

Fiscal Estimate Narratives
DPI 11/14/2005

LRB Number	05-3404/1	Introduction Number	SB-308	Estimate Type	Original
Subject					
Additional aid to certain school districts					

Assumptions Used in Arriving at Fiscal Estimate

This bill provides additional aid of \$750,000 GPR annually to certain school districts in the 2005–06, 2006–07, and 2007–08 school years. Money for the aid is derived from payments made to the private schools participating in the Milwaukee Parental Choice Program (MPCP). A school district is eligible for aid if all of the following apply:

1. The school district's enrollment declined at least 12 percent between the 2001–02 school year and the 2003–04 school year.
2. In the 2003–04 school year, the school district's equalized value per pupil was less than \$600,000.
3. The school district encompasses at least 475 square miles.

State Fiscal Effect:

The bill creates a new annual GPR aid appropriation of \$750,000 in the department to fund the additional aid to eligible districts. It is assumed that all the aid will be paid in any given year.

The bill also reduces the existing GPR sum-sufficient aid appropriation for the MPCP in the three affected fiscal years by \$750,000. This will result in reduced per-pupil MPCP payments to parents enrolling their children in an MPCP school. Under current law in 2005-06, the per-pupil MPCP aid payment is \$6,351. The \$750,000 reduction under the bill represents 0.8% of the estimated total MPCP payments in 2005-06 of \$93,683,600. Thus, the per-pupil MPCP payment would be reduced by 0.8%, or approximately \$51. The amount of the reduced per-pupil payment will change in subsequent years.

Since 45% of MPCP payments are offset by a reduction in general school aids to Milwaukee Public Schools, this bill will result in a reduction in the lapse to the general fund of \$337,500 GPR ($\$750,000 \times .45$) in the three affected fiscal years, compared to current law.

Local Fiscal Effect:

It is assumed that only one school district is currently eligible for the additional aid under this bill - the Florence school district. Thus, it is assumed that Florence will receive the additional \$750,000 in each of the three fiscal years.

As noted above, due to the \$750,000 reduction in MPCP payments, MPS will see an increase in their state general school aids of \$337,500 (45% of \$750,000). This is additional state aid that will be received under the current law revenue limit authority for MPS. Thus, it will result in a \$337,000 reduction in possible local school tax levy for MPS, compared to current law.

Long-Range Fiscal Implications