



Agency Budget Request
2011 – 2013 Biennium
September 15, 2010

Tony Evers, PhD
State Superintendent

2011-2013 Biennial Budget Request

Decision Item Narratives and Statutory Language

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September 15, 2010

To the Citizens of Wisconsin:

I am pleased to present the Department of Public Instruction's 2011-13 biennial budget request. The biennial budget coincides closely with the exciting beginning of the new school year. Graduation is a goal we must demand for all students. The cost of young people dropping out of school is too high, for the individual and for our society. Educators are working to meet the diverse needs of our students through innovation that makes sense. We want zero dropouts so we can ensure every student graduates ready to be tomorrow's leaders.

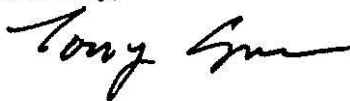
We have already begun transforming education to better meet student needs. Earlier this year, we adopted Common Core State Standards for English language arts and mathematics. The standards are benchmarked against expectations for college and careers and will help teachers improve classroom instruction. Working through the state's 12 cooperative educational service agencies and other state partners, we are bringing Response to Intervention (RTI) to classrooms throughout Wisconsin. RTI will provide a systematic approach to addressing the needs of struggling students early and continuously monitoring their progress. Additionally, we are working on assessment reforms and a Longitudinal Data System that will provide a more accurate picture of student achievement. With better data, we can provide early warnings so educators and parents can intervene with struggling students.

Strong libraries have something of value for everyone in Wisconsin. Beyond books, newspapers, and magazines, today's libraries are a community hub for classes, training opportunities, and so much more. In recognition of the importance of libraries and the services they provide their communities, my budget request includes additional resources for library systems, specialized library services, and the Badgerlink information resource network.

Another initiative that is critically important is our "Fair Funding for Our Future" framework. In partnership with stakeholders and policymakers, we are working to reform Wisconsin's school finance system to make it fair, sustainable, transparent, and accountable for results. We need a school funding system that provides predictable investments in our children's education, even in the most difficult of financial times. Funding reform and our innovation efforts have one goal: improved achievement for all students. I intend to submit revisions to Wisconsin's school finance system and other school finance-related parts of the DPI biennial budget request later this fall, after we are able to use certified data from the October 15, 2010, general school aid distribution.

Thus, as we welcome the start of the 2010-11 school year, let us all work to use the 2011-13 biennial budget process as a means to reflect and renew our commitment to education and to ensure every child is a graduate. Education is an investment that pays lifetime dividends.

Sincerely,



Tony Evers, PhD
State Superintendent

TE:mb

November 15, 2010

To the Citizens of Wisconsin:

I am pleased to announce my *Fair Funding for Our Future* school finance reform proposal as part of the Department of Public Instruction's complete 2011-13 biennial budget request.

When I ran for office as our state's chief education advocate, I called for a fair, sustainable, and transparent school finance system. To date, no one has advanced an affordable reform proposal that is good public policy and politically viable.

Since taking office, I have worked to build consensus among business, community, education and opinion leaders around a framework for school finance reform. Based on that work and mindful of our economic situation, I am submitting my *Fair Funding for Our Future* plan, which provides crucial reform to a broken school funding formula while holding the line on property taxes.

School Funding Formula (General Aids)

This is a powerful first step that makes long overdue changes to school funding, maximizes existing resources, increases transparency and sets the stage for greater state support in the future. Drawing upon the graveyard of good ideas, this plan incorporates proposals from Republicans, Democrats, education experts, and finance specialists to:

- ✓ *Guarantee a minimum amount of state funding for every student (\$3,000), providing vital resources to the 54 school districts that currently receive little or no state aid;*
- ✓ *Incorporate a poverty-factor into the formula (20%), accounting for families' ability to pay—not just their property value;*
- ✓ *Make technical formula changes that strengthen rural, declining enrollment and negatively aided districts by increasing the secondary cost ceiling and hold harmless level;*
- ✓ *Establish predictable growth in state aids (greater of 2% or CPI), creating a more sustainable and well-aligned funding structure;*
- ✓ *End the school funding shell game by redirecting the school levy and first dollar tax credits, which do not directly pay for one child to be educated, into general school aids, increasing transparency and directing state support back into the classroom; and*
- ✓ *Maintain the current growth in revenue limits (+\$200 per pupil), delay new revenue limit exemptions, and request reasonable investments in general aid (2% in FY12 and additional 4% in FY13) to provide a modest increase in school spending while protecting taxpayers.*

The combined effect of transferring the School Levy Tax Credit and instituting these reforms means that *every school district* will receive more state general equalization aid, which will reduce their gross tax levies. Statewide, the plan holds the line on net property taxes, while gross school district tax levies would be reduced by an estimated 18 percent. Over 93 percent of school districts are outright winners under this plan, and there is a \$7 million provision to hold harmless the 30 districts that do not do better.

While this proposal does include modest new funding, it is the smallest K-12 budget request in nearly a decade, and will deliver an even bigger school property tax reduction than when the State instituted two-thirds funding in 1996 – and with significantly less state funding.

Categorical Aid

My proposal also prioritizes categorical aid funding around our areas of greatest need, increasing accountability and maximizing resources in difficult economic times.

The plan consolidates a third of the state's current General Purpose Revenue (GPR) funded categorical aid programs so we can more effectively leverage existing resources to improve student outcomes. Further, given the difficult economic times, my budget only includes the increased funding necessary to maintain the current (FY11) reimbursement levels in our highest need areas:

- Special Education
- High Cost Special Education
- Bilingual/Bicultural Education
- SAGE
- School Breakfast

Additionally, I am recommending a modest amount of funding to expand bilingual aid to children not currently served under the required program to better meet our constitutional obligations, as well as to create a new aid to support college & career tests and student benchmark assessments. My plan supports rural schools by increasing the per-pupil reimbursement rate for students transported more than 12 miles, but does this with existing funds. Furthermore, as part of my consolidation efforts, I propose to merge grants for educator mentoring into a redesigned Peer Review and Mentoring program to support teacher effectiveness.

Every Child a Graduate Grants

My top priority as State Superintendent is to ensure that every child is a graduate. To that end, I am proposing to consolidate 10 existing categorical aid programs into a new competitive, multi-year grant targeted toward increasing graduation rates and reducing dropout rates. Districts with the most pervasive graduation and dropout issues would be eligible for participation.

In exchange for greater accountability to a few key indicators, such as student attendance, credit deficiency/grades and suspension, districts will have the flexibility to propose whatever graduation improvement strategy they deem most appropriate. However, grant awards will incorporate a variable funding model, where funding is increased or decreased based on whether a district meets or misses these “on track” indicators.

Parental Options

Finally, my 2011-13 biennial budget proposal includes the funding necessary to support the state’s commitment to fund independent charter schools and the Milwaukee Parental Choice Program (MPCP). The proposal would increase the state’s share of the MPCP to 70% to more directly align the costs for the MPCP with what the state provides in general school aid to MPS, and to provide additional tax relief. Finally, I request additional funding to maintain the existing (FY11) reimbursement level for open enrollment transportation to further support parental options and make independent charter school eligible for state transportation aid.

We’ve already begun transforming education to better meet student needs. Earlier this year, we adopted Common Core State Standards for English language arts and mathematics. The standards are benchmarked against expectations for college and careers and will help teachers improve classroom instruction. Working through the state’s 12 cooperative educational service agencies and other state partners, we are bringing Response to Intervention (RtI) to classrooms throughout Wisconsin. RtI will provide a systematic approach to addressing the needs of struggling students early and continuously monitoring their progress. Additionally, we are working on assessment reforms and a Longitudinal Data System that will provide a more accurate picture of student achievement. With better data, we can provide early warnings so educators and parents can intervene with struggling students.

We all know that the next state budget will not have the resources to tackle all the issues we face. However, by making tough choices and setting priorities, we can honestly address the difficult problems confronting us and advance meaningful education reforms at the same time.

I am thankful for the many partners who have helped us develop these proposals. I look forward to working with you, the new governor and legislature to advance public education in our state through *Fair Funding for Our Future*.

Sincerely,

A handwritten signature in black ink, appearing to read "Tony Evers".

Tony Evers, PhD
State Superintendent

TE/mb

AGENCY DESCRIPTION

The department is headed by the State Superintendent of Public Instruction, a constitutional officer who is elected on the nonpartisan spring ballot for a four-year term. The State Superintendent appoints a deputy state superintendent, an executive assistant, a special assistant and assistant state superintendents. The assistant state superintendents are responsible for administering the five operating divisions of the department.

MISSION

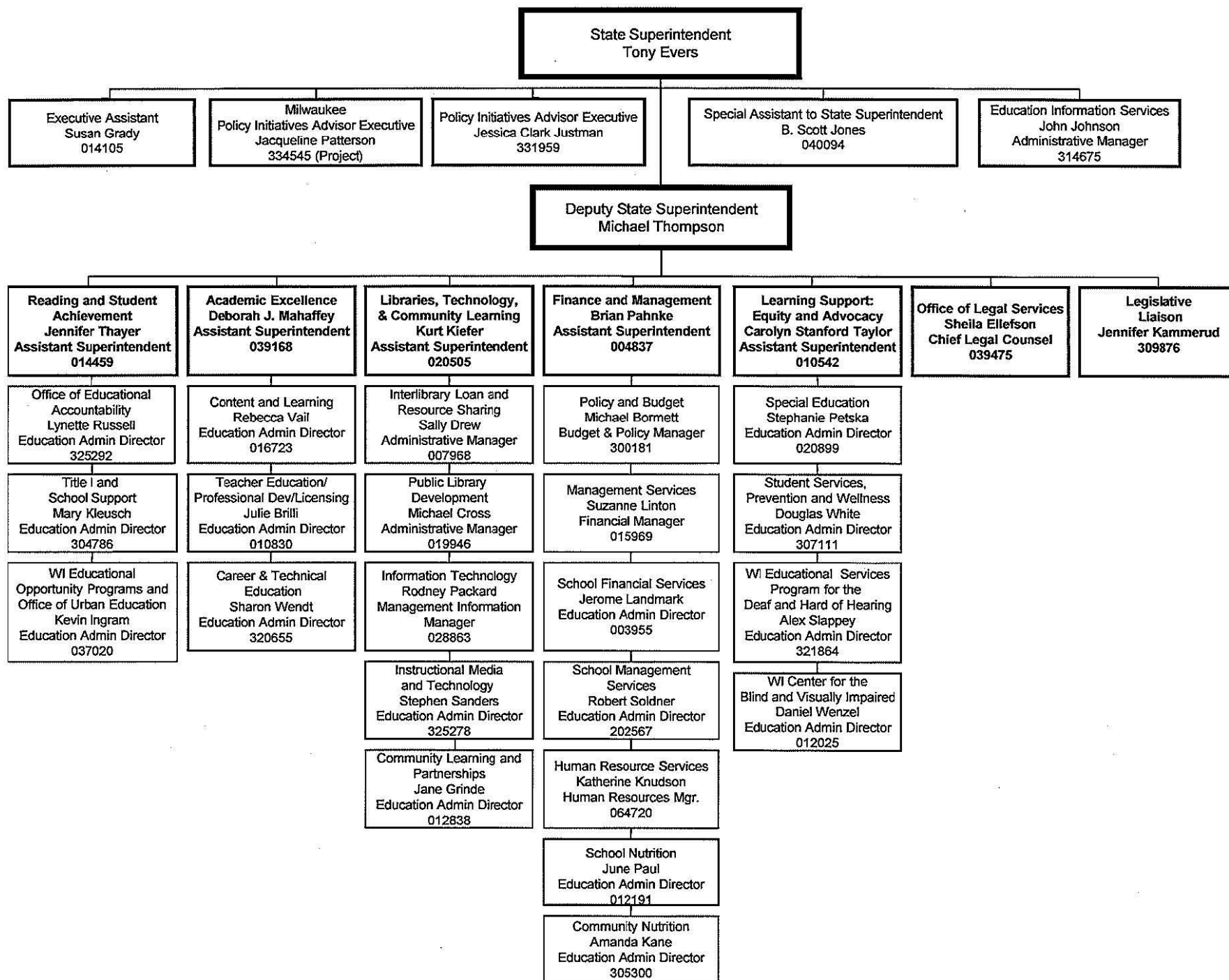
The department, under the leadership and direction of the elected State Superintendent, advances the cause of public education and public libraries, and supervises the public schools so that all school-age children have access to high-quality educational programs that meet high standards of excellence and all citizens have access to comprehensive public library resources and services.

The department's mission is reflected in the State Superintendent's goal of Every Child a Graduate.

Every child must graduate ready for further education and the workforce. We must align our efforts so our students benefit from both college and career preparation, learning the skills and knowledge necessary to be contributing members of our communities.

To build on our long-standing commitment to public education, Wisconsin must recruit and retain quality educators, invest in innovation, ensure safe and respectful schools, advance accountability, and work toward fair and sustainable school funding.

- **Recruit and Retain Quality Teachers.** Strong teachers and school leaders are vital to the success of our students, schools, and communities. We need to recruit and retain talented educators for our children. Trained mentors are essential for our newest teachers and school leaders. We must expand incentives for our best educators to work in high-needs schools and engage in research and innovation. We should pilot new and innovative systems for educator compensation.
- **Innovation that Works.** Our students require strong libraries and access to up-to-date technology that reflects the information economy that is changing our lives and schools. For this we need multiple pathways to connect rigorous academic standards to real-world learning experiences, including on-line learning opportunities for all students. We must create the next generation of charter schools, schools that are of the highest quality and reach strong standards of accountability.
- **Safe and Respectful Schools.** Wisconsin parents want and expect their children to attend safe schools. Children learn best in positive, healthy, and successful learning environments. Investments in a safe and respectful school community include small class sizes, access to highly qualified counselors, anti-bullying programs, and systems that promote positive behaviors.
- **Accountability for Results.** We must create schools that are truly accountable to the parents, students, and citizens of every district in this state. We must develop multiple assessments that provide students and teachers with meaningful and timely information about student learning as measured against rigorous standards. A new generation accountability system recognizes progress in raising student achievement.
- **Fair and Sustainable Funding.** Our children, no matter where they live in Wisconsin, must have the same educational opportunities. Deferred maintenance, program and staffing cuts, delayed technology purchases, and higher student fees are becoming the norm instead of the exception. Child poverty continues to grow at a rapid rate. Moving beyond current challenges, we must agree on the building blocks of a sustainable funding future for our public schools and libraries. And, we must leverage available state funds and federal dollars to target schools that have the neediest children.



2011-2013 Biennial Budget Request

Decision Item Narratives and Statutory Language



Wisconsin Department of Public Instruction

Tony Evers, PhD, State Superintendent

Madison, Wisconsin

DPI 2011-13 BIENNIAL BUDGET REQUEST

DECISION ITEM 4001 – PUBLIC LIBRARY SYSTEM AID

361 – Aid to public library systems **s. 20.255 (3) (qm)**

| FISCAL SUMMARY | | |
|--------------------------|---------------------|---------------------|
| | 2011-12 Request | 2012-13 Request |
| Requested Funding | \$28,559,600 | \$29,130,800 |
| Less Base | \$16,681,200 | \$16,681,200 |
| Requested Change | \$11,878,400 | \$12,449,600 |

Request/Objective

The department requests an increase of \$11,878,400 SEG in FY12 and \$12,449,600 SEG in FY13 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 the public library systems in its biennial budget request.

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 for 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.

Indexing was recommended by a Legislative Council study committee in 1978 at a level of 20 percent.

The legislature adopted system aid at 11.25 percent for 1981.

The indexing level was increased to 13 percent in 1986 by the legislature, as a result of the State Superintendent's Task Force on Library Legislation.

1993 Wisconsin Act 16, the biennial budget bill, eliminated the 13 percent indexing level.

1997 Wisconsin Act 150 required the department to include a biennial budget request for library system aid equal to the 13 percent index.

In the 2009-11 biennial budget, the legislature removed all GPR funding for public library system aid and replaced it with SEG Universal Service Fund (USF) dollars. In addition, the legislature reversed action from the 2007-09 budget bill by removing \$11,297,400 GPR funding for public library system aid in FY09, and utilizing an equivalent amount of SEG-USF instead. Final result was \$16,165,400 SEG in FY10 and \$16,681,200 SEG in FY11 available for public library system aid, a decrease of \$618,100 from the base in FY10 and an increase of \$515,800 in FY 11 over FY 10, one of the few funding increases provided in the budget.

Prior to the 2005-07 biennial budget, approximately 15 percent of the total library system aid came from the USF. In FY09, that percentage increased to 100 percent.

Participation in public library systems is voluntary. The present level of funding jeopardizes the current status of full participation by all libraries in the state. 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 adequate 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.

| Fiscal Year | Index Level |
|--------------------|--|
| 1982 | 10.88% (11.25% index in effect) |
| 1983 | 11.05 |
| 1984 | 11.25 |
| 1985 | 11.04 |
| 1986 | 10.77 |
| 1987 | 11.53 (13% index in effect) |
| 1988 | 11.89 |
| 1989 | 11.97 |
| 1990 | 11.18 |
| 1991 | 12.26 |
| 1992 | 12.07 |
| 1993 | 12.08 |
| 1994 | 11.63 (13% index eliminated) |
| 1995 | 11.38 |
| 1996 | 10.95 |
| 1997 | 10.49 |
| 1998 | 9.91 (DPI is required to request aid at 13% level) |
| 1999 | 10.30 |
| 2000 | 10.02 |
| 2001 | 9.96 |
| 2002 | 10.08 |
| 2003 | 9.42 |
| 2004 | 8.56 |
| 2005 | 8.20 |
| 2006 | 8.00 |
| 2007 | 8.10 |
| 2008 | 8.10 |
| 2009 | 8.20 |
| 2010 | 8.20 |
| 2011 (est.) | 7.70 |

Local expenditures are only expected to grow at a two percent annual rate due to due to state-imposed levy limits, flat state shared revenue payments, flat or decreasing property values, and public pressure to limit tax rate increases during the economic downturn and recovery. Individual libraries experienced budget cuts in 2010 and are expected to experience similar cuts in 2011.

If state library system aid is not increased, and there is an assumed two percent annual local and county library system expenditure increase between FY10 and FY13, the index level of state aid will decrease to an estimated 7.6 percent in FY12 and 7.4 percent in FY13. The following table has the estimated expenditures and the index level of state aid.

| Year | Public Library System Aid | Prior Year Expenditures from County & Local Sources | Local Expenditure Percent Increase | Index – Aid Percent of Previous Year's Local Exp. | Aid needed to meet statutory requirement of 13.0% |
|------|---------------------------|---|------------------------------------|---|---|
| 2009 | \$16,783,500 | \$205,730,768 | 4.2% | 8.2% | |
| 2010 | 16,165,400 | 211,158,243 | 2.6 | 7.7 | |
| 2011 | 16,681,200 | 215,381,408 | 2.0 | 7.7 | |
| 2012 | 16,681,200 | 219,689,036 | 2.0 | 7.6 | 28,559,600 |
| 2013 | 16,681,200 | 224,082,817 | 2.0 | 7.4 | 29,130,800 |

Statutory Language

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

DPI 2011-13 BIENNIAL BUDGET REQUEST

DECISION ITEM 4002 – LIBRARY SERVICE CONTRACTS

362 – Library service contracts

s. 20.255 (3) (r)

| FISCAL SUMMARY | | |
|--------------------------|--------------------|--------------------|
| | 2011-12 Request | 2012-13 Request |
| Requested Funding | \$1,170,500 | \$1,203,400 |
| Less Base | \$1,169,800 | \$1,169,800 |
| Requested Change | \$700 | \$33,600 |

Request/Objective

The department requests an increase of \$700 SEG in FY12 and \$33,600 SEG in FY13 to continue four library contracts to supplement services provided by the Division for Libraries, Technology and Community Learning.

Background/Analysis of Need

This request is to continue four library contracts that are maintained in accordance with s. 43.03 (7), Wis. Stats., which requires the State Superintendent 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 library operated by the Resources for Libraries and Lifelong Learning Team.

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, retrieve, ship and shelve materials, and for supplies and postage to ship to those libraries not participating in the statewide delivery service.

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 the blind and physically handicapped. Since 1961, this contract has been maintained with the WRLBPH located in the Milwaukee Public Library, 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 \$464,880), 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.

2009 Wisconsin Act 28, the 2009-11 biennial budget, removed all GPR funding for library service contracts. The Legislature approved using funds from the SEG-universal service fund instead. An

increase of \$37,100 in FY10 and \$72,600 in FY11 was approved which allowed the department to maintain existing services.

The following table presents the library service contracts appropriation history:

| Year | Appropriation | Percent Change |
|-------|---------------|----------------|
| FY96 | \$865,100 | 0.0% |
| FY97 | 865,000 | 0.0 |
| FY98 | 945,300 | 9.2 |
| FY99 | 973,700 | 3.0 |
| FY00 | 1,012,000 | 3.9 |
| FY01 | 1,047,300 | 3.5 |
| FY02 | 1,047,300 | 0.0 |
| FY03 | 1,031,700 | -1.5 |
| FY04 | 876,900 | -15.0 |
| FY05 | 876,900 | 0.0 |
| FY06 | 876,900 | 0.0 |
| FY07 | 876,900 | 0.0 |
| FY08 | 1,134,200 | 29.3 |
| FY09* | 1,097,200 | -3.3 |
| FY10 | 1,134,300 | 3.3 |
| FY11 | 1,169,800 | 3.1 |

*Reductions due to loss of one-time funding in FY08 for Digital Talking Books Server

The 2011-13 budget request is broken down by contract as follows:

| Contract | FY11 Base | FY12 Request | FY13 Request |
|----------|-------------|--------------|--------------|
| WiLS | \$109,000 | \$109,000 | \$109,000 |
| MPL | 53,600 | 54,300 | 54,300 |
| WRLBPH | 916,300 | 916,300 | 945,700 |
| CCBC | 90,900 | 90,900 | 92,200 |
| Total | \$1,169,800 | \$1,170,500 | \$1,203,400 |

WiLS charges on a per transaction price for each service used. The WiLS contract cost is based on estimated costs to fulfill approximately 17,000 transactions for FY12 and 17,000 transactions for FY13. Interlibrary loan transactions are estimated to be charged at \$6.40 for FY12 and \$6.40 for FY13.

The CCBC budget request is based on projections by CCBC in conjunction with the UW-Madison to maintain existing services.

If funding remains at the FY11 base level service contracts would need to be reduced for CCBC and WiLS, reducing the volume of searches available to Wisconsin residents. Cuts to MPL and WRLBPH would be possible only through Milwaukee Public Library's negotiations with their unions.

Statutory Language

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

DPI 2011-13 BIENNIAL BUDGET REQUEST

DECISION ITEM 4003 – BADGERLINK

**360 – Periodical and reference information databases; newsline for the blind
s. 20.255 (3) (q)**

| FISCAL SUMMARY | | |
|---------------------------------|--------------------|--------------------|
| | 2011-12 Request | 2012-13 Request |
| Requested Funding | \$2,946,000 | \$2,960,300 |
| Less BadgerLink Base | \$2,448,900 | \$2,448,900 |
| Less Newsline Base | \$111,100 | \$111,100 |
| Requested Change | \$386,000 | \$400,300 |

Request/Objective

The department requests an increase of \$180,500 SEG in FY12 and \$194,800 SEG in FY13 to maintain the current level of services through BadgerLink. The SEG funding source is the Universal Service Fund (USF). The department is conducting a pilot project in FY11 with the Wisconsin Newspaper Association (WNA) to make Wisconsin newspapers more consistently available as other BadgerLink vendors have erratically maintained these subscriptions. Provision of ongoing WNA services will increase in cost in FY12 and FY13 as the department moves from the pilot period into a full rollout.

The department also requests \$205,500 SEG in both FY12 and FY13 for the Learning-Express Library as a part of BadgerLink. Learning-Express Library provides on-line practice tests and courses for elementary school, middle school, high school, college preparation, college students, GED preparation, U.S. citizenship, computer skills, and job and career resources for adults.

Background/Analysis of Need

BadgerLink began operation in July 1998 with 3,500 full text magazines and other resources from EBSCO and about 40 newspapers from ProQuest. It was 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. This project was the first priority recommended by the participants of the Wisconsin Technology Conference held in February 1998.

The Department of Public Instruction currently contracts with seven vendors (EBSCO, Encyclopedia Britannica, Inc., Gale/Cengage Learning, Heritage Microfilm, Inc., Wisconsin Newspaper Association, ProQuest and TeachingBooks.net, LLC) to provide access to a large volume of full-text information. Users can search approximately 20,000 full-text magazines, journals, newspapers, reference materials and other specialized information sources. Included are over 8,000 full text magazines and journals, over 1,500 newspapers and newswires, and approximately 6,800 full text books. Full text articles are taken from 2,900 historical newspaper titles. In addition, the BadgerLink vendors provide access to automobile repair manuals, company profiles, country economic reports, industrial reports and yearbooks, biographies, primary historical documents, charts, images, schematics, maps, poems, essays, speeches, plays, short stories, author audio programs and book readings, author video programs, book reviews or discussion guides, and many other full text resources not available through regular internet search engines. When these resources are available through search engines such as Google, it is because Wisconsin has licensed the content to appear when searched through these search engines. BadgerLink also connects users to WISCAT (the online catalog of Wisconsin library holdings), OCLC WorldCat (an international database of library holdings), directories of libraries, digitized library collections, and other information.

Prior BadgerLink Contracts

| | FY05 | FY06 | FY07 | FY08 | FY09 | FY10 |
|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| EBSCO | \$1,166,200 | \$1,188,600 | \$1,211,400 | \$1,234,700 | \$1,258,400 | \$1,658,400 |
| Teaching Books | 41,200 | 43,700 | 46,300 | 49,100 | 52,000 | 52,000 |
| Heritage Microfilm | 80,600 | 82,200 | 85,400 | 88,900 | 92,400 | 92,500 |
| Gale Litfinder | 68,900 | 35,300 | 72,300 | 74,100 | 77,800 | 26,000 |
| Britannica | 0 | 0 | 0 | 0 | 0 | 252,700 |
| Proquest Newspapers | 600,000 | 607,500 | 615,000 | 622,700 | 630,400 | 0 |
| Proquest HeritageQuest | 0 | 0 | 0 | 0 | 0 | 113,000 |
| Central Authentication | 0 | 0 | 0 | 0 | 0 | 25,000 |
| Total | \$1,956,900 | \$1,957,300 | \$2,030,400 | \$2,069,500 | \$2,111,000 | \$2,219,600 |

The current statewide contracts for all services except the Wisconsin Newspaper Association include rates for 2011-2012. In order to get rates beyond that time, the department needed to contact each vendor. The current contract indicates the following about on-going costs: "Any increases upon renewal of additional two-year periods after the initial three-year contract periods shall be based upon documented cost increases and must not exceed any changes in the US Department of Labor Consumer Price Index (CPI) from the previous year to the year of each renewal process." Therefore, making projections is difficult at this time.

The Wisconsin Newspaper Association began an initiative in 2005 to maintain an archive of Wisconsin newspapers for the benefit of their membership. To provide access to these archives for state residents the department is conducting a pilot period with Wisconsin Newspaper Association in FY11 with a full roll-out planned in FY12. The full roll out is planned to include an upgrade to the interface and an increased amount of searching which will require a more robust infrastructure to maintain. Prior to the pilot with Wisconsin Newspaper Association access to state newspapers, such as the Milwaukee Journal-Sentinel was inconsistent as BadgerLink vendors added and dropped newspapers over time.

2011-13 Projected BadgerLink Contracts

| | FY11 | FY12 | Percent Change | FY13 | Percent Change |
|---------------------------------|--------------------|--------------------|-----------------------|--------------------|-----------------------|
| EBSCO | \$1,658,400 | \$1,658,400 | 0.0% | \$1,658,400 | 0.0% |
| Teaching Books | 55,100 | 58,400 | 6.0 | 60,200 | 3.1 |
| Heritage Microfilm | 94,800 | 97,200 | 2.5 | 102,100 | 5.0 |
| Gale | 26,000 | 26,800 | 3.0 | 26,800 | 0.0 |
| Britannica | 252,700 | 252,700 | 0.0 | 260,300 | 3.0 |
| Proquest HeritageQuest | 200,900 | 200,900 | 0.0 | 200,900 | 0.0 |
| Wisconsin Newspaper Association | 130,000 | 310,000 | 127.7 | 310,000 | 0.0 |
| Learning-Express | 0 | 205,500 | | 205,500 | 0.0 |
| Central Authentication | 25,000 | 25,000 | 0.0 | 25,000 | 0.0 |
| BadgerLink Total | \$2,442,900 | \$2,834,900 | 16.0% | \$2,849,200 | 0.5% |

2011-13 Appropriation Totals

| | FY12 | FY13 |
|----------------------------|--------------------|--------------------|
| BadgerLink total | \$2,834,900 | \$2,849,200 |
| Newsline base | 111,100 | 111,100 |
| Appropriation total | \$2,946,000 | \$2,960,300 |

The public has used the BadgerLink service extensively. In the 2009-11 biennium it is estimated that BadgerLink users will conduct over 36 million searches in the full text resources. There is not a direct comparison to data from the 2007-09 biennium after a federated search engine was introduced allowing users to access multiple resources with a single search. Previously users had to conduct a separate search for each resource. For TeachingBooks.com, there were more than 118,000 sessions, 62,000 sessions more than in the 2007-09 biennium. The Resources for Libraries and Lifelong Learning staff has worked with 180 Wisconsin Internet Service Providers (ISP) to bring this service to libraries, schools and individuals throughout the state.

Statewide contracts provide cost savings. Local library staff do not have to review vendor services and bids, negotiate with the vendors, pay invoices, monitor vendor performance, and arrange for training. If libraries, schools, universities and other organizations had to purchase the databases in BadgerLink directly, it is estimated that it would cost them approximately \$44 million.

Other benefits of Badgerlink include:

- Specialized resources like the Ethnic NewsWatch and Britannica's Encyclopedia Juvenile provide information to minority pupils. Information in Spanish can extend learning to the Hispanic community.
- BadgerLink provides professional education information. EBSCO's Professional Collection, Education Research Complete, and Educational Administration Abstracts provide specialized materials for teachers and administrators. Other EBSCO features allow teachers to find information for pupils and to set up web pages with links to those resources.
- EBSCO's Kid's Search provides information for primary school children and the EBSCO host has images that can be used with younger children. EBSCO's Student Resource Center provides information for older pupils. EBSCO provides electronic book collections for elementary, middle, and high school students. The Novelist K-8 assists students in finding age appropriate fiction. Britannica provides encyclopedia modules for elementary, middle, and high school students.
- Reading and literacy. The full-text nature of this service provides reading material that can be accessed from home, school or the library. Pupils can learn how to do research and find materials independently. LitFinder, TeachingBooks.net, the Literary Reference Center, and Novelist information specifically focus on reading and literature.
- Statewide contracts equalize educational opportunity across the state for all libraries and school districts, particularly small and/or rural districts that may not otherwise be able to afford these services.

The department also requests \$205,500 SEG in both FY12 and FY13 for the Learning-Express Library. Learning-Express Library provides on-line practice tests and courses for elementary school, middle school, high school, college preparation, college students, GED preparation, U.S. citizenship, computer skills, and job and career resources for adults. Wisconsin is experiencing increased competition for college entrance and for jobs due to high unemployment.

During the current economic recession, tens of thousands of Wisconsin residents have become unemployed or underemployed. Wisconsin's 385 public libraries, with the assistance of the DPI and the DWD, have provided important services to the unemployed and those seeking to improve their job skills.

Almost all Wisconsin public libraries provide test preparation books to the public, but they are unable to fully meet demand because of limited resources. A statewide license to a wide range of online test preparation materials would greatly expand public access to these materials which are of great value to the unemployed and those seeking to improve their job skills. These materials are also of great value to students and aspiring students because they assist with preparation for the GED, ACT, SAT, and advanced placement tests.

Learning-Express Library provides access to over 770 online practice tests and interactive skill building tutorials and an additional 130 eBook titles. Learning-Express Library provides many services on a wider scale than individual libraries could provide on their own, including:

- Full practice tests, not just sample questions
- Instant course feedback and diagnostic score reports so users can pinpoint strengths and weaknesses
- Detailed answer explanations that guide students to understanding subject matter
- Practice test that mimic the timing as well as the question and answer format of the official exams
- Instant essay scoring for writing portions of the ACT, SAT, and GED practice tests
- Ability to save work to complete at a later time
- All work and score results are saved for unlimited period of time

Learning-Express Library provides all state residents with equal access to practice tests and courses enabling them to stay competitive as they pursue their education and employment opportunities. In addition, Spanish language courses are available for GED preparation, improving math skills, and improving literacy skills.

Statutory Language

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

DPI 2011-13 BIENNIAL BUDGET REQUEST

DECISION ITEM 4004 – NEWSLINE FOR THE BLIND

**360 – Periodical and reference information databases; newsline for the blind
s. 20.255 (3) (q)**

| FISCAL SUMMARY | | |
|---------------------------------|--------------------|--------------------|
| | 2011-12 Request | 2012-13 Request |
| Requested Funding | \$2,567,800 | \$2,572,400 |
| Less Newsline Base | \$111,100 | \$111,100 |
| Less BadgerLink Base | \$2,448,900 | \$2,448,900 |
| Requested Change | \$7,800 | \$12,400 |

Request/Objective

The department requests an increase of \$7,800 SEG in FY12 and \$12,400 SEG in FY13 to continue to fully fund the Newsline for the Blind services.

Background/Analysis of Need

Newsline provides access to newspapers on a daily basis for people who cannot read print newspapers. The service is provided by the National Federation of the Blind (NFB) using an automated electronic voice and can be accessed using a regular touch-tone telephone. The Regional Library for the Blind and Physically Handicapped assists in providing the service by registering new users, providing technical support and placing Wisconsin announcements and local information on the Newsline local channel.

Newsline provides access to 15 Wisconsin newspapers and over 200 national newspapers, news wire services, and some national magazines. The 15 Wisconsin newspapers that are included in Newsline are: *Appleton Post-Crescent*, *Fond du Lac Reporter*, *Green Bay Press-Gazette*, *Herald Time Reporter* (Manitowoc), *Janesville Gazette*, *La Crosse Tribune*, *Marshfield News-Herald*, *Milwaukee Journal Sentinel*, *Oshkosh Northwestern*, *Stevens Point Journal*, *The Sheboygan Press*, *Wausau Daily Herald*, *Wisconsin Rapids Daily Tribune*, and *Wisconsin State Journal/The Capital Times*.

Newsline currently has almost 1,500 Wisconsin users registered. The average length of a call into Newsline is 15 minutes.

Nonstatutory language provided in 1997 Wisconsin Act 27 (1997-1999 biennial budget) required the department to enter into a two-year contract with the National Federation of the Blind to provide Newsline from locations in Madison and Milwaukee. The department was directed to use money transferred into the department's appropriation s. 20.255 (1) (ke), Wis. Stats., from the Public Service Commission's (PSC) Universal Service Fund (USF) to fund the Newsline contract. Initially, the statutes directed specific amounts be transferred to fund Newsline. However, beginning in FY02, the Legislature instead enumerated the Newsline program as an allowable purpose for which the USF could be used. Newsline is currently funded from s. 20.255 (3) (q), Wis. Stats. The current appropriation is shared with BadgerLink.

The department is requesting \$7,800 SEG for FY12 and \$12,400 SEG for FY13 from the USF to fully fund the Newsline services. The telecommunications costs are increasing based on estimates from the National Federation of the Blind, and the increased number of people registering for their services. The

Background/Analysis of Need

In June 2010, State Superintendent Evers outlined his “Fair Funding for Our Future” framework to start debate on school finance reform for the 2011-13 biennial budget. Superintendent Evers believes that even in difficult economic times, the state can protect schools and enact school finance reform while holding the line on property taxes.

The department worked to build consensus among business, community, education and opinion leaders around a framework for school finance reform. This school finance reform plan provides solutions that are good education and public policy, as well as politically viable. It is a powerful first step that makes long overdue changes to the school aid funding formula, maximizes existing resources, and sets the stage for greater state support in future years.

This is the smallest K-12 budget request in almost a decade. With this proposal:

- Every school district will receive more state aid, which will reduce their gross tax levy.
- Over 93 percent of school districts are outright winners under this plan, and for \$7 million it will hold harmless the 30 districts that do not do better.
- An even bigger school property tax reduction will be delivered than when the state instituted two-thirds funding back in 1996 - and for a lot less money.

This plan fixes the funding formula and holds the line on property taxes by:

- Guaranteeing a minimum amount of state funding for every student (\$3,000), providing vital resources to the 54 school districts that currently receive little or no state aid;
- Incorporating a poverty-factor into the formula (20 percent), accounting for family’s ability to pay - not just their property value;
- Making technical formula changes that strengthen rural, declining enrollment and negatively aided districts by increasing the secondary cost ceiling and hold harmless level;
- Establishing predictable growth in state aids (greater of 2 percent or CPI), creating a more sustainable and well-aligned funding structure;
- Maintaining the current growth in revenue limits (+\$200 per pupil), which provides a modest increase in school spending while protecting taxpayers;
- Ending the school funding shell game by redirecting the SLTC and the FDC, which do not directly pay for a single child to be educated, into general school aids, increasing transparency and providing direct state support for schools.

Equalization Aid Formula

| FISCAL SUMMARY | | |
|------------------|--------------------|--------------------|
| | 2011-12 Request | 2012-13 Request |
| Requested Aid | \$4,745,550,000 | \$4,997,716,000 |
| Less Base | \$4,652,500,000 | \$4,652,500,000 |
| Requested Change | \$93,050,000 | \$345,216,000 |

The department requests \$93,050,000 GPR in FY12 and \$345,216,000 GPR (which includes \$18.7 million in high poverty aid) in FY13 to fund general equalization aids. Of the amount in FY13, \$7 million is to fund a hold harmless provision for approximately 30 districts that do not do better under the Fair Funding model.

Reallocation of SLTC and FDC

In addition to the amount shown in FY13 for equalization aids, the department is proposing to reallocate the full \$897.4 million from the SLTC and FDC into the equalization aid formula. The FY13 equalization aid formula would be run with the \$897.4 million included, for a total of \$5,895,116,000. Because the current SLTC and FDC are paid to municipalities in July, the \$897.4 million is not reflected in the FY13 equalization aid appropriation [s. 20.255 (2) (ac), Wis. Stats.]. School districts will receive the \$897.4 million in now-school aids in July 2013 (FY14) and have it attributable to FY13. This is the same mechanism that exists in current law for the \$75 million delayed school equalization aid payment under s. 121.15 (1m), Wis. Stats.

Ever since the two-thirds funding model was established in FY94, the state has been counting the SLTC, and subsequently the FDC, as part of the “state support for schools” calculation. The amount was added to general equalization aids, categorical aids and the state residential schools funding to determine the total amount of “state support” for schools as a percentage of district shared costs. Even though the two-thirds funding requirement expired in FY03, the state has continued to call SLTC/FDC “state support” for schools. In truth, not a single dollar of that \$897.4 million directly supports any child’s education. Rather, they are property tax credits that get reflected on individual property tax bills. Moving the SLTC/FDC into the equalization aids formula will use the money for what it has been called – state support for schools. Because the SLTC/FDC funds will be received by districts under existing revenue limits, there is no net statewide property tax impact of moving the funds to the equalization aid formula.

Minimum aid per pupil

In FY11, there are 21 districts that are completely out of the school aid formula due to their property wealth. These districts are not eligible to receive any state equalized aid; however, they are eligible to receive special adjustment, or hold harmless, aid that provides them 85 percent of the amount of aid they received in the prior year (see proposed change to special adjustment aid below). In addition, there are approximately 32 districts receiving aid only at the primary level, meaning they receive a very small amount of state aid per pupil.

State Superintendent Evers believes that the state should be providing a minimum level of state aid to every public school pupil, regardless of where they live. Therefore, the Fair Funding proposal will establish a minimum level of state aid at \$3,000/pupil. This minimum aid amount will be applied at the end of the formula, after all other adjustments to a district’s aid amount have been calculated.

Weighting for income/poverty using free and reduced-priced lunch (FRL)

The current school aid formula operates under the principle of “equal tax rate for equal per pupil expenditures.” The aim of the formula is to equalize the property tax base per pupil across districts. Conceptually, this means the formula uses property value as an indicator of the ability for school district residents to pay taxes to support local school district expenditures. As such, there is an inverse relationship between equalization aid and property value. Those districts with lower per pupil property values receive a larger share of their costs through the equalization formula than districts with higher per pupil property values.

State Superintendent Evers believes property value alone is no longer an adequate proxy for ability to pay. That factor doesn’t serve areas of Wisconsin with high-priced vacation homes and large populations of year-round residents living in poverty. Family income must also be a factor in the distribution of equalization aids.

Thus, Fair Funding proposes that the number of low-income children in a district, as measured by FRL eligibility, is used to partially determine how much state aid a district will get. Specifically, Fair Funding will add 20 percent, or 0.20 FTE, to a district’s pupil count for each FRL-eligible pupil. Increasing a

district's pupil count will generally reduce its property value per pupil which will in turn drive more state school aid to the district through the equalization aid formula.

Secondary cost ceiling

One of the three levels of equalization aids is for shared costs per member that exceed \$1,000 but are less than the secondary cost ceiling, referred to as secondary shared costs. Under current law, the secondary cost ceiling is set equal to 90 percent of the prior year statewide shared cost per member. For FY11, the secondary cost ceiling is equal to \$10,331. Only a few of the state's school districts have shared costs below 90 percent of the statewide average, making it difficult to argue why the school aid formula only recognizes costs up to the 90th percentile.

Under the Fair Funding proposal, the secondary cost ceiling is raised to 100 percent of the statewide average shared cost per member.

Special adjustment aid

The state provides additional general school aid to districts to cushion the effect of reductions in general school aid from one year to the next, commonly referred to as a "hold harmless" payment. School districts that are in declining enrollment are the primary beneficiaries of this payment, but it also goes to 21 districts with property value in excess of the state "primary" guarantee of \$1,930,000 per pupil that receive no state equalization aid.

Under current law, the hold harmless aid insures that a district's general school aid payment is no less than 85 percent of its prior year payment. In FY11, 70 districts qualified for special adjustment aid. The Fair Funding proposal raises the special adjustment aid level to 90 percent of the prior year general aid payment.

High Poverty Aid

| FISCAL SUMMARY | | |
|------------------|--------------------|--------------------|
| | 2011-12 Request | 2012-13 Request |
| Requested Aid | \$18,700,000 | \$0 |
| Less Base | \$18,700,000 | \$18,700,000 |
| Requested Change | \$0 | -\$18,700,000 |

High poverty aid was created in the 2007-09 biennial budget and funded at \$9 million in FY08 and \$12 million in FY09. At that time, 24 school districts were eligible for funding as they met the statutory threshold of having 50 percent of their pupils eligible for FRL under 42 USC 1758 (b). The high poverty aid program was created at the Joint Committee on Finance stage of the 2007-09 biennial budget process as a compromise that provided Milwaukee Public Schools (MPS) with some additional property tax relief to offset their Milwaukee Parental Choice Program (MPCP) aid reduction, while at the same time helping other districts throughout the state that also had higher percentages of pupils eligible for FRL.

In 2009 Wisconsin Act 28, the 2009-11 biennial budget, the high poverty aid program was increased to \$18.7 million annually in FY10 and FY11 with 47 districts eligible for the program.

High poverty aid is received as a general (not categorical) aid by eligible districts under their revenue caps, so it must be used to reduce their gross property tax levy. In the case of MPS, state law requires MPS to use high poverty aid to offset some of the MPCP aid reduction they receive.

As described above, the department is proposing to reflect income in the general school aid formula by weighting FRL-eligible pupils. As a result, the department proposes to eliminate the high poverty aid program in FY13, and move the base level funding to the general aid formula. In addition, this proposal will eliminate the link between high poverty aid and MPS' school levy related to MPCP. (See related Decision Item Number 6005)

Revenue Limit Per Pupil and Exemptions Adjustments

The 2009-11 biennial budget, 2009 Wisconsin Act 28, made several significant changes for future biennia by doing the following, beginning in the 2011-13 biennium:

- Restored the allowable per pupil adjustment for revenue limits to \$275 per pupil in FY12 and to an estimated \$280 per pupil in FY13 from the 2009-11 biennium revenue limit of \$200 per pupil;
- Added three new non-recurring revenue limit exemptions, beginning in FY12:
 - School safety costs - \$100 per pupil;
 - School nurses - personnel costs;
 - Transportation costs - districts above the statewide average per pupil.

Since revenue limits were implemented in 1993-94, some school districts have chosen to not use all of the revenue limit (i.e. property tax levy) authority available to them. This figure has usually been between \$10-20 million annually; however, in 2010-11 approximately 120 districts underlevied by a total of \$70 million. Notably, this significant increase in unused revenue limit authority occurred in a year when the allowable per pupil adjustment was decreased for the first time since revenue limits were implemented and reduced to \$200 per pupil.

With the changes enacted in 2009 Wisconsin Act 28 listed above, taxpayers would be facing significant potential property tax increases. As an additional means to hold the line on property taxes statewide, the department is proposing to: 1) maintain the per pupil revenue limit adjustment at \$200 per pupil in FY12 and increase by the CPI in FY13, and; 2) delay the effective date of the three revenue limit exemptions from FY12 to FY14.

Low-Revenue Ceiling

Revenue limits were imposed on school districts beginning in FY94 and have been in place for 16 years. One of the arguments against revenue limits made over time has been that frugal, "low spending" districts in FY93 have been "locked-in" 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 amount that allows districts to increase their per pupil revenues up to that ceiling without having to go to referenda. Use of the low-revenue ceiling is not required; rather, it is an option for districts to increase their revenues if they so choose. However, absent action in each biennium, the low-revenue ceiling will remain at the FY09 figure (\$9,000) and assist few, if any, districts unless it is increased each year.

The low-revenue ceiling continues to provide the state's lowest spending districts with the opportunity to narrow the disparity with the highest spending districts. 2009 Wisconsin Act 28, the 2009-11 biennial budget, held the low-revenue ceiling at \$9,000 per pupil in FY10 and FY11. The Act restored the low-revenue ceiling to \$9,800 per pupil in FY12 and FY13. This provision results in no state fiscal impact in the 2011-13 biennium. However, this current-law increase would allow over 100 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 \$20-40 million in additional revenue limit authority over the 2011-13 biennium..

To help soften the projected property tax impact in the 2011-13 biennium, the department is proposing to change the current-law increase in the low-revenue ceiling to \$9,800 by phasing-in the increase at \$9,400 in FY12 and the \$9,800 in FY13.

Predictable Increases In State General School Aids

As part of the “Fair Funding for Our Future” proposal, the State Superintendent has promoted predictability and sustainability in the growth in state aids every year. The department’s proposal provides that state school aids should grow by some predictable level every year. State school aids have varied widely in recent years, leading to significant unpredictability for leaders in local school districts.

Table 1. Trends in Equalization Aid, FY06-FY11

| | Total Equalization Aids* | Dollar Change to Prior Year | % Change to Prior Year |
|------|--------------------------|-----------------------------|------------------------|
| FY06 | \$4,613,945,900 | | |
| FY07 | \$4,722,745,900 | \$108,800,000 | 2.36% |
| FY08 | \$4,722,745,900 | \$0 | 0.00% |
| FY09 | \$4,799,501,900 | \$76,756,000 | 1.63% |
| FY10 | \$4,652,500,000 | -\$147,001,900 | -3.06% |
| FY11 | \$4,652,500,000 | \$0 | 0.00% |

*Includes federal state fiscal stabilization fund support in FY09 and FY10

While some argue that state school aids should increase by a predictable increase each year, such as two percent, others argue that state school aids should increase by a valid and reliable measure of economic growth and activity, such as the CPI. The CPI is defined by the United States Bureau of Labor Statistics as “a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.”

Under current law, revenue limits are linked to CPI as defined in s. 73.0305, Wis. Stats.

By linking the growth in school aids to the CPI or two percent, whichever is greater, school districts and school boards will gain additional predictability allowing them to better plan and structure their budgets in a timely and efficient manner.

Statutory Language

The department is proposing statutory language related to this request.

DPI 2011-13 BIENNIAL BUDGET REQUEST

DECISION ITEM 4005 – SCHOOL LIBRARY AIDS REESTIMATE

262 – School library aids

s. 20.255 (2) (s)

| FISCAL SUMMARY | | |
|-------------------------|---------------------|---------------------|
| | 2011-12 Request | 2012-13 Request |
| Requested Aid | \$35,000,000 | \$37,000,000 |
| Less Base | \$39,600,000 | \$39,600,000 |
| Requested Change | -\$4,600,000 | -\$2,600,000 |

Request/Objective

The department requests -\$4,600,000 SEG in FY12 and -\$2,600,000 SEG in FY13 as a reestimate of projected school library aids.

Background/Analysis of Need

Aid to school libraries is distributed to school districts for the purchase of instructional media center materials. The aid is distributed on a per-capita basis according to the school census per district of persons between the ages of four and 20.

Aid to school libraries is composed of interest paid yearly on loans from the Common School Fund (fund 44) and includes interest earned on the aid revenue, earned between the time revenue is deposited in the appropriation and the time it is distributed to school districts. The Common School Fund was created by the state constitution (article X, section 2) and is distributed according to s. 43.70, Wis. Stats.

Revenues deposited to the appropriation are distributed to school districts on or before May 1. Estimates of the amounts available for distribution are provided by the Office of the Board of Commissioners of Public Lands.

In FY10, the Common School Fund provided approximately \$32 million in aid to Wisconsin's public school libraries, paid in April 2010. The FY10 distribution was at a rate of \$25.85 per pupil. The board estimates the amount will be \$35 and \$37 million in the 2011-13 biennium.

Statutory Language

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

DPI 2011-13 BIENNIAL BUDGET REQUEST

DECISION ITEM 5001 – GRANTS FOR DRIVER EDUCATION

264 – Grants for driver education

s. 20.255 (2) (r) - New

| FISCAL SUMMARY | |
|--------------------|--------------------|
| 2011-12 Request | 2012-13 Request |
| \$0 | \$1,020,000 |

Request/Objective

The department requests \$1,020,000 SEG beginning in FY13 to create a new categorical aid program to provide \$150 per low-income pupil that completes both department approved classroom and behind the wheel driver education (DE) instruction. This new aid program will be administered by the Department of Public Instruction (DPI) but will be funded through the transportation fund. To qualify for the aid, eligible pupils' families or guardians would need to be free and reduced-price (FRL) income-eligible and the school district would reduce the DE fee charged to each FRL pupil by the amount awarded.

2009 Act 28, the 2009-11 biennial budget, directed the department to include a proposal for a DE grant program in its 2011-13 budget request, along with proposed administrative rules for the program.

Background/Analysis of Need

Wisconsin requires the satisfactory completion of a state-approved DE course (classroom and behind the wheel) for persons under 18 years of age electing to be licensed after attaining the age of 16.

School boards, county children with disabilities education boards (CCDEBs), and the Technical College System Board are permitted to establish and collect reasonable fees for their DE program (or part of a program) that is neither required for nor credited toward graduation.

Prior to FY05, the state provided aid for school districts for DE courses. The categorical aid program administered by the department paid \$100 for each pupil that received a DPI student course completion certificate (completion of both classroom and behind the wheel). The aid was awarded to lower the cost of providing a DE course covered by school districts and student fees. In FY04, the final year prior to the elimination of funding, the program was funded at \$3,804,700 GPR. The last state categorical aid payments to districts were made in March of 2004.

At the time that the department DE assistance program was eliminated, some school districts were deciding to eliminate DE courses. With the elimination of the state aid program, more districts eliminated their DE programs, leaving that business to the private sector.

Most students who attend school in a district that does not offer a driver education course or are unable to get into a course must enroll in classes offered by a private driver training school.

Private driving school programs frequently charge higher fees than school districts for DE courses. These programs are regulated by the Department of Transportation (DOT) and might not offer comparable courses, since high school DE courses are usually longer in duration and educational requirements for state-certified teachers are more extensive than for private teachers. Private providers are not always available statewide.

Some have argued that eliminating state aid for the program has made it more difficult for some pupils to afford DE, particularly from low-income families. For young people, having a driver's license and

access to a vehicle may be an important factor for being able to hold a job and for getting to and from school. However, since persons who are under the age of 18 cannot get a driver's license unless they have completed a DE course, obtaining a license may be difficult for some if the cost of the course is too burdensome. Typically, DE courses offered by public schools require the participant to pay a fee of about \$300, which covers both classroom and behind the wheel components. The fees for courses offered by private driver training schools are generally higher.

Some young persons who are unable to get a driver's license because of the inability to afford a DE course may decide to drive without a license. If stopped, these persons may be issued a traffic citation, which can result in additional financial burdens. Some may find it difficult to recover financially from this position.

In the 2008-09 school year, 215 of the 380 K-12 districts in the state, or 57 percent, offered DE courses. However, the percentage of high school students who have access to courses offered by their school is lower than 57 percent, since many of the larger districts have dropped the courses or offer limited course slots.

Although state categorical aids have been eliminated, the department continues to administer public school DE programs as it has in the past. Districts that are planning to continue offering DE programs will continue to be required to submit, and have on file with the department, an approved Program Approval Application (PI 1709) for classroom instruction and/or behind the wheel portion of the program. Approved and eligible districts may also continue to apply for, and issue, DPI student course completion certificates if they offered both department approved classroom and behind the wheel instruction.

Districts that do not have a department-approved program application on file are not authorized to issue any DPI student course completion certificates.

Budget Proposal History

In its 2007-09 biennial budget request, the department requested \$100,000 GPR annually to create a new categorical aid program to provide \$150 per pupil for MPS students taking an approved DE course. To qualify for aid, eligible students' families or guardians would need to be free or reduced-price lunch income-eligible, and MPS would reduce their DE student fee by \$150. The governor included the proposal in his budget bill, but the legislature eliminated it.

In the governor's 2009-11 budget bill, a new, annual appropriation of \$3,960,000 SEG (transportation fund) was requested to award grants for DE courses. The DOT was to develop and administer a program to provide grants to those offering courses in DE for purposes of supplementing the cost of providing those courses to low-income individuals. The DOT was to promulgate rules to implement and administer the program, including rules establishing criteria and standards for grant eligibility of the course providers and of the low-income individual beneficiaries, as well as criteria and standards for evaluating and ranking grant applications and for determining the amount of the grants awarded.

The Joint Committee on Finance agreed the program was a worthy idea, but the state could not afford the program at the time. The committee deleted the provision, but directed the department to include a proposal for a DE grant program in its 2011-13 budget request, along with proposed administrative rules for the program.

The proposed DE grant program could have the effect of encouraging some school districts without DE programs to start offering courses since it would lower the costs that must be recovered from student fees and other school revenues. However, other school districts (MPS) may not be able to establish a complete program (classroom and behind the wheel) as it would be too costly to pay for the additional teachers, cars and insurance needed for the lab.

Using FY10 data, there are an estimated 22,500 10th grade pupils in Wisconsin eligible for free and reduced-priced lunch. Of these, there are an estimated 6,800 in the 186 districts offering both classroom and behind the wheel for DE ($\$150 \times 6,800$ low-income 10th graders = \$1,020,000).

Statutory Language

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

**DEPARTMENT OF PUBLIC INSTRUCTION
2011-13 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

☒ Draft for Possible 2011-13 Budget Bill Introduction (*Agency Decision Item No. 5001*)

Subject: Grants for Driver Education

Request Date: September 15, 2010

Agency Contact: Mike Bormett, 266-2804

Brief Description of Intent:

The department requests \$1,020,000 SEG beginning in FY13 to establish a new driver's education aid program for low-income pupils. This new aid program will be administered by the Department of Public Instruction but will be funded through the transportation fund.

Related Stat. Citations:

Create a new appropriation under s. 20.255 (2) (r) SEG to establish a new driver education aid program for low-income pupils to be funded from the transportation fund. Appropriate \$1,020,000 in FY13.

Establish program requirements under s. 121.41, for the Department of Public Instruction to administer the aid program as follows:

- Renumber s. 121.41 to be s. 121.41 (2) and as renumbered, amend s. 121.41 (2) to read:

s. 121.41 (2) (title) FEES. A school board may establish and collect reasonable fees for any driver education program or part of a program which is neither required for nor credited toward graduation. The school board may waive any fee established under this subsection for any indigent pupil.
- Create s. 121.41 (1) to read:

s. 121.41 (1) (title) STATE AID. Each school district operating high school grades, each county children with disabilities education board which provides the substantial equivalent of a high school education and each technical college district shall receive \$150 for each low-income pupil of high school age who completes a course in driver education approved by the department under s. 115.28 (11), but in no case may the state aid exceed the actual cost of instruction. If the appropriation under s. 20.255 (2) (r) is inadequate in any year to provide \$150 per pupil, the state aid shall be prorated. Such state aid shall be paid at the same time as the state aid under s. 121.08 is paid.

DPI 2011-13 BIENNIAL BUDGET REQUEST

DECISION ITEM 6000 – FAIR FUNDING FOR OUR FUTURE: SCHOOL FINANCE REFORM

201 – General equalization aids

s. 20.255 (2) (ac)

257 - General equalization aids - hold harmless

s. 20.255 (2) (af) - New

225 – Aid for high-poverty school districts

s. 20.255 (2) (bb)

| FISCAL SUMMARY | | |
|------------------|--------------------|--------------------|
| | 2011-12 Request | 2012-13 Request |
| Requested Aid | \$4,764,250,000 | \$4,997,716,000 |
| Less Base | \$4,671,200,000 | \$4,671,200,000 |
| Requested Change | \$93,050,000 | \$326,516,000 |

Request/Objective

The department requests the following:

- Provide \$93,050,000 GPR in FY12 and \$326,516,000 GPR in FY13 to fund general equalization aids for public school districts in Wisconsin and implement the State Superintendent's "Fair Funding for Our Future" (Fair Funding) school finance reform formula changes. The amounts reflect a 2.0 percent and 4.0 percent annual increase, respectively, over the biennium.
- Transfer the \$897,400,000 GPR combined from the School Levy Tax Credit (SLTC; \$747,400,000) and the First Dollar Credit (FDC; \$150,000,000) into general equalization aids beginning with the FY13 state aid payments. However, since the current SLTC and FDC are paid to municipalities in the subsequent state fiscal year, the general equalization aids appropriation [s. 20.255 (2) (ac), Wis. Stats.] will not reflect the transfer until FY14. The department proposes to have the SLTC and FDC amount paid to school districts from the FY14 appropriation and then reflected as a FY13 general equalization aid payment.
- Maintain the high poverty aid program at its current funding level for FY12. However, in FY13, the department proposes elimination of this program and the transfer of the base level funding of \$18.7 million into the general equalization aids appropriation.
- Modify statutory language to change both the per pupil revenue limit adjustment and three revenue limit exemptions that are scheduled to take effect in the 2011-13 biennium.
- Modify the increase in the per pupil low-revenue ceiling amount that was passed in 2009 Wisconsin Act 28 so that it is phased-in at \$400 annually, to \$9,400 in FY12 and to \$9,800 in FY13.
- Modify statutory language to create a minimum annual increase in state school aids equal to the Consumer Price Index (CPI) as defined in current law or two percent, whichever is greater, beginning in the 2013-14 school year.

Background/Analysis of Need

In June 2010, State Superintendent Evers outlined his “Fair Funding for Our Future” framework to start debate on school finance reform for the 2011-13 biennial budget. Superintendent Evers believes that even in difficult economic times, the state can protect schools and enact school finance reform while holding the line on property taxes.

The department worked to build consensus among business, community, education and opinion leaders around a framework for school finance reform. This school finance reform plan provides solutions that are good education and public policy, as well as politically viable. It is a powerful first step that makes long overdue changes to the school aid funding formula, maximizes existing resources, and sets the stage for greater state support in future years.

This is the smallest K-12 budget request in almost a decade. With this proposal:

- Every school district will receive more state aid, which will reduce their gross tax levy.
- Over 93 percent of school districts are outright winners under this plan, and for \$7 million it will hold harmless the 30 districts that do not do better.
- An even bigger school property tax reduction will be delivered than when the state instituted two-thirds funding back in 1996 - and for a lot less money.

This plan fixes the funding formula and holds the line on property taxes by:

- Guaranteeing a minimum amount of state funding for every student (\$3,000), providing vital resources to the 54 school districts that currently receive little or no state aid;
- Incorporating a poverty-factor into the formula (20 percent), accounting for family’s ability to pay - not just their property value;
- Making technical formula changes that strengthen rural, declining enrollment and negatively aided districts by increasing the secondary cost ceiling and hold harmless level;
- Establishing predictable growth in state aids (greater of 2 percent or CPI), creating a more sustainable and well-aligned funding structure;
- Maintaining the current growth in revenue limits (+\$200 per pupil), which provides a modest increase in school spending while protecting taxpayers;
- Ending the school funding shell game by redirecting the SLTC and the FDC, which do not directly pay for a single child to be educated, into general school aids, increasing transparency and providing direct state support for schools.

Equalization Aid Formula

| FISCAL SUMMARY | | |
|------------------|--------------------|--------------------|
| | 2011-12 Request | 2012-13 Request |
| Requested Aid | \$4,745,550,000 | \$4,997,716,000 |
| Less Base | \$4,652,500,000 | \$4,652,500,000 |
| Requested Change | \$93,050,000 | \$345,216,000 |

The department requests \$93,050,000 GPR in FY12 and \$345,216,000 GPR (which includes \$18.7 million in high poverty aid) in FY13 to fund general equalization aids. Of the amount in FY13, \$7 million is to fund a hold harmless provision for approximately 30 districts that do not do better under the Fair Funding model.

Reallocation of SLTC and FDC

In addition to the amount shown in FY13 for equalization aids, the department is proposing to reallocate the full \$897.4 million from the SLTC and FDC into the equalization aid formula. The FY13 equalization aid formula would be run with the \$897.4 million included, for a total of \$5,895,116,000. Because the current SLTC and FDC are paid to municipalities in July, the \$897.4 million is not reflected in the FY13 equalization aid appropriation [s. 20.255 (2) (ac), Wis. Stats.]. School districts will receive the \$897.4 million in now-school aids in July 2013 (FY14) and have it attributable to FY13. This is the same mechanism that exists in current law for the \$75 million delayed school equalization aid payment under s. 121.15 (1m), Wis. Stats.

Ever since the two-thirds funding model was established in FY94, the state has been counting the SLTC, and subsequently the FDC, as part of the “state support for schools” calculation. The amount was added to general equalization aids, categorical aids and the state residential schools funding to determine the total amount of “state support” for schools as a percentage of district shared costs. Even though the two-thirds funding requirement expired in FY03, the state has continued to call SLTC/FDC “state support” for schools. In truth, not a single dollar of that \$897.4 million directly supports any child’s education. Rather, they are property tax credits that get reflected on individual property tax bills. Moving the SLTC/FDC into the equalization aids formula will use the money for what it has been called – state support for schools. Because the SLTC/FDC funds will be received by districts under existing revenue limits, there is no net statewide property tax impact of moving the funds to the equalization aid formula.

Minimum aid per pupil

In FY11, there are 21 districts that are completely out of the school aid formula due to their property wealth. These districts are not eligible to receive any state equalized aid; however, they are eligible to receive special adjustment, or hold harmless, aid that provides them 85 percent of the amount of aid they received in the prior year (see proposed change to special adjustment aid below). In addition, there are approximately 32 districts receiving aid only at the primary level, meaning they receive a very small amount of state aid per pupil.

State Superintendent Evers believes that the state should be providing a minimum level of state aid to every public school pupil, regardless of where they live. Therefore, the Fair Funding proposal will establish a minimum level of state aid at \$3,000/pupil. This minimum aid amount will be applied at the end of the formula, after all other adjustments to a district’s aid amount have been calculated.

Weighting for income/poverty using free and reduced-priced lunch (FRL)

The current school aid formula operates under the principle of “equal tax rate for equal per pupil expenditures.” The aim of the formula is to equalize the property tax base per pupil across districts. Conceptually, this means the formula uses property value as an indicator of the ability for school district residents to pay taxes to support local school district expenditures. As such, there is an inverse relationship between equalization aid and property value. Those districts with lower per pupil property values receive a larger share of their costs through the equalization formula than districts with higher per pupil property values.

State Superintendent Evers believes property value alone is no longer an adequate proxy for ability to pay. That factor doesn’t serve areas of Wisconsin with high-priced vacation homes and large populations of year-round residents living in poverty. Family income must also be a factor in the distribution of equalization aids.

Thus, Fair Funding proposes that the number of low-income children in a district, as measured by FRL eligibility, is used to partially determine how much state aid a district will get. Specifically, Fair Funding will add 20 percent, or 0.20 FTE, to a district’s pupil count for each FRL-eligible pupil. Increasing a

district's pupil count will generally reduce its property value per pupil which will in turn drive more state school aid to the district through the equalization aid formula.

Secondary cost ceiling

One of the three levels of equalization aids is for shared costs per member that exceed \$1,000 but are less than the secondary cost ceiling, referred to as secondary shared costs. Under current law, the secondary cost ceiling is set equal to 90 percent of the prior year statewide shared cost per member. For FY11, the secondary cost ceiling is equal to \$10,331. Only a few of the state's school districts have shared costs below 90 percent of the statewide average, making it difficult to argue why the school aid formula only recognizes costs up to the 90th percentile.

Under the Fair Funding proposal, the secondary cost ceiling is raised to 100 percent of the statewide average shared cost per member.

Special adjustment aid

The state provides additional general school aid to districts to cushion the effect of reductions in general school aid from one year to the next, commonly referred to as a "hold harmless" payment. School districts that are in declining enrollment are the primary beneficiaries of this payment, but it also goes to 21 districts with property value in excess of the state "primary" guarantee of \$1,930,000 per pupil that receive no state equalization aid.

Under current law, the hold harmless aid insures that a district's general school aid payment is no less than 85 percent of its prior year payment. In FY11, 70 districts qualified for special adjustment aid. The Fair Funding proposal raises the special adjustment aid level to 90 percent of the prior year general aid payment.

High Poverty Aid

| FISCAL SUMMARY | | |
|------------------|--------------------|--------------------|
| | 2011-12 Request | 2012-13 Request |
| Requested Aid | \$18,700,000 | \$0 |
| Less Base | \$18,700,000 | \$18,700,000 |
| Requested Change | \$0 | -\$18,700,000 |

High poverty aid was created in the 2007-09 biennial budget and funded at \$9 million in FY08 and \$12 million in FY09. At that time, 24 school districts were eligible for funding as they met the statutory threshold of having 50 percent of their pupils eligible for FRL under 42 USC 1758 (b). The high poverty aid program was created at the Joint Committee on Finance stage of the 2007-09 biennial budget process as a compromise that provided Milwaukee Public Schools (MPS) with some additional property tax relief to offset their Milwaukee Parental Choice Program (MPCP) aid reduction, while at the same time helping other districts throughout the state that also had higher percentages of pupils eligible for FRL.

In 2009 Wisconsin Act 28, the 2009-11 biennial budget, the high poverty aid program was increased to \$18.7 million annually in FY10 and FY11 with 47 districts eligible for the program.

High poverty aid is received as a general (not categorical) aid by eligible districts under their revenue caps, so it must be used to reduce their gross property tax levy. In the case of MPS, state law requires MPS to use high poverty aid to offset some of the MPCP aid reduction they receive.

As described above, the department is proposing to reflect income in the general school aid formula by weighting FRL-eligible pupils. As a result, the department proposes to eliminate the high poverty aid program in FY13, and move the base level funding to the general aid formula. In addition, this proposal will eliminate the link between high poverty aid and MPS' school levy related to MPCP. (See related Decision Item Number 6005)

Revenue Limit Per Pupil and Exemptions Adjustments

The 2009-11 biennial budget, 2009 Wisconsin Act 28, made several significant changes for future biennia by doing the following, beginning in the 2011-13 biennium:

- Restored the allowable per pupil adjustment for revenue limits to \$275 per pupil in FY12 and to an estimated \$280 per pupil in FY13 from the 2009-11 biennium revenue limit of \$200 per pupil;
- Added three new non-recurring revenue limit exemptions, beginning in FY12:
 - School safety costs - \$100 per pupil;
 - School nurses - personnel costs;
 - Transportation costs - districts above the statewide average per pupil.

Since revenue limits were implemented in 1993-94, some school districts have chosen to not use all of the revenue limit (i.e. property tax levy) authority available to them. This figure has usually been between \$10-20 million annually; however, in 2010-11 approximately 120 districts underlevied by a total of \$70 million. Notably, this significant increase in unused revenue limit authority occurred in a year when the allowable per pupil adjustment was decreased for the first time since revenue limits were implemented and reduced to \$200 per pupil.

With the changes enacted in 2009 Wisconsin Act 28 listed above, taxpayers would be facing significant potential property tax increases. As an additional means to hold the line on property taxes statewide, the department is proposing to: 1) maintain the per pupil revenue limit adjustment at \$200 per pupil in FY12 and increase by the CPI in FY13, and; 2) delay the effective date of the three revenue limit exemptions from FY12 to FY14.

Low-Revenue Ceiling

Revenue limits were imposed on school districts beginning in FY94 and have been in place for 16 years. One of the arguments against revenue limits made over time has been that frugal, "low spending" districts in FY93 have been "locked-in" 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 amount that allows districts to increase their per pupil revenues up to that ceiling without having to go to referenda. Use of the low-revenue ceiling is not required; rather, it is an option for districts to increase their revenues if they so choose. However, absent action in each biennium, the low-revenue ceiling will remain at the FY09 figure (\$9,000) and assist few, if any, districts unless it is increased each year.

The low-revenue ceiling continues to provide the state's lowest spending districts with the opportunity to narrow the disparity with the highest spending districts. 2009 Wisconsin Act 28, the 2009-11 biennial budget, held the low-revenue ceiling at \$9,000 per pupil in FY10 and FY11. The Act restored the low-revenue ceiling to \$9,800 per pupil in FY12 and FY13. This provision results in no state fiscal impact in the 2011-13 biennium. However, this current-law increase would allow over 100 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 \$20-40 million in additional revenue limit authority over the 2011-13 biennium..

To help soften the projected property tax impact in the 2011-13 biennium, the department is proposing to change the current-law increase in the low-revenue ceiling to \$9,800 by phasing-in the increase at \$9,400 in FY12 and the \$9,800 in FY13.

Predictable Increases In State General School Aids

As part of the “Fair Funding for Our Future” proposal, the State Superintendent has promoted predictability and sustainability in the growth in state aids every year. The department’s proposal provides that state school aids should grow by some predictable level every year. State school aids have varied widely in recent years, leading to significant unpredictability for leaders in local school districts.

Table 1. Trends in Equalization Aid, FY06-FY11

| | Total Equalization Aids* | Dollar Change to Prior Year | % Change to Prior Year |
|------|--------------------------|-----------------------------|------------------------|
| FY06 | \$4,613,945,900 | | |
| FY07 | \$4,722,745,900 | \$108,800,000 | 2.36% |
| FY08 | \$4,722,745,900 | \$0 | 0.00% |
| FY09 | \$4,799,501,900 | \$76,756,000 | 1.63% |
| FY10 | \$4,652,500,000 | -\$147,001,900 | -3.06% |
| FY11 | \$4,652,500,000 | \$0 | 0.00% |

*Includes federal state fiscal stabilization fund support in FY09 and FY10

While some argue that state school aids should increase by a predictable increase each year, such as two percent, others argue that state school aids should increase by a valid and reliable measure of economic growth and activity, such as the CPI. The CPI is defined by the United States Bureau of Labor Statistics as "a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services."

Under current law, revenue limits are linked to CPI as defined in s. 73.0305, Wis. Stats.

By linking the growth in school aids to the CPI or two percent, whichever is greater, school districts and school boards will gain additional predictability allowing them to better plan and structure their budgets in a timely and efficient manner.

Statutory Language

The department is proposing statutory language related to this request.

**DEPARTMENT OF PUBLIC INSTRUCTION
2011-13 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

☒ Draft for Possible 2011-13 Budget Bill Introduction (*Agency Decision Item No. 6000*)

Subject: Fair Funding for Our Future: School Finance Reform

Request Date: November 15, 2010

Agency Contact: Mike Bormett, 266-2804

Brief Description of Intent:

To implement the State Superintendent's "Fair Funding for Our Future" (Fair Funding) school finance reform package and formula changes, the department requests the following:

- Create a new GPR sum sufficient appropriation [General equalization aids – hold harmless; s. 20.255 (2) (af), Wis. Stats.] in FY13. This hold harmless aid, paid as general equalization aid under revenue limits, assures no district receives less aid in FY13 than it received in FY12 from the following three payment streams: general equalization aid, high poverty aid, and School Levy Tax Credit (SLTC)/First Dollar Credit (FDC);
- Transfer the \$897,400,000 GPR combined from the SLTC (\$747,400,000) and the FDC (\$150,000,000) into general equalization aids beginning with the FY13 state aid payments. However, since the current SLTC and FDC are paid to municipalities in the subsequent state fiscal year, the general equalization aids appropriation [s. 20.255 (2) (ac), Wis. Stats.] will not reflect the transfer until FY14. The department proposes to have the SLTC and FDC amount paid to school districts from the FY14 appropriation and then reflected as a FY13 general equalization aid payment, similar to how the existing \$75 million delayed equalization aid payment works in s. 121.15 (1m), Wis. Stats.;
- Maintain the high poverty aid program at its current funding level for FY12. However, in FY13, the department proposes elimination of this program and the transfer of the base level funding of \$18.7 million into the general equalization aids appropriation [s. 20.255 (2) (ac), Wis. Stats.];
- Guaranteeing a minimum amount of state funding for every student (\$3,000), providing vital resources to the 54 school districts that currently receive little or no state aid;
- Incorporating a poverty-factor into the formula (20 percent), accounting for family's ability to pay - not just their property value. Specifically, Fair Funding will add 20 percent, or 0.20 FTE, to a district's pupil count for each free and reduced-priced lunch (FRL)-eligible pupil. Increasing a district's pupil count will generally reduce its property value per pupil which will, in turn, drive more state school aid to the district through the equalization aid formula.
- Increase the secondary cost ceiling from 90 percent of the prior year statewide shared cost per member to 100 percent;
- Increase the special adjustment aid from 85 percent to 90 percent of the prior year general aid payment;
- A statutory language change to modify both the per pupil revenue limit adjustment and three revenue limit exemptions that are scheduled to take effect in the 2011-13 biennium. Specifically: 1) maintain the per pupil revenue limit adjustment at \$200 per pupil in FY12 and increase by the Consumer Price Index (CPI) in FY13, and; 2) delay the effective date of the nursing, transportation and school safety revenue limit exemptions that were passed in 2009 Wisconsin Act 28 from FY12 to FY14;
- To modify the increase in the per pupil low-revenue ceiling amount that was passed in 2009 Wisconsin Act 28 so that it is phased-in at \$400 annually, to \$9,400 in FY12 and to \$9,800 in FY13;

- A statutory language change to create a minimum annual increase in state school aids equal to the CPI as defined in current law or two percent, whichever is greater, beginning in the 2013-14 school year.

Related Stat. Citations:

- General equalization aids – s. 20.255 (2) (ac), Wis. Stats.
- School formula changes (new hold harmless aid, minimum aid/pupil, poverty/income weighting, secondary cost ceiling) – Subchapter II, Chapter 121, Wis. Stats.
- Special adjustment aid – s. 121.105, Wis. Stats.
- SLTC/FDC transfer in FY13 – s. 20.835 (3) (b), Wis. Stats.; s. 79.10 (4) and (5m), Wis. Stats., current \$75 million delayed payment s. 121.15 (1m), Wis. Stats.
- Delete high poverty aid in FY13 – s. 20.255 (2) (bb), Wis. Stats.; s. 121.136, Wis. Stats.
- Per pupil revenue limit adjustment – s. 121.91 (2m) (r) 1. b., Wis. Stats.
- Delay three revenue limit exemptions to the 2013-14 school year – Section 9339 (6) (a) of 2009 Wisconsin Act 28
- Low-revenue ceiling phase-in to \$9,800 – s. 121.905 (1), Wis. Stats.

DPI 2011-13 BIENNIAL BUDGET REQUEST

DECISION ITEM 6004 – FAIR FUNDING FOR OUR FUTURE: CATEGORICAL AID REFORM

205 – Grants for advanced placement courses

s. 20.255 (2) (fw)

213 – Supplemental aid

s. 20.255 (2) (ad)

217 – Every child a graduate grants (New)

s. 20.255 (2) (bs)

219 – Grants for preschool to grade 5 programs

s. 20.255 (2) (do)

230 – Aid for children-at-risk programs

s. 20.255 (2) (bc)

251 – Grants for nursing services

s. 20.255 (2) (dL)

253 – Supplemental special education aid

s. 20.255 (2) (be)

276 – Alternative education grants

s. 20.255 (2) (cf)

278 – Grants for alcohol & other drug abuse prevention & intervention programs

s. 20.255 (2) (dm)

280 – English for Southeast Asian children

s. 20.255 (2) (ce)

283 – Grants for science, technology, engineering, and mathematics programs

s. 20.255 (2) (fz)

| FISCAL SUMMARY | | |
|------------------|--------------------|--------------------|
| | 2011-12 Request | 2012-13 Request |
| Requested Aid | \$20,824,900 | \$22,567,000 |
| Less Base | \$22,024,900 | \$22,024,900 |
| Requested Change | -\$1,200,000 | \$542,100 |

Request/Objective

The department requests -\$1,200,000 GPR in FY12 and \$542,100 GPR in FY13 to reform categorical aid funding for public school districts in Wisconsin and establish a new categorical aid program focused on increasing graduation rates and reducing dropout rates in targeted districts throughout Wisconsin.

Background/Analysis of Need

At over 89 percent, Wisconsin has one of the highest high school graduation rates in the nation; however, the department's agenda is Every Child a Graduate. State Superintendent Evers has said: "We should not be satisfied that, on average, most Wisconsin children graduate. Our goal must be that **every** Wisconsin child graduates ready to succeed in higher education, the workplace, and life."

While 65,000 public school pupils in our state graduate each year, almost 7,000 drop out. Between pupils who drop out and those who graduate there are large disparities by race, ethnicity, disability, and socio-economic status:

- African American pupils are six times more likely to drop out than white pupils in Wisconsin. For the class of 2008, one in three Black pupils failed to earn a diploma, one of the largest graduation gaps in the country.
- American Indian and Hispanic pupils are four times more likely to drop out than white pupils in Wisconsin. For the class of 2008, one in four American Indian and Hispanic pupils failed to graduate.
- Pupils with disabilities and economically disadvantaged pupils are twice as likely as their peers to drop out.
- Pupils who have been expelled are ten times more likely to drop out.

While nearly every school district can work to improve graduation and dropout rates, some of the most pervasive graduation and dropout issues are limited to about 10-15 percent of Wisconsin school districts.

For example:

- In 2008-09, 50 of Wisconsin's 425 school districts, or 12 percent of districts, had graduation rates below the statewide average of 89 percent.
- On average, about 50 percent of Wisconsin dropouts are located in one district (Milwaukee Public Schools). 60 percent of Wisconsin's dropouts are concentrated in 10-11 school districts, and 80 percent are located in approximately 50 school districts across the state.

In March 2010, State Superintendent Evers convened the first ever Graduation Summit, in partnership with the America's Promise Alliance, focused on providing targeted technical assistance to over 50 Wisconsin school districts with the highest dropout rates in the state. As part of that summit, State Superintendent Evers reiterated his commitment to Every Child a Graduate, and expressed his commitment to providing Wisconsin school districts the flexibility necessary to promote innovative local approaches that show promise in increasing graduation rates. He promoted **investing early to identify pupils who begin to demonstrate early warning signs of dropping out, and offering them effective prevention, intervention, and later, recovery programs** to keep them in school and on a pathway to success.

As a means of providing such technical assistance and investment, the department is requesting to collapse some of its current categorical aids and instead target these existing funds to advance graduation outcomes in those districts with the most persistent graduation and dropout issues.

This new categorical aid, Every Child a Graduate (ECAG) grants, is to begin in FY13 and will be in the form of multi-year competitive grants. The department proposes to use \$20 million GPR to fund the program in FY13 (\$542,100 new GPR, the rest is reallocated from the department's current base level categorical aid funding). The purpose of the grants will be to increase statewide and district-wide graduation rates in targeted districts throughout Wisconsin so that every Wisconsin child graduates ready for success.

Consolidation of Categorical Aids

The department worked for several months during 2010 to develop proposals around the consolidation of categorical aids and the establishment of a new categorical aid to improve graduation and dropout rates. As a result of those efforts, the department has identified the following ten GPR categorical aids for consolidation (almost one-third of the total) to fund ECAG grants, representing \$19,457,900 GPR in FY13, or approximately 3.25 percent of all GPR categorical aids.

| Categorical Aid | FY13 Appropriation to be Consolidated |
|---|--|
| Preschool – Grade 5 (P-5) | -\$7,096,400 |
| AODA Prevention Grants | -\$4,361,800 |
| Children At Risk | -\$3,377,500 |
| Alternative Education Grants (phased-out) | -\$2,258,000 |
| Special Education – Supplemental | -\$1,750,000 |
| Grants for Nursing Services | -\$241,200 |
| Supplemental Aid | -\$120,600 |
| Advanced Placement Grants | -\$96,500 |
| English for Southeast Asian Pupils | -\$96,500 |
| STEM Grants | -\$59,400 |
| Total | -\$19,457,900 |

The department believes that consolidating these ten categorical aids into the new ECAG grants will permit the state to better leverage these existing education dollars to directly address graduation and dropout problems in a targeted cohort of school districts. While each of the ten identified categorical aids have worthy goals and impacts, each is too small and disparate to effectively impact broader statewide efforts in their respective programs. The targeted ECAG grants have the potential to “move the needle” on graduation and dropout rates in those districts that have the largest identified problems.

For two of the listed grants, the department is proposing changes in addition to, or in place of, full program consolidation in FY13:

- **Preschool-Grade 5 (P-5):** There are 38 schools currently receiving P-5 program grants. One of the requirements of P-5 is to limit class sizes. As part of the proposal to consolidate the P-5 program funding in FY13, the department is also proposing a one-time window for FY12 P-5 schools that are in P-5 in FY12 to apply to become a Student Achievement Guarantee in Education (SAGE) school in FY13. SAGE is a class size reduction grant program and under current law there is no opportunity for a new school to enter into a SAGE contract. A school cannot receive both P-5 and SAGE grants.
- **Alternative Education (Alt Ed):** The department is proposing to phase-out Alt Ed grants. Alt Ed grants are awarded for five years, per administrative rule. Under this proposal, the department will continue to honor the existing Alt Ed grants that have been awarded to districts, while not awarding any new Alt Ed grants in FY12. Under this proposal, the department will reduce the Alt Ed appropriation by \$1,200,000 in FY12 and \$2,258,000 in FY13 from the FY11 base. These reductions will leave funds in the appropriation each year to cover the costs of the existing Alt Ed grants. The department will continue to phase-out the Alt Ed grants with the final grant payments occurring in FY15.

Every Child A Graduate Grants

Funding level: The proposed funding level is \$20 million GPR beginning in FY13.

Length of grant awards: The ECAG grants will be competitive, multi-year grants. This recommendation is based on the fact that strategies will take several years to make an impact on the graduation/dropout rate, and that a multi-year timeframe will allow districts to focus on middle school and transition years as well as high school strategies.

Eligible pool of applicants: The department recommends that the program be targeted to districts with persistently low graduation rates and persistently high dropout rates/numbers. Eligible districts are those persistently performing in the lowest 5 percent of districts for graduation rates, dropout rates, or dropout numbers over a rolling three year period. Districts could qualify by meeting one of the three thresholds.

Based on an initial analysis of current data, approximately 40 urban and rural districts could be eligible to apply for funding under this proposal. The targeted eligibility list will change as the graduation and dropout information will change each year. For the first year, it is proposed that data from the 2007-08, 2008-09 and 2009-10 school years be used to establish grant eligibility. It is not certain that 2010-11 data will be finalized in time to establish the eligibility pool in FY12 so that districts have time to complete ECAG grant applications.

Grant parameters and activities: The department recommends a “tight on ends, loose on means” approach that would allow local districts to advance the strategies that they believe would be most effective at advancing graduation outcomes. The goal of the grant is to substantially increase graduation outcomes by the end of the grant period. A district may apply to the department for funding to pursue a district-developed, evidence-based strategy that is designed to significantly increase the district’s graduation rate and reduce the district’s dropout rate. Through this grant program, the department encourages districts to propose innovative strategies aligned to local needs. As a result, mandated program requirements will be minimal, but continued funding levels will be based on results.

To be eligible for the grant, a district would need to perform a robust data analysis and needs assessment focused on diagnosing the reasons behind the district’s low graduation rates and high numbers/rates of dropouts. The district’s grant proposal must directly address the issues identified in the data analysis/needs assessment and incorporate accountability for meeting annual “on track” indicators based on both state-required and locally-identified needs.

Finally, a district may be requested to meet state-developed assurances, as developed in rule, in order to be eligible for the grant. At a minimum, these could include:

- Offering educational services to expelled pupils; and
- Requiring pupils to earn a minimum of 21 credits for a high school diploma.

Grant deliverables: Districts awarded an ECAG grant must demonstrate significant improvement by the end of the grant period. Districts must report annually their graduation and dropout rates/numbers disaggregated by subgroup to demonstrate progress toward this goal. Districts must also measure, report, and demonstrate improvement on annual “on track” indicators which research has demonstrated contribute to increased graduation outcomes. These annual “on track” indicators must include, but are not limited to:

- Number of pupils passing core courses and earning sufficient credits to graduate high school.
- Attendance.
- Other locally determined indicators as determined through a district data analysis and needs assessment (i.e. suspension and/or expulsion reduction, etc.).

Additional grant details are to be defined in rule.

Grant design and funding: The department recommends establishing by rule a process for awarding grants to districts. A district may apply for the amount of funding necessary to accomplish the goals set out in its proposal, up to a maximum funding level prescribed in rule. A district’s proposal must commit to some local maintenance of effort, and describe in its proposal how the district will maintain funding for the program in the event that funding is reduced, either through program design (i.e. descending funding levels) or as a result of penalties for failing to meet “on-track” indicators.

To advance accountability for performance, the department proposes to establish a variable funding model that provides a set funding amount in the first year, and a variable funding model in subsequent years based on whether a district meets or misses its annual “on track” indicators. Districts that meet indicators may be eligible for additional bonus or incentive funds to continue to scale up successful programs, while districts that are not meeting targets may have funding reduced. Districts that receive additional bonus funds must commit those resources to advancing graduation outcomes and cannot supplant other funding.

Statutory Language

The department is proposing statutory language related to this request.

**DEPARTMENT OF PUBLIC INSTRUCTION
2011-13 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

☒ Draft for Possible 2011-13 Budget Bill Introduction (*Agency Decision Item No. 6004*)

Subject: Fair Funding for Our Future: Categorical Aid Reform

Request Date: November 15, 2010

Agency Contact: Mike Bormett, 266-2804

Brief Description of Intent:

The department proposes to reform categorical aid funding for public school districts in Wisconsin and establish a new categorical aid program focused on increasing graduation rates and reducing dropout rates in targeted districts throughout Wisconsin. In FY13, the department proposes to consolidate or phase-out ten existing categorical aids and create a new Every Child A Graduate (ECAG) grant program.

Consolidation of Categorical Aids

The department has identified the following ten GPR categorical aids for consolidation in FY13. Both the Chapter 20 and implementing program language should be deleted, except for Alternative Education grants per the phase-out provision described below.

- Preschool – Grade 5 (P-5)
- AODA Prevention Grants
- Children At Risk
- Alternative Education Grants (phased-out)
- Special Education – Supplemental
- Grants for Nursing Services
- Supplemental Aid
- Advanced Placement Grants
- English for Southeast Asian Pupils
- STEM Grants

The department is also proposing a one-time window for FY12 P-5 schools to apply to become a Student Achievement Guarantee in Education (SAGE) school in FY13.

The department is proposing to phase-out Alternative Education (Alt Ed) grants. Alt Ed grants are awarded for five years, per administrative rule. Under this proposal, the department will continue to honor the existing Alt Ed grants that have been awarded to districts, while not awarding any new Alt Ed grants in FY12. Under this proposal, the department will reduce the Alt Ed appropriation by \$1,200,000 in FY12 and \$2,258,000 in FY13 from the FY11 base. These reductions will leave funds in the appropriation each year to cover the costs of the existing Alt Ed grants. The department will continue to phase-out the Alt Ed grants with the final grant payments occurring in FY15.

Every Child A Graduate Grants

Funding level: The proposed funding level is \$20 million GPR beginning in FY13.

Length of grant awards: The ECAG grants will be competitive, multi-year grants.

Eligibility: The program is targeted to districts with persistently low graduation rates and persistently high dropout rates/numbers. Eligible districts are those persistently performing in the lowest 5 percent of districts for graduation rates, dropout rates, or dropout numbers over a rolling three year period. Districts could qualify by meeting one of the three thresholds. For the first year, it is proposed that data from the 2007-08, 2008-09 and 2009-10 school years be used to establish grant eligibility.

Grant parameters and activities: The goal of the grant is to substantially increase graduation outcomes by the end of the grant period. A district may apply to the department for funding to pursue a district-developed, evidence-based strategy that is designed to significantly increase the district's graduation rate or reduce the district's dropout rate. Through this grant program, the department encourages districts to propose innovative strategies aligned to local needs. As a result, mandated program requirements will be minimal, but continued funding levels will be based on results.

Grant deliverables: Districts awarded an ECAG grant must demonstrate significant improvement by the end of the grant period. Districts must report annually their graduation and dropout rates/numbers disaggregated by subgroup to demonstrate progress toward this goal. Districts must also measure, report, and demonstrate improvement on annual "on track" indicators which research has demonstrated contribute to increased graduation outcomes. These annual "on track" indicators must include, but are not limited to:

- Number of pupils passing core courses and earning sufficient credits to graduate high school.
- Attendance.
- Other locally determined indicators as determined through a district data analysis and needs assessment (i.e. suspension and/or expulsion reduction, etc.).

Grant design and funding: The department proposes to establish a variable funding model that provides a set funding amount in the first year, and a variable funding model in subsequent years based on whether a district meets or misses its annual "on track" indicators. A district may apply for the amount of funding necessary to accomplish the goals set out in its proposal, up to a maximum funding level prescribed in rule. A district's proposal must commit to some local maintenance of effort, and describe in its proposal how the district will maintain funding for the program in the event that funding is reduced, either through program design (i.e. descending funding levels) or as a result of penalties for failing to meet "on-track" indicators.

The department will establish other, and more specific, ECAG grant program criteria through administrative rule.

Related Stat. Citations:

- Consolidate the following categorical aids in order to create a new ECAG grant program and repeal the corresponding statutory language:
 - Supplemental aid – ss. 20.255 (2) (ad) and 115.435, Wis. Stats.
 - Aid for children-at-risk programs – ss. 20.255 (2) (bc) and 118.153, Wis. Stats.
 - Supplemental special education aid – ss. 20.255 (2) (be) and 115.883, Wis. Stats.
 - English for Southeast Asian children – ss. 20.255 (2) (ce) and 115.28 (35), Wis. Stats.
 - Grants for nursing services – ss. 20.255 (2) (dL) and 115.28 (47), Wis. Stats.
 - Grants for alcohol & other drug abuse prevention & intervention programs – ss. 20.255 (2) (dm) and 115.361, Wis. Stats.
 - Grants for preschool to grade 5 programs – ss. 20.255 (2) (do) and 115.45, Wis. Stats.
 - Grants for advanced placement courses – ss. 20.255 (2) (fw) and 115.28 (45), Wis. Stats.
 - Grants for science, technology, engineering, and mathematics programs – ss. 20.255 (2) (fz) and 115.28 (46), Wis. Stats.
- Create s. 20.255 (2) (bs), Wis. Stats., appropriation language to establish the new ECAG grants.
- Create language in ch. 115, Wis. Stats., to establish the ECAG grant program.

- Create language under s. 118.43, Wis. Stats., to provide a SAGE eligibility window for P-5 schools to participate in the SAGE program in FY13.
- Amend ss. 20.255 (2) (cf) and 115.366, Wis. Stats., to specify that no new Alternative Education grants will be awarded after FY11, but existing contracts will continue to be funded through FY15.

DPI 2011-13 BIENNIAL BUDGET REQUEST

DECISION ITEM 6005 – SUPPORTING PARENTAL OPTIONS

218 – Charter schools

s. 20.255 (2) (fm)

235 – Milwaukee parental choice program

s. 20.255 (2) (fu)

271 – Aid for transportation; open enrollment

s. 20.255 (2) (cy)

| FISCAL SUMMARY | | |
|------------------|--------------------|--------------------|
| | 2011-12 Request | 2012-13 Request |
| Requested Aid | \$199,546,200 | \$214,786,500 |
| Less Base | \$188,668,500 | \$188,668,500 |
| Requested Change | \$10,877,700 | \$26,118,000 |

Request/Objective

The department requests an increase of \$7,480,000 GPR in FY12 and \$14,078,600 GPR in FY13 to fully fund the Milwaukee/Racine Charter Schools Program (MRCSP) under s. 118.40 (2r), Wis. Stats.

The department requests \$3,298,300 GPR in FY12 and \$11,820,200 GPR in FY13 to continue to fund the Milwaukee Parental Choice Program (MPCP) under s. 119.23, Wis. Stats.

In addition to a reestimate of the total costs of the MPCP for the 2011-13 biennium, this request includes a change in the state's share of funding for the program from the current 61.6 percent to 70 percent of the annual cost of the program in FY13.

The department requests \$99,400 GPR in FY12 and \$219,200 GPR in FY13 to maintain the transportation aid for open enrollment pupils at a proration level of 27.1 percent (the estimated level for FY11).

Background/Analysis of Need

Milwaukee/Racine Charter School Program

| FISCAL SUMMARY | | |
|------------------|--------------------|--------------------|
| | 2011-12 Request | 2012-13 Request |
| Requested Aid | \$63,605,000 | \$70,203,600 |
| Less Base | \$56,125,000 | \$56,125,000 |
| Requested Change | \$7,480,000 | \$14,078,600 |

Aid for the MRCSP is paid from a separate sum sufficient charter school appropriation. Through the 2009-11 biennium, 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 424 public school districts. Changes enacted in 2009 Wisconsin Act 28 provide that this proportional reduction in general school aids for all school districts related to the MRCSP will be capped at the amount of the reduction taken in FY11. Beginning in FY12 and in future years, expenditures for the MRCSP above the FY11 reduction amount will be funded 100 percent from the general fund.

In short, the department estimates the total number of pupils expected to enroll in MRCSP schools each year and then totals these funds together for an overall MRCSP figure. The department then calculates the percentage reduction (estimated to be 1.2 percent of all general school aids in FY11) and deducts this amount from each school district's aid entitlement and shows it on each school district's aid worksheet each year. 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 FY12 and beyond, the general fund will make-up any difference in the amount of need for the MRCSP and the amount of aid withheld from school districts across the state.

The state also 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.

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.

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 nor is there any limit on the total number of pupils allowed to enroll in them.

There are 19 charter schools participating in the MRCSP for the 2010-11 school year, as shown in Table 1 below.

Table 1

| Charter School Authorizer | Charter School | Grades |
|---------------------------|--|--------|
| City of Milwaukee | Central City Cyberschool | K4-8 |
| City of Milwaukee | Darrell L. Hines Academy | K4-8 |
| City of Milwaukee | Downtown Montessori Academy | K4-8 |
| City of Milwaukee | King's Academy School | K4-8 |
| City of Milwaukee | Milwaukee Academy of Science | K4-11 |
| UW-Milwaukee | Business and Economics Academy of Milwaukee (BEAM) | PK-8 |
| UW-Milwaukee | Bruce Guadalupe Community School | K3-8 |
| UW-Milwaukee | Capitol West Academy | K4-8 |
| UW-Milwaukee | Milwaukee College Preparatory School – Main Campus | K4-8 |
| UW-Milwaukee | Milwaukee College Preparatory School – Lindsey Heights | K4-8 |
| UW-Milwaukee | Milwaukee Renaissance Academy | 6-12 |
| UW-Milwaukee | School for Early Development and Achievement | K3-2 |
| UW-Milwaukee | Seeds of Health Elementary | K4-7 |
| UW-Milwaukee | Tenor High School | 9-12 |
| UW-Milwaukee | Urban Day School | K3-8 |
| UW-Milwaukee | Veritas High School | 9-12 |
| UW-Milwaukee | Woodlands School | K4-8 |
| UW-Milwaukee | YMCA Young Leaders Academy | K4-8 |
| UW-Parkside | 21st Century Preparatory School | K4-8 |

Three additional charter schools have been authorized to participate in the MRCSP for the 2011-12 school year. These schools are shown in Table 2 below:

Table 2

| Charter School Authorizer | Charter School | Grades |
|---------------------------|------------------------------------|--------|
| City of Milwaukee | CEO Leadership Academy | 9-12 |
| City of Milwaukee | Garden Homes Montessori School | K4-6 |
| City of Milwaukee | Milwaukee Math and Science Academy | K-12 |

One charter school will be transitioning to Milwaukee Public Schools (MPS) and will no longer be authorized to participate in the MRCSP for the 2011-12 school year. This school is shown in Table 3 below:

Table 3

| Charter School Authorizer | Charter School | Grades |
|---------------------------|--|--------|
| UW-Milwaukee | Business and Economics Academy of Milwaukee (BEAM) | PK-8 |

Table 4 below shows the state's history of funding the MRCSP since its inception in FY99 and estimated payments for 2011-13:

Table 4

| Fiscal Year | MRCSP Pupils | MRCSP Per Pupil State Aid Payment | School Districts Aid Reduction (includes Racine School District payment) | General Fund (GPR) Payments | Total Payments |
|----------------|--------------|-----------------------------------|--|-----------------------------|----------------|
| 1998-99 | 55 | \$6,062 | \$350,000 | \$0 | \$350,000 |
| 1999-00 | 193 | 6,272 | 1,210,000 | 0 | 1,210,000 |
| 2000-01 | 1,590 | 6,494 | 9,160,000 | 0 | 9,160,000 |
| 2001-02 | 2,031 | 6,721 | 13,750,000 | 0 | 13,750,000 |
| 2002-03 | 3,402 | 6,951 | 24,212,000 | 0 | 24,212,000 |
| 2003-04 | 3,600 | 7,050 | 26,400,000 | 0 | 26,400,000 |
| 2004-05 | 4,066 | 7,111 | 29,949,700 | 0 | 29,949,700 |
| 2005-06 | 4,629 | 7,519 | 35,465,100 | 0 | 35,465,100 |
| 2006-07 | 4,830 | 7,669 | 39,900,000 | 0 | 39,900,000 |
| 2007-08 | 5,487 | 7,669 | 44,492,300 | 0 | 44,492,300 |
| 2008-09 | 5,296 | 7,775 | 48,350,000 | 0 | 48,350,000 |
| 2009-10 | 6,165 | 7,775 | 49,101,000 | 0 | 49,101,000 |
| 2010-11 (est.) | 7,200 | 7,775 | 57,296,100 | 0 | 57,296,100 |
| 2011-12 (est.) | 7,800 | 7,975* | 57,296,100** | 6,308,900 | 63,605,000 |
| 2012-13 (est.) | 8,400 | 8,179* | 57,296,100** | 12,907,500 | 70,203,600 |

*Will increase by the dollar value of the per pupil revenue limit adjustment. This table assumes a per pupil adjustment of \$200 in FY12 and \$204 in FY13, a 2 percent increase.

**In FY12 and FY13 funding from the school district aid reduction is limited to the FY11 payments of \$57,296,100. Any amount over the base amount will be funded from the general fund.

2009 Wisconsin Act 28 provided that the charter school pupil payment amount would remain at \$7,775 in each year of the 2009-11 biennium. Further, the act provided that, beginning with the 2011-12 school year, charter schools participating in the MRCSP, would receive a per pupil payment equal to the prior year's payment plus the per pupil adjustment allowable under revenue limits in the current year as authorized under s. 121.91 (2m), Wis. Stats.

2009 Wisconsin Act 28 specified that the per pupil adjustment would be \$275 in the 2011-12 school year, and would be adjusted by the change in the consumer price index (CPI) as under current law beginning in 2012-13 and annually thereafter (the adjustment would remain unchanged from the prior year if the CPI change is negative). In a separate decision, Decision Item 6000, the department is requesting that the per pupil adjustment be \$200 in FY12 and adjusted by the change in CPI in FY13.

Of the estimated amounts shown in Table 4 for FY12 and FY13, it is projected that the RUSD payment will be \$1,400,000 and \$1,500,000, respectively.

Milwaukee Parental Choice Program Reestimate and Funding Change

| FISCAL SUMMARY | | |
|------------------|--------------------|--------------------|
| | 2011-12 Request | 2012-13 Request |
| Requested Aid | \$135,359,300 | \$143,881,200 |
| Less Base | \$132,061,000 | \$132,061,000 |
| Requested Change | \$3,298,300 | \$11,820,200 |

Under current law, the state pays 61.6 percent of the total cost of the MPCP. MPS currently pays the remaining 38.4 percent of the MPCP through a reduction in its general equalization aid entitlement each year.

As allowed by state law, MPS generally increases its property tax levy to replace these reduced state general school aids, resulting in higher tax levies for its residents. While recent legislative changes have reduced MPS' aid reduction to pay for the MPCP, it is estimated MPS' share of paying for this program will likely increase from \$50.2 million in FY11 to roughly \$52 million in FY12 and \$55.2 million in FY13.

Under current law, the MPCP per student payment increases by the same percentage increase in state general school aid funding. However, elsewhere in its 2011-13 biennial budget request, Decision Item 6000, the department is recommending annual increases in general equalization aids of 2 percent and 4.77 percent, respectively, in FY12 and FY13. Thus, according to the department's budget, the estimated MPCP per pupil payment will increase by \$129 over its FY11 level (\$6,442) in FY12 and by an additional \$313 over its FY12 level in FY13.

While MPS formerly paid 100 percent of the costs of the MPCP from FY91 through FY99, it also was allowed to count MPCP pupils in its membership for purposes of calculating general equalization aid and revenue limits during that time. The 1999-2001 biennial budget removed MPCP pupils from MPS' membership calculation for school aid and revenue limit purposes, effective in FY00.

In the 2001-03 biennial budget bill, the law was changed to require the state to pay 55 percent of the MPCP, with MPS picking up the remaining 45 percent through a general aid reduction. The 2009-11 biennial budget changed the split to 54.6 percent state funding/41.6 percent MPS share in FY10 and 61.6 percent state funding/38.4 percent MPS share in FY11. Table 5 shows the state's history of funding the MPCP since its inception in FY91:

Table 5 – MPCP Funding History

| Fiscal Year | MPCP Pupils (FTE) | MPS Aid Reduction (\$ in millions) | Other School Districts Aid Reduction (\$ in millions) | Total MPCP Cost/Payments(\$ in millions) |
|-------------|-------------------|------------------------------------|---|--|
| 1990-91 | 300 | \$0.7 | \$0 | \$0.7 |
| 1991-92 | 512 | 1.4 | 0 | 1.4 |
| 1992-93 | 594 | 1.6 | 0 | 1.6 |
| 1993-94 | 704 | 2.1 | 0 | 2.1 |
| 1994-95 | 771 | 2.5 | 0 | 2.5 |
| 1995-96 | 1,288 | 4.6 | 0 | 4.6 |
| 1996-97 | 1,616 | 7.1 | 0 | 7.1 |
| 1997-98 | 1,497 | 7.0 | 0 | 7.0 |
| 1998-99 | 5,761 | 28.7 | 0 | 28.7 |
| 1999-00 | 7,575 | 19.5 | 19.5 | 39.1 |
| 2000-01 | 9,238 | 24.5 | 24.5 | 49.0 |
| 2001-02 | 10,497 | 26.7 | 0 | 59.4 |
| 2002-03 | 11,304 | 29.5 | 0 | 65.6 |
| 2003-04 | 12,882 | 33.9 | 0 | 75.3 |
| 2004-05 | 14,071 | 39.3 | 0 | 82.6 |
| 2005-06 | 14,514 | 42.2 | 0 | 91.3 |
| 2006-07 | 17,088 | 49.7 | 0 | 110.1 |
| 2007-08 | 18,558 | 54.1 | 0 | 119.5 |
| 2008-09 | 19,414 | 58.0 | 0 | 127.1 |
| 2009-10 | 20,194 | 54.1 | 0 | 130.1 |
| 2010-11 | 20,300 (est.) | 50.2 | 0 | 130.8 |

In FY11, state general aid alone will likely cover 68 percent of MPS' shared costs (after MPCP and reductions for the independent "2R" charter school deductions) and 75 percent of MPS' shared costs before such deductions are taken.

While the state currently pays for roughly 70-75 percent of MPS' shared costs in the current school aid formula, MPS' tax levy related to the MPCP is significant and should be addressed. In FY10, MPS' gross property tax levy was \$308 million, of which \$54 million (17% of the total) was directly tied to its share of funding the MPCP.

The department, therefore, recommends changing the current state funding split for the MPCP so that MPS residents do not pay more on a percentage basis in property taxes for an MPCP pupil than they do for an MPS pupil. The department requests the state share of funding the MPCP be increased from 61.6 percent to 70 percent of the annual cost of this program and that MPS' share be reduced from 38.4 percent to 30 percent beginning in FY13.

This proposal would increase MPS' general equalization aid indirectly by resulting in a smaller reduction than what it receives under current law. It would not provide MPS with any more money to spend since the additional aid it received would be inside its revenue cap. It would reduce the MPS property tax levy (and state school tax levies) by the same amount of the MPS general equalization aid increase. Lastly, it would not directly take away general equalization aids from any other school district.

Table 6 shows the funding commitment if current law was amended in FY13 to require the state to pay 70 percent of MPCP costs, and MPS to pay the remaining 30 percent of costs.

Table 6 – MPCP Funding Split Changed to 70% State, 30% Local in FY13

| Fiscal Year | MPCP Pupils (FTE) | FTE Payment | Total MPCP Payment | State Share (61.6% in FY12, 70% in FY13) | MPS Share (38.4% in FY12, 30% in FY13) |
|-------------|-------------------|-------------|--------------------|--|--|
| 2011-12 | 20,600 (est.) | 6,571 | \$135,359,304 | \$83,381,331 | \$51,977,973 |
| 2012-13 | 20,900 (est.) | 6,884 | \$143,881,224 | \$100,716,856 | \$43,164,367 |

In a separate decision, Decision Item 6000, \$18.7 million GPR is being removed from the high poverty aid appropriation in FY13 to be placed in the general equalization aid formula. Because the changes in the general aid formula will now account for poverty, there will not be a separate high poverty aid program. MPS had received approximately \$8 million annually from the high poverty aid program.

Table 7 shows the total state funding commitment if current law is amended in FY13 to require the state to pay 70 percent of MPCP costs, MPS to pay the remaining 30 percent of costs and the elimination of the high poverty aid program.

Table 7 – MPCP Funding Split Changed to 70% State, 30% Local, Eliminate High Poverty Aid in FY13

| Fiscal Year | MPCP Pupils (FTE) | FTE Payment | Total MPCP Payment | State Share (61.6% in FY12, 70% in FY13) | MPS Share (38.4% in FY12, 30% in FY13) | MPS High Poverty Aid | Total Net State Aid for MPCP |
|-------------|-------------------|-------------|--------------------|--|--|----------------------|------------------------------|
| 2011-12 | 20,600 (est.) | 6,571 | \$135,359,304 | \$83,381,331 | \$51,977,973 | \$8,000,000 | \$91,381,331 |
| 2012-13 | 20,900 (est.) | 6,884 | \$143,881,224 | \$100,716,856 | \$43,164,367 | \$0 | \$100,716,856 |

Table 8 shows how the state's financial commitment as well as MPS' financial commitment differs between current law and this budget request. Because no changes are made until FY13, no differences are noted until that time. It should be noted, however, that despite the high poverty aid program going away in FY13, if the state picks up 70 percent of the MPCP in FY13, it is expected that Milwaukee taxpayers would see a \$4.08 million property tax decrease.

Table 8 – Property Tax Impact in Milwaukee (Current Law vs. Budget Request)

| Fiscal Year | Current Law | | Budget Request | | Impact of Budget Request | |
|-------------|---------------------|-------------------|---------------------|-------------------|--|---------------------------------------|
| | State Share of MPCP | MPS Share of MPCP | State Share of MPCP | MPS Share of MPCP | Net Additional State School Aid to MPS | Net Lower Property Taxes in Milwaukee |
| 2011-12 | \$91,381,331 | \$43,977,973 | \$91,381,331 | \$43,977,973 | - | - |
| 2012-13 | \$96,630,834 | \$47,250,390 | \$100,716,856 | \$43,164,367 | \$4,086,023 | -\$4,086,023 |

Transportation Aid – Open Enrollment

| FISCAL SUMMARY | | |
|------------------|-----------------|-----------------|
| | 2011-12 Request | 2012-13 Request |
| Requested Aid | \$581,900 | \$701,700 |
| Less Base | \$482,500 | \$482,500 |
| Requested Change | \$99,400 | \$219,200 |

The parent of a pupil attending public school in a non-resident school district through open enrollment is responsible for transporting the pupil to and from school in the non-resident school district attended by the pupil. The only exception to this requirement applies when the individualized education program

(IEP) for a pupil with disabilities requires transportation. In this case, the non-resident school district is responsible for providing the transportation.

An open enrolled pupil who meets the income-eligibility guidelines for free or reduced price meals under the federal school lunch guidelines qualifies for reimbursement of transportation costs. Aid for transportation costs for families of low-income pupils helps ensure equal access to public school choice. Without the aid, low-income pupils who could not afford the transportation costs would not be able to open enroll into a non-resident school district.

Since the 2002-03 school year, claims have exceeded the appropriation and payments to parents have been prorated. The following table shows total claims and the proration rate for the last five years and the projections for the next three years.

| Year | Total Claims | Total Appropriation | Proration Rate | Families Submitting Claims | Percent Change in # of Families | Amount Claimed Per Family | Percent Change in Amount Claimed |
|-------------|--------------|---------------------|----------------|----------------------------|---------------------------------|---------------------------|----------------------------------|
| FY06 | \$697,944 | \$500,000 | 71.6% | 605 | | \$1,154 | |
| FY07 | \$897,569 | \$500,000 | 55.7% | 733 | 21.2% | \$1,225 | 6.1% |
| FY08 | \$1,010,389 | \$500,000 | 49.5% | 794 | 8.3% | \$1,273 | 3.9% |
| FY09 | \$1,011,911 | \$500,000 | 49.4% | 840 | 5.8% | \$1,204 | -5.3% |
| FY10 | \$1,475,946 | \$482,500 | 32.7% | 1,107 | 31.8% | \$1,333 | 10.7% |
| FY11 (est.) | \$1,779,162 | \$482,500 | 27.1% | 1,287 | 16.3% | \$1,382 | 3.7% |
| FY12 (est.) | \$2,145,725 | \$482,500 | 22.5% | 1,497 | 16.3% | \$1,433 | 3.7% |
| FY13 (est.) | \$2,587,405 | \$482,500 | 18.6% | 1,741 | 16.3% | \$1,486 | 3.7% |

*Percent increase in number of families and amount claimed per family based on the average annual increase from FY06 to FY10.

The department is requesting \$99,400 GPR in FY12 and \$219,200 GPR in FY13 as a means to maintain the proration of open enrollment transportation aid at the same level as in FY11.

| Year | Total Claims | Total Appropriation | Proration Rate |
|-------------|--------------|---------------------|----------------|
| FY12 (est.) | \$2,145,725 | \$581,900 | 27.1% |
| FY13 (est.) | \$2,587,405 | \$701,700 | 27.1% |

Statutory Language

The department is proposing statutory language related to the Milwaukee Parental Choice Program funding split in this request.

**DEPARTMENT OF PUBLIC INSTRUCTION
2011-13 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

☒ Draft for Possible 2011-13 Budget Bill Introduction (*Agency Decision Item No. 6005*)

Subject: Supporting Parental Options

Request Date: November 15, 2010

Agency Contact: Mike Bormett, 266-2804

Brief Description of Intent:

The department requests language to amend the funding split for the Milwaukee Parental Choice Program (MPCP) in FY13. Beginning in FY13, the state would be required to pay 70 percent of MPCP costs and the Milwaukee Public Schools (MPS) would be required to pay the remaining 30 percent of costs through a reduction in its general equalization aid entitlement.

The department also requests to clarify the MPCP per pupil payment calculation for FY14. Under current law, the MPCP per pupil payment increases annually by the same percent increase in general school aids. In other decisions in the department's biennial budget request (Decision Item 6000), the department is requesting to increase general school aids in FY14 by the current funds in the school levy tax credit appropriation. Such a movement will cause a substantial increase in general school aids in FY14. It is not the department's intent to have the MPCP funding level increase by the full percent change that this movement causes. Instead, the department requests the MPCP payment per pupil to increase in FY14 and beyond only by the increment of increase in general school aids, not including the addition of the school levy tax credit funds to the general school aids appropriation.

The department also requests elimination of MPCP first class city school levy aid under s. 121.137, Wis. Stats., in FY13. This provision is no longer needed with the department's proposed 70/30 funding split proposal for FY13 described above.

In a separate budget decision (Decision Item 6000), the department is proposing to eliminate the high poverty aid program under s. 121.136, Wis. Stats., in FY13. The department requests that the link between MPS' school tax levy and the high poverty aid program under s. 119.46, Wis. Stats., be deleted.

Related Stat. Citations:

Amend s. 121.08 (4) (b), Wis. Stats., to change the funding split of the MPCP to 70 percent state and 30 percent MPS beginning in FY13.

MPCP payments – s. 20.255 (2) (fu), Wis. Stats.

Amend the MPCP per pupil payment calculation for FY14 - s. 119.23 (4) (b), Wis. Stats.

First class city school levy aid - s. 121.137, Wis. Stats.

High poverty aid and MPS levy - s. 119.46, Wis. Stats.

DPI 2011-13 BIENNIAL BUDGET REQUEST

DECISION ITEM 6006 – GRANT PROGRAM FOR PEER REVIEW AND MENTORING

223 – Mentoring grants for initial educators
20.255 (2) (kg)

226 – Grant program for peer review and mentoring
s. 20.255 (2) (fk)

| FISCAL SUMMARY | | |
|------------------|--------------------|--------------------|
| | 2011-12 Request | 2012-13 Request |
| Requested Aid | \$1,785,200 | \$1,785,200 |
| Less Base | \$1,785,200 | \$1,785,200 |
| Requested Change | \$0 | \$0 |

Request/Objective

The department is requesting to consolidate the peer review and mentoring grant program and the mentoring grants for initial educators program into a single aid program focused on educator improvement and/or effectiveness. Beginning in FY13, districts could apply for a grant to:

- Evaluate initial and veteran teachers.
- Develop and implement strategies for intensive intervention and assistance for those educators who are underperforming.
- Implement new research based strategies to improve student achievement.

Background/Analysis of Need

Mentoring Grants for Initial Educators

| FISCAL SUMMARY | | |
|------------------|--------------------|--------------------|
| | 2011-12 Request | 2012-13 Request |
| Requested Aid | \$1,302,700 | \$0 |
| Less Base | \$1,302,700 | \$1,302,700 |
| Requested Change | \$0 | -\$1,302,700 |

Under s. 115.405 (2m) (b), Wis. Stats., funds are awarded to school districts, cooperative educational service agencies (CESAs), and private schools to support quality mentors for licensed first or second year initial educators who are employed by the eligible entity. The amount of the grant must be equal to the amount that the employer is spending to provide a mentor for the initial educator, but not more than \$375.

Because the statute is very limited as to what the funds can be used for (providing a mentor for each initial educator employed), the department is proposing to eliminate the program and consolidate it with the existing peer review and mentoring grant to provide for more flexibility on how the money can be used.

Grants for Peer Review and Mentoring

| FISCAL SUMMARY | | |
|------------------|--------------------|--------------------|
| | 2011-12 Request | 2012-13 Request |
| Requested Aid | \$482,500 | \$1,785,200 |
| Less Base | \$482,500 | \$482,500 |
| Requested Change | \$0 | \$1,302,700 |

Under s. 115.405 (1), Wis. Stats., school districts or CESAs may apply to the department for a grant to provide technical assistance and training for teachers to implement peer review and mentoring programs. The applicant must submit a plan describing how the funds will be allocated. There is a 20 percent matching requirement.

Chapter PI 38, Wis. Admin. Code, the rule implementing the grants for peer review and mentoring statute is specific as to how the grant monies must be used. Currently, the rule requires the grant funds to be used to meet the requirements under ch. PI 34, Wis. Admin. Code (provide ongoing orientation and seminars for initial educators to meet the required teacher standards and mentor involvement). Chapter PI 38, Wis. Admin. Code would be modified to allow school districts to develop and implement a peer assistance and review program to meet the goals listed above in this request.

Background

As stated above, the existing grant programs have specific requirements as to how the funding may be used and is geared towards supporting initial educators. This request would allow grant funds to be used for initial as well as experienced educators for exciting new initiatives and purposes.

In recent years, states across the country have adopted laws or policies to advance educator effectiveness. Many of these policies have involved changes to teacher and principal evaluation systems that incorporate student growth as a factor, and include multiple educator rating categories. Wisconsin's education stakeholders are currently working together and in partnership with the Council of Chief State School Officers (CCSSO) to develop a model educator evaluation system for the state which will be designed to ensure that Wisconsin's education workforce remains second to none.

While the model evaluation system is not yet completed, it is clear that any evaluation system will demonstrate that some educators may need additional support in order to reach their highest potential. In those circumstances, the state has a compelling interest to ensure that local districts have sufficient resources to implement improvement plans that will help educators, and ultimately, their students succeed.

Current law, s. 121.02 (1) (q), Wis. Stats., and s. PI 8.01 (2) (q), Wis. Admin. Code, requires each school board in the state to establish specific criteria and a systematic procedure to measure the performance of licensed school personnel. The written evaluation must be based on a board-adopted position description, including job related activities, and must include observation of the individual's performance. Evaluation must occur during the first year of employment and at least every third year thereafter. Each district is further required to ensure that evaluators have the training, knowledge and skills necessary to formally evaluate professional school personnel.

Statutory Language

The department is proposing statutory language related to this request.

**DEPARTMENT OF PUBLIC INSTRUCTION
2011-13 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

☒ Draft for Possible 2011-13 Budget Bill Introduction (*Agency Decision Item No. 6006*)

Subject: Grant Program for Peer Review and Mentoring

Request Date: November 15, 2010

Agency Contact: Mike Bormett, 266-2804

Brief Description of Intent:

The department requests, in FY13, statutory language regarding mentoring grants for initial educators under s. 115.405 (2m), Wis. Stats., be repealed. The department is proposing to eliminate the program and consolidate it with the existing grant program for peer review and mentoring under s. 115.405 (1), Wis. Stats. This consolidation will provide for more flexibility on how the money can be used.

The department requests that funds currently appropriated for the mentoring grants for initial educators under s. 20.255 (2) (kg), Wis. Stats., be moved to s. 20.255 (2) (fk), Wis. Stats., in FY13. Therefore, in FY13, s. 20.255 (2) (kg), Wis. Stats., can also be repealed.

No changes are suggested for the grant program for peer review and mentoring under s. 115.405 (1), Wis. Stats. Chapter PI 38, Wis. Admin. Code, the rule implementing the statute is specific as to how the grant monies must be used and will be modified to meet the initiatives under the decision item narrative.

Related Stat. Citations:

In FY13, repeal s. 115.405 (2m), Wis. Stats., relating to mentoring grants for initial educators.

In FY13, repeal s. 20.255 (2) (fk), Wis. Stats., relating to mentoring grants for initial educators.

DPI 2011-13 BIENNIAL BUDGET REQUEST

DECISION ITEM 6007 – BILINGUAL-BICULTURAL EDUCATION AID

207 – Bilingual-bicultural education aids
s. 20.255 (2) (cc)

216 – Bilingual-bicultural education aids; supplemental
s. 20.255 (2) (cd) - New

| FISCAL SUMMARY | | |
|-------------------------|---------------------|---------------------|
| | 2011-12 Request | 2012-13 Request |
| Requested Aid | \$10,066,700 | \$14,055,700 |
| Less Base | \$9,544,200 | \$9,544,200 |
| Requested Change | \$522,500 | \$4,511,500 |

Request/Objective

The department requests an increase of \$522,500 GPR in FY12 and \$1,111,500 GPR in FY13 to maintain the reimbursement rate at approximately 9.1 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.

The department requests \$3,400,000 GPR in FY13 to create a new annual appropriation to award up to \$100 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.

Background/Analysis of Need

Bilingual-Bicultural Education Aid

| FISCAL SUMMARY | | |
|------------------|--------------------|--------------------|
| | 2011-12 Request | 2012-13 Request |
| Requested Aid | \$10,066,700 | \$10,655,700 |
| Less Base | \$9,544,200 | \$9,544,200 |
| Requested Change | \$522,500 | \$1,111,500 |

Subchapter VII of ch. 115, Wis. Stats., governs bilingual-bicultural (BLBC) education, requiring districts to establish a program if they meet a certain threshold of LEP pupils from the same language group within a given school. Section 115.97, Wis. Stats., establishes the following thresholds:

- 10 or more students in grades K-3.
- 20 or more students in grades 4-8.
- 20 or more students in grades 9-12.

Districts required to offer programs must notify parents of eligible students and obtain consent before placing the student in a BLBC program.

Programs are required to use a bilingual certified teacher; however, if one is not available then districts may use an English as a Second Language (ESL) certified teacher and a bilingual aide with the permission of the State Superintendent. This exception does not apply to BLBC programs serving Spanish-speaking pupils.

A rigorous internal statistical analysis of state longitudinal data indicates that LEP students in a BLBC program progress significantly more quickly in English-language acquisition. By 10th grade the average LEP student in a BLBC program is a full proficiency level more advanced on the ACCESS exam than his or her peers. More importantly, while all LEP students generally acquire language more quickly in the early grades, the margin impact of the BLBC program actually increases throughout an LEP student's academic career.

The State Superintendent has requested increases in the bilingual-bicultural aid as part of the department's biennial budget request for several years. The State Superintendent's 2009-11 biennial budget request proposed a 23 percent increase in the appropriation in FY10 over FY09, and an additional 9 percent in FY11 over FY10. However, due to the state deficit, most categorical aids were reduced by 1 percent by the Governor and another 2.5 percent by the Legislature, resulting in a \$346,200 annual reduction in BLBC funding for 2009-11. Consequently, the FY10 appropriation was only sufficient to reimburse 56 districts at a rate of 9.7 percent. In FY11, it is anticipated that districts will be reimbursed at a rate of 9.1 percent of approved prior year costs. If approved, the department's funding request would continue to reimburse approximately 9.1 percent of school districts' approved prior year costs in FY12 and FY13.

Table 1 below illustrates the various levels of spending by the categorically aided districts during the 2008-2009 school year paid in FY10. Program costs vary from district to district due to, but not limited to:

- Number of students served and the impact on cost effectiveness.
- English-language proficiency level of students and range of proficiency levels among students in a classroom.
- Amount of previous schooling of LEP pupils.
- Staff/student ratio (both teacher/student and bilingual aide/student).
- Amount of instructional contact time.
- Instructional resources provided, e.g., texts, equipment, technology, native language materials/assessments.
- Type of program, such as in-class vs. pull-out programs.
- Cultural differences in learning.
- Degree of parental involvement, which, for LEP pupils, includes providing a home environment rich in the native language.
- Outreach and services to LEP pupils, immigrant children and youth, or refugee families.

Table 1: 2008-09 BLBC Program Costs and FY10 Reimbursements

| 2008-2009: Program Costs for Categorically Aided District Programs | | |
|---|---|-------------------|
| Average approved cost/LEP | | \$3,460 |
| Average state reimbursement/LEP | | \$335 |
| Lowest/highest approved costs/LEP | | \$565/ \$7,582 |
| No. of state reimbursed programs | | 56 |
| No. districts spending < \$1500/LEP student | | 9 |
| No. districts spending \$1500-\$3000/LEP student | | 25 |
| No. districts spending > \$3000/LEP student | | 22 |
| 2008-2009: Percentage of Reimbursement to Aided District Programs Paid in FY08 | | |
| % reimbursement to all aided districts except those receiving set-aside | Formula = $\frac{(9,544,200 - 250,000)}{96,009,054}$ | 9.6805% |

Table 2 contains demographics from the March 2009 *Census of Limited-English Proficient Students*, as well as the numbers of students and the language populations served in bilingual-bicultural program districts during 2008-2009.

Table 2: 2008-09 Language/Program Locations

| | |
|--|---|
| No. LEP students identified | 51,772 |
| No. LEP students served in state reimbursed programs | 27,663 |
| No. state reimbursed programs | 56 Algoma, Appleton, Baraboo, Barron, Beloit, Clinton, Clintonville, DC Everest, Delavan-Darien, Eau Claire, Edgerton, Elk Mound, Elkhorn, Fond du Lac, Franklin, Green Bay, Holmen, Howard-Suamico, Hudson, Janesville, Kaukauna, Kenosha, Kewaunee, LaCrosse, Lake Geneva J1, Lake Geneva-Genoa City UHS, Madison, Manitowoc, Marshall, Menasha, Menomonie, Middleton-Cross Plains, Milwaukee, Neenah, New London, Oak Creek-Franklin, Onalaska, Oshkosh, Racine, Rice Lake, Sauk Prairie, Sheboygan, Shorewood, Somerset, South Milwaukee, Stevens Point, Verona, Walworth J1, Waterloo, Waukesha, Wausau, Wautoma, Whitewater, Wisconsin Dells, and Wisconsin Rapids |
| No. LEP students (by language) served in state reimbursed programs | Spanish – 16,957; Hmong – 9,545; Korean – 105; Khmer – 88; Lao – 87; Mandarin – 86; Somali – 66; Albanian (Gheg) – 43; Tibetan – 43; and Russian – 11 |

Bilingual-Bicultural Education Aid; Supplemental

| FISCAL SUMMARY | | |
|------------------|--------------------|--------------------|
| | 2011-12 Request | 2012-13 Request |
| Requested Aid | \$0 | \$3,400,000 |
| Less Base | \$0 | \$0 |
| Requested Change | \$0 | \$3,400,000 |

Current law establishes LEP pupil thresholds that trigger required services and programs. Approximately 13 percent of districts meet the statutory threshold and provide the appropriate staff to be eligible to receive state bilingual-bicultural categorical aids. Approximately 53 percent of the LEP students in the state are served in these districts under a BLBC program. However, these districts almost always contain LEP pupils from other language groups or that are enrolled in schools that do not meet the statutory threshold. Districts are still required to serve these students under federal law, although they receive no state support to do so. 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, services for LEP pupils must be adequate, promoting not only language development but also academic proficiency.
- 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.

The state only aids students in a statutorily required BLBC program. In 2008-09, 47 percent of LEP pupils, or more than 24,000 LEP pupils statewide, received no state support. Assuming the number of LEP pupils continues to grow by approximately 12 percent each year, the number of “non-eligible” LEP pupils will be approximately 34,000 in FY13. Therefore, the department requests \$3,400,000 GPR in

FY13 to create a new annual appropriation to award up to \$100 per LEP pupil to districts that have LEP populations below the statutory threshold and thus do not qualify for categorical aid.

Table 3 provides a history of aided and non-aided districts and the numbers of LEP students identified.

Table 3: Historical Demographic Data – Aided and Non-Aided School Districts

| Fiscal Year | Number of Districts Offering Required Programs | Number of LEP Pupils Served | Census of All LEP Pupils | Difference |
|-------------|--|-----------------------------|--------------------------|------------|
| 1993-94 | 37 | 13,994 | 16,755 | 2,811 |
| 1994-95 | 37 | 14,883 | 18,258 | 3,375 |
| 1995-96 | 41 | 15,798 | 21,621 | 5,823 |
| *1996-97 | 41 | 17,326 | 23,340 | 6,014 |
| *1997-98 | 38 | 17,326 | 24,740 | 7,414 |
| 1998-99 | 37 | 17,941 | 25,382 | 7,441 |
| 1999-00 | 38 | 19,003 | 27,184 | 8,181 |
| 2000-01 | 41 | 20,300 | 29,377 | 9,077 |
| 2001-02 | 45 | 22,016 | 32,588 | 10,572 |
| 2002-03 | 43 | 22,136 | 34,199 | 12,063 |
| 2003-04 | 49 | 22,311 | 35,602 | 13,291 |
| 2004-05 | 49 | 24,672 | 39,255 | 14,583 |
| **2005-06 | 51 | 25,081 | 33,402 | 8,321 |
| **2006-07 | 52 | 26,331 | 40,752 | 14,421 |
| 2007-08 | 54 | 27,031 | 45,651 | 18,620 |
| 2008-09 | 56 | 27,633 | 51,772 | 24,109 |

*1997 and 1998 are estimates as they were transition years for data collection and census data was not available.

**2006 and 2007 were transition years for data collection through Individual Student Enrollment System (ISES).

Vincent v. Voight. In 2000, the State Supreme Court found the Wisconsin school finance system constitutional, so long as the legislature provided sufficient resources to ensure that all students are offered an equal opportunity for a sound, basic education. The Court specifically enumerated three classes of students to which the state had a special obligation for ensuring equitable opportunities: students with disabilities, economically disadvantaged students and ELLs.

“We further hold that Wisconsin students have a fundamental right to an equal opportunity for a sound basic education. An equal opportunity for a sound basic education is one that will equip students for their roles as citizens and enable them to succeed economically and personally. The legislature has articulated a standard for equal opportunity for a sound basic education in Wis. Stat. §§ 118.30(lg)(a) and 121.02(L) (1997-98) as the opportunity for students to be proficient in mathematics, science, reading and writing, geography, and history, and for them to receive instruction in the arts and music, vocational training, social sciences, health, physical education and foreign language, in accordance with their age and aptitude. An equal opportunity for a sound basic education acknowledges that students and districts are not fungible and takes into account districts with disproportionate numbers of disabled students, economically disadvantaged students, and **students with limited English language skills**. So long as the legislature is providing sufficient resources so that school districts offer students the equal opportunity for a sound basic education as required by the constitution, the state school finance system will pass constitutional muster.”

Vincent v. Voight (2000) **emphasis added**

Statutory Language

The department is proposing statutory language related to this request.

**DEPARTMENT OF PUBLIC INSTRUCTION
2011-13 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

☒ Draft for Possible 2011-13 Budget Bill Introduction (*Agency Decision Item No. 6007*)

Subject: Bilingual-Bicultural Education Supplemental Aid

Request Date: November 15, 2010

Agency Contact: Mike Bormett, 266-2804

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.
- Within a language group, 20 or more LEP pupils in grades 4 to 8 in elementary, middle or junior high school.
- 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 in FY13 to aid programs for LEP pupils that are not eligible under s. 115.97, Wis. Stats.

Related Stat. Citations:

Create s. 20.255 (2) (cd), Wis. Stats., and appropriate \$3,400,000 annually beginning in FY13 to create a new bilingual-bicultural categorical aid program to award up to \$100 per 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.

Under subch. VII of ch. 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.

DPI 2011-13 BIENNIAL BUDGET REQUEST

DECISION ITEM 6008 – COLLEGE AND CAREER READINESS AND ADAPTIVE ASSESSMENTS

211 – Pupil Assessment **s. 20.255 (2) (ds)**

| FISCAL SUMMARY | | |
|--------------------------|--------------------|--------------------|
| | 2011-12 Request | 2012-13 Request |
| Requested Funding | \$0 | \$3,237,400 |
| Less Base | \$0 | \$0 |
| Requested Change | \$0 | \$3,237,400 |

Request/Objective

The department requests \$3,237,400 GPR in FY13 to fund optional college and career readiness and adaptive assessments as part of the transition to SMARTER Balanced Assessment Consortium (SBAC) assessments in a new appropriation. The department proposes reimbursing school districts on a cost share basis for providing these supplemental assessments to pupils.

Background/Analysis of Need

Common Core Standards and future federal testing requirements

The Common Core State Standards Initiative is a state-led effort coordinated by the National Governors Association Center for Best Practices (NGACBP) and the Council of Chief State School Officers (CCSSO). The standards were developed in collaboration with teachers, school administrators, and experts, to provide a clear and consistent framework to prepare children for college and the workforce. The Common Core Standards outline the preparation in mathematics and English language arts that pupils need to be ready for college and careers.

The Common Core Standards reflect the knowledge and skills needed for success in entry-level college courses and in workforce training programs. They are clear, understandable, and consistent, containing rigorous content and application of knowledge through high-order skills. The standards are based on and aligned with evidence on college and workforce training expectations.

At a spring 2007 summit, business leaders shared their expectations for students graduating in the next five to ten years. The department recognized the need to keep schools and pupils competitive by adopting standards that prepare pupils for the workforce and college education and worked with the NGACBP and CCSSO to develop the Common Core Standards.

Wisconsin adopted the new Common Core Standards on July 14, 2010. Thirty eight states, the District of Columbia, and the U.S. Virgin Islands have adopted the standards through October 29, 2010. New standards by themselves do not impact pupils; curricula and assessments must be aligned to the standards to ensure their success and impact.

Wisconsin is a governing state in the SBAC. SBAC is a collection of 31 states that have been working collaboratively since December 2009 to develop a pupil assessment system aligned to a common core of academic content standards to apply for a Race-to-the-Top Assessment grant. Governing states, as defined by the U.S. Department of Education are those that (a) are members of only one consortium applying for a grant in the competition category, (b) have an active role in policy decision-making for the consortium, and (c) are committed to using the assessment system or program developed by the consortium. The consortium received an initial \$160 million federal grant from the U.S. Department of Education and a second grant for \$16 million.

The SBAC will develop an assessment system that measures the Common Core Standards and is aligned with federal accountability programs. Members of the SBAC have agreed to use the Consortium's tests as their federal accountability assessments beginning in the 2014-15 school year. Using common standards and assessments will make cross-state comparisons easier, showing how Wisconsin pupils stack up nationally.

The SBAC assessment system will include computer adaptive tests that consist of multiple choice questions, computer-enhanced items, and performance tasks. Computer adaptive testing adjusts the difficulty level of questions based on prior answers to accurately measure a pupils' knowledge. The system will provide benchmark tools and data to continuously guide instruction and provide classroom teachers with timely feedback. In addition pupils will have multiple opportunities to take the assessments. This ensures all pupils can be tested and provides further feedback to teachers and parents.

The SBAC assessment system will replace the Wisconsin Knowledge and Concepts Examination (WKCE) when it is rolled out. Until the new assessments are implemented, Wisconsin is required to administer the federally approved summative test (WKCE) used for accountability.

The SBAC assessment will not replace the Wisconsin Alternate Assessments for Students with Disabilities (WAA-SwD).

Current Wisconsin testing environment

The Wisconsin Student Assessment System (WSAS) consists of the WKCE general assessment for pupils working toward attainment of the Wisconsin state content standards and the WAA-SwD for approximately 1.0 percent of all pupils who are working toward attainment of the Wisconsin Extended Grade Band Standards.

In 1992-93, the department made available to districts examinations to evaluate the knowledge obtained by eighth and tenth graders. Participation by districts was voluntary in the 1992-93 school year, and required beginning in 1993-94.

1995 Act 27 added a fourth grade exam. Participation in this exam by school districts was voluntary in the 1995-96 school year, and required beginning in 1996-97.

The WKCE was administered in the past to approximately 190,000 pupils. Beginning in 2005-06, the WKCE-CRT was administered to roughly 500,000 pupils because of the expanded assessment requirements imposed on the state by No Child Left Behind (NCLB) which resulted in four new grades being added to the test (Grades 3, 5, 6, and 7). This addition of about 310,000 pupils represented an increase of 163.2 percent in the number of tests taken.

Federal and state assessment requirements overlap to a degree, but there are still significant differences. Those differences meant Wisconsin had to expand its testing efforts.

- **STATE:** Section 118.30, Wis. Stats., requires assessment in the fourth, eighth, and tenth grade in reading, language arts/writing, mathematics, science, and social studies. Section 121.02 (1) (r) requires assessment for third grade reading.
- **FEDERAL:** NCLB requires assessment of reading and mathematics in grades 3-8 and once in high school, and science assessment once at each level: elementary, middle, and high school.

The WAA-SwD assessment is completely standardized, electronically scored, and based on the development and use of Extended Grade Band Standards.

The Extended Grade Band Standards are designed to shape expectations for severely disabled pupils from the grade-level expectations of their chronological peers. This means that under the current exam

a cognitively disabled pupil would be tested on academic skills that stem directly from what his or her age-peers are learning. Expectations are modified, however, for the given abilities of the cognitively disabled pupils. This helps cognitively disabled pupils move beyond life skills learning and into the realm of academic achievement. For this reason, cognitively disabled pupils benefit from inclusion with typically-developing peers. Just as the WKCE tests what all pupils should know and be able to do, WAA-SwD tests what pupils with significant disabilities should know and be able to do.

In addition to their use for assessment purposes, Extended Grade Band Standards also guide instruction and curriculum planning for pupils with significant disabilities. These standards have been established in reading, mathematics, and science.

In addition to the assessment of academic content standards, the state also assesses how well English Language Learners (ELLs) are learning English. Assessing Comprehension and Communication in English for ELLs (ACCESS for ELLs®) is a large-scale test that addresses the English language development standards that form the core of Wisconsin's approach to instructing and testing ELL pupils. These standards incorporate a set of model performance indicators that describe the expectations educators have of ELL pupils' English proficiency at five different grade level clusters, assessing their progress with English listening, speaking, reading, and writing.

ACCESS for ELLs® measures language proficiency and does not assess content area knowledge, unlike the WKCE which assesses a pupil's comprehension in the content area.

Proposed changes

The change between the current and future assessments is significant. The current tests are administered once per year via paper and pencil. The future assessment system can be used multiple times throughout the year via a computerized bank of assessment tools. Rather than receiving data only once a year, districts will have data available throughout the year with more specific feedback at the pupil level. The assessments will enable the on-going use of data to monitor pupil progress throughout their K-12 experience and ensure that they are college and career ready when they graduate from high school.

The shift to computer based testing will be a major piece of the transition to the SBAC assessment. School districts will need to ensure they have the infrastructure to administer computer based testing.

Currently not every district has the technological capacity to implement computerized testing in all of their schools. The department's Fall 2009 Technology Survey indicated that at least 10 to 20 percent of all Wisconsin local education agencies did not have the minimum technical infrastructure to implement an online assessment at that time.

The department is proposing to provide a "bridge" to the new SBAC assessment by offering to help fund optional supplemental assessments that incorporate adaptive computer testing, benchmarking, and summative testing. These voluntary tests will be in addition to the statutorily required WKCE and WAA-SwD tests.

These tests will allow school districts to implement new testing practices over the intervening years. Participating school districts will enable computerized testing, more timely feedback, and the ongoing use of data within their schools, enabling a smooth transition to the SBAC assessment in the 2014-15 school year.

The department is proposing to make all of the tests optional for school districts to use. Districts would have the option to implement all, some, or none of the supplemental assessments. Utilization of the "bridge" assessments would not eliminate the statutory requirement for districts to use the WKCE and WAA-SwD assessments for accountability. Making the test optional does not penalize districts who do not currently have the capacity; however, all districts will need to build towards the capacity over the next four years.

The department is proposing that the costs of the optional examinations be shared between the state and school districts. The state would reimburse school districts for 50 percent of the cost of each exam up to a fixed maximum dependent on the type of assessment. The school district would be responsible for paying for the remaining cost.

College and Career Readiness (11th grade)

The department is proposing a state cost share for a college and career readiness assessment that assesses a pupil's general educational development and their ability to complete college level coursework. To qualify for reimbursement an assessment must meet the admission requirements of UW-System colleges and cover English, mathematics, reading, and science. The reimbursement would be for 50 percent of the cost of the exam, up to a maximum of \$24.

College and career readiness assessments, alternately known as college entrance exams, are designed to assess high school pupils' general educational development and their ability to complete college level coursework. College entrance exams are taken by pupils who are considering post-secondary education. The cost of taking the college entrance exam is paid by the pupil's family.

Districts choosing to implement a college entrance exam district-wide or school-wide may need to be certified as an administration site and train designated staff to proctor the exam. These costs would be on top of the cost of the exam and would not be eligible for the state share.

If a district chooses to implement a college entrance exam for all pupils it will need to pay for the remaining cost of the exam not covered by the state share. The pupil's family would not need to pay anything for the exam. The state cost share applies to a single administration of a college entrance exam; pupils electing to take the exam more than once would need to pay for subsequent administrations.

The most common college entrance exam taken in Wisconsin is the ACT, originally an abbreviation of American College Testing. During their high school career 69 percent of Wisconsin 2010 graduates took the ACT. Only 4 percent of Wisconsin 2010 graduates took the SAT, originally an abbreviation of the Scholastic Aptitude Test. The current cost of the ACT is \$33.

The ACT and SAT both have an optional writing test that measures pupils' planning skills and ability to write a short essay. Post secondary institutions utilize this in combination with the English test to measure pupils' readiness for college level coursework. The cost of the ACT optional writing test is \$15, bringing the total cost for the ACT exam to \$48.

Six states have passed legislation requiring the ACT exam be administered to all high school juniors: Colorado, Illinois, Kentucky, Michigan, North Dakota, and Wyoming. Three states pay for the ACT exam for high school juniors, but the exam is optional and not required for all pupils. These states are Arkansas, Tennessee, and Texas.

In 2009-10 Milwaukee Public Schools (MPS) began administering the ACT to all high school juniors in the district. The number of exams taken increased by 65 percent, from 2,332 in 2008-09 to 3,846 in 2009-10. The school district paid the cost of the exam for these pupils in 2009-10.

The Monona Grove School District (MGSD) began administering the ACT to all high school juniors in the district in 2008-09. The number of exams taken increased by 61 percent, from 140 in 2007-08 to 225 in 2008-09.

A school district implementing a college entrance exam district or school-wide might see an initial decrease in the average score. Pupils having no plans to attend post-secondary institutions would likely not have taken the test under the current environment and might be likely to score lower on the exam than their peers. When MPS first administered the ACT to all high school juniors in the district the

average score dropped from 17.2 to 15.8 on the 36-point test. MGSD experienced a drop in the average score from 22.5 to 21.7 in 2008-09 and an increase to 22.4 in 2009-10.

A school district implementing a college and career readiness exam district or school-wide might also see the number of pupils attending post-secondary school increase. Pupils who on their own would not have taken the exam may receive a high score, encouraging them to consider a two or four year college. These pupils may have “assumed” they were not able to get into college and their score could open doors they thought were previously closed.

All UW System schools require either the ACT or SAT college entrance exam. In addition to the ACT or SAT, UW-Madison requires the optional writing exam.

The department based cost estimates for a college and career readiness assessment on the ACT exam due to the current penetration of the ACT in Wisconsin and the requirements of UW System colleges. The department projects that 50 percent of districts would participate in the state share program for a college and career readiness exam. The total state cost based on this projection is shown in Table 1.

Table 1

| Test | Cost per Test | Grade(s) | Estimated Number of Pupils in 2011-12 | Total Estimated Annual Cost | Estimated State Share at \$24/Test | Estimated District Share at \$24/Test |
|--------------|----------------------|-----------------|--|------------------------------------|---|--|
| CCR+ Writing | \$48.00 | 11 | 68,266 | \$1,638,400 | \$819,200 | \$819,200 |

College and Career Readiness (8th, 9th, and 10th grades)

The department is proposing a state cost share for an early college and career readiness assessment that assesses a pupil’s general educational development and prepares the pupil for continued development towards the college entrance exam and post-secondary success. To qualify for reimbursement an assessment must cover English, mathematics, reading, and science. The reimbursement would be for 50 percent of the cost of the exam, up to a maximum of \$4.55.

College and career readiness assessments are also designed for pupils who are in earlier grades to not only assess current development, but to prepare for continued development towards the college entrance exam and post-secondary success.

Early college and career readiness assessments provide pupils, parents, and schools with data on pupil readiness for high school coursework. This data allows for course placement decisions during early high school so a student can be on track to graduate and be ready for post-secondary courses.

Two tests currently in use in Wisconsin, EXPLORE and PLAN, are part of the ACT suite of tests and provide pupil scores on the same scale as the ACT. All tests in the ACT suite are comparable across states, providing educators a broader perspective on pupil achievement.

EXPLORE is designed to help 8th or 9th grade pupils explore a range of options for their future, preparing them for high school coursework as well as post-secondary choices. EXPLORE covers English, mathematics, reading, and science.

During the 2009-10 school year 115 districts provided EXPLORE to their pupils. This represented 27 percent of the state’s districts. Within these districts, the assessment was offered in 160 schools and 24,252 pupils took EXPLORE during this time period. These pupils were in both 8th and 9th grades.

PLAN is designed to help 10th graders build a solid foundation for academic and career success, and provides data on school/districts’ high-priority areas. PLAN helps pupils measure their current academic development, explore future options, and plan the remaining years of high school and post-secondary years. PLAN covers English, mathematics, reading, and science.

During the 2009-10 school year 228 districts provided PLAN to their pupils. This represented 54 percent of the state's districts. Within these districts, the assessment was offered in 256 schools and 28,459 pupils took PLAN during this time period.

The SAT also offers preliminary tests, however they are not highly used in Wisconsin.

The department based cost estimates for early college and career readiness exams on the EXPLORE and PLAN assessments due to the current usage of EXPLORE and PLAN in Wisconsin and the desire to align the early college and career readiness assessments with the requirements of Wisconsin colleges. The department projects that 70 percent of districts would participate in the state share program for early college and career readiness assessments. The total state cost based on this projection is detailed in Table 2.

Table 2

| Test | Cost per Test | Grade(s) | Estimated Number of Pupils in 2011-12 | Total Estimated Annual Cost | Estimated State Share at 50%/Test | Estimated District Share |
|------------------------------|---------------|----------|---------------------------------------|-----------------------------|-----------------------------------|--------------------------|
| CCR – 10 th grade | \$9.09 | 10 | 65,929 | \$419,600 | \$209,800 | \$209,800 |
| CCR – 9 th grade | \$7.56 | 9 | 62,567 | \$331,600 | \$165,600 | \$165,600 |
| Total | | | 128,496 | \$751,200 | \$375,400 | \$375,400 |

Benchmark Online Adaptive Assessment (3rd – 8th grade)

The department is proposing a state cost share for a benchmark online adaptive assessment (BOAA) that presents pupils with engaging and age-appropriate content based on the pupil's performance on prior test questions. After a pupil responds to an item, the tests adjust up or down in difficulty based on whether the item was answered correctly. To qualify for reimbursement an assessment must be a computer adaptive test, provide educators with timely information that can be used to differentiate pupil learning needs, and cover English, mathematics, and reading. The reimbursement would be for 50 percent of the cost of the exam, up to a maximum of \$6.25.

Adaptive technology allows educators to gather more detailed data on where a pupil is performing (below, on, or above grade level). This provides educators with timely information that can be used to differentiate pupil learning needs. BOAA are most beneficial for grades three through eight and cover English, mathematics, reading and science. The science assessment is an optional added exam on top of the base exam.

The SBAC assessment system will be online and adaptable. This allows testing several times throughout the year, getting results back within days (instead of months), and getting detailed, precise, pupil-level information. Offering an optional BOAA online system will allow schools to transition to the new delivery method.

The BOAA system will also allow schools to transition to using data throughout the school year to help make decisions about student instructional needs. The WKCE is designed to assess progress mainly at the school and district level and does not have detailed information at the student level.

Currently 299 Wisconsin school districts, more than 70 percent, utilize a BOAA in addition to the WKCE and WAA-SwD.

The most widely used BOAA is the Measures of Academic Progress (MAP) assessments. The MAP assessments are currently used by 162 school districts in Wisconsin to supplement the statutorily required WKCE and WAA-SwD assessments. There are 137 school districts that do not utilize MAP but use another assessment program.

The MAP assessments are also the only widely available commercial test that is online and adaptive. Systems in use in other districts are either not online and adaptive or are focused on a narrower purpose (e.g. reading comprehension).

The second most common BOAA used in Wisconsin is Renaissance Learning. There are 66 districts in Wisconsin that utilize Renaissance Learning.

The department estimated costs for a BOAA using the MAP assessments based on the current usage of MAP assessments in Wisconsin school districts and the lack of a comparable test that is online, adaptive, and covers the same range of subjects. The department projects that 90 percent of districts would participate in the state share program for BOAA assessments. The total state cost based on this projection is detailed in Table 3.

Table 3

| Test | Cost per Test | Grade(s) | Estimated Number of Pupils in 2011-12 | Total Estimated Annual Cost | Estimated State Share at \$6.25/Test | Estimated District Share |
|-------------|----------------------|-----------------|--|------------------------------------|---|---------------------------------|
| BOAA | \$12.50 | 3-8 | 363,167 | \$4,085,600 | \$2,042,800 | \$2,042,800 |

Overall Supplemental Assessments

The total costs of all proposed exams are detailed in Table 4.

Table 4

| Test | Grade(s) | Estimated State Share |
|--------------|-----------------|------------------------------|
| CCR+Writing | 11 | \$819,200 |
| Early CCR | 10 | \$209,800 |
| Early CCR | 9 | \$165,600 |
| BOAA | 3-8 | \$2,042,800 |
| Total | | \$3,237,400 |

Statutory Language

The department is proposing statutory language related to this request.

**DEPARTMENT OF PUBLIC INSTRUCTION
2011-13 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

☒ Draft for Possible 2011-13 Budget Bill Introduction (*Agency Decision Item No. 6008*)

Subject: New appropriation for supplemental assessments

Request Date: November 15, 2010

Agency Contact: Lynette Russell, 267-1072
Don Smith, 267-2003

Brief Description of Intent:

The Department requests a statutory change to create a new appropriation under s. 20.255 (2) (ds), Wis. Stats. for the reimbursement of school district costs for supplemental assessments.

The Department requests a statutory change to s. 118.30, Wis. Stats. allow Wisconsin to pay 50 percent of the cost of supplemental assessments, up to a fixed maximum, completed by school districts. If claims exceed available funds, the Department would reimburse on a prorated basis. All supplemental assessments would be optional; no school district would be required to administer assessments in addition to the statutorily mandated WKCE, WAA-SwD, and ACCESS assessments.

In order to qualify for reimbursement an assessment must meet the following criteria:

1. The assessment must be administered district-wide to all students in the same grade. Parents would have the option to opt their child out of any assessment.
2. The cost of the assessment must be paid by the school. No cost can be paid by the pupil, their parents, guardians, or other third party.
3. Qualifying assessments must be one or more of the following:
 - a. A college and career readiness assessment given to 11th grade pupils. The assessment must meet the admission requirements of UW System colleges and cover English, mathematics, reading, and science. The reimbursement would be 50 percent of the cost for a single administration of the exam up to a maximum of \$24.00. Pupil's wishing to take an exam additional times must cover the cost.
 - b. An early college and career readiness assessment given to 8th, 9th, or 10th grade pupils. The assessment must assess a pupil's general educational development and prepare the pupil for continued development towards the college entrance exam and post-secondary success. The assessment must cover English, mathematics, reading, and science. The reimbursement would be 50 percent of the cost of the exam up to a maximum of \$4.55.
 - c. A benchmark online adaptive assessment given to 3rd through 8th grade pupils. The assessment must present pupils with engaging and age-appropriate content based on the pupil's performance on prior test questions. The assessment must be a computer adaptive test, provide educators with timely information that can be used to differentiate pupil learning needs, and cover English, mathematics, and reading. The reimbursement would be 50 percent of the cost of the exam up to a maximum of \$6.25.

Related Stat. Citations:

Modify s. 25.255 (2) (di), Wis. Stats., and s. 118.30, Wis. Stats.

DPI 2011-13 BIENNIAL BUDGET REQUEST

DECISION ITEM 6009 – SPECIAL EDUCATION CATEGORICAL AID INCREASE

206 – Aids for special education and school age parents programs *s. 20.255 (2) (b)*

| FISCAL SUMMARY | | |
|------------------|--------------------|--------------------|
| | 2011-12 Request | 2012-13 Request |
| Requested Aid | \$384,988,800 | \$401,736,700 |
| Less Base | \$368,939,100 | \$368,939,100 |
| Requested Change | \$16,049,700 | \$32,797,600 |

Request/Objective

The department requests an increase of \$16,049,700 GPR in FY12 and \$32,797,600 GPR in FY13 for special education aid to maintain the estimated FY11 reimbursement rate of 26.7 percent.

Background/Analysis of Need

Federal and state categorical aids for special education have not increased at the same rate as costs. The categorical aid is the state's primary direct fund source to recognize the additional costs of educating children with disabilities. The state level of reimbursement fell below 30 percent of aidable costs starting in FY05 and is projected to fall to just over 24 percent in FY13 without additional state funding. Many believe that, under revenue limits, districts are being forced to take money from regular education to pay for special education.

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

In July 2000, the Wisconsin Supreme Court articulated a new standard for a basic education in *Vincent v. 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 that pupils and districts are not fungible (interchangeable) and takes into account the needs of disabled pupils.

It is more difficult to project aidable costs for the 2011-13 biennium. In FY09, a small amount of American Recovery and Reinvestment Act (ARRA) funds were used for special education costs (school districts could use their ARRA grant for Individuals with Disabilities Education Act (IDEA) expenditures) so local costs only increased 2.9 percent that year (payable in FY10). A larger amount of ARRA funds will be used by districts in FY10, FY11, and FY12 since some costs from the prior year that would have been funded locally will have used ARRA funds instead. For this reason, trend data shows in the current year and the prior year, only small increases have occurred in the prior year's aidable costs. It is expected that once the ARRA dollars are gone (FY13), all costs will shift off ARRA and back to local costs which will result in a larger increase in aidable costs.

In addition to this shift in aidable costs, as more districts are setting up trusts for OPEB (other post employment benefits) purposes, the department's school finance team believes that aidable costs will also increase as more districts are making contributions to such trusts.

Because it is difficult to predict local costs using recent trends due to ARRA and OPEB, the department has decided to estimate the increase in local aidable costs using an average of the increases over the last five years; 4.4 percent.

The following chart shows the history of special education aidable costs and reimbursement rates since FY94:

| Aid Year | Prior Year Aidable Cost | Percent Change | GPR Appropriation | Reimbursement |
|----------|-------------------------|----------------|-------------------|---------------|
| 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 | 661,269,000 | 5.8% | 275,548,700 | 41.7% |
| 1996-97 | 698,164,300 | 5.6% | 275,548,700 | 39.5% |
| 1997-98 | 747,324,400 | 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 | 1,037,592,100 | 4.3% | 316,466,900 | 30.5% |
| 2004-05 | 1,069,500,000 | 3.1% | 320,771,600 | 30.0% |
| 2005-06 | 1,110,800,000 | 3.9% | 320,771,600 | 28.9% |
| 2006-07 | 1,162,200,000 | 4.6% | 332,771,600 | 28.6% |
| 2007-08 | 1,213,480,400 | 4.4% | 350,192,500 | 28.9% |
| 2008-09 | 1,285,385,255 | 5.9% | 368,939,100 | 28.7% |
| 2009-10 | 1,322,974,688 | 2.9% | 368,939,100 | 27.9% |

The projections for FY11, FY12, and FY13 special education aid estimated reimbursement rates, based on current law (no increase in the appropriation) are as follows:

| Aid Year | Estimated Prior Year Aidable Cost | Percent Change | Appropriation | Estimated Reimbursement |
|----------|-----------------------------------|----------------|---------------|-------------------------|
| *2010-11 | \$1,380,527,119 | 4.4% | \$368,939,100 | 26.7% |
| *2011-12 | 1,440,583,213 | 4.4% | 368,939,100 | 25.6% |
| *2012-13 | 1,503,251,885 | 4.4% | 368,939,100 | 24.5% |

*Aidable costs are based on estimated 4.4% annual increases over the prior year.

The estimates above show that the reimbursement rate will continue to decline as special education costs increase.

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.

By increasing special education categorical aid by \$16,049,700 GPR in FY12 and \$32,797,600 GPR in FY13, the estimated reimbursement will remain at the FY11 level, resulting in 26.7 percent proration.

| Aid Year | Estimated Prior Year Aidable Cost | Percent Change | Appropriation | Estimated Reimbursement |
|----------|--------------------------------------|-------------------|---------------|----------------------------|
| *2010-11 | \$1,380,527,119 | 4.4% | \$368,939,100 | 26.7% |
| *2011-12 | 1,440,583,213 | 4.4% | 384,988,797 | 26.7% |
| *2012-13 | 1,503,251,885 | 4.4% | 401,736,692 | 26.7% |

Statutory Language

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

DPI 2011-13 BIENNIAL BUDGET REQUEST

DECISION ITEM 6010 – HIGH-COST SPECIAL EDUCATION CATEGORICAL AID INCREASE

204 – Additional special education aid s. 20.255 (2) (bd)

| FISCAL SUMMARY | | |
|-------------------------|--------------------|--------------------|
| | 2011-12 Request | 2012-13 Request |
| Requested Aid | \$4,294,000 | \$5,210,800 |
| Less Base | \$3,500,000 | \$3,500,000 |
| Requested Change | \$794,000 | \$1,710,800 |

Request/Objective

The department requests \$794,000 GPR in FY12 and \$1,710,800 GPR in FY13 to maintain the estimated reimbursement rate of high-cost special education claims at 42.3 percent, the FY11 level of reimbursement. These numbers assume the continuation of \$1.9 million FED-IDEA.

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. These services can cost three or more times the average expense for educating a pupil.

Meeting the needs of pupils with low-incidence and high-cost special education requirements can be very costly for school districts. As a means to assist school districts in paying for such related costs, the department has created an additional special education aid appropriation for funding certain high-cost services. The department has also allocated approximately \$1.9 million annually in federal Individuals with Disabilities Education Act (IDEA) discretionary funding to continue its *Keeping the Promise* commitment to support pupils with severe or multiple disabilities. This initiative is intended to assist school boards, CESA boards of control, county children with disabilities education boards, and charter schools with meeting the needs of high-cost special education pupils.

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

The following chart shows the history of special education high-cost categorical aid and reimbursement rates since its inception in FY04:

| Aid Year | Prior Year Aidable Cost | Percent Change | GPR Appropriation | FED Assistance | Reimbursement |
|----------|----------------------------|-------------------|----------------------|-------------------|---------------|
| 2003-04 | \$3,399,000 | new | \$0 | \$2,000,000 | 58.8% |
| 2004-05 | \$5,094,900 | 49.9% | \$0 | \$2,000,000 | 39.3% |
| 2005-06 | \$6,432,600 | 26.3% | \$0 | \$1,250,000 | 19.4% |
| 2006-07 | \$7,356,600 | 14.4% | \$3,500,000 | \$1,921,700 | 73.7% |
| 2007-08 | \$8,843,600 | 20.2% | \$3,500,000 | \$1,919,100 | 61.3% |
| 2008-09 | \$9,873,800 | 11.6% | \$3,500,000 | \$1,944,100 | 56.7% |
| 2009-10 | \$11,110,900 | 12.5% | \$3,500,000 | \$2,012,900 | 49.6% |

Based on a three-year trend of high-cost claims from FY08 through FY10, the department would project a 14.8 percent annual growth in high-cost claims through the 2011-13 biennium.

| Aid Year | Estimated Prior Year Aidable Cost | Percent Change | GPR Appropriation | FED Assistance | Estimated Reimbursement |
|----------|-----------------------------------|----------------|-------------------|----------------|-------------------------|
| *2010-11 | \$12,755,300 | 14.8% | \$3,500,000 | \$1,900,000 | 42.3% |
| *2011-12 | \$14,643,100 | 14.8% | \$3,500,000 | \$1,900,000 | 36.9% |
| *2012-13 | \$16,810,300 | 14.8% | \$3,500,000 | \$1,900,000 | 32.1% |

*Aidable costs are based on an estimated annual increase of 14.8 percent over the prior year.

The estimates above show that without additional special education high-cost categorical aid, the reimbursement rate will continue to decline as claims increase.

Significant growth in the claims is likely due to several causes including: more awareness of the program among school districts; districts may have submitted just a few pupils and costs the first year and then as they become more aware of what might be covered, they submit more costs; the department has provided more detailed information on how to fill out the somewhat complicated paperwork to make claims; and finally, districts are now making a better effort to get these pupils identified and claim these costs (some are just getting them identified since this is new within the last several years).

In FY10, the average cost claimed per pupil before deductions was \$56,595. An average cost per pupil of \$12,247 remained after payment of the 28 percent state special education categorical aid and the \$30,000 threshold. The department then considered aiding 90 percent of this number, \$11,022. Due to more dollars being claimed than funding available, the department had to prorate the total amount paid at 49.6 percent.

It is necessary for reimbursement to keep pace with the rising costs of high-cost special education services so as not to burden already struggling districts with these additional costs, which, much like excess regular special education costs, must be covered under district revenue caps.

Increasing the state's commitment by \$794,000 GPR in FY12 and \$1,710,800 GPR in FY13 will maintain the FY11 reimbursement level for high-cost special education at 42.3 percent.

| Aid Year | Estimated Prior Year Aidable Cost | GPR Appropriation | FED Assistance | Estimated Reimbursement |
|----------|-----------------------------------|-------------------|----------------|-------------------------|
| *2011-12 | \$14,643,100 | \$4,294,000 | \$1,900,000 | 42.3% |
| *2012-13 | \$16,810,300 | \$5,210,800 | \$1,900,000 | 42.3% |

Statutory Language

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

DPI 2011-13 BIENNIAL BUDGET REQUEST

DECISION ITEM 6011 - SAGE PROGRAM ESTIMATE

275 - Achievement guarantee contracts **s. 20.255 (2) (cu)**

| FISCAL SUMMARY | | |
|-------------------------|----------------------|----------------------|
| | 2011-12 Request | 2012-13 Request |
| Requested Aid | \$111,470,000 | \$113,694,000 |
| Less Base | \$109,184,500 | \$109,184,500 |
| Requested Change | \$2,285,500 | \$4,509,500 |

Request/Objective

The department requests \$2,285,500 GPR in FY12 and \$4,509,500 GPR in FY13 to fund the Student Achievement Guarantee in Education (SAGE) grant program at \$2,000 per low-income pupil to maintain FY11 funding levels.

Background/Analysis of Need

SAGE aid to local school districts is currently funded at the annual rate of \$2,250 per low-income full-time equivalent (FTE) pupil. The SAGE appropriation is \$109,184,500 GPR annually in both FY10 and FY11.

2009 Wisconsin Act 301 changed current SAGE law by instituting alternative minimum class size requirements from 15:1 (15 pupils with one teacher) to either 18:1 (18 pupils with one teacher) or 30:2 (30 pupils with two teachers). This was seen as a way to let more pupils experience the learning benefits that SAGE offers and to provide districts and schools with more flexibility. It is intended that this added flexibility will convince schools already in SAGE to remain in the program.

2009 Act 301 also repealed the department's authority to issue waivers for SAGE requirements in SAGE contracts. This action will free departmental staff to work more on issues such as class size enforcement. In addition, 2009 Act 301 authorized school boards to enter into new five year achievement guarantee contracts in the 2010-11 school year.

In FY11, there are 214 districts in SAGE, six of which are new to the program. There are 458 SAGE schools, 31 of which are new to SAGE. The total FTE pupil enrollment is 87,654 while the total low-income pupil enrollment is 54,520.

Recent Program Usage

Table 1 shows the number of low-income FTE pupils in the SAGE program for each of the last five academic years (2006-07 through 2010-11) and the percentage change in each number over the previous year. Also included are projections for the 2011-12 and 2012-13 school years.

Table 1. SAGE Low-Income Pupil FTE in Academic Years 2006-07 through 2012-13

| Academic Year (Coincides with state fiscal year) | SAGE Low-Income Pupils FTE | Per Annum Percent Increases in SAGE Low- Income Pupils FTE* |
|--|-------------------------------|---|
| 2006-07 | 48,527 | 0.24% |
| 2007-08 | 49,803 | 2.63% |
| 2008-09 | 49,934 | 0.26% |
| 2009-10 | 52,401 | 4.94% |
| 2010-11 | 54,520 | 4.04% |
| 2011-12 | 55,610 | 2.00% |
| 2012-13 | 56,722 | 2.00% |

*The cumulative change in low-income FTE pupils from 2006-07 to 2010-11 is 12.35 percent. The average annual change is 2.95 percent. FY12 and FY13 assume 2 percent annual growth.

Proration discussion

In FY08, the department had to prorate \$272,700 of eligible SAGE aid due to the higher total number of eligible pupil FTE than what was projected (49,659 projected vs. 49,803 actually in the program). This proration occurred on the 265 FTE from the March 2008 reporting window. These FTE were paid only \$1,029 instead of the full \$2,250 per eligible low-income pupil.

Ironically, the department has been prorating SAGE aid every fiscal year starting in FY08 when legislation that increased annual SAGE aid per low-income pupil from \$2,000 to \$2,250 became effective. In addition, the aid portion of the appropriation was also prorated in FY09 (49,659 projected vs. 49,934 actually in the program), FY10 (48,415 projected vs. 52,401 actually in the program) and FY11 (48,415 projected vs. 54,520 actually in the program). These prorations resulted in grant amounts of \$2,238 in FY09, \$2,078 in FY10, and \$1,999 in FY11.

It is noteworthy that beginning in FY10 the prorating was already so deep that grants were significantly closer to the former reimbursement level of \$2,000 than they were to the current statutory reimbursement level of \$2,250. In FY11 the prorated grant amount is slightly below the original \$2,000. The department is proposing to fund SAGE at \$2,000 per low-income pupil in both FY12 and FY13 to maintain FY11 funding levels.

The higher-than-normal growth in pupils eligible for SAGE grants beginning in FY10 may have been due to more families being designated as low-income because of the economic recession. Given current economic uncertainties, it is possible that large increases in the number of low-income FTEs will take place during the next biennium as well.

Table 2 demonstrates the amount of GPR that will be necessary to fund SAGE in the 2011-13 biennium at \$2,000 per low-income pupil assuming a 2.0 percent annual low-income FTE increase.

Table 2. SAGE Low-Income Pupil FTE in Academic Years 2010-11 through 2012-13, Assuming 2.0% Growth Per Year and Associated Annual Costs

| Academic Year (Coincides with state fiscal year) | Projected Total FTE | Annual Cost (GPR) | Plus Annual Evaluation | Total Appropriation | Less Base | Increase Needed |
|---|---------------------|-------------------|------------------------|---------------------|---------------|-----------------|
| 2010-11 | 54,520 | N/A* | N/A* | N/A* | NA* | N/A* |
| 2011-12 | 55,610 | \$111,220,000 | \$250,000 | \$111,470,000 | \$109,184,500 | \$2,285,500 |
| 2012-13 | 56,722 | \$113,444,000 | \$250,000 | \$113,694,000 | \$109,184,500 | \$4,509,500 |

* = Not applicable

Statutory Language

The department is not proposing any statutory language related to this specific request, but will be proposing statutory language changes related to SAGE (see related Decision Item Number 6004).

DPI 2011-13 BIENNIAL BUDGET REQUEST

DECISION ITEM 6012 – SCHOOL BREAKFAST REIMBURSEMENT

215 – Grants for school breakfast programs s. 20.255 (2) (cm)

| FISCAL SUMMARY | | |
|--------------------------|--------------------|--------------------|
| | 2011-12 Request | 2012-13 Request |
| Requested Funding | \$3,117,200 | \$3,397,500 |
| Less Base | \$2,789,400 | \$2,789,400 |
| Requested Change | \$327,800 | \$608,100 |

Request/Objective

The department requests an increase of \$259,700 GPR in FY12 and \$534,100 GPR in FY13 in state aids to school districts and private schools to maintain the state reimbursement rate for the School Breakfast Program (SBP) at the projected FY11 reimbursement rate of 11.6 cents for each breakfast served.

The department also requests \$68,100 GPR in FY12 and \$74,000 in FY13 to fund the state reimbursement rate for the SBP at the projected FY11 reimbursement rate of 11.6 cents for each breakfast served in (2r) charter schools and state schools.

Background/Analysis of Need

The federal SBP 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, 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 | \$1.46 per meal |
| Reduced-price meals | Children from families with incomes between 130 percent and 185 percent of the federal poverty level are eligible for reduced-price meals | No more than 30 cents | \$1.16 per meal |
| Full-price meals | Children from families with incomes over 185 percent of the federal poverty level pay full price | Schools set their own prices for breakfasts served, though they must operate their meal services as non-profit programs. | 26 cents per meal |

In addition, the state provides GPR to reimburse participating entities at a rate of \$0.15 per each breakfast served, regardless of a pupil's eligibility for free or reduced-price meals, unless the appropriation under s. 20.255 (2) (cm), Wis. Stats., is insufficient to pay the full amount of aid, then the Department shall prorate state aid payments.

Payments have been prorated since the 2005-06 school year as a result of the increase in school breakfast participation. For the 2009-10 school year, payments were prorated at \$0.12608 per breakfast served. A history of the school breakfast appropriation follows, as well as estimated future expenditures:

| Year | Beginning Balance | Appropriation | Eligible Expenditures | Ending Balance | Breakfasts Served Prior Year | Percent Change in Breakfasts Served |
|----------------|-------------------|---------------|-----------------------|----------------|------------------------------|-------------------------------------|
| 1998-99 | \$144,700 | \$150,000 | \$139,800 | \$154,900 | N/A | |
| 1999-00 | \$154,900 | \$150,000 | \$159,500 | \$145,400 | N/A | |
| 2000-01 | \$145,400 | \$892,100 | \$990,100 | \$47,400 | 9,901,000 | |
| 2001-02 | \$47,400 | \$1,055,400 | \$907,000 | \$195,800 | 9,070,000 | -8.4% |
| 2002-03 | \$195,800 | \$1,055,400 | \$983,700 | \$267,500 | 9,837,000 | 8.5% |
| 2003-04 | \$267,500 | \$1,055,400 | \$1,047,000 | \$275,900 | 10,470,000 | 6.4% |
| 2004-05 | \$275,900 | \$1,055,400 | \$1,138,400 | \$192,900 | 11,384,000 | 8.7% |
| 2005-06 | \$192,900 | \$1,055,400 | \$1,259,020 | \$0 | 12,590,201 | 10.6% |
| 2006-07 | \$0 | \$1,055,400 | \$1,457,735 | \$0 | 14,571,109 | 15.7% |
| 2007-08 | \$0 | \$2,513,500 | \$2,790,711 | \$0 | 18,604,737 | 27.7% |
| 2008-09 | \$0 | \$2,890,600 | \$3,049,800 | \$0 | 20,331,997 | 9.3% |
| 2009-10 | \$0 | \$2,789,400 | \$3,318,607 | \$0 | 22,124,048 | 8.8% |
| 2010-11 (est.) | \$0 | \$2,789,400 | \$3,617,282 | \$0 | 24,115,212 | 9.0% |
| 2011-12 (est.) | \$0 | \$2,789,400 | \$3,942,837 | \$0 | 26,285,581 | 9.0% |
| 2012-13 (est.) | \$0 | \$2,789,400 | \$4,297,693 | \$0 | 28,651,284 | 9.0% |

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 do not include (2r) charter schools, state schools, and residential child care institutions. These entities do not receive funds from the SBP.

It is anticipated that the number of school breakfasts served will continue to increase at 9 percent based on the average increase in the last two years. In addition, the state will receive \$390,000 from Senator Kohl's Federal Breakfast Start-up and Participation Improvement fund in the 2010-11 school year.

Without an increase in the state school breakfast appropriation, participants will receive less reimbursement per meal served in the 2011-13 biennium. The proration rates assuming a 9 percent increase in eligible meals over the next three years are:

- 2010-11 – 11.6 cents
- 2011-12 – 10.6 cents
- 2012-13 – 9.7 cents

The department is proposing to reimburse schools in FY12 and FY13 at the FY11 reimbursement rate of 11.6 cents. The projected reimbursement based on this rate is shown in the table below.

| Year | Eligible Expenditures | Breakfasts Served Prior Year | Reimbursement at \$.116 |
|----------------|-----------------------|------------------------------|-------------------------|
| 2010-11 (est.) | \$3,617,282 | 24,115,212 | \$2,789,400 |
| 2011-12 (est.) | \$3,942,837 | 26,285,581 | \$3,049,100 |
| 2012-13 (est.) | \$4,297,693 | 28,651,284 | \$3,323,500 |

Currently only public and private schools receive the state reimbursement for breakfasts served. This is not consistent with the other school nutrition programs including Matching Payments for School Lunch and Wisconsin School Day Milk Program. In addition to public and private schools, both (2r) charter schools and state schools are eligible for state reimbursement under those programs. The historical number of breakfasts served and projected growth of breakfasts served in (2r) charter schools and state schools is detailed in the table below.

| Year | Eligible Expenditures | Breakfasts Served Prior Year | Percent Change in Breakfasts Served | Reimbursement at \$.116 |
|----------------|-----------------------|------------------------------|-------------------------------------|-------------------------|
| 2010-11 (est.) | \$81,100 | 540,736 | | \$62,700 |
| 2011-12 (est.) | \$88,100 | 587,239 | 8.6% | \$68,100 |
| 2012-13 (est.) | \$95,700 | 637,742 | 8.6% | \$74,000 |

Studies show that pupils who consume breakfast have increased readiness to learn, exhibit fewer behavior problems, have a lower incidence of overweight and obesity, and are less likely to eat foods of minimal nutritional value (e.g. chips, soda) in place of a nutritionally balanced breakfast

Statutory Language

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

**DEPARTMENT OF PUBLIC INSTRUCTION
2011-13 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

☒ Draft for Possible 2011-13 Budget Bill Introduction (*Agency Decision Item No. 6012*)

Subject: School Breakfast Reimbursement

Request Date: November 15, 2010

Agency Contact: June Paul, 267-9121
Don Smith, 267-2003

Brief Description of Intent:

The Department requests a statutory change to allow Wisconsin to pay the 15 cent reimbursement for breakfasts served to charter schools authorized under 118.40 (2r), Wis. Stats. ((2r) charter schools) and state schools authorized under s. 115.52, Wis. Stats. and s. 115.525, Wis. Stats. (state schools).

Section 115.341 (1), Wis. Stats., provides that the state superintendent shall reimburse each school board 15 cents for each breakfast served at a school that meets the requirements of 7 CFR 220.8 or 220.8a, whichever is applicable, and shall reimburse each governing body of a private school or tribal school 15 cents for each breakfast served at the private school or tribal school that meets the requirements of 7 CFR 220.8 or 220.8a, whichever is applicable

Related Stat. Citations:

Modify s. 115.34 (2), Wis. Stats., to allow Wisconsin to pay the 15 cent reimbursement for breakfasts served to (2r) charter schools and state schools.

DPI 2011-13 BIENNIAL BUDGET REQUEST

DECISION ITEM 6013 – TRANSPORTATION AID RATE INCREASE

210 – Aid for pupil transportation *s. 20.255 (2) (cr)*

| FISCAL SUMMARY | |
|--------------------|--------------------|
| 2011-12 Request | 2012-13 Request |
| \$0 | \$0 |

Request/Objective

The department requests to increase the reimbursement rate for pupils transported over 12 miles from \$220 to \$330 per pupil for both years of the 2011-13 biennium. No additional GPR funds are needed; the base appropriation is projected to be sufficient.

The department is also requesting a statutory language change to make the independent 2r charter schools eligible for pupil transportation aid. Again, no additional GPR funds are needed; the base appropriation is projected to be sufficient.

Background/Analysis of Need

Geographically large rural districts that transport pupils significant distances (over 12 miles) have been most hard hit by increasing transportation costs due to the longer bus routes they often incur. Individual district transportation costs vary widely among districts, from little more than \$50 per pupil in some districts (e.g. South Milwaukee) to nearly \$1,500 per pupil in others (e.g. North Lakeland).

Transportation costs have increased significantly over the past 20-plus years (labor, maintenance, insurance, fuel, etc.).

Under current law, school districts are required to provide transportation services to public and private school pupils enrolled in regular education programs if the pupil resides more than two miles from the nearest public school they are entitled to attend.

State pupil transportation categorical aid is based upon a flat annual amount per transported pupil that was last changed in the 2007-09 biennial budget. Payments are based upon the distance a pupil travels to school from home (see table below):

| Distance Traveled (one way) | Current Rate Per Pupil (Full Year) | Summer School Rates |
|--------------------------------|---------------------------------------|------------------------|
| 0-2 miles (hazardous areas) | \$15 | \$0 |
| 2-5 | \$35 | \$4 |
| 5-8 | \$55 | \$6 |
| 8-12 | \$110 | \$6 |
| 12 plus miles | \$220 | \$6 |

During the FY10 school year, 420 (out of 425) districts received state aid for transporting 503,800 public school pupils and 38,800 private school pupils. In addition, school districts transported roughly 35,000 pupils for summer school classes.

It is estimated that total school district transportation costs for transporting pupils to and from school (not including co- and extra-curricular transportation or transportation for children with disabilities) are roughly \$280 million annually. Thus, state pupil transportation aid reimburses only roughly 9-10

percent of actual transportation costs, though unaided transportation costs are eligible to be aided through the state general equalization aid formula.

Using the state's criteria for providing pupil transportation aid, state funding entirely covered all allowable transportation aid claims for FY10. Due to the declining number of pupils being transported statewide in recent years, the department lapsed \$2 million in pupil transportation aid each year during the 2009-11 biennium. The department lapsed \$2.3 million in FY10 and will likely do so again in FY11.

With projected lapses, it is possible for the department to propose increases in pupil transportation rates in the 2011-13 biennium without the need for additional GPR funds. Given that districts which are transporting students more than 12 miles each way are more adversely affected by increasing costs, targeting rate increases to the over-12 mile rate would have a very positive impact on rural and sparse districts. The department is proposing the following increase in reimbursement rates:

| Mileage | Current Rate | Proposed Rate | Rate Change | % Rate Change |
|----------------|---------------------|----------------------|--------------------|----------------------|
| 0-2 miles | \$15 | \$15 | \$0 | 0 |
| 2-5 miles | \$35 | \$35 | \$0 | 0 |
| 5-8 miles | \$55 | \$55 | \$0 | 0 |
| 8-12 miles | \$110 | \$110 | \$0 | 0 |
| Over 12 miles | \$220 | \$330 | \$110 | 50% |

2r Charter School Eligibility

Under current law, charter schools authorized under s. 118.40 (2r), Wis. Stats., are not eligible to receive state pupil transportation aid, as they are not "school districts" under the statute. As these are public charter schools, there is no sound policy reason to deny these schools access to state pupil transportation aid.

In FY11, there are an estimated 7,200 pupils in 2r charter schools. While it is not possible to know how many of these pupils would use school bus transportation, using MPS transportation data as an indicator, it is assumed that approximately 55 percent of 2r pupils will ride the bus. It is therefore estimated that it will cost approximately \$190,000 to add the 2r schools as being eligible for pupil transportation aid.

It is expected this additional cost could also be absorbed within the current appropriation.

Statutory Language

The department is proposing statutory language related to this request.

**DEPARTMENT OF PUBLIC INSTRUCTION
2011-13 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

☒ Draft for Possible 2011-13 Budget Bill Introduction (*Agency Decision Item No. 6013*)

Subject: Transportation Aid Rate Increase

Request Date: November 15, 2010

Agency Contact: Mike Bormett, 266-2804

Brief Description of Intent:

The department requests to increase the reimbursement rate for pupils transported over 12 miles from \$220 to \$330 per pupil for both years of the 2011-13 biennium.

The department is also requesting a statutory language change to make the independent 2r charter schools eligible for pupil transportation aid.

Related Stat. Citations:

Amend s. 121.58 (2) (a) 4, Wis. Stats. to change the reimbursement rate for pupils transported over 12 miles from \$220 to \$330 beginning in FY12.

Amend s. 121.58, Wis. Stats. to allow charter schools authorized under s. 118.40 (2r), Wis. Stats. to be eligible for pupil transportation aid.

DPI 2011-13 BIENNIAL BUDGET REQUEST

DECISION ITEM 6014 – GRANTS TO SUPPORT GIFTED AND TALENTED PUPILS

202 – Grants to support gifted and talented pupils s. 20.255 (2) (fy)

| FISCAL SUMMARY | |
|--------------------|--------------------|
| 2011-12 Request | 2012-13 Request |
| \$0 | \$0 |

Request/Objective

The department requests statutory language changes to allow University of Wisconsin related programs to be eligible for grants to support gifted & talented K-12 pupils and to require that such grant dollars be spent for the purpose of providing direct gifted and talented programming to pupils.

Background/Analysis of Need

Of the pupils enrolled in Wisconsin's public schools, pupils with exceptional intellectual ability represent an estimated five percent. That number soars to an estimated 12 percent if gifted and talented pupils in the areas of specific academic, creative, artistic, or leadership areas are included. Wisconsin state law (s. 118.35, Wis. Stats.) requires school districts to establish programs for gifted and talented pupils who need services or activities not ordinarily provided in a regular school program, but the fiscal pressures facing many school districts have led a growing number of them to consider downsizing or modifying these programs.

To address this problem and help pupils receive the services they require, 2005 Wisconsin Act 25 established a \$182,000 GPR grant program to support gifted and talented pupils in grades 5 to 8 (critical development years when programming is often not available). The Act required the department to award grants to Cooperative Educational Service Agencies (CESAs) and Milwaukee Public Schools (MPS) for the purpose of providing advanced curriculum and assessments for gifted and talented middle school pupils. 2007 Wisconsin Act 20 increased the annual appropriation by \$91,000 GPR, modified the law to allow nonprofit organizations to receive grants, and deleted the provision that grants be used only for gifted and talented middle school pupils allowing all gifted and talented pupils to benefit from the grants.

With the help of this program, much has been accomplished in gifted education in Wisconsin in recent years. School districts are increasingly committed to writing and revising plans that meet their statutory obligations. Approval of a joint gifted and talented license program through the University of Wisconsin-Whitewater and University of Wisconsin-Stevens Point has generated a great deal of interest. Incorporating gifted education into response to intervention (RtI) frameworks has gained considerable traction around the state.

However, along with the progress that's been made in gifted and talented services, attention has also been drawn to several areas of compelling need:

- Identification of and programming for historically underserved students.
- Programming for students in rural communities.
- Identification of and programming for leadership, creativity, and the visual and performing arts.

The current gifted and talented grant program provides \$263,500 of competitive grant funds to the 12 CESAs, MPS, and nonprofit organizations. Many of the approved projects are for professional development, and while this development time is very valuable, the department is requesting that grant funds be awarded only to those entities providing direct gifted and talented programming to pupils. The department is also requesting that University of Wisconsin related programs be added as eligible applicants for grant funds. Organizations such as the Wisconsin Center for Academically Talented

Youth (WCATY) are associated with the UW System. Because this organization offers robust services and coursework to pupils on a statewide basis, the department proposes that they also are eligible to participate in the gifted and talented grant program.

Statutory Language

The department is proposing statutory language related to this request.

**DEPARTMENT OF PUBLIC INSTRUCTION
2011-13 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

☒ Draft for Possible 2011-13 Budget Bill Introduction (*Agency Decision Item No. 6014*)

Subject: Grants to Support Gifted & Talented Pupils

Request Date: November 15, 2010

Agency Contact: Mike Bormett, 266-2804

Brief Description of Intent:

The department requests to amend the language in s. 118.35 (4), Wis. Stats. to allow University of Wisconsin related programs to be eligible for grants to support gifted and talented K-12 pupils. The department also requests that grant dollars be required to be spent on direct programming for gifted and talented K-12 pupils.

Related Stat. Citations:

Amend s. 118.35 (4), Wis. Stats.

DPI 2011-13 BIENNIAL BUDGET REQUEST

DECISION ITEM 6015 – MASTER EDUCATORS & NATIONAL TEACHER CERTIFICATION REESTIMATE

306 – Grants for national teacher certification or master educator licensure s. 20.255 (3) (c)

| FISCAL SUMMARY | | |
|-------------------------|--------------------|--------------------|
| | 2011-12 Request | 2012-13 Request |
| Requested Aid | \$2,179,500 | \$2,440,600 |
| Less Base | \$2,099,600 | \$2,099,600 |
| Requested Change | \$79,900 | \$341,000 |

Request/Objective

The department requests an increase of \$79,900 GPR in FY12 and \$341,000 GPR in FY13 as a reestimate of payments to teachers who are certified by the National Board for Professional Teaching Standards (NBPTS) or certified under the Wisconsin master educator assessment process. 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

There are two ways an individual may receive a grant under the national teacher certification or master educator licensure program under s. 115.42, Wis. Stats.:

- Through a national process by obtaining a national certificate issued by the National Board for Professional Teaching Standards (NBPTS).
- Through a state process by completing the Wisconsin Master Educator Assessment Process (WMEAP).

Originally created under 1997 Wisconsin Act 237, the state's National Teacher Certification grant program provided a sum-sufficient appropriation to award initial grants of up to \$2,000 and continuing grants of \$2,500 annually for nine years thereafter for teachers earning national certification only.

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: 1) establish rigorous standards for what accomplished teachers should know and be able to do; 2) develop and operate a national, voluntary system to assess and certify teachers who meet these standards; and 3) advance related educational reforms for the purpose of improving student learning in American schools.

2007 Wisconsin Act 20 modified s. 115.42, Wis. Stats., to allow persons (other than administrators) receiving master educator licenses through the state process to also receive the grants. In addition, the Act provided an incentive to grant recipients to work in high poverty schools by providing \$5,000, rather than \$2,500, to persons applying for continuing grants if they work in a school in which at least 60 percent of the pupils enrolled are eligible for free or reduced-priced lunch under 42 USC 1758 (b).

The WMEAP is as rigorous as the NBPTS process (maybe more because the applicant must have a master's degree) and offers licensure in subject areas not currently offered under the NBPTS, including but not limited to, school counselor, school social worker, and school psychologist. Eventually, the state process will offer licenses in the subject areas granted through the NBPTS as well.

The following table reflects the department's estimates of new and continuing nationally-certified teachers and associated funding needs in 2011-13 (based on current figures, the department is

projecting that 10 percent of new NBPTS teachers will teach in high poverty schools in the 2011-13 biennium):

| NBPTS Educators | | | | |
|--------------------------------|--------------------|-------------|--------------------|-------------|
| | FY12 | Cost | FY13 | Cost |
| Newly certified | 86 @ \$1,800 each | \$154,800 | 86 @ \$1,800 each | \$154,800 |
| Continuing | 605 @ \$2,500 each | 1,512,500 | 683 @ \$2,500 each | 1,707,500 |
| *Continuing x .0765 | | 115,700 | | 130,600 |
| Continuing low-income | 67 @ \$5,000 each | 335,000 | 75 @ \$5,000 each | 375,000 |
| *Continuing low-income x .0765 | | 25,600 | | 28,700 |
| TOTAL | 758 | \$2,143,600 | 844 | \$2,396,600 |

*Recent IRS findings and the State Controller's Office requires the department to recognize these individuals as nonclassified nominal employees and must, therefore, pay Medicare and Social Security at 7.65 percent.

The following table reflects the department's estimates of new and continuing Wisconsin master educators and associated funding needs in 2011-13:

| WMEAP Master Educators | | | | |
|--------------------------------|------------------|----------|------------------|----------|
| | FY12 | Cost | FY13 | Cost |
| Newly certified | 2 @ \$1,800 each | \$3,600 | 2 @ \$1,800 each | \$3,600 |
| Continuing | 8 @ \$2,500 each | 20,000 | 9 @ \$2,500 each | 22,500 |
| *Continuing x .0765 | | 1,500 | | 1,700 |
| Continuing low-income | 2 @ \$5,000 each | 10,000 | 3 @ \$5,000 each | 15,000 |
| *Continuing low-income x .0765 | | 800 | | 1,200 |
| TOTAL | 12 | \$35,900 | 14 | \$44,000 |

*Recent IRS findings and the State Controller's Office requires the department to recognize these individuals as nonclassified nominal employees and must, therefore, pay Medicare and Social Security at 7.65 percent.

| | FY12 | FY13 |
|---|-------------|-------------|
| Total funds needed for WMEAP and NBPTS awards | \$2,179,500 | \$2,440,600 |
| Less Base | \$2,099,600 | \$2,099,600 |
| Net Increase | \$79,900 | \$341,000 |

Statutory Language

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

DPI 2011-13 BIENNIAL BUDGET REQUEST

DECISION ITEM 7001 – WISCONSIN KNOWLEDGE AND CONCEPTS EXAMINATION AND WISCONSIN ALTERNATE ASSESSMENT FOR STUDENTS WITH DISABILITIES

105 - Pupil assessment *s. 20.255 (1) (dw)*

| FISCAL SUMMARY | | |
|------------------|--------------------|--------------------|
| | 2011-12 Request | 2012-13 Request |
| Requested Aid | \$5,419,900 | \$5,419,900 |
| Less Base | \$3,106,500 | \$3,106,500 |
| Requested Change | \$2,313,400 | \$2,313,400 |

Request/Objective

The department requests \$2,313,400 GPR in FY12 and \$2,313,400 GPR in FY13 to meet state testing requirements. This money, appropriated for this purpose to the Joint Committee on Finance in 2009-11, is requested to become part of the Department's base assessment budget under Section 20.255 (1) (dw), Wis. Stats.

Background/Analysis of Need

Since the 1992-93 academic year, Wisconsin has used the Wisconsin Knowledge and Concepts Examination (WKCE) to test eighth and tenth graders to determine their knowledge and conceptual ability. Participation by school districts was voluntary during 1992-93. It became mandatory beginning in 1993-94. An examination for fourth graders was added by 1995 Wisconsin Act 27. All three of these tests are designed to be age-appropriate.

Since the 1997-98 academic year, results of the WKCE are reported by subject categories. Separate results 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. The combined scores were called language enhanced scores. The number of test areas demonstrates that WKCE measures how much a pupil has learned in a comprehensive manner.

In the 2005-06 academic year, the WKCE-CRT (CRT=Criterion Referenced Test) debuted. It is more customized to Wisconsin's needs than the "old" WKCE. Prior to the WKCE-CRT's use, the state had a separate reading test for third grade pupils entitled the Wisconsin Reading Comprehension Test, or WRCT. The WRCT's function has been performed by the WKCE-CRT since the WKCE-CRT went into use in 2005-06.

In the past, the WKCE was administered to approximately 190,000 students. Beginning in 2005-06, the WKCE-CRT was administered to roughly 440,000 students because of expanded requirements imposed upon the state by the federal No Child Left Behind (NCLB) law, which resulted in four new grades being added to the test (grades 3, 5, 6, and 7). Federal and state assessment requirements overlap to a degree, but there are still significant differences. Customized tests need to continually have alignment studies, range finding, and bias review committees to assure the test is both timely and properly constructed.

The state and federal requirements have now been rolled into a single testing contract. Therefore, one vendor is responsible for meeting both state and federal requirements. The division between federal and local responsibilities in Wisconsin can be summarized as follows:

- State: Section 118.30, Wis. Stats., requires assessment in the fourth, eighth, and tenth grade in reading, language arts/writing, mathematics, science, and social studies.
- Federal: NCLB requires assessment of reading and mathematics in grades 3-8 and once in high school, and science assessment once at each level (elementary, middle, and high school).

Wisconsin is a governing state in the SMARTER Balanced Assessment Consortium. The 31-state consortium will receive a \$160 million federal grant from Race To The Top to develop the next generation of assessments needed to transform education. The comprehensive assessment system will take advantage of computer adaptive technology to provide better, more timely information to educators. The new assessments will be aligned with the Common Core State Standards and will be ready for implementation by the 2014-15 school year (FY15), replacing the current WKCE and Wisconsin Alternate Assessments for Students with Disabilities (WAA-SwD) tests. In the meantime, however, the Department must continue to administer the WKCE and WAA-SwD under current law.

Background of WAA-SwD

The federal government did not approve the assessment Wisconsin used for severely disabled pupils prior to 2007 because it was locally scored and not sufficiently standardized. A new assessment developed using federal carryover funds was created and sufficiently “piloted” in 2007-08. In order to continue the program, the state must now share in the cost to administer this test in the statutorily-required WKCE grades.

The new WAA-SwD is now completely standardized and electronically scored. Based on the development and use of Extended Grade Band Standards, the new WAA-SwD is technically sound, meets federal requirements, is aligned to state standards, minimizes burdens on teachers and pupils that often accompany the administration of exams for severely disabled pupils, and was produced by the department after working with (and getting input from) educators around the state. The state-required grades and content areas (reading grade 3 and reading, math, and science – grades 4, 8, and 10) constitute slightly more than half the assessment, and will cost the state roughly \$897,907 GPR in FY11.

Assessment Costs

The department is projected to spend \$5,715,900 on WKCE and WAA-SwD in FY11. This figure was derived after the department was able to reduce the original figure of \$6,405,800 by \$689,900 through negotiations. The department has a base level annual GPR assessment appropriation of \$3,106,500 (s. 20.255(1)(dw)). This leaves an estimated \$2,609,400 gap in state funding (\$5,715,900 costs minus \$3,106,500 GPR appropriation level).

The department will be requesting the \$2,313,400 GPR in FY11 from the Joint Finance Committee’s appropriation under s. 20.865(4)(a) for pupil assessments. If the Committee grants the department’s request for \$2,313,400, there will still be a shortfall of \$296,000 in state funds to cover these state-required testing responsibilities.

The annual costs for the state required assessments and the state funding for each year are detailed in the table below.

| Year | Cost of state required assessments | GPR funding | Additional GPR funding | Funding gap |
|----------------|------------------------------------|-------------|------------------------|---------------|
| FY08 | \$6,654,000 | \$3,110,700 | \$0 | (\$3,543,300) |
| FY09 | \$6,687,600 | \$3,110,700 | \$0 | (\$3,576,900) |
| FY10 | \$5,741,400 | \$3,106,500 | \$2,313,400 | (\$321,500) |
| FY11 | \$5,715,900 | \$3,106,500 | \$0** | (\$2,609,400) |
| FY12 (est.) | \$5,715,900 | \$3,106,500 | \$0 | (\$2,609,400) |
| FY13 (est.) | \$5,715,900 | \$3,106,500 | \$0 | (\$2,609,400) |

** The department will be requesting \$2,313,400 GPR from the Joint Finance Committee under s. 20.865(3)(a) Wis. stats.

The department is currently negotiating the contract for the 2011-13 biennium. Due to the expected future transition to the tests developed by the SMARTER Balanced Assessment Consortium there are no major development or expansion costs planned for the WKCE or WAASwD. Therefore costs are expected to be consistent with the current biennium resulting in a similar funding gap.

In addition to paying the department's major testing vendor, GPR assessment funds are used to contract with other entities for other assessment and data-related costs. The department strongly asserts that:

- Certain large-scale testing standards must be met for development, validity, reliability, and alignment of the department's assessment instruments, and;
- Federal funds cannot be depended on to support the state's assessment requirements

Without this additional assessment funding, the department will not have sufficient reserves to cover its WKCE testing contract through the 2011-13 biennium.

Statutory Language

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

DPI 2011-13 BIENNIAL BUDGET REQUEST

DECISION ITEM 7002 – SERVICES FOR DRIVERS POSITION AUTHORITY

134 – Services for drivers

s. 20.255 (1) (hm)

| FISCAL SUMMARY | | |
|----------------|--------------------|--------------------|
| | 2011-12 Request | 2012-13 Request |
| PR-S | \$0 0.30 FTE | \$0 0.30 FTE |

Request/Objective

The department requests 0.30 FTE classified position authority in PR-S appropriation s. 20.255 (1) (hm), Wis. Stats., Services for Drivers.

Background/Analysis of Need

Each year, all moneys received by the Secretary of Administration from the driver improvement surcharge on court fines and forfeitures are credited to an appropriation at the Department of Health Services. The Secretary of Administration transfers 3.76 percent of all moneys credited to this appropriation to the Department of Transportation for the chemical testing training and services provided by the state traffic patrol. The remaining unencumbered money is transferred to the Departments of Public Instruction, Health Services, Transportation, Justice, and the University of Wisconsin System after each agency leader has consulted with the Secretary of Administration. There is \$270,600 budgeted to the department in each year of the 2009-11 biennium.

The money that is transferred to the department is placed in appropriation s. 20.255 (1) (hm), Wis. Stats., Services for Drivers. Following are some ways that the department uses this money:

- Alcohol/Traffic Safety (ATS) Program.

The purpose of the department's ATS program is to develop and implement K-12 prevention curricula and instructional programs to counter the problem of drinking and driving by youth. Under s. 118.01 (2) (d) 6., Wis. Stats., each school board is required to provide an instructional program on the prevention of accidents and promotion of safety on the public highways, including the relationship between highway safety and the use of alcohol and controlled substances under ch. 961, Wis. Stats.

- Alcohol Traffic Safety Grants.

Districts may apply for funds to conduct alcohol traffic safety-related projects, or portions of alcohol and other drug abuse (AODA) related grants that are traffic safety-related, in a variety of ways. One avenue is through the department's State AODA Consolidated Grant Program. The Alcohol Traffic Safety Program also supports pupil-planned and lead projects through the agency's AODA Mini Grant Program. The department has also provided Alcohol Traffic Safety grants to eligible local school districts to upgrade existing driver education simulators with alcohol driver analyzer equipment and software.

- Professional Development Activities.

Through the Alcohol/Traffic Safety Education program, school traffic safety curriculum materials, inservice/professional development workshops, conferences and training events are provided.

- Traffic Safety Education/Driver Education.

Wisconsin requires the satisfactory completion of a driver education course (classroom and laboratory) for persons under 18 years of age electing to be licensed after the age of 16. There is no longer a state driver education categorical aid reimbursement program in Wisconsin. The last state driver education categorical aid payments to districts were made in March of 2004 (for FY03 pupils). Although state categorical aids have been eliminated, the department continues to administer public school driver education programs. Districts that offer driver education programs submit, and have on file at the department, an approved Program Approval Application (PI 1709). Approved and eligible districts may also continue to apply for, and issue, department Course Completion Certificates.

The department has 1.0 FTE currently authorized in appropriation s. 20.255 (1) (hm), Wis. Stats. The 1.0 FTE is an education consultant. The Services for Drivers program requires substantial support to carry out tasks such as:

- Arranging logistics of workshops.
- Purchasing of educational materials for distribution.
- Developing grant application and guidance materials.
- Developing and maintaining records of grant awards.
- Providing appropriate numbers of drivers education completion certificates for each school district with such courses.
- Maintaining accurate records of completion certificate distribution.
- Providing technical assistance to school districts in completing the program approval online report.
- Developing reports on driver education services provided by school districts.

Because these additional duties are too numerous for the education consultant, it has been necessary for an office operations associate to provide support, and charge time equivalent to approximately 0.30 FTE to the program, via timesheets. The approval of this request would establish an appropriate amount of authorized FTE to accurately reflect the time devoted by these staff members to the Services for Drivers program.

The spending authority in s. 20.255 (1) (hm), Wis. Stats. is adequate. Because of timesheeting, the dollars are already being expended. DPI is simply proposing to replace the timesheeting with budgeted FTE in the fund source that is supporting the positions. (DPI typically uses timesheeting as a short-term solution only.)

Statutory Language

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

DPI 2011-13 BIENNIAL BUDGET REQUEST

DECISION ITEM 7003 – REPEAL OF INACTIVE APPROPRIATIONS

137 – Administrative leadership academy

s. 20.255 (1) (hf)

170 – Program for the deaf and center for the blind; hospitalization

s. 20.255 (1) (gh)

| FISCAL SUMMARY | | |
|--------------------------|--------------------|--------------------|
| | 2011-12 Request | 2012-13 Request |
| Requested Funding | \$0 | \$0 |
| Less Base | \$0 | \$0 |
| Requested Change | \$0 | \$0 |

Request/Objective

The department requests to repeal two inactive appropriations and the related statutory language that is currently in Chapter 20, Wis. Stats.

Background/Analysis of Need

20.255 (1) (hf) was created in 1987 Wisconsin Act 27, the 1987-89 biennial budget. The purpose was to allow the department to establish and maintain an administrative leadership academy to enhance the knowledge and skills of mid-career school district administrators and principals. The provision allowed the department to establish and charge a fee for participation in the administrative leadership academy. The moneys from the fee payments were to maintain an administrative leadership academy.

This appropriation has been inactive since 1996; therefore, the department would like to remove it at this time.

During the 2007-09 biennial budget process, there was extensive discussion about removing the 20.255 (1) (gh) appropriation related to the residential schools and hospitalization costs. In 2007 Wisconsin Act 20, the appropriation was removed from the Chapter 20 schedule. However, the related statutory language was never removed. For this reason, the Legislative Reference Bureau (LRB) recently asked the Department of Administration to add the appropriation back into the department's Chapter 20 schedule because the statutory language takes precedence over the schedule.

Because the appropriation was removed before but the corresponding statutory language was not, the department would now like to remove both references to this item.

Statutory Language

The department is proposing statutory language related to this request.

**DEPARTMENT OF PUBLIC INSTRUCTION
2011-13 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

☒ Draft for Possible 2011-13 Budget Bill Introduction (*Agency Decision Item No. 7003*)

Subject: Repeal Inactive Appropriations

Request Date: September 15, 2010

Agency Contact: Mike Bormett, 266-2804

Brief Description of Intent:

The department requests to repeal two inactive appropriations and the related statutory language that is currently in Chapter 20, Wis. Stats.

20.255 (1) (hf) was created in 1987 Wisconsin Act 27, the 1987-89 biennial budget. The purpose was to allow the department to establish and maintain an administrative leadership academy to enhance the knowledge and skills of mid-career school district administrators and principals. The provision allowed the department to establish and charge a fee for participation in the administrative leadership academy. The moneys from the fee payments were to maintain an administrative leadership academy.

This appropriation has been inactive since 1996; therefore, the department would like to remove it at this time.

During the 2007-09 biennial budget process, there was extensive discussion about removing the 20.255 (1) (gh) appropriation related to the residential schools and hospitalization costs. In 2007 Wisconsin Act 20, the appropriation was removed from the Chapter 20 schedule. However, the related statutory language was never removed. For this reason, the Legislative Reference Bureau (LRB) recently asked the Department of Administration to add the appropriation back into the department's Chapter 20 schedule because the statutory language takes precedence over the schedule.

Because the appropriation was removed before but the corresponding statutory language was not, the department would now like to remove both references to this item.

Related Stat. Citations:

Remove s. 20.255 (1) (hf), Wis. Stats., Administrative leadership academy.

Remove s. 20.255 (1) (gh), Wis. Stats., Program for the deaf and center for the blind; hospitalization.

DPI 2011-13 BIENNIAL BUDGET REQUEST

DECISION ITEM 7004 – REPEAL OF CERTAIN APPROPRIATIONS

233 – Global academy
s. 20.255 (2) (er)

234 – Distance learning
s. 20.255 (2) (es)

256 – School district grants
s. 20.255 (2) (de)

| FISCAL SUMMARY | | |
|-------------------|--------------------|--------------------|
| | 2011-12 Request | 2012-13 Request |
| Requested Funding | \$0 | \$0 |
| Less Base | \$0 | \$0 |
| Requested Change | \$0 | \$0 |

Request/Objective

The department requests to repeal the appropriations and statutory language created in 2009 Wisconsin Act 28 regarding grants to Global Academy, distance learning, and school districts.

Background/Analysis of Need

2009 Wisconsin Act 28, the 2009-11 biennial budget, created the following language:

20.255 (2) (de) to pay \$60,000 to each of the following school districts for the specified purposes: (a) Pepin Area, for technology improvements and technology to install a distance learning lab, (b) Cochrane–Fountain City, for transportation, class–size reduction, and comprehensive education, and (c) Plum City, for transportation and specialized instruction.

20.255 (2) (er) to award a \$50,000 grant to the consortium of 7 school districts in Dane County known as the Global Academy to support planning and development.

20.255 (2) (es) to award a \$50,000 grant to the Chequamegon School District for a distance learning lab.

Each of these appropriations was created with the stipulation that no money could be encumbered after June 30, 2010. All money in these appropriations was paid out in FY10; therefore, no funds remain. Because the statutes created these appropriations for FY10 payments only but did not sunset the appropriations, they will not go away automatically. The department, therefore, would like to clean-up its chapter 20 schedule and remove these one-year commitments.

Statutory Language

The Department is proposing statutory language related to this request.

**DEPARTMENT OF PUBLIC INSTRUCTION
2011-13 BIENNIAL BUDGET
DRAFTING REQUEST TO THE LEGISLATIVE REFERENCE BUREAU**

☒ Draft for Possible 2011-13 Budget Bill Introduction (*Agency Decision Item No. 7004*)

Subject: Repeal of Appropriations and Statutory Language for Grants to School Districts, Global Academy, Distance Learning

Request Date: September 15, 2010

Agency Contact: Mike Bormett, 266-2804

Brief Description of Intent:

The department requests to repeal the appropriations and statutory language created in 2009 Wisconsin Act 28 regarding grants to Global Academy, distance learning, and school districts. Act 28 created the following language:

20.255 (2) (de) to pay \$60,000 to each of the following school districts for the specified purposes: (a) Pepin Area, for technology improvements and technology to install a distance learning lab, (b) Cochrane–Fountain City, for transportation, class–size reduction, and comprehensive education, and (c) Plum City, for transportation and specialized instruction.

20.255 (2) (er) to award a \$50,000 grant to the consortium of 7 school districts in Dane County known as the Global Academy to support planning and development.

20.255 (2) (es) to award a \$50,000 grant to the Chequamegon School District for a distance learning lab.

Each of these appropriations was created with the stipulation that no money could be encumbered after June 30, 2010. All money in these appropriations was paid out in FY10; therefore, no funds remain. Because the statutes created these appropriations for FY10 payments only but did not sunset the appropriations, they will not go away automatically. The department, therefore, would like to clean-up its chapter 20 schedule and remove these one-year commitments.

Related Stat. Citations:

Remove s. 20.255 (2) (de), Wis. Stats., School district grants.

Remove s. 20.255 (2) (er), Wis. Stats., Global Academy.

Remove s. 20.255 (2) (es), Wis. Stats., Distance learning.

DPI 2011-13 BIENNIAL BUDGET REQUEST**DECISION ITEM 7005 – PROGRAM REVENUE REESTIMATES**

See Appropriations Below

| FISCAL SUMMARY | | | |
|----------------------------------|--------------------------------|----------------------------|----------------------------|
| Numeric Appropriation | Alpha Appropriation | 2011-12 Request | 2012-13 Request |
| 123 | s. 20.255 (1) (j) | \$16,100 | \$18,200 |
| 124 | s. 20.255 (1) (i) | -\$34,100 | -\$34,100 |
| 129 | s. 20.255 (1) (km) | -\$8,300 | -\$8,300 |
| 130 | s. 20.255 (1) (hj) | \$14,800 | \$14,400 |
| 131 | s. 20.255 (1) (ks) | \$700,000 | \$900,000 |
| 132 | s. 20.255 (1) (ke) | \$150,100 | \$150,100 |
| 135 | s. 20.255 (1) (im) | -\$70,000 | -\$70,000 |
| 136 | s. 20.255 (1) (gt) | -\$297,200 | -\$297,200 |
| 172 | s. 20.255 (1) (gL) | -\$10,000 | -\$10,000 |
| 174 | s. 20.255 (1) (gs) | -\$30,000 | -\$30,000 |
| 232 | s. 20.255 (2) (k) | \$303,500 | \$303,500 |
| Total | | \$734,900 | \$936,600 |

The department requests \$1,145,300 PR-S and -\$410,400 PR in FY12 and \$1,345,300 PR-S and -\$408,700 PR in FY13 to reflect projected revenues and expenditures.

DPI 2011-13 BIENNIAL BUDGET REQUEST**DECISION ITEM 7006 – FEDERAL PROGRAM REESTIMATES**

See Appropriations Below

| FISCAL SUMMARY | | | |
|----------------------------------|--------------------------------|----------------------------|----------------------------|
| Numeric Appropriation | Alpha Appropriation | 2011-12 Request | 2012-13 Request |
| 141 | s. 20.255 (1) (me) | \$2,999,200 | \$3,712,300 |
| 146 | s. 20.255 (1) (pz) | \$180,500 | \$312,000 |
| 241 | s. 20.255 (2) (m) | \$49,926,900 | \$49,926,900 |
| 242 | s. 20.255 (2) (n) | -\$174,000,000 | -\$194,100,000 |
| 343 | s. 20.255 (3) (mm) | \$92,200 | \$92,200 |
| 344 | s. 20.255 (3) (ms) | \$2,220,200 | \$2,220,200 |
| Total | | -\$118,581,000 | -\$137,836,400 |

The department requests a decrease in expenditure authority of \$118,581,000 PR-F in FY12 and \$137,836,400 PR-F in FY13 to reflect a decrease in projected revenues.

DPI 2011-13 BIENNIAL BUDGET REQUEST

DECISION ITEM 7007 – UNCLASSIFIED POSITION AUTHORITY

122 – Personnel licensure, teacher supply, information and analysis and teacher improvement
s. 20.255 (1) (hg)

131 – Data processing
s. 20.255 (1) (ks)

141 – Federal aids; program operations
s. 20.255 (1) (me)

146 – Indirect cost reimbursements
s. 20.255 (1) (pz)

| FISCAL SUMMARY | | |
|----------------|--------------------|--------------------|
| | 2011-12 Request | 2012-13 Request |
| PR-S | \$0 | \$0 |
| | 0.40 FTE | 0.40 FTE |
| PR-F | \$0 | \$0 |
| | -0.40 FTE | -0.40 FTE |

Request/Objective

The department requests an additional 0.20 FTE unclassified position authority in PR-S appropriation s. 20.255 (1) (hg), Wis. Stats., Personnel licensure; and PR-S appropriation s. 20.255 (1) (ks), Wis. Stats., Data processing. In return, the department would like to reduce 0.20 FTE unclassified position authority in PR-F appropriation s. 20.255 (1) (me), Wis. Stats., Federal aids; and 0.20 FTE unclassified position authority in PR-F appropriation s. 20.255 (1) (pz), Wis. Stats., Indirect cost reimbursements.

Background/Analysis of Need

The department has a division administrator that oversees teacher licensure; however, because the department does not have unclassified position authority in the appropriation holding these funds, the division administrator is not able to be paid using such funds. A similar case exists with the department's division administrator of information technology.

As a means to more closely align the funding of these administrators with the work they are performing, the department would like to request 0.20 unclassified FTE in the teacher licensure appropriation and the information technology appropriation. In turn, the department would like to delete an equivalent amount of unclassified authority in the federal aids program operations appropriation and the indirect cost reimbursement appropriation.

Statutory Language

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

DPI 2011-13 BIENNIAL BUDGET REQUEST

DECISION ITEM 3001 – TURNOVER REDUCTION

See Appropriations Below

| FISCAL SUMMARY | | | |
|--------------------------|---------------------------|--------------------|--------------------|
| Numeric Appropriation | Alpha Appropriation | 2011-12 Request | 2012-13 Request |
| 101 | s. 20.255 (1) (a) | - \$164,600 | - \$164,600 |
| 102 | s. 20.255 (1) (b) | - \$220,000 | - \$220,000 |
| 141 | s. 20.255 (1) (me) | - \$426,600 | - \$426,600 |
| Total | | - \$811,200 | - \$811,200 |

The department requests -\$384,600 GPR and -\$426,600 PR-F in FY12 and FY13 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 2011-13 BIENNIAL BUDGET REQUEST

DECISION ITEM 3002 – REMOVAL OF NONCONTINUING ITEMS FROM THE BASE

141 – Federal aids; program operations
s. 20.255 (1) (me)

146 – Indirect cost reimbursements
s. 20.255 (1) (pz)

315 – Grant to project lead the way
s. 20.255 (3) (dn)

| FISCAL SUMMARY | | |
|----------------|-----------------------|-------------------------|
| | 2011-12 Request | 2012-13 Request |
| PR-F | -\$32,900 0.00 FTE | -\$313,600 -5.50 FTE |
| GPR | -\$234,700 | -\$234,700 |

The department has 1.50 FTE PR-F project positions that will end by January 2012 and 4.0 FTE PR-F project positions that will end by June 30, 2012. \$32,900 PR-F in corresponding salary and fringe benefit costs are being removed from the base in FY12 and \$313,600 PR-F in corresponding salary and fringe benefit costs and the 5.50 FTE are being removed from the base in FY13.

In s. 20.255 (3) (dn), Wis. Stats., the statute prohibits the department from encumbering any funds from the appropriation after June 30, 2011. Because the statutes created this appropriation but did not sunset the appropriation, it will not go away automatically. This decision item would remove \$234,700 GPR in each year of the biennium from aid to Project Lead the Way.

DPI 2011-13 BIENNIAL BUDGET REQUEST**DECISION ITEM 3003 – FULL FUNDING OF CONTINUING SALARIES AND FRINGE**

See Appropriations Below

| FISCAL SUMMARY | | | |
|----------------------------------|--------------------------------|----------------------------|----------------------------|
| Numeric Appropriation | Alpha Appropriation | 2011-12 Request | 2012-13 Request |
| 101 | s. 20.255 (1) (a) | \$1,380,100 | \$1,380,100 |
| 102 | s. 20.255 (1) (b) | \$343,000 | \$343,000 |
| 122 | s. 20.255 (1) (hg) | \$197,300 | \$197,300 |
| 123 | s. 20.255 (1) (j) | \$28,100 | \$28,100 |
| 124 | s. 20.255 (1) (i) | \$63,600 | \$63,600 |
| 125 | s. 20.255 (1) (jg) | \$16,200 | \$16,200 |
| 129 | s. 20.255 (1) (km) | \$2,200 | \$2,200 |
| 130 | s. 20.255 (1) (hj) | \$14,200 | \$14,200 |
| 131 | s. 20.255 (1) (ks) | \$243,800 | \$243,800 |
| 132 | s. 20.255 (1) (ke) | \$112,700 | \$112,700 |
| 133 | s. 20.255 (1) (kd) | \$30,000 | \$30,000 |
| 134 | s. 20.255 (1) (hm) | \$3,800 | \$3,800 |
| 141 | s. 20.255 (1) (me) | \$853,800 | \$853,800 |
| 146 | s. 20.255 (1) (pz) | \$770,000 | \$770,000 |
| 160 | s. 20.255 (1) (q) | \$20,900 | \$20,900 |
| Total | | \$4,079,700 | \$4,079,700 |

The department requests \$1,723,100 GPR, \$305,200 PR, \$406,700 PR-S, \$1,623,800 PR-F, and \$20,900 SEG in FY12 and FY13 to adjust the amount needed to bring salary and fringe amounts to FY11 levels. A detailed calculation is available on a separate spreadsheet from the Policy and Budget Team.

DPI 2011-13 BIENNIAL BUDGET REQUEST

DECISION ITEM 3007 – OVERTIME

See Appropriations Below

| FISCAL SUMMARY | | | |
|-----------------------|---------------------|-----------------|-----------------|
| Numeric Appropriation | Alpha Appropriation | 2011-12 Request | 2012-13 Request |
| 101 | s. 20.255 (1) (a) | \$10,800 | \$10,800 |
| 102 | s. 20.255 (1) (b) | \$274,800 | \$274,800 |
| 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) | \$9,900 | \$9,900 |
| 133 | s. 20.255 (1) (kd) | \$600 | \$600 |
| 141 | s. 20.255 (1) (me) | \$37,700 | \$37,700 |
| 146 | s. 20.255 (1) (pz) | \$14,500 | \$14,500 |
| Total | | \$352,100 | \$352,100 |

The department requests \$285,600 GPR, \$3,700 PR, \$10,600 PR-S and \$52,200 PR-F in FY12 and FY13 to restore funds for overtime that were removed in the full funding calculation. The amount requested is based on salary amounts approved in 2009 Wisconsin Act 28. Fringe benefits are calculated at the variable fringe rate of 20.45 percent.

DPI 2011-13 BIENNIAL BUDGET REQUEST

DECISION ITEM 3008 – NIGHT AND WEEKEND DIFFERENTIAL

See Appropriations Below

| FISCAL SUMMARY | | | |
|--------------------------|---------------------------|--------------------|--------------------|
| Numeric Appropriation | Alpha Appropriation | 2011-12 Request | 2012-13 Request |
| 101 | s. 20.255 (1) (a) | \$500 | \$500 |
| 102 | s. 20.255 (1) (b) | \$57,200 | \$57,200 |
| 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 | | \$58,300 | \$58,300 |

The department requests \$57,700 GPR, \$200 PR-S and \$400 PR-F in FY12 and FY13 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 2009 Wisconsin Act 28. Fringe benefits are calculated at the variable fringe rate of 20.45 percent.

DPI 2011-13 BIENNIAL BUDGET REQUEST

DECISION ITEM 3010 – FULL FUNDING OF LEASE AND DIRECTED MOVES COSTS

101 – General program operations

s. 20.255 (1) (a)

141 – Federal aids; program operations

s. 20.255 (1) (me)

| FISCAL SUMMARY | | |
|----------------|--------------------|--------------------|
| | 2011-12 Request | 2012-13 Request |
| GPR | \$33,800 | \$33,800 |
| PR-F | \$1,300 | \$1,300 |

The department requests \$33,800 GPR and \$1,300 PR-F in FY12 and FY13 to fund the increased costs of private lease and state owned space expenditures.

DPI 2011-13 BIENNIAL BUDGET REQUEST

DECISION ITEM 3011 – MINOR TRANSFERS WITHIN THE SAME ALPHA APPROPRIATION

276 – Alternative education grants
s. 20.255 (2) (cf)

306 – Grants for national teacher certification or master educator licensure
s. 20.255 (3) (c)

| FISCAL SUMMARY | |
|--------------------|--------------------|
| 2011-12 Request | 2012-13 Request |
| \$0 | \$0 |

Alternative Education Grants

The department requests that \$190,000 in appropriation 276 be moved from the unallotted reserve line to the local assistance line. Currently, each year, the department needs to process a transaction to move the funds from the unallotted reserve line to a line where the money can be spent. Transferring this money will avoid having to process these transactions in future years.

National Teacher Certification or Master Educator Licensure

The department requests that \$1,803,200 in appropriation 306 be moved from the aids line to the LTE line, \$138,000 be moved to the fringe benefits line, and \$158,400 be moved to the supplies and services line. Because of the way this aid money is paid out, it is actually accounted for as LTE money. According to the IRS, annual payments to the recipients are conditional on the recipient (teacher) teaching in Wisconsin in order to be eligible for the ten years of annual payments. That creates an employer/employee relationship with regards to federal and state taxes and social security. Therefore the recipients are entered into the DPI payroll system as LTEs.

Currently, each year, the department needs to process a transaction to move the funds from the aids line to the LTE salary, fringe, and supplies and services lines so the money can be spent. Transferring this money in the biennial budget process will eliminate the need to process a transaction each year to get the money on the appropriate lines.