

**Special Education Categorical Aid Funding
2019-21 State Budget Proposal
Talking Points**

- Public schools are required by law to fund special education services, regardless of cost, as outlined in a student’s Individual Education Program (IEP).
- Wisconsin special education categorical aid is distributed on a cost-reimbursement basis. Our current reimbursement rate is about 25% on prior-year costs.
- Wisconsin identifies students for special education services at about the national average.
- Given Wisconsin’s low reimbursement rate on prior-year costs, there is no fiscal incentive to “over-identify” students for special education services.
- Wisconsin special education categorical aid has been frozen at \$369 million for a decade.
- Wisconsin school districts collectively transfer more than \$1 billion annually from district general funds to cover the funding gap between required special education costs and current state funding. Pulling money from general funds in this fashion adversely impacts educational opportunities for all children.
- It is important to explain your district’s fund 10 to fund 27 transfer to your legislators.
- Local Maintenance of Effort (MOE) requirements should not be affected by the Governor’s proposal to increase special education funding.
- An increase in the state’s special education categorical aid would increase the state’s MOE requirements. However, state MOE impact would only become an issue if the state would seek to cut special education funding in a future year, a prospect that seems politically unlikely.
- In the context of a \$28 billion state budget, it seems unlikely that a future Wisconsin legislature would be forced to cut special education aid during an economic downturn. In such cases, IDEA allows states to seek a state-level MOE waiver due to an exceptional state financial decline.
- Some legislators continue to push using per pupil categorical aid as an alternative to increased special education categorical aid. However, they don’t recognize that it is an issue of equity for those districts with high special needs populations and/or high special education costs.
- Districts do not incur special education costs at uniform rates. However, per pupil categorical aid reimburses districts on an equal per-pupil basis.
- Increasing special education aid will more equitably reimburse those districts with high special needs populations and/or high special education costs.