

Fiscal Estimate - 2003 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 03-4469/1	Introduction Number AB-986	
Subject Milwaukee Public Schools package		
Fiscal Effect		
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input checked="" type="checkbox"/> Increase Costs 3. <input checked="" type="checkbox"/> Increase Revenue <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input checked="" type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected Affected Ch. 20 Appropriations <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.255 (2) (cu)		
Agency/Prepared By DOR/ Daniel Huegel (608) 266-5705	Authorized Signature Dennis Collier (608) 266-5773	Date 3/24/2004

Fiscal Estimate Narratives

DOR 3/24/2004

LRB Number	03-4469/1	Introduction Number	AB-986	Estimate Type	Original
Subject					
Milwaukee Public Schools package					

Assumptions Used in Arriving at Fiscal Estimate

The bill makes several changes to school law that could affect school property taxes.

STUDENT ACHIEVEMENT GUARANTEE IN EDUCATION PROGRAM (SAGE)

Under current law, a school district may participate in the SAGE program to provide enhanced educational services to pupils from low-income families. A school district participating in the program receives a categorical state grant of \$2,000 per pupil in the SAGE program.

Under the bill, the grant is increased by 25% to \$2,500 per pupil. Since SAGE grants are not included when calculating school district revenue limits, and since SAGE grants are supposed to be expended on services to pupils in the program, the increase in the grant is expected to have no impact on school district property tax levies.

In order to fund the increased aid payments, the bill increases the appropriation for SAGE grants in FY05 by \$23,782,700.

INTRA-DISTRICT TRANSFER AID

Under current law, certain school districts allow a pupil to attend a school outside his or her attendance area but within the school district for purposes of reducing racial imbalances in school enrollments. For each participating pupil, the district receives a "transfer aid" payment of 25% of its equalization aid per pupil. Currently, an aid penalty applies if less than 95% of the parents of transferred pupils approve of the transfer. Beginning in the 2004-05 school year, an aid penalty will apply if less than 100% of the parents of transferred pupils approve of the transfer.

Under the bill, the 95% criterion for parents approving a pupil's transfer is retained.

Intra-district transfer aid is considered part of general aid, and therefore is taken into consideration when setting school district revenue limits. Only 5 school districts currently receive this aid: Beloit, Madison Metropolitan, Milwaukee, Racine, and Wausau. The Department of Revenue (DOR) does not have information on the parental approval rates for participants in this program, and is therefore unable to estimate how the law change could affect aid payments and property tax levies.

MILWAUKEE PARENTAL CHOICE PROGRAM (MPCP):

Under current law, the MPCP program allows parents of certain low-income pupils residing in the City of Milwaukee to choose to have their children attend a private school in the city at state expense. A pupil may participate in the program if he or she is from a family whose income does not exceed 175% of the poverty level (per federal definition). No more than 15% of Milwaukee's school district membership may participate in the program.

Under the bill, if the family income of a pupil participating in the program increases to no more than 220% of the poverty level (per federal definition), the pupil may continue to participate in the program. The limit on the number of pupils that may participate in the program is also increased to 15.5% of Milwaukee's school district membership.

Beginning with the 2001-02 school year, the MPCP program has been funded as follows: 45% from a reduction in state general aid to the Milwaukee school district and 55% from state general funds. Milwaukee is allowed to increase its tax levy to make up for the loss in state aid.

DOR does not have the information needed to estimate how the bill could affect MPCP participation rates or costs, and any resultant effect on Milwaukee's school property tax.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$	
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance	23,782,700		
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$23,782,700		\$
B. State Costs by Source of Funds			
GPR	23,782,700		
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$
NET ANNUALIZED FISCAL IMPACT			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$23,782,700		\$23,782,700
NET CHANGE IN REVENUE	\$		\$23,782,700
Agency/Prepared By		Authorized Signature	Date
DOR/ Daniel Huegel (608) 266-5705		Dennis Collier (608) 266-5773	3/24/2004