



Selected Provisions in the Governor's Proposed 2015-17 State Budget Bill Affecting K-12 Education

School Funding

Revenue Limits

There is no per pupil increase in either 2015-16 or 2016-17. (Current statutes are silent with regard to a revenue limit adjustment after the 2014-15 year. The budget bill makes no change to current law; thus, revenue limits are frozen at the 2014-15 level.) As a result, any additional funding for state general aids must be used for property tax relief, not in classrooms. (See also next section.)

(The WASB supports predictable growth in revenue limits. Specifically, the WASB supports increasing per pupil revenue limits statewide by a dollar amount aligned to the percentage increase, if any, in the cost of living (CPI-U).

State General Aid

The budget bill provides no increase in state general equalization aid to schools in 2015-16 and a \$108.1 million increase in 2016-17; however, because revenue limits would be frozen, the increase in 2016-17 would not provide additional overall resources to schools but must be used to mitigate property tax increases.

The budget bill also contains provisions that will reduce general aid to school districts that are described in greater detail below. These include provisions to expand the scope and scale of *independent* charter schools and changes to the way per pupil payments for *new* voucher students in the uncapped statewide voucher program are funded. (Per pupil payments for independent charters are funded as a first draw on general equalization aids, and under the governor's proposal per pupil payments for new voucher students would be funded by reductions in aid to the district in which those students reside.)

(The WASB supports increasing state general equalization aids and per-pupil adjustments to revenue limits by a predictable percentage each year.)

Per Pupil Aid

The budget bill eliminates funding (\$150 per pupil) for per pupil aid in 2015-16 but would restore per pupil aid funding on a one-time basis at a slightly increased level (roughly \$165 per pupil) in 2016-17. (The total statewide aid decrease in 2015-16 is estimated to be \$127 million, while the funding restored in 2016-17 would total about \$141.9 million.) Because per pupil aid is received outside the revenue limits, districts will not be able to levy property taxes to make up for the \$150 per pupil in per pupil aid they lose in 2015-16. The loss of this aid will result in immediate cuts in 2015-16 (unless districts resort to exceptional means—such as going to voter referendum or spending down fund balances next year).

The budget bill also converts the appropriation for per pupil aid from a sum sufficient to an annual sum certain appropriation. (This could lead to prorated payments if the sum certain amount appropriated is not sufficient to fully fund the aid payments at the roughly \$165 per pupil level, something that would not happen if the appropriation remained as a sum sufficient appropriation.)

School Levy Tax Credits

The budget bill provides \$105.6 million annually to increase the school levy tax credit. Although this credit is calculated based on school levies, the credit is paid to municipalities not school districts and **does not** provide resources directly to school districts. Although the name of this tax credit suggests it has something to do with money for schools, its only connection to school budgets is that it is calculated based on school levies. (The school levy tax credit is distributed to each municipality based on that municipality's share of statewide levies for school purposes during the three preceding years.) School districts do not actually receive these dollars, which the state uses to reduce the net local levy for all property owners.

(The WASB supports a legislative package that discontinues the School Levy Credit and First Dollar Credit and reallocates those dollars to equalization aids, uses student poverty as a factor in the equalization aid formula, and provides a minimum amount of state aid for every student.)

Rural Schools

Pupil Transportation

The budget bill increases the per pupil transportation aid amount for transporting a pupil who lives more than 12 miles from his or her school from \$275 to \$300 per school year.

The budget bill provides an additional \$2.5 million in each year of the biennium for high-cost transportation aid and limits eligibility for high-cost transportation aid to those school districts that have 50 students (members) per square mile or less. Only those districts whose pupil transportation costs, on a per member basis, exceed 150 percent of the statewide average pupil transportation costs are eligible for reimbursement under this program. (This proposal was endorsed by the Assembly Speaker's Task Force on Rural Schools and supported by the WASB.)

The budget bill also makes an independent charter school that elects to provide transportation to pupils attending the independent charter school eligible for pupil transportation aid.

Sparsity Aid

The budget bill provides an additional \$4.2 million in each year for sparsity aid payments and eliminates the requirement that at least 20 percent of the school district's membership be eligible for a free or

reduced-price lunch in order for the district to receive this aid. The amount appropriated is anticipated to fully fund estimated eligible grants at the statutory amount of \$300 per pupil. (This proposal--full funding for sparsity aid--was endorsed by the Assembly Speaker's Task Force on Rural Schools and supported by the WASB. The WASB supports providing sparsity aid based on enrollment size and population density, without regard to the percentage of the district's enrollment that is eligible for free- and reduced-price lunch.)

Under the budget proposal, only school districts with an enrollment in the prior school year of less than 725 members and a population density of less than 10 members per square mile of district attendance area would be eligible for this aid.

Technology for Educational Achievement (TEACH) Program

The budget bill includes language would allow the Technology for Educational Achievement program to: a) undertake an initiative, funded with up to \$25 million of federal E-rate funds, to provide or increase bandwidth to educational entities with critical broadband needs; and b) provide more than one data line or video link to an eligible educational agency, subject to available funding and criteria determined by the program, including an educational agency's current bandwidth, equipment, readiness, available providers and other economic development in the area.

The budget bill also consolidates multiple appropriations that fund the Technology for Educational Achievement program into a single appropriation to make it easier to spend TEACH monies according to need rather than fund designation. (The "TEACH 2.0" proposal was endorsed by the Assembly Speaker's Task Force on Rural Schools and supported by the WASB.)

Whole Grade Sharing

The budget bill authorizes the school boards of two or more school districts to enter into a whole grade sharing agreement that provides for all or a substantial portion of the pupils in one or more grades in any of the school districts to attend school in one or more of the other school districts for all or a substantial portion of a school day.

A whole grade sharing agreement must specify all of the following:

1. The term of the agreement.
2. The grade levels affected by the agreement.
3. The per pupil amount that a resident school district pays for a pupil attending a nonresident school district under the agreement.
4. Which pupils each school board is responsible to transport. A responsible school board is eligible for state transportation aid for the pupils it transports under the agreement.
5. Which school board will award graduation diplomas.

6. Which school board is required to maintain pupil records.

A whole grade sharing agreement must be signed by the participating school boards no later than February 1 in order to be effective for the ensuing school year. At least 30 days before entering into a whole grade sharing agreement, an interested school district must hold a public hearing at which the proposed agreement is described and school district electors may offer comments.

For each of the first five school years after a whole grade sharing agreement takes effect, DPI must provide additional aid to each participating school district to ensure that the school district does not receive less state aid than it did before entering into the agreement. DPI also provides additional aid in the sixth and seventh years after the agreement takes effect but to a lesser extent. (A proposal to enable “whole grade sharing” was endorsed by the Assembly Speaker’s Task Force on Rural Schools and supported by the WASB.)

Vouchers and Independent Charters

Vouchers

The budget bill eliminates the cap (currently 1,000) on the number of students who can participate in the statewide voucher program and it funds payments to new students in the statewide and Racine programs with the equalization aid allocated to the resident school district for the student.

The plan would allow public school students or kindergarten, first- and ninth-graders from lower-income families statewide to use a voucher to attend a qualifying private school without paying tuition. The state aid that would have gone to the public school district would be redirected to the private school.

Enrollment limits: The budget bill eliminates all the enrollment limits on the *statewide* choice (voucher) program, including: the cap on total statewide enrollment, the cap on the number of private schools that may participate in the statewide voucher program, and the cap that limits enrollment in private voucher schools to no more than one percent of any public school district’s total enrollment.

Enrollment preferences: The budget bill changes the criteria for acceptance into the statewide voucher program. Under the new criteria, a pupil must satisfy one of the following to attend a private school under the *statewide* voucher program: a) have been enrolled in a public school in the school district in the previous school year; have not been enrolled in school in the previous school year; have attended a private voucher school under statewide voucher program in the previous school; or be applying to kindergarten, 1st grade, or 9th grade. (These are essentially the same requirements that have been in place for the Racine voucher program since its inception. While these requirements are intended to favor public school students transferring into private voucher schools, the experience in Racine is that roughly half of the students entering the voucher program there have never attended Racine public schools.)

Per pupil payments: Instead of paying the per pupil amount of each voucher from a separate sum sufficient appropriation, voucher payments to participating private schools for *new* voucher pupils will be paid from the general equalization aid sum certain appropriation, beginning in 2015–16. Essentially, the DPI “rolls up” all the aid taken from affected resident districts and then divides by the number of *new* voucher students.

The proposed budget calculates the per pupil payment amount for each *new* voucher pupil in the statewide program as follows: Each participating private school will receive the same per pupil amount for a *new* voucher pupil regardless of where it is located. The per pupil amount paid will be calculated annually by DPI based on the following factors: 1) The school districts in which *new* voucher pupils reside; 2) The per pupil equalization aid for each of those school districts; 3) The number of *new* choice (voucher) pupils residing in each school district. Each voucher school would receive the same per pupil payment, regardless of the private school's operating and debt service cost per pupil.

Beginning with the aid calculation for the 2016–17 school year, students attending a voucher school either in the Racine voucher program or the statewide voucher program will be counted in their resident school district’s membership solely for purposes of calculating the school district’s equalization aid. Each school district’s equalization aid must be reduced by an amount equal to the school district’s per pupil equalization aid times the number of *new* voucher pupils who reside in that school district (apparently without regard to whether the student was ever enrolled in the school district in which they reside). This reduction is not considered for purposes of calculating a school district’s revenue limit.

The budget bill maintains the current per pupil payment levels of \$7,210 for students in grades kindergarten through 8 and \$7,856 for students in grades 9 through 12 for students participating in the Milwaukee parental choice program and students who began participating in the statewide and Racine parental choice programs before the 2015-16 school year.

(The WASB opposes voucher expansion.)

Independent Charter Schools

The budget bill creates the Charter School Oversight Board (CSOB), attached to DPI, and authorizes it to approve nonprofit, nonsectarian organizations, or consortia of such organizations, to contract with persons to operate independent charter schools anywhere in the state.

The 11-member CSOB will be comprised of the State Superintendent, or his or her appointee; two additional appointees of the State Superintendent with independent charter school experience; two appointees of the Governor; two appointees of the Senate majority leader; two appointees of the Assembly majority leader; one appointee of the Senate minority leader; and one appointee of the Assembly minority leader.

The budget bill phases out the authority of those entities--UW-Milwaukee, UW-Parkside, Milwaukee Common Council, and Milwaukee Area Technical College-- that may authorize an independent charter

school under current law, although these existing independent charter school authorizers may continue to operate any charter schools established before the effective date of the budget bill.

The budget bill would allow a charter school contract to provide for more than one charter school, and allows a charter school governing board to enter into more than one contract.

The budget bill removes geographic restrictions that currently limit who may attend an independent charter school to only those students residing in districts within the five-county region surrounding Milwaukee County. However, the budget bill language allows a school board to prohibit a pupil who resides in the school district from attending an independent charter school unless the school district's enrollment is at least 4,000 and at least two schools in the school district are in one of the lowest performance categories on DPI's most recent school accountability report. (Thus, some students are able to attend any independent charter school, while in other districts pupils must seek approval from the resident school board to attend an independent charter school.)

The budget bill also makes an independent charter school that elects to provide transportation to pupils attending the independent charter school eligible for pupil transportation aid.

(The WASB *supports* charter schools provided the locally elected school board is the chartering agency. The WASB *opposes* the creation or operation of a state-level chartering body or other entity or set of entities legally empowered to authorize independent charter schools throughout the state.

It should be noted that per pupil payments to independent charter schools (currently \$8,050 per pupil) are funded as a first draw on state general aid payments to all school districts in the state that receive general aid payments. This draw reduces general aid payments by about 1.5 percent on average and affects all districts, including those located great distances from existing independent charters. Because local school board are allowed under the revenue limits to levy property taxes to make up for this lost state aid, creating additional independent charter schools will likely have the effect of increasing property taxes.

Assessment, Accountability and Standards

State Assessments

The budget bill prohibits the state superintendent from adopting or approving examinations developed by the Smarter Balanced Assessment Consortium and prohibits the state from and participating in the SMARTER Balanced Consortium. The budget bill, however, continues to fund implementation of the Dynamic Learning assessment system and the American College Testing (ACT) suite of tests. The ACT tests are administered to students in the 9th, 10th and 11th grades.

Under the budget bill, schools and districts would be allowed to choose which assessments are administered to their students. Assessment options would include a state test adopted and approved by the State Superintendent as well as alternative tests certified by the Value-Added Research Center (VARC) at the University of Wisconsin-Madison.

The budget bill also eliminates the requirement to administer the ninth grade examination in the fall session. (Schools are still required to administer the ninth grade examination in the spring session.)

(The WASB supports granting the Department of Public Instruction (DPI) the authority to approve a waiver from the statutorily-required administration of the ACT Aspire test during the fall session of ninth grade to school districts that administered this assessment in the spring session of eighth grade.)

School Accountability (Report Cards)

The budget bill replaces the performance categories with A-F letter grades. It also allows schools to choose the assessment they wish to administer for accountability purposes and makes changes to the measures used to determine school performance and school district improvement.

The budget bill provides that beginning in the 2015–16 school year, a school may administer an alternative examination approved by the UW–Madison Value–Added Research Center (VARC) instead of the examination approved by the state superintendent if the school notifies the state superintendent that it intends to do so. (The budget bill requires VARC to approve at least three but no more than five alternative examinations determined to be acceptable for statistical comparison with the examination approved by the state superintendent.)

Under the budget bill, performance scores would be weighted to account for student poverty rates and the length of time a student has been educated in the school system, beginning with report cards issued in September 2016. In determining a school’s performance or a school district’s improvement, DPI must take into account the percentage of economically disadvantaged pupils enrolled in the school or school district and the length of time a pupil was enrolled in the school or school district.

(The WASB supports that students in private voucher schools and public schools should be required to take the same state assessments and results should be required to be calculated the same way .)

Notices/Information for Parents

Under the budget bill, each school must provide a copy of the school’s accountability report to the parent or guardian of each pupil enrolled in the school. Each school board must also notify parents or guardians of the academic standards to be used for the upcoming school year. (The WASB has objected

to similar provisions in Senate Bill 1 on the ground that they require public schools to advertise “the competition” but place no similar requirements on private voucher schools or independent charters.)

The budget bill also requires each school board to annually provide to the parent or guardian of each child who resides within the school district of the educational options available to that child, and to post this information on the school district’s Internet site. The bill requires the state superintendent to provide this same information, on a statewide basis, on DPI’s Internet site.

Common Core

The budget bill prohibits the state superintendent from requiring a school district to adopt or implement any Common Core standard. The bill also prohibits the state superintendent from giving effect to any Common Core standards currently in effect, and prohibits the state superintendent from adopting or implementing any new Common Core standards.

(The WASB supports the state superintendent’s adoption and implementation of the Common Core standards but also supports the right and ability of local school boards to adopt their own academic standards.)

Miscellaneous

Alternative Teacher Licensure Pathways

The budget bill directs DPI to grant an alternative teaching license to any individual who has a bachelor’s degree, demonstrates that he or she is proficient in the licensed subject, and has relevant experience in the licensed subject. Such a license authorizes the individual to teach only the licensed subject in grades 6 to 12, is valid for three years and may be renewed.

(The WASB supports reasonable efforts to provide pathways to licensure for teaching candidates in subject or content areas where there is a shortage of licensed teachers, provided that candidates have bachelor’s degrees and are qualified to be in a classroom as demonstrated by appropriate experience, knowledge and skills in the subject or content area, and rigorous training in pedagogy, assessment, and classroom management. Although we recognize there are growing teacher shortages in several regions of the state and in a number of subject or content areas, we are concerned that this proposal may send a message that teacher training and pedagogy are not important.)

CESAs

The budget bill makes school board participation in a cooperative educational service agency (CESA) optional and requires each school board participating in a CESA to pay its proportional share of these costs to the CESA's board of control, beginning in the 2015–16 school year.

(The WASB supports Cooperative Educational Service Agencies (CESAs), which provide services to local school districts on a voluntary contractual and cooperative basis. The WASB supports local school board control of CESAs and a state/local partnership for their funding.)

Chapter 220

The budget bill closes the Special Transfer Program (a/k/a the Chapter 220 program) to new pupils. However, it allows any pupil who attended a school under the program in the 2014–15 school year to continue to participate in the program.

Local Government Property Insurance Fund

The budget bill would close the Local Government Property Insurance Fund to new policies and would not renew existing policies issued by this fund. The Office of the Commissioner of Insurance, which operates this fund, would continue to operate the fund until all existing policyholders have terminated coverage.

Many school districts purchase their property/casualty insurance through this Fund, which was created to ensure that local governmental units, including school districts have access to affordable property insurance.

Although many WASB members likely may be able to secure property insurance through the private insurance market if this insurance fund is no longer available, they will likely pay higher rates and receive less favorable coverage terms. The biggest impacts of closing this insurance fund may be on the smallest, most rural districts in the state, particularly those districts with older buildings that lack sprinkler systems in areas where fire-fighting services are not readily available. The WASB is monitoring this issue closely.

School-Based Medicaid Services

The budget bill directs the state's share of funding for school-based Medicaid services in excess of \$42.2 million in 2015-16 and \$41.7 million in 2016-17 to the Medicaid trust fund. The budget bill also directs that any excess revenues received are spent on reducing waiting lists for children's long-term care services or other projects benefiting children.

The school setting provides a unique opportunity to enroll eligible children in the Medicaid program, and to assist children who are already enrolled in Medicaid to access the benefits available to them. Medicaid, a joint state-federal program, offers reimbursement for both the provision of covered medical services and for the costs of administrative activities, such as outreach, which support the Medicaid program.

Pursuant to requirements under the Individuals with Disabilities Education Act (IDEA) and section 504 of the Rehabilitation Act of 1973, schools deliver a broad range of “related services” (e.g., educational, social, and medical services) to students with disabilities that address their diverse needs. These include medical services that may be provided under the Medicaid program, such as physical therapy, occupational therapy, and mental health services, and transportation for the purpose of receiving medical services. Most schools conduct health screenings for all their students in such areas as vision and hearing.

(The WASB supports school districts receiving 90 percent of the Medicaid school-based services reimbursements received from the federal government.)