

Southeastern Wisconsin Schools Alliance

Categorical Aids

January, 2006

The Southeastern Wisconsin Schools Alliance is a coalition of public school districts in southeastern Wisconsin formed to study educational issues and respond to policy decisions that affect public education.

Background Information

State and federal categorical aids are intended to finance or reimburse specific types of instruction and supporting programs and to support particular target groups of pupils. Twenty-eight specific categorical aid programs currently exist including Title I, transportation, bilingual/bicultural, etc. Sixty-five percent of categorical aids distributed at the state level fund special education. Categorical aids are distributed without regard to a district's property wealth or per-pupil spending and are paid on a formula-basis or awarded as grants. Categorical aids are generally prorated if appropriated funds are insufficient to fully fund a categorical aid program. Categorical aids are received outside a school district's revenue cap.

Funding to support categorical aid has not kept pace with the cost of delivering the services. Yet, under federal No Child Left Behind (NCLB) and Individuals With Disabilities Act (IDEA) reauthorization, there is increasing pressure on school districts to close the achievement gap and better serve special populations.

Schools are serving a population of children with increasingly severe disabilities and special education needs. In 1992-93, 9.5% of Wisconsin school children received special education compared to 12.4% in 2002-03. Federal funding was promised to be 40% of the average general education cost for special education but federal support peaked at 12% - shifting responsibility to the state. State funding in the 1981-82 school year was 66% of special education costs, while in 2004-05, it was approximately 29% - this time shifting responsibility for special education to local taxpayers. Special education costs have outpaced overall growth in the cost to operate schools by approximately 13% over the past five years. Over the past decade, special education costs in Wisconsin have increased by more than \$350 million but state categorical aid for special education has increased by only \$40 million.

The population demographics of our state are also changing in ways that have significant impacts on public education. Wisconsin school children are becoming more impoverished, more minority, and more limited English proficient. The number of schools with 50% or more economically disadvantaged students has increased from 10% in 1998 to 16% in 2003. In 2003, the Department of Public Instruction identified over 34,000 English language learners speaking 85 different languages in more than 200 Wisconsin school districts. The cost of providing services to these children has increased 130% since the creation of the law requiring English Language Learner (ELL) services be provided. While Wisconsin's population of school age English language learners has tripled from 1.3% of total state enrollment in 1989-90 to 3.9% in 2002-03.

Transportation costs have been affected by increases in fuel costs. School districts with high transportation costs due to large geographic areas or hazardous conditions requiring

transportation of all students have been disproportionately affected by the lack of adjustment in school transportation aid. School districts are required by state law to furnish transportation for public and private school pupils. Transportation categorical aid payments reimburse school districts at a rate far below actual costs. In 2002-03, transportation aid totaled \$17.7 million in the state of Wisconsin. Based on school district data, the net cost to transport children was approximately \$220 million. (Governor's Task Force on Educational Excellence)

Recommendations

- Increase special education funding to the level necessary to meet state and federal mandates.
- Provide supplementary funding for low incidence, high cost disabled students.
- Lower the threshold for qualification for reimbursement for serving high cost special education students.
- Increase the level of state categorical aid funding for serving English language learners in response to growing needs.
- Increase the current level of state categorical aid funding to support districts in managing the rising cost of student transportation.
- Support alternative funding sources to fund the transportation of students, including the State Transportation Fund.

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