

Fiscal Estimate Narratives

DPI 9/9/2013

LRB Number	13-2340/3	Introduction Number	AB-0348	Estimate Type	Original
Description Substitute special education teachers and paraprofessional staffing services					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, a school district, a county, and a cooperative educational service agency (CESA) receive state special education aid for the costs of contracting with a public or private agency for physical or occupational therapy services and for a variety of other services, including educational interpreters, pupil transition services, and any services approved by the state superintendent of public instruction. This bill explicitly authorizes a school district, county, and CESA to contract for substitute teaching and paraprofessional staffing services and makes the costs of such a contract eligible for special education aid.

Local:

School districts will incur additional operational costs for auditors who will review the new contract expenses for eligibility each year and may also incur additional operational costs from their vendors for accounting system modifications. The increase in costs will depend on the school district's current accounting systems capabilities and is therefore indeterminate.

School districts may be able to save money on substitute staffing if using a staffing service is more cost efficient for the district. School districts that previously chose not to use a staffing service, because they could not claim state special education categorical aid for substitute teachers and paraprofessional staff, can reevaluate their operations and costs using the new criteria. The decrease in costs will depend on the school districts current operations and cost structure and is therefore indeterminate.

School districts may have an increase or a decrease in the amount of state special education categorical aid they receive. Adding contracted substitute teachers and paraprofessional staffing services as an eligible cost for state special education categorical aid will shift available aid from districts that do not contract with staffing services for substitute teachers and paraprofessionals to districts that contract with staffing services for substitute teachers and paraprofessionals. The same amount of aid is available for all districts, but the amount of aid each district receives will change because the reimbursement percentage rate will be lower. Districts that heavily contract for substitute teachers and paraprofessional staffing services such as Racine, Kenosha and Milwaukee will most likely receive more aid under this legislation. The 2012-13 reimbursement percentage rate for payment of state special education categorical aid was 27.47% of eligible costs and for 2013-14 is estimated at 26% of eligible costs. The Department of Public Instruction's (DPI) early analysis is that the impact of adding substitute teachers and paraprofessionals costs as an eligible cost for aid would be small (estimated reimbursement percentage rate lowered by 0.17%).

School districts will be able to further stabilize their local cost levels if contract substitute teacher and paraprofessional costs are eligible for federal Individuals with Disabilities Education Act (IDEA) funds. In general, DPI has allowed school district contracted costs that are eligible for state categorical aid to be eligible for federal IDEA funds and not allowed other contracted costs to be eligible for federal IDEA funds. Under this bill, school districts using staffing services will be able to include the substitute teacher and paraprofessional costs in their costs eligible for IDEA funds. Because contracted substitutes costs vary from year to year, school districts are able to stabilize their local costs by including these variable costs on their federal IDEA grant.

State:

DPI will have an increase in work. This increased work can be handled by existing staff.

DPI staff will need to communicate with all school districts, counties, and CESAs regarding the new reporting/coding requirements for including substitute teachers and paraprofessional staffing services as costs eligible for state special education categorical aid. DPI will need to make modifications to the department's accounting system to implement the new reporting/coding requirements. DPI will also need to update the departments reporting software to include substitute teachers and paraprofessional staffing services as eligible costs for federal grant funds.

The state special education categorical aid pool of funds will be further diluted. State special education categorical aid has not increased since 2009. Under this legislation the same amount of aid is available for all districts, but the amount of aid each district receives will change because the reimbursement percentage rate will be lower.

Long-Range Fiscal Implications