

Fiscal Estimate Narratives

DPI 3/6/2006

LRB Number	05-4672/3	Introduction Number	AB-1057	Estimate Type	Original
Description The Milwaukee Parental Choice Program and the Student Achievement Guarantee in Education Program					

Assumptions Used in Arriving at Fiscal Estimate

Current law student eligibility for the Milwaukee Parental Choice Program (MPCP) is based on three criteria: (1) residency in the city of Milwaukee; (2) household income that does not exceed 175% of the federal poverty level; and (3) prior year school enrollment. Specifically, s. 119.23 (2)(a)2. Wis. Stat., provides that in the prior school year the student must have either been enrolled in: (a) the Milwaukee Public Schools (MPS); (b) participated in the MPCP; (c) enrolled in one of grades kindergarten through 3 in a private school in the city of Milwaukee but not in the MPCP; or (d) not enrolled in school anywhere. Current law also limits student participation in the MPCP to 15% of MPS membership, or 14,532 full-time equivalent (FTE) students for the 2006-07 school year.

This bill would modify current law related to student eligibility for the MPCP starting in 2006-07 by:

1. Raising the MPCP enrollment cap to 22,500 FTE;
2. Eliminating the prior year school enrollment requirement; and
3. Increasing the household income threshold for the parents/guardians of students already in the program from 175% of the federal poverty level to 220% of the federal poverty level.

In addition, the bill would also do the following:

1. Require each private school participating in the MPCP to receive accreditation by at least one of a number of specified accreditation agencies within three and one half years after a private school's participation in the program. Private schools that are approved for scholarship funding from Partners Advancing Values in Education (PAVE) in 2005-06 would be exempted from this requirement.
2. Require each private school participating in the MPCP to administer nationally normed, standardized tests in reading, science, and mathematics to their MPCP students in the fourth, eighth, and tenth grades.
3. Require each private school participating in the MPCP to provide the scores of all standardized tests it administers to the School Choice Demonstration Project at Georgetown University.
4. Direct the Legislative Audit Bureau to review and analyze test score data and submit such information to the Legislature annually from 2007 through 2011. LAB reports must include results of various tests, including state standardized tests administered to representative samples of MPCP students and MPS students.
5. Increase per pupil funding for the state Student Achievement Guarantee in Education (SAGE) program from \$2,000 for each eligible low-income student to \$2,250 per student beginning in 2007-08.

The following assumptions would be made to estimate the state and local fiscal impact of this bill in the 2006-07 fiscal year:

1. The per student payment for the 2006-07 school year would be \$6,501.
2. The 2005-06 MPCP membership cap is 14,751 FTE students
3. The 2006-07 MPCP membership cap under current law (15% of MPS membership) would be 14,532 students.

Under current law, state aid for the MPCP is paid on a sum sufficient basis from the GPR appropriation s. 20.255 (2)(fu), Wis. Stats. The MPCP has two funding sources:

- The general equalization aid otherwise received by the Milwaukee Public Schools (MPS) is reduced by an amount equal to 45 percent of the estimated cost of the MPCP. MPS is allowed to increase their property tax levy under their revenue limit to replace the loss of this state aid.
- The remaining 55 percent of the estimated cost of the MPCP is funded directly from the state's general fund.

If the bill were effective for the 2006-07 school year, the cost of one additional student to participate in the program above what is allowed under current law would be as follows:

2006-07 MPCP State Aid Amount \$6,501*
 55% funded by GPR \$3,576
 45% funded by MPS \$2,925

The \$3,576 is funded from a state sum sufficient general purpose revenue (GPR) appropriation. The remaining \$2,925 is funded by reducing MPS' general aid. MPS is allowed to replace the \$2,925 reduction in state general aid with an increase in its property tax levy.

* The total per pupil figure may be less if a school's per pupil cost as determined in the school's financial information report is lower than the state aid amount.

State Fiscal Effect

Under current law, MPCP has grown by over 1,000 students annually in recent years. As indicated above, in addition to raising the cap on student participation, this bill would also eliminate prior year enrollment requirements and allow currently participating students and their siblings who may no longer remain eligible for the program to possibly continue should their parent/guardian(s) household increase.

While the department believes the number of new students that would participate in the program due to these provisions is indeterminable, Partners Advancing Values in Education (PAVE), a private organization providing scholarships to students at private schools in the Milwaukee area, estimates that roughly 800-1,000 students alone would be newly eligible for the MPCP if the provisions related to prior year eligibility and household income became law.

However, since it is not possible to estimate the exact number of new students that may enroll in the MPCP in 2006-07 if this bill were enacted, the following table provides two possible enrollment scenarios for 2006-07:

2,000 Additional Students:

Total Fiscal Effect: \$13,002,000
 55% State GPR Effect: \$7,151,100
 45% MPS Aid Reduction and Amount of Permissive Property Tax Increase: \$5,850,900

3,000 Additional Students

Total Fiscal Effect: \$19,503,000
 55% State GPR Effect: \$10,726,700
 45% MPS Aid Reduction and Amount of Permissive Property Tax Increase: \$8,776,300

Also, additional students will result in increased agency program administrative costs (more applications and checks to process).

While the bill increases the statutory amount of per pupil SAGE aid in 2007-08 from \$2,000 to \$2,250, it does not increase the sum-certain SAGE aid appropriation. Thus, there is no fiscal effect of this provision.

Local Fiscal Effect

The bill would likely result in a reduction of MPS' general equalization aid in the future compared to what it would otherwise receive under current law. Since the bill would not directly affect the MPS revenue limit calculation, the MPS school board would have to determine whether it would increase its property tax levy to

replace the additional reduction in state aid.

The bill would require all private schools in the MPCP to acquire accreditation from one of a number of entities within three and one-half years of its initial participation in the program. To the extent that private schools participating in the MPCP have not already acquired accreditation from one of the entities identified in the bill, schools may realize some increased costs to do so that are indeterminable.

This bill would require all private schools in the MPCP to administer nationally normed, standardized tests in reading, science, and mathematics to their MPCP students in the fourth, eighth, and tenth grades. To the extent private schools participating in the MPCP do not already administer such tests, schools may realize some increased costs to do so that are indeterminable.

Long-Range Fiscal Implications
