

# Big Changes: Students with Disabilities, Open Enrollment, and Vouchers

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REGIONAL FEDERAL FUNDING CONFERENCE  
WAUSAU  
APRIL 12 & 13, 2016

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## Agenda

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- **Special Needs Scholarship Program**
  - Program Overview
  - Fiscal Impacts
- **Open Enrollment**
  - Program Changes
  - Fiscal Impacts
  - Important Considerations
  - Maintenance of Effort

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# Special Needs Scholarship Program: Overview

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## HOW ARE THESE “VOUCHERS” GOING TO WORK?

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# Special Needs Scholarship Program Basics

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- Starts in 2016-17 (this fall)
- Students with IEPs/service plans who meet certain eligibility requirements may be able to receive scholarships to participating private schools
- Resident districts retain certain responsibilities
- Funded via general aid deductions

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## Eligibility

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- A student with a disability may receive a scholarship if they:
  - Reside in Wisconsin
  - Are denied Open Enrollment for the year they apply for SNSP
    - ✦ All of a student's Open Enrollment applications must be denied
    - ✦ If appealed to DPI, denial must have been upheld
    - ✦ For 2016-17 only, was denied Open Enrollment by a resident or nonresident district in any school year from 2011-12 to 2016-17; not clear whether denials must have been upheld
  - Have an IEP/service plan in effect
  - Enrolled at a Wisconsin public school for the entire school year before they apply
    - ✦ Does not apply in 2016-17 only
  - Are accepted by a participating school

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## Resident District Responsibilities

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- Notify parents of students with disabilities of the Special Needs Scholarship Program
- Within 3 days of being requested to do by DPI:
  - Verify to DPI that an IEP/service plan is in place
  - Provide the IEP/service plan to the private school
- Administer state assessments to participating students at parent request
  - Assessment results not included in school/district report cards
- Re-evaluate each participating student once every three years

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# Special Needs Scholarship Program: Fiscal Impact

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## HOW WILL THIS AFFECT MY DISTRICT'S FINANCES?

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## Payments

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- Private schools receive \$12,000/FTE from DPI
  - No direct payments from resident districts to private schools
- If an IEP team re-evaluates a student and determines they no longer have a disability, they are a “partial scholarship” student in the following school year:
  - Student may continue in the private school
  - Private school receives a partial scholarship equal to the Parental Choice Program payment for that grade
    - ✦ 2016-17 estimates:
      - Grades PK-8: \$7,323/FTE
      - Grades 9-12: \$7,969/FTE

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## Funding

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- **SNSP payments withheld from general school aids**
  - Processed by DPI in year-end reconciliation
  - Recorded in Fund 10 (10E **387 438000**)
  - May not use IDEA funds for these transfers out
  - Other state aids withheld if general aids are insufficient
    - ✦ Open Enrollment transfers have priority over scholarships
- **Aid transfers feed into the state's pot for scholarship payments**
  - Aid withholding and scholarship payment not directly linked
  - Low-aided districts not responsible if aid withholding doesn't fund all their students' scholarships

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## Funding

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- **Resident district counts student for general aid & revenue limit membership**
  - SNSP students go into the RL 3-year rolling average
    - ✦ Different from "regular" choice expansion:  
New WPCP/RPCP (2015-16 & after) students still go into the non-recurring RL exemption, but the amount will be reduced to just the actual aid deduction
  - SNSP (and new WPCP/RPCP) students counted for aid
  - No exemption for Transfer of Service

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## SNSP and Equitable Services

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- Equitable Services: Required IDEA set-aside for students in private schools located in your district
- SNSP students are included in your Equitable Services set-aside count
  - Based on who attends schools located within your district, not whether they're your residents
- District determines which students receive what services
- Bottom line: **SNSP students may increase what you need to spend from IDEA, but impose no additional requirement on how you spend it**
  - USDOE OCR/OSEP Letter to Bowen, March 30, 2001

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## Open Enrollment: Program Changes

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**HOW IS OPEN ENROLLMENT  
CHANGING FOR STUDENTS WITH  
DISABILITIES?**

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## Summary of Open Enrollment Changes

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- Fixed transfer amount for students with disabilities
- No more cost estimates
- No denials for undue financial burden
- Financial responsibility for special education services transfers fully to nonresident districts
- Nonresident districts receive state & federal special education aids for OE students

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## Open Enrollment Payments

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- Old law:
  - Payments were for base transfer amount (Fund 10) plus actual, additional special education costs (Fund 27)
  - Nonresident districts billed resident districts directly
- New law:
  - Fixed, higher transfer amount (Fund 10) for students with disabilities
    - × \$12,000/FTE in 2016-17
  - Aid transfers handled by DPI in year-end reconciliation
- Not changing:
  - Resident district records the transfer as an expenditure, nonresident district records as revenue

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## Open Enrollment Process

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- **Old law:**
  - Nonresident district provided cost estimate based upon IEP
  - Resident district could deny for undue financial burden
- **New law:**
  - No exchange of cost estimate
  - No denial for undue financial burden
- **Not changing:**
  - Nonresident district may deny for lack of space/program

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## District Responsibilities

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- **Old law:**
  - Responsibilities split between resident & nonresident districts
    - ✦ Resident districts had financial responsibility
    - ✦ Nonresident districts had service/program responsibility
- **New law:**
  - Nonresident districts assume all responsibilities
    - ✦ No costs billed back to resident district
    - ✦ Must provide transportation if IEP requires it
- **Not changing:**
  - Resident district has representative(s) on IEP team
  - Nonresident district has referral/evaluation (Child Find) responsibility for its OE students

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# Open Enrollment: Fiscal Impact

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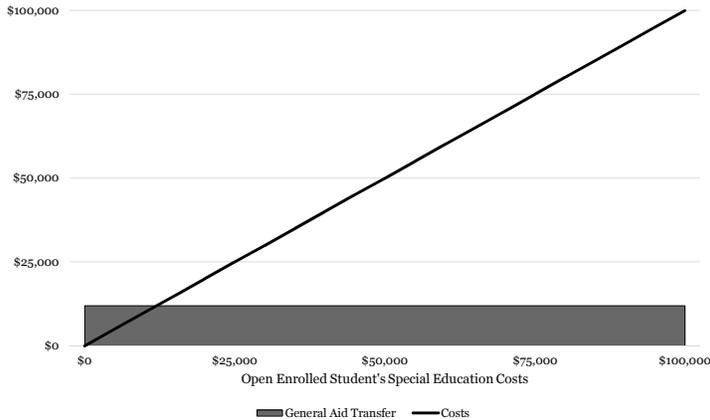
## HOW WILL THIS AFFECT MY DISTRICT'S FINANCES?

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# Myth

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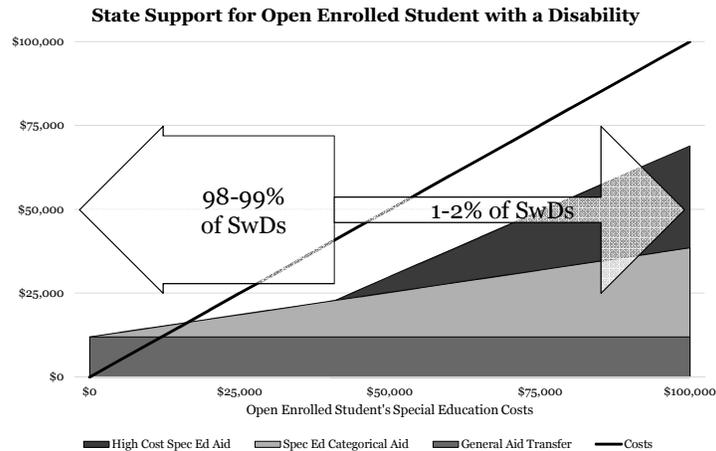
**State Support for Open Enrolled Student with a Disability**



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# Reality

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# Funding Under New OE Law

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- **\$12,000/FTE transfer of general school aids**
  - Processed by DPI in year-end reconciliation
  - Recorded in Fund 10 (10R 345/10E 382 435000)
  - May not use IDEA funds for transfers out
  - Other state aids withheld if general aids are insufficient
- **Resident district counts student for general aids & revenue limit membership**
  - No change—the resident district continues to pay for OE
- **No revenue limit exemption for Transfer of Service**

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## State & Federal Special Education Aids

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- Old law:
  - Nonresident districts received state special education aids and transited them to resident districts
  - Resident districts could use their IDEA funds and had OE students in their child count for MOE
- New law:
  - Nonresident districts receive and retain state aids
  - Nonresident districts may use their IDEA funds for OE students, included in their MOE child count

## Identification After School Begins

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- If an Open Enrollment student is evaluated and identified with a disability (Child Find) after the school year begins:
  - Resident district charged a prorated amount based on the number of days they received special education services
    - ✦ Days before charged at the basic transfer rate
    - ✦ Days after charged at the higher rate for students with disabilities
  - OPAL will be updated to allow for this type of proration

## Optimizing Resources

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- **Claim High Cost Special Education Aid**
  - State put more money into this program in large part due to Open Enrollment changes
  - Track costs specific to high-need students
  - Especially worth considering if transportation is required by the IEP
- **Use IDEA funds**
  - If submitting a High Cost Special Education Aid claim, use IDEA for the first \$20,000 to 30,000
  - Good way to draw down carryover—students are in your MOE count

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## Open Enrollment: Important Considerations

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**WHAT DO I NEED TO BE THINKING  
ABOUT WITH THE NEW LAW IN PLACE?**

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## Space Determination

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- School boards were required to designate regular and special education spaces available for next year in January
- Boards must specify criteria
  - Criteria must be applied consistently so decisions on space are not arbitrary or unreasonable
  - Not following criteria is the most common reason DPI overturns OE denials for space

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## Application Review

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- Make decisions based on January space determinations
- Districts review applications in random order
- IEPs evaluated against district's available capacity for each service listed
  - Labels/disability categories are not services
  - Parental consent needed to discuss/clarify IEP with the resident district
- Districts may keep a wait list as they review
  - Can go off wait list after students are enrolled from initial round of approvals

## Transportation

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- State law not changed on requirement to provide transportation specified by IEP
- Transportation is not part of space/program
- Nonresident districts may not deny Open Enrollment based on transportation needs or costs

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## Enrollment

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- Normal student transfer procedure is used after an approved OE applicant enrolls
- IEPs subject to change under normal review process
- Additional services evaluated against capacity in a similar fashion as when the student first applied
  - Cannot revoke OE status for services already provided

## Tuition Waivers

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- No change to current year tuition waivers
- Additional year tuition waivers will have all the same changes as Open Enrollment:
  - \$12,000/FTE general aid transfer
  - No cost estimates
  - No denials for undue financial burden
  - No billing back resident districts

## Open Enrollment & Tuition

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- Districts may not:
  - Deny Open Enrollment for one student due to lack of space, while accepting another for same grade & program with a district or parent-paid tuition agreement
  - Reserve space for OE & tuition separately
  - **Direct parents into/out of OE based on tuition costs**
- Appeals of OE denial will be overturned when denying districts accept students under tuition agreements
  - **If you have space for tuition, you have space for OE**

## Tuition vs. Cooperative Agreements

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### Tuition Agreements

- For students
- Authority: s. 121.78
- Resident district pays another district for instruction/placement

### Cooperative Agreements

- For programs
- Authority: s. 66.0301
- Multiple LEAs share costs of a program
- One LEA is fiscal agent

- Resident district remains FAPE agency in either case
- Districts may not cast tuition agreements as “66.0301” to avoid space determination/Open Enrollment issues

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## Open Enrollment & Maintenance of Effort

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WHAT IMPACT WILL THE CHANGE IN  
OPEN ENROLLMENT LAW  
HAVE ON OUR MOE?

## MOE Changes with the New Law

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- Old law:
  - Resident district responsible for actual, additional costs of special education and related services
  - Resident district counted student for MOE
  - No net impact on nonresident district if it billed correctly
- New law:
  - Nonresident district responsible for costs
  - Nonresident district counts students for MOE
  - MOE impact no different for nonresident district than if student had physically moved in

## The Four MOE Tests

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- Test 1: **State/Local** – 011/019 expenditures less tuition, Medicaid, and other reimbursements
- Test 2: **Local Only** – Fund 10 to 27 transfer
- Test 3: **State/Local Per Capita** – Amount from Test 1 divided by Oct. 1 child count
- Test 4: **Local Only Per Capita** – Amount from Test 2 divided by Oct. 1 child count

## Examples

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- Following examples will show impact of OE changes
- Student(s) with disabilities enrolling from resident district A to nonresident district B
- Oversimplified—examples assume no changes in either district other than Open Enrollment and other items listed in the example
  - Your mileage may vary!

## Example 1

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- Resident district A has 25 students with disabilities
- Nonresident district B has 75 SwDs
- Open Enrollment student has \$5,000 OT cost

## Example 1: 2015-16

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### Resident district A

### Nonresident district B

- 25 SwDs
- 011/019: \$200,000
- F10 xfer: \$150,000

- 75 SwDs
- 011/019: \$500,000
- F10 xfer: \$350,000

2015-16 MOE Base	
Test 1	\$200,000
Test 2	\$150,000
Test 3	\$8,000/SwD
Test 4	\$6,000/SwD

2015-16 MOE Base	
Test 1	\$500,000
Test 2	\$350,000
Test 3	\$6,667/SwD
Test 4	\$4,667/SwD

Law change transfers FAPE & cost in 2016-17...

## Example 1: 2016-17

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### Resident district A

### Nonresident district B

- 24 SwDs
- 011/019: \$195,000
- F10 xfer: \$145,000

- 76 SwDs
- 011/019: \$505,000
- F10 xfer: \$355,000

2016-17 MOE Results				
Test	Base	Current	Change	MOE
1	200,000	195,000	-5,000	Excp
2	150,000	145,000	-5,000	Excp
3	8,000	8,125	+125	Met
4	6,000	6,042	+42	Met

2016-17 MOE Results				
Test	Base	Current	Change	MOE
1	500,000	505,000	+5,000	Met
2	350,000	355,000	+5,000	Met
3	6,667	6,645	-22	Fail
4	4,667	4,671	+4	Met

Pass all 4 w/ \$8,000 exception for decreased enrollment

## Example 2

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- Resident district A has 25 students with disabilities
- Nonresident district B has 75 SwDs
- Open Enrollment student has \$50,000 aide and transportation cost

## Example 2: 2015-16

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### Resident district A

- 25 SwDs
- 011/019: \$250,000
- F10 xfer: \$200,000

2015-16 MOE Base	
Test 1	\$250,000
Test 2	\$200,000
Test 3	\$10,000/SwD
Test 4	\$8,000/SwD

### Nonresident district B

- 75 SwDs
- 011/019: \$500,000
- F10 xfer: \$350,000

2015-16 MOE Base	
Test 1	\$500,000
Test 2	\$350,000
Test 3	\$6,667/SwD
Test 4	\$4,667/SwD

Law change transfers FAPE & cost in 2016-17...

## Example 2: 2016-17

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### Resident district A

- 24 SwDs
- 011/019: \$200,000
- F10 xfer: \$150,000

2016-17 MOE Results				
<i>Test</i>	<i>Base</i>	<i>Current</i>	<i>Change</i>	<i>MOE</i>
1	250,000	200,000	-50,000	Excp
2	200,000	150,000	-50,000	Excp
3	10,000	8,333	-1,667	Excp
4	8,000	6,250	-1,750	Excp

Pass all 4 with \$50,000 exception for departure of student w/ costly program

### Nonresident district B

- 76 SwDs
- 011/019: \$550,000
- F10 xfer: \$400,000

2016-17 MOE Results				
<i>Test</i>	<i>Base</i>	<i>Current</i>	<i>Change</i>	<i>MOE</i>
1	500,000	550,000	+50,000	Met
2	350,000	400,000	+50,000	Met
3	6,667	7,237	+570	Met
4	4,667	5,263	+596	Met

## Example 3

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- Resident district A has 25 students with disabilities
- Nonresident district B has 75 SwDs
- 4 Open Enrollment students with \$25,000 in actual, additional costs
- District A also has \$15,000 cost decrease in 2016-17

## Example 3: 2015-16

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### Resident district A

### Nonresident district B

- 25 SwDs
- 011/019: \$225,000
- F10 xfer: \$160,000

- 75 SwDs
- 011/019: \$500,000
- F10 xfer: \$350,000

2015-16 MOE Base	
Test 1	\$225,000
Test 2	\$160,000
Test 3	\$9,000/SwD
Test 4	\$6,400/SwD

2015-16 MOE Base	
Test 1	\$500,000
Test 2	\$350,000
Test 3	\$6,667/SwD
Test 4	\$4,667/SwD

Law change transfers FAPE & cost in 2016-17...

## Example 3: 2016-17

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### Resident district A

### Nonresident district B

- 21 SwDs
- 011/019: \$185,000
- F10 xfer: \$120,000

- 79 SwDs
- 011/019: \$525,000
- F10 xfer: \$375,000

2016-17 MOE Results				
Test	Base	Current	Change	MOE
1	225,000	185,000	-40,000	Fail
2	160,000	120,000	-40,000	Fail
3	9,000	8,810	-190	Excp
4	6,400	5,714	-686	Excp

2016-17 MOE Results				
Test	Base	Current	Change	MOE
1	500,000	525,000	+25,000	Met
2	350,000	375,000	+25,000	Met
3	6,667	6,646	-21	Fail
4	4,667	4,747	+80	Met

Pass 3 & 4 w/ \$36,000 (\$1,714/SwD) exception for decreased enrollment

## Example 4

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- Resident district A has 25 students with disabilities
- Nonresident district B has 75 SwDs
- 4 Open Enrollment students with no actual, additional cost to District B but had been billed at \$25,000 under rate agreement

## Example 4: 2015-16

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### Resident district A

- 25 SwDs
- 011/019: \$225,000
- F10 xfer: \$160,000

2015-16 MOE Base	
Test 1	\$225,000
Test 2	\$160,000
Test 3	\$9,000/SwD
Test 4	\$6,400/SwD

### Nonresident district B

- 75 SwDs
- 011/019: \$500,000
- F10 xfer: \$350,000

2015-16 MOE Base	
Test 1	\$500,000
Test 2	\$350,000
Test 3	\$6,667/SwD
Test 4	\$4,667/SwD

Law change transfers FAPE & cost in 2016-17...

## Example 4: 2016-17

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### Resident district A

- 21 SwDs
- 011/019: \$200,000
- F10 xfer: \$135,000

2016-17 MOE Results				
Test	Base	Current	Change	MOE
1	225,000	200,000	-25,000	Excp
2	160,000	135,000	-25,000	Excp
3	9,000	9,524	+524	Met
4	6,400	6,429	+29	Met

Pass 1 & 2 w/ \$36,000 exception for decreased enrollment

### Nonresident district B

- 79 SwDs
- 011/019: \$525,000
- F10 xfer: \$350,000

2016-17 MOE Results				
Test	Base	Current	Change	MOE
1	500,000	525,000	+25,000	Met
2	350,000	375,000	+25,000	Met
3	6,667	6,646	-21	Fail
4	4,667	4,747	+80	Met

Note how loss of revenue w/o a cost increase ratchets up the base for future years

## Takeaways

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- Review exception checklist and other MOE resources at [dpi.wi.gov/sped/educators/fiscal/maintenance-of-effort](http://dpi.wi.gov/sped/educators/fiscal/maintenance-of-effort)
- DPI will grant administrative exceptions for districts that had been billing Open Enrollment consistently with statutes and fail only due to the change in law
- DPI will not grant exceptions due to the change in law for districts that had not been billing Open Enrollment consistently with statutes

# Resources

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## WHERE CAN I GET MORE INFORMATION?

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# Special Needs Scholarship Program

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- **General Information**
  - [dpi.wi.gov/sms/special-needs-scholarship](http://dpi.wi.gov/sms/special-needs-scholarship)
- **DPI Contact**
  - Colleen Uhlenkamp  
School Management Services  
[colleen.uhlenkamp@dpi.wi.gov](mailto:colleen.uhlenkamp@dpi.wi.gov)  
608-264-9544

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## Open Enrollment Program

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- Q&A on Changes for Students with Disabilities
  - [dpi.wi.gov/open-enrollment/resources](http://dpi.wi.gov/open-enrollment/resources) or [dpi.wi.gov/open-enrollment/special-education](http://dpi.wi.gov/open-enrollment/special-education)
- Training Modules
  - [dpi.wi.gov/open-enrollment/resources/training](http://dpi.wi.gov/open-enrollment/resources/training)
- Bulletins
  - [dpi.wi.gov/open-enrollment/resources/bulletins](http://dpi.wi.gov/open-enrollment/resources/bulletins)
- DPI Contact
  - [openenrollment@dpi.wi.gov](mailto:openenrollment@dpi.wi.gov)  
888-245-2732

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## Fiscal Questions

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- Open Enrollment/SNSP Payments and Funding
  - Daniel Bush  
School Financial Services  
[daniel.bush@dpi.wi.gov](mailto:daniel.bush@dpi.wi.gov)  
608-267-9212
- Revenue Limit
  - [dpi.wi.gov/sfs/limits/overview](http://dpi.wi.gov/sfs/limits/overview)
  - Karen Kucharz  
School Financial Services  
[karen.kucharz@dpi.wi.gov](mailto:karen.kucharz@dpi.wi.gov)  
608-266-3464
- Maintenance of Effort & Equitable Services
  - [dpi.wi.gov/sped/educators/fiscal](http://dpi.wi.gov/sped/educators/fiscal)
  - Rachel Zellmer  
Special Education  
[rachel.zellmer@dpi.wi.gov](mailto:rachel.zellmer@dpi.wi.gov)  
608-267-9176 (c/o Marge Schenk)