



## Fiscal Estimate Narratives

DPI 4/18/2011

LRB Number	11-1666/1	Introduction Number	AB-0092	Estimate Type	Original
<b>Description</b> Eliminating the enrollment cap for the Milwaukee Parental Choice Program and extending the program to permit private schools located in Milwaukee County to participate					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, only private schools located in the city of Milwaukee may participate in the Milwaukee Parental Choice Program (MPCP, or program), and the number of pupils who may enroll in private schools under the MPCP is limited to 22,500. This bill eliminates the enrollment limit and provides that any private school located in Milwaukee County may participate in the MPCP.

Currently, a private school that wishes to participate in the MPCP must notify DPI of its intent to participate in the MPCP by February 1 of the previous school year. This bill permits private schools located in Milwaukee County and that wish to participate in the MPCP in the 2011–12 school year to notify DPI of its intent to participate by August 1, 2011.

#### Per Student MPCP cost:

For the 2010-2011 school year, the cost of one additional pupil to participate in the program allowed under current law is \$6,442 or the private school's operating and debt service cost per student, whichever is less. For purposes of this analysis, \$6,442 will be used. (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.) Of this amount of aid, 61.6% (\$3,968) will be funded from state GPR under a sum sufficient appropriation; the remaining 38.4% (\$2,474) will be funded from a reduction in state general aid to Milwaukee Public Schools (MPS). MPS is allowed to replace the \$2,474 reduction in general state aid with an increase in its property tax levy.

#### State Fiscal Effect:

The department believes that the number of new students who would participate in the MPCP under the bill may be greater than under current law; this increase, however, is indeterminate. The following provides three possible enrollment scenarios:

#### Scenario 1 -- 1,000 additional pupils enroll in MPCP:

Total Fiscal Effect: \$6,442,000 (1,000 times \$6,442)  
61.6% State GPR Effect: \$3,968,272  
38.4% MPS Aid Reduction and Amount of Permissive Property Tax Increase: \$2,473,728

#### Scenario 2 -- 2,000 additional pupils enroll in MPCP:

Total Fiscal Effect: \$12,884,000 (2,000 times \$6,442)  
61.6% State GPR Effect: \$7,936,544  
38.4% MPS Aid Reduction and Amount of Permissive Property Tax Increase: \$4,947,456

#### Scenario 3 -- 3,000 additional pupils enroll in MPCP:

Total Fiscal Effect: \$19,326,000 (3,000 times \$6,442)  
61.6% State GPR Effect: \$11,904,816  
38.4% MPS Aid Reduction and Amount of Permissive Property Tax Increase: \$7,421,184

Also, additional pupils would result in increased department program administrative costs (more applications and more parent checks to process).

#### Local Fiscal Effect:

The bill could result in a reduction of MPS' general equalization aid 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 general aid. These effects are dependent on the number of additional pupils that would participate in the MPCP as compared to current law. Therefore the local fiscal effect of this bill is indeterminate.

### **Long-Range Fiscal Implications**

To the extent that the increased numbers of students that would participate in the MPCP as a result of this bill would have otherwise attended MPS, MPS' revenue limit would be decreased under current law.