

The Critical Need for Special Education Reform:

A Student-Centered, Fact-Grounded Path Forward

THE BRIEF, IN BRIEF

Wisconsin's special education funding structure are antiquated & broken. State policymakers must take action to ensure equitable access to and fair funding for every student with special educational needs across all our state's publicly-funded school options:

1

REFORM THE REIMBURSEMENT MODEL: WI should join the majority of states in moving to a differentiated funding model that provides schools with special education funding that's more predictable, targeted, and portable across school sectors.

2

BETTER DATA & REPORTING: DPI must improve the collection and reporting of data about special education student enrollment and outcomes — in particular, by fixing how special education enrollment for private school students is reported and by reducing incentives for schools to identify students for special education services inappropriately.

3

ENHANCED FUNDING: State budget makers should increase the state's share of funding for special education students, with a goal of at least 50% of special education costs being carried by the state under a reformed program.

Wisconsin's approach to funding special education for students is both antiquated and broken, creating an unsustainable burden for schools across our state — and for students across Milwaukee.

The system's reimbursement-based model forces schools — of all sectors, district, public charter, and private — to upfront what can amount in some cases to tens or even hundreds of thousands of dollars in

excess per-pupil expenses — in exchange for a delayed and partial reimbursement, which in some cases can come more than a year after expenses are incurred.

And, our special education funding structures perpetuate disincentives that result in uneven access to high-quality schools — especially through the state’s private school choice programs — for special education students.

At City Forward Collective, we’ve been clear and consistent in expressing our concerns about our city’s most vulnerable learners and our belief that the current special education funding system is broken and in urgent need of reform to better serve them.

WHAT’S THE CHALLENGE WITH THE CURRENT SYSTEM?

Currently, Wisconsin reimburses public schools 33% of their special education costs beyond standard per-pupil funding.

This represents a stark decline from the 70% reimbursement rate in 1973, according to the [Wisconsin Policy Forum](#).

While recent state budgets increased reimbursement rates from 30% to 33%, this modest adjustment still does not address the growing funding gap schools face as special education rates increase across all school types.

We at City Forward Collective have consistently joined other stakeholders in broad-based advocacy for an increase in state funding directed toward special education services. We remain committed to this position, including in our 2025-27 Legislative Session Priorities.

Yet, the heated debates over the reimbursement rate are arguably distracting from the larger and more fundamental flaw that must be addressed: Wisconsin’s antiquated approach to allocating special education funds.

According to the [Education Commission of the States](#), Wisconsin is one of only nine states still using a reimbursement mechanism for special education funding. Among these states, Wisconsin’s reimbursement rate ranks lowest. Under this reimbursement-based approach, ALL schools face the challenge of funding delays, with reimbursements coming one year after costs are incurred. For public charter and private schools, this can mean carrying tens of thousands of dollars in unreimbursed costs per student during their first year of enrollment.



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HOW CAN THE STATE BETTER FUND SCHOOLS SERVING SPECIAL EDUCATION STUDENTS?

Wisconsin should pursue three key reforms to address our special education funding crisis:

First, we should transition away from a reimbursement-based approach and towards a differentiated funding model that better reflects the varied costs of serving students with different needs. Rather than simply increasing funding under a flawed system, this approach would provide more predictable and adequate funding while eliminating the burden of after-the-fact reimbursement.

Several places offer promising models. At the state level, politically diverse states like Florida, Washington D.C., and Colorado have implemented differentiated funding formulas that more effectively match resources to student needs. Under these models, schools receive base funding plus additional allocations based on the specific services required by each student's IEP.

Second, the state needs to increase its investment in special education. Across all school sectors, the growing costs associated with special education

have created unsustainable burdens. For districts and public charter schools, which are legally obligated to serve students with disabilities, these federally mandated costs are eating into their general education budgets for all students. Meanwhile, for private schools, the upfront risks and regulatory burdens are creating barriers to access for students with disabilities.

Wisconsin must step up to fill this gap and provide stable, adequate funding for these essential services for some of our most vulnerable students. We believe pairing increased funding with reforms that reduce incentives for over-identifying students or overspending on services is a path forward that all sides can support.

Finally, we urgently need better data to inform policymaking and funding decisions. A recent Wisconsin Policy Forum report highlighted inconsistencies in how the Department of Public Instruction collects special education data from private schools, leading to potential undercounts and making it difficult to assess needs and allocate resources accurately. DPI must ensure that every special education student, regardless of school or sector, is included in its data and fairly funded for their educational needs.

SPECIAL EDUCATION FUNDING 101 — HOW ARE MILWAUKEE SCHOOLS CURRENTLY FUNDED FOR THEIR SPECIAL EDUCATION STUDENTS?

Public schools — both traditional districts and public charters — receive ~33% reimbursement for excess special education costs. This reimbursement comes in addition to their core per-pupil funding.

- > For example, this year, a student with an IEP in an MPS district-operated school would receive \$15,609 in core funding. The same student attending a Milwaukee charter school would receive \$11,625 in funding due to the persistent per-pupil funding gap.
- > Then, next year, either MPS or the public charter school serving the student would receive a reimbursement for approximately one-third of the additional special education costs they incurred this year.
- > For MPS, this special education reimbursement has averaged ~\$2500 per eligible student in recent years (though importantly, this aid is NOT allocated on a per-pupil basis); for independent charter schools, the numbers have more variance, but the per-pupil average tends to be lower.
- > In addition to state funding, public schools are also able to access federal funding under IDEA to offset the costs of serving special education students.

Private schools in the Special Needs Scholarship Program receive a flat \$15,409 voucher per qualifying student. Importantly

— this voucher represents their total per-pupil funding, not an additional amount.

- > Using the same example, the student from above would receive \$15,409 in total funding if they attended a private school under the Special Needs Scholarship Program.
- > The private school serving this student would receive NO additional funding via reimbursement next year.
- > Private schools are also prohibited under federal law from receiving IDEA funding; in some instances, eligible students attending private schools can receive federally funded special education services from MPS and other local districts.

Finally, for a small handful of private school students (12 in 2023-24), there is an alternate funding mechanism under the Special Needs Funding Program, which provides a reimbursement of 90% of actual costs.

- > Private schools using this provision of the SNSP are required to provide comprehensive documentation of these costs, and these payments are on the same reimbursement basis as public schools.
- > Because of the onerous process, most private schools participating in the SNSP have elected not to use this process. (this is one area of misinformation where statements about all private schools in the voucher program receive this amount when in actuality, less than 15 schools in the state get this reimbursement rate).

By implementing these reforms, Wisconsin can build a more sustainable and equitable special education funding system that truly serves the needs of all students.