

### Fiscal Estimate - 2011 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>11-3117/1</b>	<b>Introduction Number</b> <b>SB-234</b>	
<b>Description</b> Preaccreditation and accreditation of private schools participating in the Milwaukee Parental Choice Program and the choice program for eligible school districts, certificates of occupancy for participating private school buildings, verification of income eligibility for pupils to participate in the programs, fees and tuition charged to pupils attending participating private schools, and standards of conduct for administrators of participating private schools		
<b>Fiscal Effect</b>  <b>State:</b> <input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" 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 checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input checked="" type="checkbox"/> Decrease Costs		
<b>Local:</b> <input checked="" type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs      3. <input type="checkbox"/> Increase Revenue      5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs      4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
<b>Fund Sources Affected</b> <b>Affected Ch. 20 Appropriations</b> <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) (fu) and (fv)		
<b>Agency/Prepared By</b> DPI/ Donald Smith (608) 267-2003	<b>Authorized Signature</b> Michael Bormett (608) 266-2804	<b>Date</b> 10/26/2011

## Fiscal Estimate Narratives

DPI 10/26/2011

LRB Number	11-3117/1	Introduction Number	SB-234	Estimate Type	Original
<b>Description</b> Preaccreditation and accreditation of private schools participating in the Milwaukee Parental Choice Program and the choice program for eligible school districts, certificates of occupancy for participating private school buildings, verification of income eligibility for pupils to participate in the programs, fees and tuition charged to pupils attending participating private schools, and standards of conduct for administrators of participating private schools					

### Assumptions Used in Arriving at Fiscal Estimate

Under the Milwaukee Parental Choice Program (MPCP), the state pays all or a portion of the costs for an eligible pupil who resides within the city of Milwaukee to attend a participating private school. A pupil is eligible to participate in the MPCP if, among other requirements, the total family income of the pupil does not exceed 300 percent of the federal poverty level. 2011 Wisconsin Act 32 (the biennial budget act), created a parental choice program for eligible school districts (program). Under the program, the state pays all or a portion of the costs for an eligible pupil who resides within the eligible school district to attend a participating private school. A pupil is eligible to participate in the program if, among other requirements, the total family income of the pupil does not exceed 300 percent of the federal poverty level.

Current law requires a private school participating in the MPCP or the program to submit the names, social security numbers, and addresses of the applicant pupil's parents or legal guardians to the Department of Public Instruction (DPI). DPI must then forward this information to the Department of Revenue (DOR), which must determine whether the pupil is eligible to participate in the MPCP or the program on the basis of family income. This bill requires the private school to provide the names of the parents or legal guardians residing in the same household as the pupil and whether the parents or legal guardians are married. The bill defines family income as federal adjusted gross income of the parents or legal guardians residing in the same household as the pupil for the tax year preceding the school year for which family income is being verified or, if not available, for the tax year preceding the tax year preceding the school year for which family income is being verified. The bill clarifies that DOR does not make a determination about the pupil's eligibility to participate in the program on the basis of family income, but verifies whether the pupil is eligible to participate on the basis of family income. If DOR is unable to verify the pupil's eligibility, DOR must notify DPI, which must utilize an alternative process to determine whether the pupil is eligible.

Under current law, a private school participating in the MPCP or the program may only reject an applicant who is eligible to participate in the MPCP or the program if the school has too few available spaces. This bill provides that a pupil whose eligibility to participate in the program on the basis of family income has been verified by the DOR or by DPI but who is rejected because there are too few spaces may be admitted to a participating private school in the following school year as long as the pupil continues to reside in the city of Milwaukee or an eligible school district. The bill also provides that DPI may not require verification in that following school year of the pupil's eligibility to participate on the basis of family income.

Under current law, a private school may participate in the MPCP if it complies with certain requirements; among the requirements, the private school must obtain accreditation from an approved accrediting organization by December 31 of the third school year following the first school year in which the private school participated in the MPCP. Similarly, a private school may participate in the program if it complies with certain requirements, including the same accreditation requirement. Approved accrediting organizations include the archdiocese within which the private school is located, Independent Schools Association of the Central States, and Wisconsin Religious and Independent Schools Accreditation. A private school that was participating in the MPCP on July 1, 2009, is considered to be accredited if it was approved for scholarship funding for the 2005–06 school year by Partners Advancing Values in Education (PAVE). For a private school that is a first-time participant in the MPCP or the program and that is not yet accredited by an approved accrediting organization, the private school must be preaccredited by an approved accrediting organization, including Independent Schools Association of the Central States, Wisconsin Religious and Independent Schools Accreditation, and any other organization recognized by the National Council for Private School Accreditation by August 1 before the first term of participation in the MPCP or by September 1 before the first term of participation in the program.

Under the bill, a private school participating in the MPCP that was approved for scholarship funding for the 2005–06 school year by PAVE and that is participating in the MPCP on the bill's effective date must achieve accreditation by December 31, 2015. This bill withdraws pre-accreditation approval under both the MPCP and the program from organizations recognized by the National Council for Private School Accreditation. The bill identifies Wisconsin Evangelical Lutheran Synod School Accreditation and National Lutheran School Accreditation and the diocese within which the private school is located as approved accrediting and pre-accrediting organizations under both the MPCP and the program.

Under current law, the state superintendent of public instruction may bar a private school from participating in the MPCP or in the program for certain specified reasons, including if the private school fails to comply with standards established for participating schools or if conditions at the private school present an imminent threat to the health or safety of pupils. This bill requires the state superintendent to terminate the participation of a private school in the MPCP or in the program if the private school retains, whether for compensation or on a voluntary basis, a disqualified person before the end of a seven-year period following the issuance of an order barring a private school from participating in the MPCP. The bill defines a "disqualified person" as all of the following: 1) a person who had a controlling ownership interest in, or was the administrator or an officer, director, or trustee, of, a private school at the time that the state superintendent issued an order barring the private school from participating in the MPCP or in the program; 2) a person who was designated by the administrator of the private school to assist in processing applications at the time that the state superintendent issued an order barring the private school from participating in the MPCP or in the program; and 3) a person who was responsible for the action or circumstance leading to a private school being barred from participation in the MPCP or in the program.

Current law prohibits a private school participating in the MPCP or the program from charging or receiving any additional payment for a pupil attending the school under the MPCP or the program if the pupil is enrolled in grade kindergarten to 8 or if the pupil is enrolled in grade 9 to 12 and the family income of the pupil does not exceed an amount equal to 2.2 times the poverty level determined in accordance with criteria established by the director of the federal Office of Management and Budget. Current law permits a participating private school to charge tuition and fees, in an amount to be determined by the private school, to a pupil in grade 9 to 12 provided the family income of the pupil exceeds 2.2 times the poverty level determined in accordance with criteria established by the director of the federal office of management and budget.

Beginning in the 2011–12 school year, this bill permits a private school participating in the MPCP or the program to recover the cost of providing the following to a pupil participating in the program under this section through reasonable fees in an amount determined by the private school and charged to the pupil, regardless of the family income of the pupil: a) personal use items such as uniforms and gym clothes; b) social and extracurricular activities that are not necessary to the private school's curriculum; c) musical instruments; d) meals; e) high school classes that are not required for graduation and for which no credits toward graduation are given; f) transportation; g) before-school and after-school child care. The bill prohibits the private school from recovering uncollected costs incurred prior to the effective date of the bill. The bill also prohibits the private school from expelling or preventing the pupil from attending the school or otherwise disciplining a pupil attending the school under the program, or withholding or reducing the pupil's grades because the pupil cannot pay any such fee imposed upon the pupil.

Current law requires a private school participating in the MPCP to submit a copy of the school's current certificate of occupancy, issued by the municipality within which the school is located, to DPI by August 1 before the first term of participation in the MPCP. Current law requires a private school participating in the program to submit a copy of the school's current certificate of occupancy, issued by the municipality within which the school is located, to DPI by September 1 before the first term of participation in the program. This bill provides that, if a municipality within which the private school is located does not issue certificates of occupancy, the private school may submit a certificate of occupancy issued by the local or regional governmental unit with authority to issue certificates of occupancy.

#### State effect:

The bill requires schools participating in the choice program (program schools) to provide the names of a pupil's family members living in the household to DPI as part of the income eligibility verification process. This information is not currently collected or transmitted to DOR by DPI. DPI will require programming changes in existing systems in order to collect family member names from schools and transmit them to DOR.

The bill specifies that an applicant rejected for space considerations may transfer their application to another school in the program. The bill provides that an eligible applicant rejected due to lack of space does not

have to provide financial information in the next year to verify eligibility for the program. DPI does not currently track any information on applicants who are rejected due to lack of space and put on a wait list. DPI will require programming changes in existing systems in order to track this information.

The total cost of both programming changes is projected to be \$34,000.

The bill allows program schools to charge fees to pupils participating in the program in seven areas. Previously program schools were not allowed to charge pupils participating in the program any fees. Instead, passing on fees to families would result in a corresponding reduction in the per pupil cost to educate. Such action could lower the allowable per pupil cost to educate for that school below the allowable per pupil reimbursable cost (currently \$6,442 per pupil). The school would then receive a lower amount of state aid for each participating pupil. The amount of fees charged by program schools is indeterminate and may vary by school. It is unknown whether any fees charged by program schools would reduce the per pupil cost to educate below \$6,442. The reduction in state aid paid to program schools from the two GPR aid appropriations due to fees charged is indeterminate.

Private schools fiscal effect:

The bill requires program schools to provide the names of a pupil's family members living in the household to the Department of Revenue (DOR) as part of the income eligibility verification process. This information is not currently collected or transmitted by program schools. The cost to collect and transmit this information is indeterminate.

The bill allows program schools to charge fees to pupils participating in the program in seven areas. Previously program schools were not allowed to charge pupils participating in the program any fees. The number of schools that will choose to charge fees, the types of fees that will be charged, and the amounts of fees that will be charged are all indeterminate.

Any fees charged will result in an increase in revenue from families being collected by program schools and a corresponding decrease in the cost to educate each pupil participating in the program. If a program school's average cost to educate each pupil falls below the allowable per pupil reimbursable cost (currently \$6,442 per pupil) then the school would receive less state revenue. This amount is indeterminate.

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