two other states.

Most components of this system require extensive analysis, new software, database additions/modifications, and hardware and associated staff or professional services contracts to perform/install/implement them. Therefore, the department is requesting 2.0 FTE two-year project

information services development services specialists at a cost of \$124,800 in FY06 and \$165,000 in FY07 to assist with the system's implementation.

1995 Wisconsin Act 27 required the department to lapse 10 percent of license and certificate fees to the general fund. The department needs to retain this revenue to fund the online Wisconsin Educator Licensing System. Thus, this proposal assumes elimination of the 10 percent lapse.

This request is in line with the Business Leadership Council's recommendations that direct how technology is to be used statewide. The council is composed of representatives from each agency, counties, and the Governor's office.

Statutory Language

The department is proposing statutory language related to this request. See *Web-Based Online Teacher Licensing Project* in the Statutory Language section of this document.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 7007 – MILWAUKEE PARENTAL CHOICE PROGRAM APPLICATION DATABASE

101 – General Program Operations

s. 20.255 (1) (a)

| FISCAL SUMMARY | |
|----------------|---------|
| 2005-06 | 2006-07 |
| Request | Request |
| \$60,000 | \$0 |

Request/Objective

The department requests \$60,000 GPR in FY06 to develop an online pupil application and financial database to use in processing payments for the Milwaukee Parental Choice Program (MPCP).

Currently, the department pays \$11,600 GPR annually for data entry costs associated with entering pupil information for the MPCP into an Excel spreadsheet. In order to better insure prompt and accurate payment to MPCP schools as well as to track pupil enrollment in the MPCP, an online pupil application and financial database needs to be developed and implemented by the department. If this request is approved, the \$11,600 GPR the department currently uses for data entry costs will be internally reallocated toward maintenance of the MPCP pupil application and financial database.

Background/Analysis of Need

The present use of GPR dollars for data entry costs has been in place since the 1998-99 academic year, when a decision by the Wisconsin Supreme Court allowed religious schools to participate in MPCP. Checks could not be payable to religious schools because of the constitutional issue. Therefore, individual checks had to be payable to pupils' parents, thereby requiring considerable data entry. Currently, approximately 52,000 checks are sent each year. The continued application of GPR dollars for this purpose has been, and will continue to be, a drain on MPCP administrative funds, which face pressure from an expanding number of MPCP pupils, as well as from the need for additional staff to implement and administer the financial accountability requirements on choice schools as required by 2003 Wisconsin Act 155.

If this request is granted, management of MPCP would be made more efficient in the following ways:

- Currently, each pupil must fill out a complete application each year and all of the information is keyed into an Excel spreadsheet. This process results in much duplication of work for the school, the pupil, and the department. However, as part of the proposed new pupil database, pupils would be assigned an ID number and only changes to an applicant's information would be keyed, resulting in much less work for the school, the pupil, and the department.
- It is anticipated that the program will help find errors earlier, thus saving time as well as considerable postage notifying schools about the errors.
- It is also expected that the data could be sent from schools to DPI electronically or on documents that could be scanned, thus avoiding the need to do data entry altogether.
- The problems of tracking pupils, ensuring that only eligible pupils are receiving MPCP funding, and ensuring that all pupils in Milwaukee are involved in an educational program, could also be better addressed. This would include tracking transfers between MPCP and the Milwaukee Public School system.
- Department staff would be freed of the responsibility of reviewing and processing paper applications. This would allow more staff time to assure private school compliance with Act 155.
- More applications could be processed with minimal additional cost.

- The database would be used by the department to conduct a random selection if necessary.

Statutory Language

The department is not proposing any statutory language related to this request.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 7008 – WIDA CONSORTIUM

| FISCAL SUMMARY | |
|----------------------------|----------------------------|
| 2005-06 Request | 2006-07 Request |
| \$0 | \$0 |

Request/Objective

The department requests nonstatutory language, effective in FY06, to authorize the department to assist in the establishment of, and participate in, a private, non-profit independent foundation, with its headquarters located in Wisconsin, and its membership consisting of a coalition of agents of public K-12 state education agencies. The purpose of the foundation is to solicit and obtain federal and state grant and other public and private funding to be used for group contracting and purchasing of high quality English language proficiency examinations, alternate examinations and contracting for the production, distribution, scoring and reporting of those examinations and making them available to coalition members.

Background/Analysis of Need

The federal No Child Left Behind (NCLB) legislation requires states to produce and implement an assessment system for English language learners. The federally-funded Wisconsin/Delaware/Arkansas (WIDA) Enhanced Assessment Consortium applied for federal funds to comply with this mandate. The U.S. Department of Education awarded the Wisconsin Department of Public Instruction a grant of \$2.3 million as the lead applicant on behalf of the consortium to complete the initial production work. As stipulated in the grant narrative (and more recently the consortium by-laws), this is a collaborative partnership of states that has agreed to control jointly the products and services that these same states and their respective local educational agencies must use to fully meet the requirements of federal law.

With the assistance of private contractors in producing and distributing these needed products and services, the consortium represents a public/private collaborative partnership of now ten states seeking a more effective and cost-efficient way to meet federal requirements to ensure school level accountability for students learning English. The WIDA steering committee, seeking to fulfill this original mission, is now pursuing legal status as a not-for-profit foundation that will be governed by an executive board comprised of its member states. The WIDA member states are currently: Wisconsin, Delaware, Arkansas, Illinois, District of Columbia, Maine, New Hampshire, Rhode Island, Vermont, and, most recently, Alabama.

Statutory Language

The department is proposing nonstatutory language related to this request. See *WIDA Consortium* in the Statutory Language section of this document.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 7009 – REPEAL OF STATE-OWNED HOUSING APPROPRIATION

139 – State-Owned Housing Maintenance
s. 20.255 (1) (js)

| FISCAL SUMMARY | |
|----------------------------|----------------------------|
| 2005-06 Request | 2006-07 Request |
| \$0 | \$0 |

Request/Objective

The department requests that the appropriation established for maintenance of state-owned housing, s. 20.255 (1) (js), Wis. Stats., be repealed in FY07.

Background/Analysis of Need

The home on the residential school campus in Janesville has been rented to the school superintendent or other administrator for use as a residence for a number of years. However, the home is no longer used for this purpose, and rent revenue is no longer received. The balance in the appropriation is being spent on renovations so the home can be used as part of the instructional program. It will be used by pupils to learn daily living skills and independence. A balance of approximately \$11,800 remained in the appropriation at the end of FY04. It will be spent during FY05 and FY06 on the renovations and will no longer be needed beginning in FY07. Note the department’s reestimate of this appropriation under Decision Item 7003.

Statutory Language

The department is proposing statutory language related to this request. See *Repeal of State-Owned Housing Appropriation* in the Statutory Language section of this document.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 7501 – GENERAL EQUALIZATION AIDS

**201 – General Equalization Aids
s. 20.255 (2) (ac)**

| FISCAL SUMMARY | | |
|-------------------------|----------------------------|----------------------------|
| | 2005-06 Request | 2006-07 Request |
| Requested Aid | \$4,365,484,500 | \$4,476,121,700 |
| Less Base | \$4,257,545,900 | \$4,257,545,900 |
| Requested Change | \$107,938,600 | \$218,575,800 |

Request/Objective

The department requests \$107,938,600 GPR in FY06 and \$218,575,800 GPR in FY07 to provide a 2.5 percent annual increase in general equalization aids to school districts.

Background/Analysis of Need

Annually, the state provides increased funding for general equalization aids to all school districts in the state. General equalization aids represent the single largest funding commitment in all of state government, totaling \$4,317,545,900 in FY05.

From 1994 through 2002, as part of its biennial budget requests, the department calculated the amount of general equalization aids necessary (which also included categorical aids and the school levy tax credit) to fulfill the state’s statutory “two-thirds” funding target for the succeeding biennium. However, with the repeal of the state’s two-thirds funding commitment in 2003 Wisconsin Act 33, the department must now, for the first time since 1992, recommend an amount of general equalization aid for the next two years that is no longer tied to any state funding goal.

While general equalization aids have increased for each of the past 12 years, the actual funding amount and percentage change in funding has varied significantly over that time (see Table 1 below). During the mid-1990’s, there were significant increases in general equalization aids as a result of the state’s efforts to increase its overall support for K-12 education from roughly 48 percent to 66.6 percent. Upon repeal of the state’s two-thirds commitment, general equalization aid increases slowed appreciably in FY04 and FY05.

In addition, beginning in FY04, the state began appropriating state transportation fund (SEG) monies to be distributed as general equalization aids. In FY05, \$60 million of transportation funds are being used, representing roughly 1.5 percent of the total amount of general equalization aids distributed (the other \$4.25 billion are GPR funds). The \$60 million in transportation SEG will continue into the 2005-07 biennium for use as general school aids. The department is requesting a 2.5 percent annual increase in general equalization aids in this request, including the \$60 million transportation SEG funds.

The Milwaukee Parental Choice Program (MPCP) and the Milwaukee-Racine Charter Schools Program (MRCSP) per pupil payments are directly tied, under current law, to the percentage increase of recommended funding in general equalization aids each year. The department’s requests related to these two programs are covered under Decision Items 7502 and 7503.

Table 1

| Fiscal Year | General School Aids (\$ in millions) | Annual % Change | Annual \$ Change (\$ in millions) |
|--------------------|---------------------------------------------|------------------------|------------------------------------------|
| 1993-94 | \$1,832.2 | 12.2% | |
| 1994-95 | \$2,093.4 | 14.3% | \$261.2 |
| 1995-96 | \$2,341.5 | 11.9% | \$248.1 |
| 1996-97 | \$3,182.2 | 35.9% | \$840.7 |
| 1997-98 | \$3,393.5 | 6.6% | \$211.3 |
| 1998-99 | \$3,560.1 | 4.9% | \$166.6 |
| 1999-00 | \$3,767.9 | 5.8% | \$207.8 |
| 2000-01 | \$3,931.9 | 4.4% | \$164.0 |
| 2001-02 | \$4,051.6 | 3.0% | \$119.7 |
| 2002-03 | \$4,200.9 | 3.7% | \$149.3 |
| 2003-04 | \$4,273.1 | 1.7% | \$72.2 |
| 2004-05 | \$4,317.5 | 1.0% | \$44.4 |

Statutory Language

The department is not proposing any statutory language related to this request.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 7502 – MILWAUKEE PARENTAL CHOICE PROGRAM REESTIMATE

**235 – Milwaukee Parental Choice Program
s. 20.255 (2) (fu)**

| FISCAL SUMMARY | | |
|-------------------------|----------------------------|----------------------------|
| | 2005-06 Request | 2006-07 Request |
| Requested Aid | \$90,161,600 | \$92,411,200 |
| Less Base | \$83,800,000 | \$83,800,000 |
| Requested Change | \$6,361,600 | \$8,611,200 |

Request/Objective

The department requests an increase of \$6,361,600 GPR in FY06 and \$8,611,200 GPR in FY07 to continue to fund the Milwaukee Parental Choice Program (MPCP) under s. 119.23, Wis. Stats.

Aid for the MPCP is paid from the appropriation s. 20.255 (2) (fu), Wis. Stats. This program's funding has two sources:

- The general equalization aid otherwise received by the Milwaukee Public Schools (MPS) is reduced by an amount equal to 45 percent of the estimated cost of the MPCP. MPS is allowed to increase their property tax levy under their revenue limit to replace the loss of this state aid;
- The remaining 55 percent of the estimated cost of the MPCP is funded from the state's general fund.

Background/Analysis of Need

The MPCP, established in 1990-91, provides state payments to certain low-income parents/guardians who reside in the city of Milwaukee who enroll their child in participating eligible private schools in that city.

In June 1998, the Wisconsin Supreme Court ruled that a variety of provisions contained in 1995 Wisconsin Act 27 were constitutional, permitting a significant expansion in the number of schools and children eligible to participate in the program. Specifically, the Court's ruling permitted MPCP enrollment to increase from seven percent to 15 percent of the membership of the Milwaukee Public Schools (MPS) and allowed religiously affiliated private schools to participate in the program.

2003 Wisconsin Act 33 provided that the per pupil payment for the MPCP is increased by the percentage increase in state general equalization aids to public school districts. Elsewhere in its 2005-07 biennial budget request (Decision Item 7501), the department is recommending a 2.5 percent annual increase in general equalization aids in both FY06 and FY07. Thus, according to the department's budget, the estimated MPCP per pupil payment will increase by \$149 over its FY05 level (\$5,943) in FY06 and by an additional \$152 over its FY06 level in FY07.

Since it is anticipated that the MPCP will reach its membership cap of approximately 14,800 FTE in both years of the next biennium, the department estimates that in FY06, 14,800 pupils (an increase of 700 over the estimated base of 14,100 pupils in FY05) will participate in the program at a per pupil cost of \$6,092, totaling \$90,161,600. The department estimates that in FY07, again 14,800 pupils will participate in the program at a per pupil cost of \$6,244, totaling \$92,411,200.

Please see the table below for a complete program history:

| Year | Number of Participating Schools | Total Pupil Membership | State Aid Payment Per Pupil | Total Payments Made under the MPCP* |
|-------------|----------------------------------------|-------------------------------|------------------------------------|--------------------------------------------|
| 1990-91 | 6 | 300 | \$2,446 | \$733,800 |
| 1991-92 | 6 | 512 | \$2,643 | \$1,353,200 |
| 1992-93 | 11 | 594 | \$2,745 | \$1,630,500 |
| 1993-94 | 12 | 704 | \$2,985 | \$2,101,400 |
| 1994-95 | 12 | 771 | \$3,209 | \$2,474,100 |
| 1995-96 | 15 | 1,288 | \$3,667 | \$4,723,100 |
| 1996-97 | 20 | 1,616 | \$4,373 | \$7,066,800 |
| 1997-98 | 23 | 1,497 | \$4,696 | \$7,029,900 |
| 1998-99 | 86 | 5,761 | \$4,894 | \$28,194,300 |
| 1999-00 | 93 | 7,575 | \$5,106 | \$38,677,900 |
| 2000-01 | 100 | 9,238 | \$5,326 | \$49,201,600 |
| 2001-02 | 103 | 10,497 | \$5,553 | \$58,289,800 |
| 2002-03 | 102 | 11,304 | \$5,783 | \$65,371,000 |
| 2003-04 | 106 | 12,950 | \$5,882 | \$76,171,900 |
| 2004-05* | 119 | 14,100 | \$5,943 | \$83,796,300 |

* Estimated

NOTE: Figures reflect aid paid to participating private schools

Statutory Language

The department is not proposing any statutory language related to this request.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 7503 –MILWAUKEE/RACINE CHARTER SCHOOL PROGRAM REESTIMATE

**218 – Charter Schools
s. 20.255 (2) (fm)**

| FISCAL SUMMARY | | |
|-------------------------|----------------------------|----------------------------|
| | 2005-06 Request | 2006-07 Request |
| Requested Aid | \$34,096,100 | \$37,773,500 |
| Less Base | \$30,160,000 | \$30,160,000 |
| Requested Change | \$3,936,100 | \$7,613,500 |

Request/Objective

The department requests an increase of \$3,936,100 GPR in FY06 and \$7,613,500 GPR in FY07 to continue to fund the Milwaukee Racine Charter Schools Program (MRCSP) under s. 118.40 (2r), Wis. Stats.

Aid for the MRCSP is paid from a separate charter school appropriation. The amount of aid paid is proportionately withheld from the general equalization aid payment under s. 20.255 (2) (ac), Wis. Stats., for all of the state's 426 public school districts. The aid withheld lapses to the state's general fund. School districts are allowed to increase their property tax levy under their revenue limit to replace the loss of this state aid.

In addition, the state makes a payment to the unified school district, in which the school chartered by UW-Parkside is located, equal to that district's equalization aid per pupil amount multiplied by the number of pupils attending a charter school who were previously enrolled in that unified district. This additional aid is also drawn from the sum sufficient charter school appropriation. The Racine Unified School District (RUSD) is the only district that meets current law aid eligibility under this provision.

Background/Analysis of Need

The MRCSP provides direct state assistance to operators of charter schools sponsored by the City of Milwaukee, the UW-Milwaukee, the Milwaukee Area Technical College, and the UW-Parkside. Independent charter schools participating in the MRCSP are not considered to be an instrumentality of any public school district. There are no income eligibility criteria for pupils seeking to enroll in these independent charter schools created by these entities nor any limit on the total number of pupils allowed to enroll in them (except for the charter school authorized by UW-Parkside).

1997 Wisconsin Act 27 authorized the City of Milwaukee, the UW-Milwaukee, and the Milwaukee Area Technical College to operate, or contract with another individual or group to operate, an independent charter school beginning June 1, 1998. 2001 Wisconsin Act 16 expanded the MRCSP to allow the UW-Parkside to establish, or contract to establish one charter school in a unified school district (Racine) that is located in the county in which UW-Parkside is located or in an adjacent county. Act 27 also restricted the number of pupils attending this charter school to no more than 400 pupils.

2003 Wisconsin Act 33 provides that the per pupil payment for the MRCSP is increased by the increase in the per pupil amount paid to private schools participating in the Milwaukee Parental Choice Program (MPCP). The MPCP per pupil payment under the department's budget request (see Decision Item 7502) is to increase by \$149 over the FY05 level in FY06, and \$152 over the FY06 level in FY07. Thus, the estimated MRCSP per pupil payment will increase by \$149 over its FY05 level (\$7,111) in FY06 and by an additional \$152 over its FY06 level in FY07.

There are currently 12 charter schools participating in the MRCSP in 2004-05. The department estimates that in FY06, 4,500 pupils will participate in the program at a per pupil cost of \$7,260, totaling \$32,670,000. The department estimates that in FY07, 4,900 pupils will participate in the program at a per pupil cost of \$7,412, totaling \$36,318,800.

Under s. 118.40 (2r) (e) 2., Wis. Stats., the RUSD receives additional categorical aid based on the amount of general equalization aid it receives in the current year multiplied by the number of pupils attending the charter school who were previously enrolled in the RUSD. UW-Parkside has chartered a school under this statute (21st Century Preparatory School) located in the RUSD, thus the RUSD should be eligible for this additional aid.

It is estimated that 260 pupils previously enrolled in the RUSD will attend the charter school in the 2005-06 and 2006-07 school years. Also, it is estimated that the RUSD will receive \$5,485 in general equalization aid per pupil in 2005-06 and \$5,595 in 2006-07. In order to fully pay RUSD the aid required under current law, it is estimated that the sum sufficient charter school appropriation would need to be increased by \$1,426,100 (260 prior year pupils x \$5,485 current year aid per pupil) in FY06 and \$1,454,700 (260 prior year pupils x \$5,595 current year aid per pupil) in FY07 in order to fully fund this appropriation.

Under current law, in order to fully fund the charter school sum sufficient appropriation (payments to charter school operators and the Racine Unified School District), the state would be required to provide \$34,096,100 in FY06 and \$37,773,500 in FY07.

Statutory Language

The department is not proposing any statutory language related to this request.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 7504 – UNUSED REVENUE LIMIT CARRYOVER

| FISCAL SUMMARY | |
|----------------------------|----------------------------|
| 2005-06 Request | 2006-07 Request |
| \$0 | \$0 |

Request/Objective

The department requests a statutory language change to increase the allowable percentage of unused revenue limit carryover for school districts from 75 percent to 100 percent beginning in FY06. There is no state fiscal impact, but this change would provide school districts additional revenue limit authority. The use of such authority would be dependent on local school district decisions.

Background/Analysis of Need

Revenue limits were imposed on school districts beginning in 1993-94 and have been in place for 12 years. Since 1995-96, the state has provided that if a school district's revenues are less than the maximum amount allowed by law for that year, the school district's revenue limit in the following school year is increased by an amount equal to 75 percent of the difference between the actual revenue limit authority it used and the maximum amount it was allowed. Recently, assertions have been made that revenue caps essentially "force" school districts to use all of the authority (i.e. property tax levy) available to them, resulting in higher property tax levies, due to current law, in order to avoid losing revenue limit authority in subsequent years.

This proposal would help ease the pressure on some school districts to "levy to the maximum" so they do not permanently lose a part of their revenue limit base each year. The proposal would also provide districts with more flexibility in their long-term fiscal planning by allowing them to determine whether they need to levy to their maximum each year.

Data indicate that statewide revenue limit authority attributable to the 75 percent carryover provision has decreased over each of the past three years, indicating that more districts are levying to their allowable limit and using nearly all of their revenue limit authority. In FY04, the 75 percent carryover adjustment generated nearly \$2.8 million in additional revenue limit authority for 61 districts. (These figures exclude the Norris School District, a residential school that is in a district consisting almost entirely of school property and that gets most of its support from state and federal aid.) Had this provision been in effect for the calculation of revenue limits for FY04, the 100 percent carryover adjustment would have generated revenue limit authority of nearly \$3.7 million for those districts, an increase of approximately \$900,000 compared to current law. This represents 0.01 percent of the \$7.0 billion in total revenue limit authority for school districts in FY04.

Increasing the carryover percentage from 75 percent to 100 percent would have no state fiscal impact. The local fiscal effect upon local property tax levies would be dependent upon local school districts' decisions. The bill could result in lower school district property taxes to the extent that school boards choose not to levy to their maximum in any given year.

The Governor's Task Force on Educational Excellence also recommended this change.

Statutory Language

The department is proposing statutory language related to this request. See *Unused Revenue Limit Carryover* in the Statutory Language section of this document.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 7505 – LOW REVENUE CEILING ADJUSTMENT

| FISCAL SUMMARY | |
|-----------------|-----------------|
| 2005-06 Request | 2006-07 Request |
| \$0 | \$0 |

Request/Objective

The department proposes to increase the per pupil low revenue ceiling amount by \$400 annually, to \$8,200 in FY06 and to \$8,600 in FY07, to continue to provide the state's lowest spending districts with the opportunity to narrow the disparity with the highest spending districts.

There is no state fiscal impact. However, this proposal would allow over 125 of the state's school districts to increase their revenues beyond the annual allowable per pupil adjustment each year with an estimated fiscal impact of \$15-25 million in additional revenue limit authority in FY06 and \$25-35 million in additional authority in FY07.

Background/Analysis of Need

Revenue limits were imposed on school districts beginning in FY94 and have now been in place for 12 years. One of the many arguments against revenue limits that have been made over time has been that frugal, low spending districts in FY94 have been "locked" in place as revenue limits have been calculated on a per pupil basis since their inception.

Since FY96, however, the state has established a per pupil "low-revenue" ceiling figure that allows districts to increase their per pupil revenues to this amount without having to go to referendum. Use of the low-revenue ceiling is not required; rather, it is an option for districts to increase their revenues to this figure if they so choose. However, absent any action, the low revenue ceiling will remain at \$7,800 for 2005-07 and assist very few districts unless it is increased each year by a figure that exceeds the state allowable per pupil adjustment of approximately \$250 annually in FY06 and FY07.

Increasing the "low revenue ceiling" figure is arguably one of the state's best tools to provide its lowest revenue districts with the opportunity to increase their revenues to close the revenue gap with the state's highest revenue districts so long as revenue limits are in place.

In recent years the low-revenue ceiling (see Table 1) was marginally increased, benefiting only one to two percent of the state's lowest revenue districts. However, the Governor recommended, and the Legislature adopted in 2001 Wisconsin Act 33, increasing the state's low-revenue ceiling to \$7,400 per pupil in FY04 and \$7,800 in FY05. These increases have and will provide 10-20 percent of the state's lowest revenue districts with the option of increasing their per pupil revenues permanently, helping them continue to maintain their current programs.

It is expected that the statewide average base revenue per pupil for FY04 will be approximately \$8,130 (it was \$7,860 in FY03). Thus, the \$7,400 figure this year represented roughly 91 percent of the statewide average revenue per pupil. It is estimated that roughly 80 percent of the districts eligible to use the \$7,400 figure in FY04 chose to use all of the additional revenue limit authority available to them.

Since the state repealed its two-thirds funding commitment, increasing the low-revenue ceiling annually no longer requires the state to provide additional general equalization aid funding to offset the additional revenue limit authority generated by districts that use it.

Table 1

| Fiscal Year | Low Revenue Ceiling Per Pupil | # of Districts Eligible to Use Low-Revenue Ceiling |
|--------------------|--------------------------------------|-----------------------------------------------------------|
| 1995-96 | \$5,300 | 29 |
| 1996-97 | \$5,600 | 33 |
| 1997-98 | \$5,900 | 41 |
| 1998-99 | \$6,100 | 16 |
| 1999-00 | \$6,300 | 5 |
| 2000-01 | \$6,500 | 6 |
| 2001-02 | \$6,700 | 4 |
| 2002-03 | \$6,900 | 2 |
| 2003-04 | \$7,400 | 53 |
| 2004-05 | \$7,800 | 80+ (est.) |

Statutory Language

The department is proposing statutory language related to this request. See *Low Revenue Ceiling Adjustment* in the Statutory Language section of this document.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 7506 – SAGE DEBT SERVICE AID REESTIMATE

277 – Aid for Debt Service
s. 20.255 (2) (cs)

| FISCAL SUMMARY | | |
|-------------------------|----------------------------|----------------------------|
| | 2005-06 Request | 2006-07 Request |
| Requested Aid | \$200,000 | \$200,000 |
| Less Base | \$300,000 | \$300,000 |
| Requested Change | - \$100,000 | - \$100,000 |

Request/Objective

The department requests a decrease of \$100,000 GPR annually in FY06 and FY07 as a reestimate related to reimbursing school districts participating in the Student Achievement Guarantee in Education (SAGE) program for 20 percent of their debt service costs associated with SAGE-related building construction projects.

Background/Analysis of Need

This categorical aid program [authorized under s. 118.43 (8) (a), Wis. Stats.] reimburses school districts participating in the state’s SAGE program for 20 percent of their annual debt service costs on their bonds issued for SAGE-related building construction projects that were approved by a referendum.

1999 Wisconsin Act 9 greatly increased the number of schools allowed to participate in the state’s SAGE program, which has been in existence since FY97. In addition, Act 9 created a new categorical aid program to be administered by the department that requires it to reimburse participating SAGE school districts for 20 percent of their debt service costs associated with SAGE-related construction projects if the amount was approved before June 30, 2001. Currently, the department has 11 districts that are eligible for reimbursement in FY05 for amounts totaling \$133,600.

This reestimate is based on the department’s expectation that it will not allocate the entire available appropriation during 2005-07.

Statutory Language

The department is not proposing any statutory language related to this request.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 7507 – RESIDENTIAL AND 2r CHARTER SCHOOLS’ ELIGIBILITY FOR LUNCH AID

**209 – Aids for School Lunches and Nutritional Improvement
s. 20.255 (2) (cn)**

| FISCAL SUMMARY | |
|----------------------------|----------------------------|
| 2005-06 Request | 2006-07 Request |
| \$0 | \$0 |

Request/Objective

The department proposes to amend s. 115.34 (2), Wis. Stats., to allow independent “(2r)” charter schools and the state schools for the visually impaired and deaf to be eligible for state school lunch aid matching funds.

There is no state fiscal impact as it is assumed there will be sufficient expenditure authority within the current school lunch aid appropriation to absorb the additional estimated \$21,000 in annual aids resulting from this proposal.

Background/Analysis of Need

Current statutes (s. 115.34, Wis. Stats.) authorize the State Superintendent to “...make payments to school districts and to private schools for school lunches served to children in the prior year as determined by the state superintendent from the appropriation under s. 20.255 (2) (cn).” Department legal counsel has interpreted this to mean only “public school districts and private schools.” Thus in Milwaukee, the private schools participating in the Milwaukee Parental Choice Program are eligible for state school lunch aid payments, but not charter schools created under the Milwaukee-Racine Charter School Program under s. 118.40 (2r), Wis. Stats.

The department believes that these independent (2r) charter schools should have equal access to the state matching funds as given to public school districts and private schools. In addition, all public and private schools participating in the National School Lunch Program should be eligible for state matching aids, including the state schools for the visually impaired and deaf at Janesville and Delavan. The federal definition of school would seem to support the idea of including the (2r) and state residential schools. The definition of an eligible school is: “An educational unit of high school grade or under, recognized as part of the educational system in the State and operating under public or nonprofit private ownership in a single building or complex of buildings.”

The National School Lunch Program, established under the National School Lunch Act and signed by President Harry Truman in 1946, is a federally-assisted meal program operating in 2,500 public and nonprofit private schools and residential child care institutions in Wisconsin. It provides nutritionally balanced, low-cost or free lunches to 525,000 children each school day (26 million nationwide).

The number of children participating and the number of lunches served in school lunch programs in Wisconsin has increased between 1999 and 2004 as follows:

| Fiscal Year | Participants | Lunches Served |
|--------------------|---------------------|-----------------------|
| 1999 | 530,915 | 87,101,826 |
| 2000 | 536,099 | 87,542,986 |
| 2001 | 545,827 | 88,538,419 |
| 2002 | 552,574 | 89,218,833 |
| 2003 | 561,176 | 91,988,810 |
| 2004 | 569,431 (est.) | NA |

Recent school lunch aid appropriation history is as follows:

| Fiscal Year | Appropriation | Lunch Aid | Elderly Nutrition | Unspent Lapse |
|--------------------|----------------------|------------------|--------------------------|----------------------|
| 2002 | \$4,371,100 | \$4,141,143 | \$152,840 | \$77,117 |
| 2003 | \$4,371,100 | \$4,112,379 | \$143,974 | \$114,747 |
| 2004 | \$4,371,100 | \$4,151,132 | \$148,695 | \$71,273 (est.) |

The estimated annual cost of providing the GPR school lunch aid to the independent (2r) charter schools is \$19,500 (407,000 lunches) and the cost for the state schools for the visually impaired and deaf is \$1,500 (34,000 lunches), for a total of \$21,000. Given recent lapse amounts, it is assumed that there will be sufficient expenditure authority to absorb the additional estimated \$21,000 in aids resulting from this proposal.

Statutory Language

The department is proposing statutory language related to this request. See *Residential and 2r Charter Schools' Eligibility for Lunch Aid* in the Statutory Language section of this document.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 3001 – TURNOVER REDUCTION

See Appropriations Below

| FISCAL SUMMARY | | | |
|----------------------------------|--------------------------------|----------------------------|----------------------------|
| Numeric Appropriation | Alpha Appropriation | 2005-06 Request | 2006-07 Request |
| 101 | s. 20.255 (1) (a) | - \$139,200 | - \$139,200 |
| 102 | s. 20.255 (1) (b) | - \$184,600 | - \$184,600 |
| 141 | s. 20.255 (1) (me) | - \$327,900 | - \$327,900 |
| Total | | - \$651,700 | - \$651,700 |

The department requests -\$323,800 GPR and -\$327,900 PR-F annually in FY06 and FY07 as the department's required turnover reduction in appropriations funding more than 50 FTE permanent positions. A detailed calculation is available on a separate spreadsheet from the Policy and Budget Team.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 3003 – FULL FUNDING OF CONTINUING SALARIES AND FRINGE

See Appropriations Below

| FISCAL SUMMARY | | | |
|------------------------------|----------------------------|------------------------|------------------------|
| Numeric Appropriation | Alpha Appropriation | 2005-06 Request | 2006-07 Request |
| 101 | s. 20.255 (1) (a) | \$1,074,100 | \$1,074,100 |
| 102 | s. 20.255 (1) (b) | \$325,600 | \$325,600 |
| 122 | s. 20.255 (1) (hg) | - \$205,700 | - \$205,700 |
| 124 | s. 20.255 (1) (i) | \$9,600 | \$9,600 |
| 125 | s. 20.255 (1) (jg) | - \$59,900 | - \$59,900 |
| 129 | s. 20.255 (1) (km) | - \$2,500 | - \$2,500 |
| 130 | s. 20.255 (1) (hj) | \$58,000 | \$58,000 |
| 131 | s. 20.255 (1) (ks) | \$29,500 | \$29,500 |
| 132 | s. 20.255 (1) (ke) | \$14,900 | \$14,900 |
| 133 | s. 20.255 (1) (kd) | - \$27,700 | - \$27,700 |
| 134 | s. 20.255 (1) (hm) | \$2,700 | \$2,700 |
| 141 | s. 20.255 (1) (me) | \$2,515,100 | \$2,515,100 |
| 146 | s. 20.255 (1) (pz) | \$358,600 | \$358,600 |
| Total | | \$4,092,300 | \$4,092,300 |

The department requests \$1,399,700 GPR, -\$198,000 PR, \$16,900 PR-S and \$2,873,700 PR-F annually in FY06 and FY07 to adjust the amount needed to bring salary and fringe levels for base permanent and project positions to current (July 1, 2004) levels. A detailed calculation is available on a separate spreadsheet from the Policy and Budget Team.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 3007 – OVERTIME

See Appropriations Below

| FISCAL SUMMARY | | | |
|------------------------------|----------------------------|------------------------|------------------------|
| Numeric Appropriation | Alpha Appropriation | 2005-06 Request | 2006-07 Request |
| 101 | s. 20.255 (1) (a) | \$11,000 | \$11,000 |
| 102 | s. 20.255 (1) (b) | \$278,200 | \$278,200 |
| 122 | s. 20.255 (1) (hg) | \$3,000 | \$3,000 |
| 124 | s. 20.255 (1) (i) | \$500 | \$500 |
| 125 | s. 20.255 (1) (jg) | \$200 | \$200 |
| 131 | s. 20.255 (1) (ks) | \$100 | \$100 |
| 132 | s. 20.255 (1) (ke) | \$10,000 | \$10,000 |
| 133 | s. 20.255 (1) (kd) | \$600 | \$600 |
| 141 | s. 20.255 (1) (me) | \$38,200 | \$38,200 |
| 146 | s. 20.255 (1) (pz) | \$14,800 | \$14,800 |
| Total | | \$356,600 | \$356,600 |

The department requests \$289,900 GPR, \$3,700 PR, \$10,700 PR-S and \$53,000 PR-F annually in FY06 and FY07 to restore funds for overtime that were removed in the full funding calculation. The amount requested is based on salary amounts approved in 2003 Wisconsin Act 33. Fringe benefits are calculated at the variable fringe rate of 21.9 percent.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 3008 – NIGHT AND WEEKEND DIFFERENTIAL

See Appropriations Below

| FISCAL SUMMARY | | | |
|------------------------------|----------------------------|------------------------|------------------------|
| Numeric Appropriation | Alpha Appropriation | 2005-06 Request | 2006-07 Request |
| 101 | s. 20.255 (1) (a) | \$500 | \$500 |
| 102 | s. 20.255 (1) (b) | \$57,900 | \$57,900 |
| 132 | s. 20.255 (1) (ke) | \$200 | \$200 |
| 141 | s. 20.255 (1) (me) | \$200 | \$200 |
| 146 | s. 20.255 (1) (pz) | \$200 | \$200 |
| Total | | \$59,000 | \$59,000 |

The department requests \$58,400 GPR, \$200 PR-S and \$400 PR-F annually in FY06 and FY07 to restore funds for night and weekend differential that were removed in the full funding calculation. The amount requested is based on salary amounts approved in 2003 Wisconsin Act 33. Fringe benefits are calculated at the variable fringe rate of 21.9 percent.

DPI 2005-07 BIENNIAL BUDGET REQUEST

DECISION ITEM 3011 – MINOR TRANSFERS WITHIN SAME ALPHA APPROPRIATION

**206 – Aids for Special Education and School Age Parents Programs
s. 20.255 (2) (b)**

| FISCAL SUMMARY | |
|----------------------------|----------------------------|
| 2005-06 Request | 2006-07 Request |
| \$0 | \$0 |

The department requests that \$20,500,000 GPR be moved from line 08-Unallotted Reserve to line 10-Local Assistance. 2003 Wisconsin Act 33 moved a portion of special education aids funding into unallotted reserve. The budget bill required the department to lapse to the general fund, from the special education aids appropriation, an amount equal to the amount paid by the Department of Health and Family Services (DHFS) under the supplementary payment for Medicaid school-based services. However, this provision has not been implemented by DHFS and is not expected to be implemented during FY05. Therefore, it is requested that the funding be moved back to the local assistance line, pending the introduction of an alternative proposal.

**101 – General Program Operations
s. 20.255 (1) (a)**

| FISCAL SUMMARY | |
|----------------------------|----------------------------|
| 2005-06 Request | 2006-07 Request |
| \$0 | \$0 |

The department requests that .8 FTE be moved from line 20-Unclassified Positions Authorized to line 19-Classified Positions Authorized. In March 2003, a request was approved by the Department of Administration (DOA) under s. 16.54, Wis. Stats., to shift a portion of four unclassified positions from GPR to federal indirect funding. Although the request had been approved earlier and then submitted during the reconciliation process (Minor Realignment, change author 3R), the decision on whether to include this change was not resolved prior to the base being locked. This change is needed to reconcile the department's B-1 Authorized Position Listing with the base.

**DEPARTMENT OF PUBLIC INSTRUCTION
2005-07 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

Draft for Possible 2005-07 Budget Bill Introduction (*Agency Decision Item No. 4001*)

Subject: American Indian Issues Initiative

Request Date: September 15, 2004

Agency Contact: J.P. Leary, 267-2283
Gayle Krueger, 266-3892

Brief Description of Intent:

Expand the state's American Indian studies program and create a program to provide funding derived from Indian gaming revenues that will support locally developed initiatives to prepare pupils to become successful in a diverse community.

Related Stat. Citations:

Create a new section in statute to establish a Pupil Diversity Education Initiatives Program as follows:

- Eligible applicants for funding would be local school districts, CESAs, federally recognized tribes, tribal organizations, community-based organizations, or a consortium of school districts, CESAs, and other organizations.
- Grants would be up to \$30,000 per year.
- Funding will support programs and activities to achieve one or more of the following:
 - Provide education and experiences to promote an appreciation and understanding of different value systems and cultures and to promote an understanding of human relations, particularly with regard to American Indians, as directed in s. 118.01 (2) (c) 7 and 8, Wis. Stats.;
 - Assist pupils and pupil organizations to appreciate diversity;
 - Assist schools, pupils, and communities to develop and implement activities that prevent violence, aggression, hatred, and intolerance and restore and maintain the ethics and practices of a just and caring society;
 - Prevent crises and develop alternative dispute resolution techniques;
 - Assist schools to integrate educational equity, fairness, and inclusiveness within their reform efforts.
 - Implement other diversity education projects approved by the department.
- The State Superintendent of Public Instruction must promulgate rules to implement the program.

Create two new appropriations for the program as follows:

- Section 20.255 (1) (kt), Wis. Stats. American Indian studies; program operations. Appropriate \$80,600 in FY06 and \$263,800 in FY07.
- Section 20.255 (2) (kj), Wis. Stats. Grants for diversity education programs. Appropriate \$150,000 in FY07.

Funding for both appropriations is to be transferred from the appropriation account under s. 20.505 (8) (hm) 11, Wis. Stats.

**DEPARTMENT OF PUBLIC INSTRUCTION
2005-07 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

Draft for Possible 2005-07 Budget Bill Introduction (*Agency Decision Item No. 4002*)

Subject: Advanced Placement Grants

Request Date: September 15, 2004

Agency Contact: Michael Bormett, 266-2804
Lori Slauson, 267-9127

Brief Description of Intent:

The department requests \$200,000 GPR annually in FY06 and FY07 to award grants to school districts to partially reimburse the costs related to offering advanced placement (AP) courses to students. School districts may apply annually to the department on behalf of high schools within the district that do not currently offer AP courses or programs. Grants will be awarded based on the number of pupils participating in the high school's AP courses and are limited to \$300 per student per semester.

Related Stat. Citations:

Under s. 20.255 (2), Wis. Stats., create a new paragraph and appropriate \$200,000 GPR annually in FY06 and FY07 for the new grant program.

Under Chapter 115, Wis. Stats., create a section to establish the new grant program. If appropriated funds are insufficient, allow the department to prorate payments. Finally, allow the department to promulgate rules to administer the program.

**DEPARTMENT OF PUBLIC INSTRUCTION
2005-07 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

Draft for Possible 2005-07 Budget Bill Introduction (*Agency Decision Item No.4003*)

Subject: Supporting Gifted and Talented Pupils

Request Date: September 15, 2004

Agency Contact: Sue Grady, 266-2364
Michael Bormett, 266-2804

Brief Description of Intent:

The department requests \$182,000 GPR annually in FY06 and FY07 to serve academically talented pupils across the state by establishing a school district cooperative grant program that will provide challenging advanced curriculum and assessments for middle schools.

The department proposes to expand an existing gifted and talented co-op model to 13 sites (12 Cooperative Educational Service Agencies [CESAs] plus Milwaukee Public Schools). At each site, four to six middle schools would be involved with approximately 25-30 pupils. Each site would offer two courses per school year (for a total of 26 courses). Each course would be eligible to receive a grant of up to \$7,000.

Related Stat. Citations:

Under s. 20.255 (2), Wis. Stats., create a new paragraph for a continuing appropriation of \$182,000 GPR annually in FY06 and FY07 to create a new gifted and talented cooperative grant program.

Under s. 118.35, Wis. Stats., create a new subsection or create a new section under Chapter 115 or 118, Wis. Stats., to establish the new grant program. Allow the department to promulgate rules to administer the grants.

**DEPARTMENT OF PUBLIC INSTRUCTION
2005-07 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

Draft for Possible 2005-07 Budget Bill Introduction (*Agency Decision Item No. 4004*)

Subject: School Breakfast Program Reimbursement Rate

Request Date: September 15, 2004

Agency Contact: Richard Mortensen, 267-9121
Lori Slauson, 267-9127

Brief Description of Intent:

Request an additional \$500,100 GPR in FY06 and \$830,100 GPR in FY07 to increase the per meal reimbursement rate from 10 cents to 15 cents per breakfast served by public and private schools under the state's School Breakfast Program.

Related Stat. Citations:

Under s. 20.255 (2) (cm), Wis. Stats., appropriate \$1,780,500 in FY06 and \$1,885,500 in FY07 to increase funds under the program.

Amend s. 115.341 (1), Wis. Stats., to change the per meal reimbursement rate from 10 cents to 15 cents per breakfast served by public and private schools under the program.

**DEPARTMENT OF PUBLIC INSTRUCTION
2005-07 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

Draft for Possible 2005-07 Budget Bill Introduction (*Agency Decision Item No. 4005*)

Subject: Reduced-Price School Breakfast Program

Request Date: September 15, 2004

Agency Contact: Richard Mortensen, 267-9121
Lori Slauson, 267-9127

Brief Description of Intent:

The U. S. Department of Agriculture awards cash subsidies to participating entities for each meal they serve. In return, they must serve breakfasts that meet federal requirements under 7 CFR 220.8 or 220.8a, and they must offer free or reduced-price breakfasts to eligible children. Children from families with incomes between 130 percent and 185 percent of the poverty level are eligible for reduced-price meals. Participating entities may charge no more than 30 cents per meal to children eligible for reduced-price meals.

Request \$1,200,000 GPR annually in FY06 and FY07 to create a new grant program to pay the 30 cents charged to each student for his or her reduced-price breakfast, thus allowing the student to eat a free breakfast.

Related Stat. Citations:

Under s. 20.255 (2) (cq), Wis. Stats., create a new paragraph and appropriate \$1,200,000 annually in FY06 and FY07 to pay the 30 cents charged to each student for his or her reduced-price breakfast. If appropriated funds are insufficient, allow the department to prorate payments. Participating entities would have to guarantee reduced-price children a free meal regardless of the possible proration of funds.

Create a new subsection under s. 115.341, Wis. Stats., to allow the State Superintendent to reimburse each school board 30 cents for each breakfast served to a child eligible to receive a reduced-price breakfast.

**DEPARTMENT OF PUBLIC INSTRUCTION
2005-07 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

Draft for Possible 2005-07 Budget Bill Introduction (*Agency Decision Item No. 4009*)

Subject: Bilingual-Bicultural Education Aid for Currently Ineligible Pupils

Request Date: September 15, 2004

Agency Contact: Brian Pahnke, 267-9124
Lori Slauson, 267-9127

Brief Description of Intent:

The current bilingual-bicultural aid program establishes limited-English proficient (LEP) pupil thresholds that trigger required services and programs. Many districts with LEP enrollments below these thresholds are not required to establish LEP programs under state law and, if begun, their programs are not eligible for state aid. Districts are required to establish programs when there are:

- Within a language group, 10 or more LEP pupils in kindergarten to grade 3; or
- Within a language group, 20 or more LEP pupils in grades 4 to 8 in elementary, middle or junior high school; or
- Within a language group, 20 or more LEP pupils in grades 9 to 12 in high school.

The department recommends keeping the existing program and creating a new grant program to aid programs for LEP pupils that are not eligible under s. 115.97, Wis. Stats. In addition, the department recommends that all districts receiving bilingual-bicultural aid be required to annually submit a report on bilingual-bicultural education to the State Superintendent. Furthermore, all districts receiving bilingual-bicultural aid that do not meet the LEP thresholds under statute, would be required to have certified English as a second language or bilingual-bicultural instructors teach LEP pupils if the district has 20 or more LEP pupils of various language groups in kindergarten to grade 3 in elementary school; grades 4 to 8 in elementary, middle or junior high school; or grades 9 to 12 in high school.

Related Stat. Citations:

Under s. 20.255 (2), Wis. Stats., create a new paragraph and appropriate \$5,440,000 GPR in FY06 and \$5,640,000 GPR in FY07 to create a new bilingual-bicultural categorical aid program to award \$400 per LEP pupil to districts that have limited-English proficient (LEP) populations below the statutory threshold and thus do not qualify for categorical aid under s. 115.97 (2) (3) and (4), Wis. Stats.

Under Subchapter VII of Chapter 115, Wis. Stats., create a new section or modify an existing section to establish the new grant program. If appropriated funds are insufficient, allow the department to prorate payments.

Under s. 115.993, Wis. Stats., modify the reporting requirements to also apply to school districts that are not required to offer a bilingual-bicultural education program but will be receiving aid under the new grant program.

Under s. 115.995, Wis. Stats., require that a school district that is not required to offer a bilingual-bicultural education program to provide instruction in bilingual-bicultural education by a certified teacher of English as a second language or by a bilingual teacher if the district has 20 or more LEP pupils of

various language groups in kindergarten to grade 3 in elementary school; grades 4 to 8 in elementary, middle or junior high school; or grades 9 to 12 in attendance at a high school.

**DEPARTMENT OF PUBLIC INSTRUCTION
2005-07 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

Draft for Possible 2005-07 Budget Bill Introduction (*Agency Decision Item No. 4501*)

Subject: Transportation Aid
Request Date: September 15, 2004
Agency Contact: Brian Pahnke, 267-9124
Michael Bormett, 266-2804

Brief Description of Intent:

The department requests \$21,130,000 GPR annually in FY06 and FY07 to double the state statutory transportation reimbursement rates to reflect increased costs of transporting pupils in all districts, and provide even higher reimbursement rates to districts transporting pupils the farthest distances (over 12 miles).

The department proposes to increase transportation aid as follows:

| Distance | Current Rate Per Pupil (Full Year) | Proposed Rate Per Pupil (Full Year) |
|-----------------------------|-------------------------------------------|--------------------------------------------|
| 0-2 miles (hazardous areas) | \$12 | \$24 |
| 2-5 miles | \$30 | \$60 |
| 5-8 miles | \$45 | \$90 |
| 8-12 miles | \$60 | \$120 |
| 12-15 miles | \$68 | \$200 |
| 15-18 miles | \$75 | \$200 |
| 18 plus miles | \$85 | \$200 |

Related Stat. Citations:

Increase appropriation 20.255 (2) (cr), Wis. Stats., by \$21,130,000 in FY06 and FY07.

Amend s. 121.58, Wis. Stats., to change the transportation rates as indicated in the table above.

**DEPARTMENT OF PUBLIC INSTRUCTION
2005-07 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

Draft for Possible 2005-07 Budget Bill Introduction (*Agency Decision Item No. 4502*)

Subject: Sparsity Aid for Small/Rural Districts

Request Date: September 15, 2004

Agency Contact: Brian Pahnke, 267-9124
Michael Bormett, 266-2804

Brief Description of Intent:

The department requests \$24,000,000 in FY07 to create a new statewide, categorical aid program for small, rural districts that meet certain criteria and provide them with additional funding to be used for locally-determined purposes.

This proposal would establish the following eligibility criteria: (a) district enrollment of 2000 or less; (b) students per square mile under 15; and (c) a district free-and-reduced lunch (FRL) eligibility of at least 20 percent. For those districts that qualify, per pupil aid would be \$300 for districts with FRL above 40 percent and \$150 for districts with FRL between 20 percent and 40 percent. Funds could be used for any purpose.

In addition, the department will require that eligible districts would have to report back to their local communities on the use of these funds each year at their annual meeting (if applicable), as well as to the department. To the extent new state aid would assist in addressing certain costs currently incurred under revenue limits, districts would have funds "freed up" to use for other purposes (i.e. classroom).

Related Stat. Citations:

Under s. 20.255 (2), Wis. Stats., create a new paragraph for a continuing appropriation of \$24,000,000 GPR FY07 to create a new small, rural district aid program.

Create a new section under Chapter 115, Wis. Stats., to establish the aid program. The department would promulgate rules to administer the aid. If appropriated funds are insufficient, allow the department to prorate payments.

**DEPARTMENT OF PUBLIC INSTRUCTION
2005-07 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

Draft for Possible 2005-07 Budget Bill Introduction (*Agency Decision Item No. 4503*)

Subject: Declining Enrollment Revenue Limit Exemption

Request Date: September 15, 2004

Agency Contact: Brian Pahnke, 267-9124
Michael Bormett, 266-2804

Brief Description of Intent:

The department requests a statutory change that would maintain the current three-year pupil enrollment rolling average calculation for revenue limits, but changes the current 75 percent hold harmless non-recurring exemption to a recurring exemption that districts could retain in their base revenue limit for the following year.

Under current law, school districts calculate their three-year rolling enrollment average for revenue limit purposes based on the average of a school district's membership count taken on the third Friday in September for the current and two preceding years. That figure is compared against the prior three-year rolling average to determine if the district qualifies for the current allowable declining enrollment exemption. If the district's enrollment is declining, it is allowed, for that year only, to count 75 percent of the difference between the current three-year average and the prior three-year average enrollment and multiply that figure times its revenue limit per pupil. The district may not keep the money it generates in that year for future years.

Related Stat. Citations:

Amend or delete s. 121.91 (4) (f) 2., Wis. Stats., to make 75 percent exemption permanent.

**DEPARTMENT OF PUBLIC INSTRUCTION
2005-07 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

Draft for Possible 2005-07 Budget Bill Introduction (*Agency Decision Item No. 5001*)

Subject: Supporting 4-Year-Old Kindergarten

Request Date: September 15, 2004

Agency Contact: Brian Pahnke, 267-9124
Michael Bormett, 266-2804

Brief Description of Intent:

The department requests \$3,000,000 GPR in FY07 to create a new categorical grant program offering a startup grant for school districts wishing to implement 4-year-old kindergarten (4K). Districts will be eligible for the grant for two years. The grant is proposed to be \$3,000 per 4K pupil to districts in the first year of their offering a new 4K program and \$1,500 in the second year. This request assumes that 10 new districts will offer 4K in FY07 with an average of 100 pupils. However, funding will be available for up to 1,000 total pupils, regardless of the number of districts participating.

The department also requests statutory language that, beginning in FY07, would permit all school districts that adopt "community approaches" to early care and education to count an additional 0.1 FTE toward funding for each 4K pupil enrolled in the district.

During FY06, the department would promulgate administrative rules to administer the program, including the definition of "community approaches," how compliance with the definition would be determined, and a timeline for making determinations of eligibility for FY07.

Related Stat. Citations:

Establish a new categorical aid under s. 20.255 (2), Wis. Stats., with \$3,000,000 GPR in FY07. Provide authority to prorate payments if funds are insufficient.

Amend s. 121.004 (7) (cm), Wis. Stats.

**DEPARTMENT OF PUBLIC INSTRUCTION
2005-07 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

Draft for Possible 2005-07 Budget Bill Introduction (*Agency Decision Item No. 5002*)

Subject: Strengthening SAGE Program

Request Date: September 15, 2004

Agency Contact: Janice Zmrazek, 266-2489
Mike Te Ronde, 266-5186

Brief Description of Intent:

Increase SAGE aid to \$2,500 per low income pupil beginning in FY05-06.

Allow a fourth “wave” of schools to enter the SAGE program. For contracts beginning in the 2006-07 school year, reduce class size to 15 in the following manner:

- In the 2006-07 school year, in at least grades kindergarten and one.
- In the 2007-08 school year, in at least grades kindergarten to 2.
- In the 2008-09 school year, in at least grades kindergarten to 3.

Require the department to give priority to the schools that have the highest percentage of low-income enrollment.

Related Stat. Citations:

Amend s. 118.43 (6), Wis. Stats., to reflect the amount of low-income pupil SAGE aid beginning in the 2005-06 school year.

Amend s. 118.43 (3), Wis. Stats., to allow a fourth “wave” of schools to enter the SAGE program beginning in 2006-07.

**DEPARTMENT OF PUBLIC INSTRUCTION
2005-07 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

Draft for Possible 2005-07 Budget Bill Introduction (*Agency Decision Item No. 5004*)

Subject: SAGE Appropriation Consolidation

Request Date: September 15, 2004

Agency Contact: Michael Bormett, 266-2804

Brief Description of Intent:

The department requests that s. 20.255 (2) (cv), Wis. Stats., be eliminated and its FY05 expenditure authority of \$4,739,000 GPR be combined with s. 20.255 (2) (cu), Wis. Stats., to reflect the department's proposed consolidation of its two Student Achievement Guarantee in Education (SAGE) appropriations.

1995 Wisconsin Act 27 established the SAGE program, which began in FY97 with 30 schools participating in the program. 1997 Wisconsin Act 27 provided additional resources for the program for the initial group of SAGE schools to expand their class size reduction efforts and other statutorily-required activities to the second and third grades during the 1997-99 biennium. However, Act 27 also created a new separate SAGE appropriation [s. 20.255 (2) (cv), Wis. Stats.] solely to fund these specific increases in FY98 and FY99, leaving the existing appropriation [s. 20.255 (2) (cu), Wis. Stats.] to pay for the initial program and all future increases related to it, including the addition of \$47.2 million in 1999 Wisconsin Act 9.

1997 Wisconsin Act 27 also specifically provided that the new SAGE appropriation [s. 20.255 (2) (cv), Wis. Stats.] would not be included in the state's definition of partial school revenues for purposes of calculating the state's two-thirds funding commitment. However, 2003 Wisconsin Act 33 eliminated the state's statutory two-thirds funding commitment, making it unnecessary to maintain the separate SAGE appropriation.

Consolidation of these SAGE appropriations will also allow the department to streamline its accounting procedures.

Related Stat. Citations:

Section 20.255 (2) (cu), Wis. Stats. Achievement guarantee contracts

Section 20.255 (2) (cv), Wis. Stats. Achievement guarantee contracts; supplement

**DEPARTMENT OF PUBLIC INSTRUCTION
2005-07 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

Draft for Possible 2005-07 Budget Bill Introduction (*Agency Decision Item No. 5501*)

Subject: Special Education Categorical Aid

Request Date: September 15, 2004

Agency Contact: Brian Pahnke, 267-9124
Michael Bormett, 266-2804

Brief Description of Intent:

The department is requesting a statutory change that would permit guidance counselors to be included as an eligible category for cost reimbursement under special education categorical aid.

Related Stat. Citations:

Amend s. 115.88 (1), Wis. Stats., to include school guidance counselors as a class of personnel eligible for special education categorical aid.

**DEPARTMENT OF PUBLIC INSTRUCTION
2005-07 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

Draft for Possible 2005-07 Budget Bill Introduction (*Agency Decision Item No. 5502*)

Subject: High-Cost Special Education Initiative

Request Date: September 15, 2004

Agency Contact: Stephanie Petska, 266-1781
Gayle Krueger, 266-3892

Brief Description of Intent:

Establish a new categorical aid program for the cost of educating children with high-cost special education needs, including children who need nursing services and assistive technology. These expenses are currently not eligible for reimbursement under the special education categorical appropriation.

Related Stat. Citations:

Create a new section in statute to establish a categorical aid program for high-cost special education expenses as follows:

- Eligible applicants would be school districts, Cooperative Educational Service Agencies (CESAs), County Children with Disabilities Education Boards (CCDEBs) and charter schools established under s. 118.40 (2r), Wis. Stats.
- Eligible costs would be all costs (except administration) related to educating a high-cost student with special educational needs, including those related to nursing services and assistive technology, that are not currently eligible to be reimbursed under 20.255 (2) (b), Wis. Stats.
- Costs reimbursed by (1) federal Individuals with Disabilities Education Act (IDEA) funding, (2) Medicaid, and (3) state special education funding under 20.255 (2) (b), Wis. Stats., would be deducted prior to the aid being calculated.
- Reimbursement would then be calculated at 90 percent of the amount by which the total cost of providing special education and related services to an individual child exceeds \$30,000 in the prior year.
- Funding received would be outside state revenue caps.

Create a new GPR appropriation as follows:

- Section 20.255 (2) (bd), Wis. Stats., Aid for high-cost special education. Appropriate \$5,000,000 in FY06 and \$5,000,000 in FY07.

**DEPARTMENT OF PUBLIC INSTRUCTION
2005-07 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

Draft for Possible 2005-07 Budget Bill Introduction (*Agency Decision Item No. 6001*)

Subject: Mentoring Grants for Initial Educators

Request Date: September 15, 2004

Agency Contact: Kathryn Lind, 266-1788
Lori Slauson, 267-9127

Brief Description of Intent:

The department requests \$2,625,000 GPR annually in FY06 and FY07 to create a new mentoring categorical aid grant program. The grant will provide \$750 per initial educator and will require grant recipients to provide one mentor for each initial educator.

Annually, beginning November 1, 2005, a school, agency, or other entity offering education programs for children at the PK through grade 12 level employing an initial educator in a position requiring a license under Chapter PI 34, Wis. Admin. Code, may apply for this grant.

Related Stat. Citations:

Under s. 20.255 (2), Wis. Stats., create a new paragraph for a continuing appropriation of \$2,625,000 GPR annually in FY06 and FY07 to create a new mentoring for initial educators grant program.

Under s. 115.405, Wis. Stats., create a new subsection or create a new section under Chapter 115, Wis. Stats., to establish the new grant program. If appropriated funds are insufficient, allow the department to prorate payments.

**DEPARTMENT OF PUBLIC INSTRUCTION
2005-07 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

Draft for Possible 2005-07 Budget Bill Introduction (*Agency Decision Item No. 6002*)

Subject: Grants for Master Educators

Request Date: September 15, 2004

Agency Contact: Kathryn Lind, 266-1788
Lori Slauson, 267-9127

Brief Description of Intent:

The department requests \$120,000 GPR in FY06 and \$280,000 GPR in FY07 to increase the existing sum sufficient national teacher certification grant appropriation to allow teachers receiving master educator licenses through the state process to receive the same grants as those master educators receiving licenses through national certification.

Related Stat. Citations:

Under s. 20.255 (3) (c), Wis. Stats., increase the existing sum sufficient appropriation by \$120,000 GPR in FY06 and \$280,000 GPR in FY07 for the new grant program.

Amend s. 115.42, Wis. Stats., (title) from "National teacher certification" to "Master educator licenses."

Amend s. 115.42 (1) (a) 1., (2) (a) 1., and (3), Wis. Stats., to replace the phrase "certified by the National Board for Professional Teaching Standards" with a phrase "licensed by the department as a master educator under s. PI 34.19, Wis. Admin. Code."

**DEPARTMENT OF PUBLIC INSTRUCTION
2005-07 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

Draft for Possible 2005-07 Budget Bill Introduction (*Agency Decision Item No. 6004*)

Subject: Elimination of Qualified Economic Offer

Request Date: September 15, 2004

Agency Contact: Tony Evers, 266-1771
Michael Bormett, 266-2804

Brief Description of Intent:

The department proposes to repeal the Qualified Economic Offer (QEO) provisions related to teacher collective bargaining under s. 111.70, Wis. Stats.

Related Stat. Citations:

Amend s. 111.70, Wis. Stats., to repeal provisions related to the QEO effective upon passage of the budget bill.

**DEPARTMENT OF PUBLIC INSTRUCTION
2005-07 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

Draft for Possible 2005-07 Budget Bill Introduction (*Agency Decision Item No. 7006*)

Subject: Web-Based Online Teacher Licensing Project

Request Date: September 15, 2004

Agency Contact: Laurie Derse, 266-2386
Lori Slauson, 267-9127

Brief Description of Intent:

The department requests statutory language to allow the retention of 100 percent of the money received from the certification of school and public library personnel under s. 115.28 (7) (d), Wis. Stats.

Related Stat. Citations:

Amend s. 20.255 (1) (hg), Wis. Stats., to eliminate the reference to "Ninety percent of."

**DEPARTMENT OF PUBLIC INSTRUCTION
2005-07 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

Draft for Possible 2005-07 Budget Bill Introduction (*Agency Decision Item No. 7008*)

Subject: WIDA Consortium

Request Date: September 15, 2004

Agency Contact: Tim Boals, 267-1290 or Bob Paul, 266-9353
Michael Bormett, 266-2804

Brief Description of Intent:

The department requests nonstatutory language, effective in FY06, to authorize the department to assist in the establishment of, and participate in, a private, non-profit independent foundation, with its headquarters located in Wisconsin, and its membership consisting of a coalition of agents of public K-12 state education agencies. The purpose of the foundation is to solicit and obtain federal and state grant and other public and private funding to be used for group contracting and purchasing of high quality English language proficiency examinations, alternate examinations and contracting for the production, distribution, scoring and reporting of those examinations and making them available to coalition members.

The federal No Child Left Behind (NCLB) legislation requires states to produce and implement an assessment system for English language learners. The federally-funded Wisconsin/Delaware/Arkansas (WIDA) Enhanced Assessment Consortium applied for federal funds to comply with this mandate. The U.S. Department of Education awarded the Wisconsin Department of Public Instruction a grant of \$2.3 million as the lead applicant on behalf of the now 10-state consortium (Wisconsin, Delaware, Arkansas, Illinois, District of Columbia, Maine, New Hampshire, Rhode Island, Vermont, and Alabama) to complete the initial production work. As stipulated in the grant narrative (and more recently the consortium by-laws), this is a collaborative partnership of states that has agreed to control jointly the products and services that these same states and their respective local educational agencies must use to fully meet the requirements of federal law.

Related Stat. Citations:

Section 16.75 (6) (b), Wis. Stats., relating to purchasing educational services through a regional or national nonprofit consortium.

**DEPARTMENT OF PUBLIC INSTRUCTION
2005-07 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

Draft for Possible 2005-07 Budget Bill Introduction (*Agency Decision Item No. 7009*)

Subject: Repeal of State-Owned Housing Appropriation

Request Date: September 15, 2004

Agency Contact: Sue Enoch, 266-9849
Gayle Krueger, 266-3892

Brief Description of Intent:

The home on the residential school campus in Janesville has been rented to the school superintendent or other administrator for use as a residence for a number of years. However, the home is no longer used for this purpose, and rent revenue is no longer received. The balance in the appropriation is being spent on renovations so the home can be used as part of the instructional program. It will be used by pupils to learn daily living skills and independence. A balance of approximately \$11,800 remained in the appropriation at the end of FY04. It will be spent during FY05 and FY06 on the renovations and will no longer be needed beginning in FY07.

The department requests that appropriation s. 20.255 (1) (js), Wis. Stats., be eliminated in FY07.

Related Stat. Citations:

Section 20.255 (1) (js), Wis. Stats. State-Owned Housing Maintenance

**DEPARTMENT OF PUBLIC INSTRUCTION
2005-07 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

Draft for Possible 2005-07 Budget Bill Introduction (*Agency Decision Item No. 7504*)

Subject: Unused Revenue Limit Carryover

Request Date: September 15, 2004

Agency Contact: Brian Pahnke, 267-9124
Michael Bormett, 266-2804

Brief Description of Intent:

The department requests a statutory language change to increase the allowable percentage of unused revenue limit carryover for school districts from 75 percent to 100 percent beginning in FY06.

Since 1995-96, the state has provided that if a school district's revenues are less than the maximum amount allowed by law for that year, the school district's revenue limit in the following school year is increased by an amount equal to 75 percent of the difference between the actual revenue limit authority it used and the maximum amount it was allowed. Recently, assertions have been made that revenue caps essentially "force" school districts to use all of the authority (i.e. property tax levy) available to them, resulting in higher property tax levies in order to avoid losing revenue limit authority in subsequent years.

Related Stat. Citations:

Section 121.91 (4) (d), Wis. Stats.

**DEPARTMENT OF PUBLIC INSTRUCTION
2005-07 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

Draft for Possible 2005-07 Budget Bill Introduction (*Agency Decision Item No. 7505*)

Subject: Low Revenue Ceiling Adjustment

Request Date: September 15, 2004

Agency Contact: Brian Pahnke, 267-9124
Michael Bormett, 266-2804

Brief Description of Intent:

The department proposes to increase the per pupil low revenue ceiling amount by \$400 annually, to \$8,200 in FY06 and to \$8,600 in FY07, to continue to provide the state's lowest spending districts with the opportunity to narrow the disparity with the highest spending districts.

Absent any action, the low revenue ceiling will remain at \$7,800 for 2005-07 and assist very few districts unless it is increased each year by a figure that exceeds the state allowable per pupil adjustment of approximately \$250 annually in FY06 and FY07.

Related Stat. Citations:

Amend s. 121.905 (1), Wis. Stats., to define "revenue ceiling" as \$8,200 in the 2005-06 school year and \$8,600 in any subsequent school year.

**DEPARTMENT OF PUBLIC INSTRUCTION
2005-07 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

Draft for Possible 2005-07 Budget Bill Introduction (*Agency Decision Item No. 7507*)

Subject: Residential and 2r Charter Schools' Eligibility for Lunch Aid

Request Date: September 15, 2004

Agency Contact: Rich Mortensen, 267-9121
Michael Bormett, 266-2804

Brief Description of Intent:

Allow "(2r)" charter schools and the state schools for the visually impaired and deaf to be eligible for state school lunch aid matching funds.

Current statutes (s. 115.34, Wis. Stats.) authorize the State Superintendent to "...make payments to school districts and to private schools for school lunches served to children in the prior year as determined by the state superintendent from the appropriation under s. 20.255 (2) (cn)." Department legal counsel has interpreted this to mean only "public school districts and private schools. Thus in Milwaukee, the private schools participating in the Milwaukee Parental Choice Program are eligible for state school lunch aid payments, but not charter schools created under the Milwaukee-Racine Charter School Program under s. 118.40 (2r), Wis. Stats.

The federal definition of school would seem to support the idea of including the (2r) and state residential schools. The definition of an eligible school is: "An educational unit of high school grade or under, recognized as part of the educational system in the State and operating under public or nonprofit private ownership in a single building or complex of buildings."

Related Stat. Citations:

Amend s. 115.34 (2), Wis. Stats., to allow "(2r)" charter schools and the state schools for the visually impaired and deaf to be eligible for state school lunch aid matching funds.