

DPI 2009-11 BIENNIAL BUDGET REQUEST

DECISION ITEM 5002 – SPARSITY AID FOR SMALL/RURAL DISTRICTS

255 – Sparsity aid s. 20.255 (2) (ae)

FISCAL SUMMARY		
	2009-10 Request	2010-11 Request
Requested Aid	\$8,200,000	\$8,200,000
Less Base	\$3,644,600	\$3,644,600
Requested Change	\$4,555,400	\$4,555,400

Request/Objective

The Department requests \$4,555,400 GPR in both FY10 and FY11 to fully fund estimated eligible costs for the sparsity aid categorical grant program. Total annual sparsity aid under this request would equal \$8,200,000 GPR.

Background/Analysis of Need

Many of the state's small, rural districts face a similar set of issues that include a lack of economies of scale, declining enrollment, rapidly rising property values, low median income, and large geographic boundaries. Further, a greater percentage of rural districts (as opposed to urban or suburban) are experiencing declining enrollment, which has further exacerbated issues related to their size and ability to maintain their core educational programs.

It has been argued that small, rural districts in Wisconsin are facing significant challenges in many areas due to issues such as their large geographic size and distance from neighboring schools, which are compounded by declining enrollment in many cases and increasing transportation costs. In addition, some data indicate districts with the lowest pupil density, or pupils per square mile, are among the state's lowest wealth districts in terms of average income; have higher poverty rates, higher transportation costs, and in some cases have high property values that result in the district receiving lower levels of state aid due to the districts' property "wealth" as measured by the state school aid formula.

In response to these issues, the Department's 2007-09 biennial budget request included a sparsity aid proposal as part of the State Superintendent's Rural Initiative. A scaled-down sparsity aid program was signed into law by the Governor as part of 2007 Wisconsin Act 20, the 2007-09 biennial budget.

The current sparsity aid program is funded at \$3,644,600 GPR for FY09. Eligible school districts must meet the following criteria: (1) an enrollment in the prior year of less than 725 pupils; (2) population density of less than ten pupils per square mile of district attendance area; and (3) at least 20 percent of pupils qualify for free or reduced-priced lunch (FRL) under the National School Lunch Program. A district's aid equals: (1) \$150 per pupil; or (2) \$300 per pupil if 50 percent or more of the district's membership was eligible for FRL. The Department is directed to prorate these payments if funding is insufficient to fully fund the program in a given year.

For FY09, there is \$8,147,850 in eligible awards for 110 school districts, using their 2007-08 school year data. However, based on the \$3,644,600 available, aid payments will be prorated at 45 percent. This translates into per pupil aid amounts of \$67 and \$134 instead of \$150 and \$300. Total eligible membership in the sparsity districts was 49,612 with an average of 38 percent eligible for FRL. Twelve of the 110 districts were eligible for the higher per pupil payment based on FRL eligibility of at least 50 percent.

The list of districts eligible for sparsity aid is likely to change slightly from year to year, given changes in pupil enrollment and FRL percentages. However, the Department's budget request is based on an amount to be able to fully fund the eligible awards for FY09 in each year of the 2009-11 biennium. As under current law, if the amount is insufficient in any year to pay all eligible awards, the Department would prorate all aid payments.

Statutory Language

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