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(FORM UPDATED: 08/11/2010)

## WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2011-12

(session year)

Senate

(Assembly, Senate or Joint)

Committee on Education...

### COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

### INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
  - (**ab** = Assembly Bill)                      (**ar** = Assembly Resolution)                      (**ajr** = Assembly Joint Resolution)
  - (**sb** = Senate Bill)                              (**sr** = Senate Resolution)                              (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

\* Contents organized for archiving by: Stefanie Rose (LRB) (December 2012)



- Brian Pleva, Madison — American Federation for Children
- Steve Baas, Milwaukee — Metropolitan Milwaukee Association of Commerce
- Mark Buetow, Milwaukee — Milwaukee Police Association
- Dave Seager, Milwaukee — Milwaukee Professional Firefighters
- Matt Kussow, Madison — Wisconsin Council of Religious and Independent Schools
- Kim Wadas, Madison — WI Catholic Conference

Registrations Against

- Amber Glembin, Milwaukee
- Kim Schmidt, Milwaukee
- Holt Andrus, Milwaukee
- Deb Sybell, Madison — Wisconsin Education Association Council
- Mike Langyel, Milwaukee — Milwaukee Teacher Education Association
- Barbara Toles, Milwaukee — Rep., 17th Assembly District
- Joanne Ricca, Milwaukee — AFL-CIO
- Jodi Warn, Milwaukee
- Jennifer Krutina, Milwaukee

Registrations for Information Only

- None.

April 26, 2011

**EXECUTIVE SESSION HELD**

Present: (11) Representatives Kestell, Marklein, Nass, Pridemore, Knudson, Thiesfeldt, Wynn, Pope-Roberts, Sinicki, Hintz and Clark.

Absent: (0) None.

Excused: (0) None.

Moved by Representative Marklein, seconded by Representative Nass that **Assembly Amendment 1** be recommended for adoption.

Ayes: (11) Representatives Kestell, Marklein, Nass, Pridemore, Knudson, Thiesfeldt, Wynn, Pope-Roberts, Sinicki, Hintz and Clark.

Noes: (0) None.

**ASSEMBLY AMENDMENT 1 ADOPTION RECOMMENDED,**  
Ayes 11, Noes 0

Moved by Representative Kestell, seconded by Representative Marklein that **Assembly Bill 94** be recommended for passage as amended.

Ayes: (7) Representatives Kestell, Marklein, Nass,  
Pridemore, Knudson, Thiesfeldt and Wynn.

Noes: (4) Representatives Pope-Roberts, Sinicki, Hintz  
and Clark.

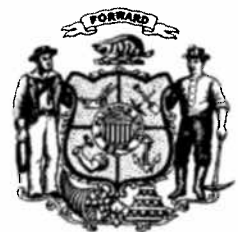
PASSAGE AS AMENDED RECOMMENDED, Ayes 7, Noes 4

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Chris Kulow  
Committee Clerk



# WISCONSIN STATE LEGISLATURE





## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

AB 94

May 5, 2011

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Assembly Bill 94: Milwaukee Parental Choice Program Payments and Audits

Assembly Bill 94 would modify payment processes and audit requirements under the Milwaukee parental choice program. AB 94 was introduced on April 13, 2011, and referred to the Assembly Committee on Education. On April 26, 2011, the Committee recommended it for passage on a 7-4 vote.

### BACKGROUND

Under the choice program, state funds are used to pay for the cost of children from low-income families to attend, at no charge, private schools located in the City of Milwaukee. Pupils in grades K-12 with family incomes less than 175% of the federal poverty level (\$39,630 for a family of four in 2010-11) who reside in the City are initially eligible to participate in the program. Continuing pupils and siblings of current choice pupils are eligible to participate if family incomes are less than 220% of the federal poverty level (\$49,818 for a family of four in 2010-11). The limit on the number of pupils who can participate in the program is statutorily set at 22,500 full-time equivalent pupils. To participate in the program, a child's parent or guardian must submit an application to a participating choice school on a form provided by the State Superintendent.

The per pupil payment for a school in the choice program in 2010-11 is equal to the lesser of \$6,442 or the school's operating and debt service cost per pupil related to educational programming, as determined by the Department of Public Instruction (DPI). Under DPI rule, a school's educational programming cost is reduced by the following offsetting revenues: (a) fees charged to pupils for books and supplies used in classes and programs; (b) rentals for school buildings; (c) food service revenues; (d) governmental financial assistance revenues; and (e) interest earnings and other income resulting from the investment of debt proceeds.

same choice school, the pupils may use a single application.

Under the bill, DPI would directly pay each choice school in which a pupil is enrolled on behalf of the pupil's parent or guardian. Each installment could consist of a single check for all choice pupils attending the choice school. The current law requirement that a child's parent or guardian must restrictively endorse the check for the use of the school would be deleted. At the public hearing of the Assembly Committee on Education on AB 94, a request for information was made regarding the constitutionality of this provision. The attached memorandum, prepared by the Legislative Council, addresses that issue.

The State Superintendent would be required to make the summer school payment to a school with the November quarterly installment, but as a separate check from the November installment. The bill would delete the 40% multiplier applied to the per pupil payment amount under the choice program for summer choice FTE membership.

The bill would place in statute the five offsetting revenue categories currently in DPI rule for determining a school's educational programming cost. The bill would also specify that only those categories could be subtracted, up to the actual cost of the service or material related to each item.

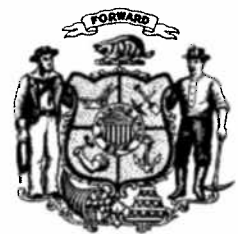
In determining operating and debt service cost per pupil, the bill would also require DPI to include an amount equal to 10.5% of the fair market value of the school and its premises if: (a) legal title to the school's buildings and premises is held in the name of the school's parent organization or other related party; (b) there is no other mechanism to include the school's facilities costs in the calculation of its operating and debt service cost; and (c) the school requests that the Department do so. Any request made by a school would remain effective in subsequent school years and may not be withdrawn by the school. If immediately prior to the effective date of the bill, a school's operating and debt service costs, as determined by DPI, included the amount described above, that amount would continue to be included in subsequent school years.

The bill would specify that the certified public accountant conducting the audit of the school be independent. Under the bill, the auditor would be required to conduct his or her audit, including determining sample sizes and evaluating financial viability, in accordance with the auditing standards established by the American Institute of Certified Public Accountants. DPI would be prohibited from promulgating rules that establish standards exceeding the standards established by the American Institute of Certified Public Accountants. Under the bill, the Department could also not require an auditor to comply with standards that exceed the scope of the standards established by the American Institute of Certified Public Accountants.

In addition to evidence of sound fiscal practices, a choice school would also be required to submit evidence of internal control practices. An auditor engaged to evaluate the school's fiscal and internal control practices would be required to conduct his or her evaluation, including determining sample sizes, in accordance with attestation standards established by the American Institute of Certified Public Accountants.



# WISCONSIN STATE LEGISLATURE





May 25, 2011

Luther Olsen, Chairman  
Senate Education Committee  
State Capitol, 123 South  
Madison, WI 53707

Dear Senator Olsen:

Thank you for scheduling a public hearing on Assembly Bill 94 relating to efficiencies in the Milwaukee Parental Choice Program (MPCP). The Wisconsin Council of Religious and Independent Schools (WCRIS) supports AB94 as passed by the State Assembly.

As you know, the proposal makes several administrative changes to the operation and auditing requirements of the MPCP while maintaining a high level of accountability. AB94 simplifies program compliance for parents and saves valuable resources for the schools within the program.

WCRIS also strongly supports the "once in – always in" provision added in the State Assembly by Representative Jason Fields. The amendment offers security to parents who qualify for the program and eliminates an unintended consequence of arbitrary income guidelines.

Thank you once again for your actions on AB94. Please feel free to contact me if you have any questions or concerns with our position on this legislation.

Sincerely,



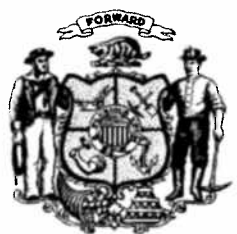
Matt Kusow, Executive Director

WCRIS

[www.wcris.org](http://www.wcris.org)



# WISCONSIN STATE LEGISLATURE



**Assembly Bill 94**  
**Testimony of Richard F. Laabs, President**  
**Lutheran Urban Mission Initiative, Inc.**  
**May 25, 2011**

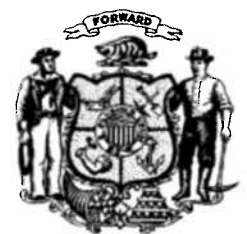
- One Check Per School – LUMIN operates four schools with total enrollment of 850 students. That means we process 3,400 MPCP checks each year. Also, because checks are made payable to the parent/guardian, we must obtain 850 proxy endorsement forms from parents. If our schools received one check each quarter, payable to the school, no proxy endorsements would be required and we would process just 16 checks each year. Administrative costs would be reduced and the savings redirected back into classrooms.
  
- One Application Per Family – A complete MPCP enrollment application usually consists of 8-10 pages; however, more complicated enrollment applications which are not supported by an income tax return and/or require additional residency documentation often consist of 15 or more pages. Many families enroll multiple students which mean numerous documents are duplicated. Let me describe two examples from one of our schools that are very common. In the first case, there are two siblings. There is no income tax return available to support household income; consequently, alternative income verification documentation was obtained. Both files consist of 15 pages and are exact duplicates of each other. In the second case, there are four siblings and household income is supported by an income tax return. All four files contain 11 pages, a total of 33 more pages than are necessary to verify the family's eligibility for the MPCP.
  
- Remain Eligible for MPCP Once Enrolled - As previously noted; the four LUMIN schools serve 850 students. Student retention rates average in excess of 90% which speaks directly to parent satisfaction, but it also means more than 750 students already eligible for the MPCP and attending a LUMIN school must reenroll and reestablish eligibility for the program each year. The length of time required to receive and process a student application can vary from 20 minutes to two hours or more, depending on the complexity of the situation and how well the parents have organized their supporting documents. If the average time to process an application is 45 minutes, LUMIN schools spend over 560 hours processing applications for current students already enrolled in the MPCP. Using \$25 as an average fully loaded, hourly labor cost; LUMIN spends approximately \$14,000 annually on this exercise. That extrapolates to about \$350,000 for all MPCP schools; money that could otherwise be used in the classroom to benefit

students. By the way, there will be more than 10,000 pieces of paper in those 750 enrollment files in LUMIN schools.

- Auditing Standards – DPI-established audit requirements that exceed AICPA industry standards make annual audits more complex and expensive. With the freeze on voucher funding, once again, more funding is pulled out of classrooms and redirected to administrative costs.
- Summary – In response to the ever growing regulatory burden of the MPCP, our organization was compelled to create a FT compliance position in January, 2010, at an annual cost of approximately \$50,000. Again, with the decrease in voucher funding two years ago and now a freeze for another two years, the compliance position “costs” each of our 850 students nearly \$60 per year.



# WISCONSIN STATE LEGISLATURE





**Metropolitan Milwaukee  
Association of Commerce**

Metropolitan Milwaukee Association of Commerce  
Testimony in Support of Assembly Bill 94  
Senate Committee on Education  
25 May 2011

Thank you, Chairman Olsen and members for your timely consideration of Assembly Bill 94. In addition to the common sense changes this bill makes to the administration of the Milwaukee Parental Choice Program, AB 94, as amended by the Assembly, repairs a significant flaw in the enrollment process that has been negatively impacting MPCP participating families and schools.

The amendment, offered by Representative Jason Fields and adopted significant bipartisan support, allows a child who qualifies for the Milwaukee Parental Choice Program to remain in the MPCP until he or she graduates from high school or leaves the program voluntarily. This ensures that students will not be forced from their school if their household income increases slightly. The MPCP can not meet its primary objective of developing an educated workforce and breaking Milwaukee's cycle of poverty if families are forced to choose between economic advancement and a child's education.

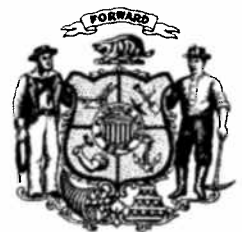
For participating schools this modification eliminates a redundant and time consuming administrative burden. Significant time and scarce resources are currently spent re-qualifying students every year. Eliminating the need to repeat the process year after year will mean more time and energy focused on students in the classroom.

Once again your timely consideration of this bill is critical. We understand that there are larger education reform issues being negotiated as part of the state budget process, but this bill could have a very real impact on families and schools in the 2011-2012 academic year if the Senate acts in the next few weeks. We respectfully ask you to support AB 94 and move this bill on to the full Senate for immediate consideration.





# WISCONSIN STATE LEGISLATURE



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**Mark Schug, Ph.D.**  
University of Wisconsin  
Milwaukee

**Tim Sheehy**  
Metropolitan Milwaukee  
Association of Commerce

## Testimony on Assembly Bill 94 May 25, 2011

Chairman Olsen and Committee Members:

Thank you for the opportunity to appear in support of Assembly Bill 94.

This bill simplifies administration of the Milwaukee Parental Choice Program for the Department of Public Instruction, private schools, and independent auditors who perform audits submitted to the state.

It does so with no loss of accountability. In fact, by eliminating unnecessary work, it allows schools to focus scarce resources on education and allows DPI to spend time on more critical oversight.

School leaders and a representative of the firm that does more school audits than any other are here to give you specific examples of how this bill saves time and money by reducing unnecessary activity. To provide a framework for their comments, let me briefly outline the provisions of AB 94. The bill will:

- Permit DPI to send checks to schools, not parents. This will cut the number of checks required from about 80,000 to 400 or so. The attached letter from the Institute for Justice explains why that change poses no legal threat to the program.
- Allow families with more than one child in a school to complete one application.
- Require summer school costs to be calculated separately from costs for the regular school year. This will diminish disincentives to offer summer school.
- Codify use of offsetting revenues to ensure that only actual costs be included in the calculation.
- Codify use of the building usage charge so that it available to all schools on a consistent basis. The building usage charge provides a way to account for facilities costs for schools not able to use typical measures.



- Require auditors to abide by professional auditing standards and prohibit DPI from requiring practices more extensive than those standards. This will allow auditors to exercise their professional judgment.

Finally, the Assembly adopted an important amendment offered by Representative Jason Fields to permit students to remain in the program once enrolled, regardless of changes in family income.

This is a valuable addition to AB 94 because it will simplify an extremely burdensome enrollment process for families and schools. Slight changes in income, minor errors or timing issues may mean that students who were enrolled in the prior year lose their seats.

Currently, families must reapply to the MPCP each year, documenting income anew. School administrators report that they spend up to six hours on an application. Allowing enrolled students to remain in the program will reduce unnecessary paperwork and allow schools to spend scarce resources on education.

Thank you for your consideration of this bill.

Susan Mitchell  
President



INSTITUTE FOR JUSTICE

To: Susan Mitchell  
School Choice Wisconsin

April 14, 2011

From: Chip Mellor &  
Richard Komer  
Institute for Justice

Subject: Can MPCP checks be made out to participating schools?

You have asked us whether, in the interests of administrative efficiency, it would be constitutional for the DPI to make out checks to the private schools participating in the MPCP and send them directly to the schools, rather than continuing to use the current more cumbersome process of making out individual checks to the parents of participating students and mailing those checks to the participating schools. Under the current system, the parents must then come to the schools and endorse the check over to the school in payment for the education provided to their children. The change would clearly simplify administration of the Program for all parties involved in it: the DPI, the participating schools and the parents of participating children. In our opinion, this administrative change is plainly constitutional.

When the MPCP was originally designed, the U.S. and Wisconsin Supreme Courts had not addressed a scholarship program similar to the MPCP, and the designers anticipated the extensive litigation that ensued. It was understood that the opponents of the Program would seek to portray it as an effort to subsidize or aid the participating private schools, just as its proponents would seek to portray it as a program to aid the participating students and their families, who could not afford to pay for a private school education themselves. Accordingly, to emphasize that the MPCP was intended as a student assistance program rather than a school assistance program a “belt and suspenders” approach was taken, in which the actual checks were made out to the intended beneficiaries of the program, the students and their families. The checks were sent to the participating schools to ensure that the funds were used for their intended purpose, the securing of a private school education for the beneficiaries.

Now that the Wisconsin Supreme Court has upheld the constitutionality of the Program, and the U.S. Supreme Court has upheld the constitutionality of Ohio’s similar program, it is reasonable to dispense with the “suspenders” now that we are confident that the “belt” will hold up the Program. The basic structure of the Program (the “belt”) remains the same if the checks are made out to the schools and delivered to pay for the participating students’ educations. The students and families remain the beneficiaries of the Program and the schools remain service providers. The parents continue to choose which schools their children will attend and checks received by the schools must still be credited to the accounts of the participating students.

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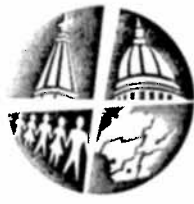
ARLINGTON    AUSTIN    CHICAGO    MINNEAPOLIS    SEATTLE    TEMPE

901 N. Glebe Road, Suite 900 Arlington, VA 22203 (703) 682-9320 (703) 682-9321 Fax  
e-mail: [general@ij.org](mailto:general@ij.org) Home page: [www.ij.org](http://www.ij.org)

Consequently, we do not believe that changing the method of payment changes the underlying realities of the Program. As the U.S. Supreme Court said more than 30 years ago in an Establishment Clause case, "We decline to embrace a formalistic dichotomy that bears so little relationship to common sense or to the realities of school finance." *Committee for Public Education & Religious Liberty v. Regan*, 444 U.S. 646, 658 (1980).

In the current budgetary environment, it is incumbent upon everyone concerned with good government to pursue any administrative efficiencies that can reduce the costs of administering public programs without impairing the quality of the benefits provided to the public. The change under consideration would streamline the administration of the MPCP, thereby reducing administrative costs. The same students would receive the same benefits as before, only with less cost to the state. Provided it remains clear the payments to the participating schools are for the purposes of paying for the educations of the participating students, there should be no impact on the continuing constitutionality of the Program.





## WISCONSIN CATHOLIC CONFERENCE

TO: Senator Luther Olsen, Chair  
Members, Senate Committee on Education

FROM: Kim Wadas, Associate Director

DATE: May 25, 2011

RE: Assembly Bill 94, Changes to the Milwaukee Parental Choice Program

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The Wisconsin Catholic Conference urges your support for Assembly Bill 94, which streamlines administration of the Milwaukee Parental Choice Program (MPCP), ensuring consistent and efficient operation of the MPCP in all participating schools.

The MPCP has been in place for over twenty years and currently 30 Catholic schools within the Archdiocese of Milwaukee are responsible for educating approximately 10,200 MPCP students. As supporters of the MPCP, our administrators, staff, and families are continually in search of ways to improve the MPCP and foster changes that simplify the administration of the MPCP, for both participating schools and the Department of Public Instruction (DPI), while maintaining high educational standards for students.

The program efficiencies proposed in AB 94 will eliminate certain redundancies in MPCP administration, allowing schools to focus more resources on student performance and achievement. AB 94 also allows schools to demonstrate fiscal viability and accountability in a more uniform manner, making certain all schools are being held to the same high standards.

By allowing families to apply for the MPCP on one form for all students within a family, AB 94 retains program accountability by ensuring that sibling application information is uniform. The proposed change also allows both MPCP school administrators and the DPI to more quickly review and process application information by centralizing applicant information for multiple students on one form rather than providing identical forms and information over and over again.

This legislation also permits MPCP participating schools to better facilitate their fiscal operations. By issuing one payment for all MPCP pupils attending a private school directly to the school, distinguishing payments for summer school participants, and codifying how schools may calculate certain operating expenses, AB 94 provides clarity and certainty for administrators as they maintain current compliance and plan for future budgetary needs. By coupling these changes with nationally approved auditing standards, AB 94 ensures universal and uniform program compliance.

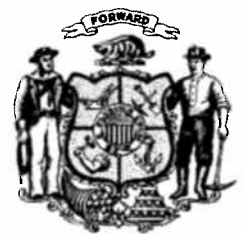
Finally, AB 94 now includes language adopted by the Assembly that would allow a family that has met initial program income eligibility requirements to continue participation in the MPCP

regardless of income. Currently, families must annually demonstrate their household income, making the enrollment process tedious and increasingly complex, especially for families who may reside in a multi-family situation. Delays in obtaining documentation demonstrating income, errors in filing the application, and language barriers can affect the timely verification of household income that is required to ensure enrollment of a MPCP student. These delays can hazard a student's ability to continue in the program. Though generally little changes from year to year, MPCP families and schools spend countless hours re-verifying household income information. By allowing families to remain in the program after an initial income assessment, AB 94 eliminates an unnecessary burden for both families and schools, and ensures students are provided continuity in their educational experience.

Thank you for opportunity to provide testimony on this proposal. The WCC urges your support for Assembly Bill 94.



# WISCONSIN STATE LEGISLATURE





# WISCONSIN EDUCATION ASSOCIATION COUNCIL

an NEA affiliate

To: Members of the Senate Committee on Education  
From: Wisconsin Education Association Council  
Date: May 25, 2011  
Re: Assembly Bill 94 (Milwaukee Parental Choice Program)

The Wisconsin Education Association Council opposes Assembly Bill 94, making various changes to the Milwaukee private school voucher program.

As amended in the Assembly, Assembly Bill 94 lifts the family income eligibility requirements once a student is in the Milwaukee private school voucher program and for siblings of participating students. This flies in the face of the original intent of the program to assist children from low-income families and paves the way for wealthy families to receive taxpayer-funded subsidies to send their children to private schools.

Current law already provides flexibility to ensure a child's education is not interrupted and is consistent with the original mission of the voucher program. Under current law, students are eligible to attend voucher schools if their family's income does not exceed 1.75 times the poverty level and may continue to attend if their family's income does not exceed an amount equal to 2.2 times the poverty level. In addition, for purposes of admission to a voucher school, the siblings of students attending voucher schools are allowed the higher family income limit.

This legislation also directs the Department of Public Instruction to make voucher payments directly to participating private schools, many of which are religious schools, rather than making the check out to the student's parent and requiring the parent to endorse the check for the use of the school. This is dangerously close to overstepping the boundaries set in Wisconsin's constitution prohibiting state support for religious societies.

As a backdrop to Assembly Bill 94, Governor Walker's state budget completely removes the income eligibility requirement so wealthy families can send their children to voucher schools at taxpayers' expense. In recent weeks, there has been talk of expanding the voucher program to Racine, Beloit and Green Bay even though students in Milwaukee Public Schools perform better than voucher students on the WKCE, the state-approved standardized test. Such schemes will further burden local property taxpayers, siphon scarce resources away from local school districts, and demand more state taxpayer dollars from the state.

These initiatives to expand the voucher program come at a time when Governor Walker is proposing slashing more than \$800 million in state aid to public schools and reducing overall revenue for school districts by \$1.68 billion. And Governor Walker is demanding even less accountability from the voucher program, doing away with the requirement that voucher students take the WKCE, eliminating a single measure of accountability for all taxpayer-supported schools.

In these difficult economic times, policymakers should think twice before expanding programs. This is especially true when such expansions will further harm our public schools by drawing resources away from them and leaving taxpayers to pick up the bill. We need to maintain adequate funding for public education, a key element to any plan to jumpstart the economy. If we don't invest in public education, our state will be poorly positioned when prosperity returns.

For all of these reasons, please oppose Assembly Bill 94.

*If you have any questions, please contact Deb Sybell, WEAC Legislative Program Coordinator, at (608) 298-2327 or [sybelld@weac.org](mailto:sybelld@weac.org).*

Mary Bell, President

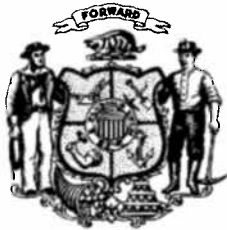
Dan Burkhalter, Executive Director







# WISCONSIN STATE LEGISLATURE





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# HOWARD MARKLEIN

STATE REPRESENTATIVE • 51<sup>ST</sup> ASSEMBLY DISTRICT

## TESTIMONY ON ASSEMBLY BILL 94

Thank you, Chairman Olsen and the rest of the Senate Committee on Education for allowing me the ability to testify today in favor of Assembly Bill 94, which makes administrative changes to the Milwaukee Parental Choice Program, or MPCP.

The first provision amends statute to allow the Department of Public Instruction, or DPI, to combine MPCP payments for all pupils attending a private school into one check per school. This would decrease the number of checks from 84,000 annually to roughly 400 annually.

The second provision allows for family applications to be submitted to MPCP. If more than one pupil from the same family applies to attend the same MPCP School, the bill allows them to use the same application. This would simplify administration for both the schools and reduce the possibility for errors on applications.

The third provision removes financial penalty for schools that offer summer classes. Because summer school payments are only 40% of regular payments, it lowers a school's audited per-pupil cost. This would be a disincentive for any school to offer summer classes. This provision would make summer school payments a separate calculated cost.

The fourth provision clarifies that a school's operating and debt service costs may be offset by certain revenues but only up to the amount of the actual costs included in a school's calculation of operating and debt service costs. This returns to the original intent that a school receives funding for all of its eligible educational costs.

The fifth provision allow certain private schools that have no other option available under administrative rules for including facility costs to include in its calculation of eligible costs a building usage charge of 10.5% of the fair market value of its buildings.

The sixth and final provision requires that all auditors conduct their audits of the Financial Information Report (FIR) using auditing standards established by the American Institute of Certified Public Accountants (AICPA). This would ensure consistency in the audits of MPCP schools and would assure they are adhering to the same audit standards to which the public schools are subjected.

Finally, an amendment was added on the floor of the Assembly that would ensure that students that are accepted in the choice program can stay in the choice program. In some cases, choice students are pulled out of the program because their household income changes. This would ensure that no changes in the household income would disqualify a student from staying in the program.



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# HOWARD MARKLEIN

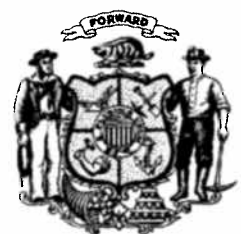
STATE REPRESENTATIVE • 51<sup>ST</sup> ASSEMBLY DISTRICT

This bill would simplify administrative responsibilities for the schools, DPI, and the families of students applying to MPCP schools. This bill cuts administrative costs without reducing accountability, holds down costs for schools, and creates certainty regarding auditing practices.

Thank you.



# WISCONSIN STATE LEGISLATURE





# Van H. Wanggaard

## Wisconsin State Senator

### Senator Wanggaard Testimony on Assembly Bill 94

Thank you, Mr. Chairman and committee members, for holding this hearing today on Assembly Bill 94. This bill is not about expanding school choice or any of the provisions in Governor's budget proposal. AB 94 strengthens administrative and accountability provisions of Milwaukee School Choice Program, along with other minor changes.

Two provisions of this bill streamline the administration of the choice program. First, instead of cutting checks to individual parents, who must then deliver payment to the choice school, the Department of Public Instruction will be able to provide one check for all choice students to an individual school, on behalf of the parent. This will reduce the number of checks issued from approximately 80,000 to 400. This will dramatically reduce paperwork for DPI.

Another administrative provision allows all members of a family attending the same choice school to apply on a single application, rather than completing a separate application for each child. These two provisions, which ease the burdens on parents, schools and the Department of Public Instruction, also reduce the possibility for errors.

The bill also standardizes audit procedures for choice schools. Audits of schools must be completed by an independent Certified Public Accountant, in accordance with the standards established by the American Institute of Certified Public Accountants. Auditors will be required to evaluate financial viability and internal control practices following the AICPA standards. This provision provides greater accountability and transparency to choice schools and the Milwaukee School Choice Program.

Following those principles of financial accountability and predictability, the bill allows choice schools to include in its calculation of eligible costs a building usage charge equal to 10.5% of the fair market value of its buildings, if it has no other option for including facility costs. A school's operating and debt service costs may also be offset by certain revenues, but only to the amount of actual costs. The first of these two provisions codifies current practices, and the second is consistent with both the original intent of the Milwaukee Parental Choice Program and its treatment prior to the 2009-2010 school year. In addition, to create more accuracy and independence of summer school programs for schools, payments will now be calculated separately and made as a separate payment in November, consistent with the current payment schedule.

Finally, the bill was amended on the Assembly floor by a Democrat. I support this amendment, allowing children to stay in the program once they are admitted. This provision will dramatically

Serving Racine County - Senate District 21

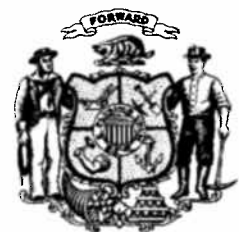
reduce the annual paperwork for the schools and not punish families for improving their employment situations.

You will hear speakers testifying on each of these specific provisions throughout today's hearing. These speakers will be able to answer most of your questions.

I know that to some, the school choice program is an evil monstrosity. But, the choice program is, to others, a ray of hope for children and parents forced to attend underperforming Milwaukee Public Schools. While it is fair to disagree about the merits of the program, I hope that the committee will not use this hearing and this bill as a vehicle to demonize the program. I hope members will view this bill as it is intended – increasing accountability, easing administration, and lifting burdens on families in the program.



WISCONSIN STATE LEGISLATURE



**Milwaukee Parental Choice Program**  
**Illustration of Changes in Determination of "Offsetting Revenues" Enacted for the 2009-2010 School Year**

**History of Offsetting Revenues:**

The concept of offsetting revenues has been in place since the 1998-1999 year. Offsetting revenues are deducted from eligible program costs, thereby reducing the per pupil cost which is the basis for determining the amount of Choice funding received by a Choice school. The higher that offsetting revenues are, the lower the Choice funding is and vice versa.

Prior to the 2009-2010 fiscal year, the Department of Public Instruction defined offsetting revenues as the amount of any revenues directly related to eligible program costs identified on Schedule 5 of the Financial Information Report ("FIR"). In addition, the effects of offsetting revenues were further limited by reporting offsetting revenues only to the extent of the directly related eligible program costs. (See pages 10-12 relating to Schedule 4 of the MPCP FIR instructions for the year ending June 30, 2005 attached)

In the 2009-2010 fiscal year the Department of Public Instruction redefined offsetting revenues by eliminating the limits on reporting offsetting revenues only to the extent of the directly related eligible program costs. In many cases, this change effectively resulted in offsetting revenues being fully offsetting regardless of the extent of the underlying directly related eligible expenses. ( See Schedule 4A and the Current Year Changes Summary for Schedule 4A of the MPCP FIR for year ending June 30, 2010 attached.)

Side by side illustrations of the effects of this change in definition of the offsetting revenues are illustrated below:

A Choice school has the following offsetting revenues and directly related expense:

Offsetting revenues:		
Book and supply fees	\$5,000	
Facility rentals	\$50,000	
Directly related program costs:		
Books and supplies	\$3,000	
Facility costs	\$40,000	
Eligible Program Costs	<b>Prior to</b>	<b>2009-2010</b>
Less: Offsetting revenues	\$1,000,000	\$1,000,000
Book and supply fees	(3,000)	(5,000)
Facility rentals	(40,000)	(50,000)
Net eligible program costs	957,000	945,000
Choice FTE	150.0	150.0
Per Pupil Cost	6,380	6,300
Effect on Total Choice Eligibility		12,000



**MILWAUKEE PARENTAL CHOICE PROGRAM  
FINANCIAL INFORMATION REPORT  
FOR YEAR ENDING JUNE 30, 2005**

**INSTRUCTIONS**



**Line 32 - Temporary Borrowing Principal Repayment**

Principal payments on temporary borrowing. The amount shown here is detailed on Schedule 9, line 15 in the "Temporary Borrowing" section, under "Principal Paid During Year."

**Line 33 - Temporary Borrowing Interest Payment**

Interest payments on temporary borrowing. The amount shown here is detailed on Schedule 9, line 15 in the "Temporary Borrowing" section, under "Total Interest Paid During Year."

**Line 34 - Total Capital Outlay and Debt Service**

The total of lines 26 through 33.

**Line 35 - Start-up Cost**

Start-up cost incurred prior to start of fiscal year. This line may be used only by schools entering the program for the first time. The amount entered on this line is only the amount that is attributed to MPCP participation. The school must maintain records substantiating how this amount was determined and the basis for cost allocation between the MPCP and other programs operated by the school. The amount shown here is included on Schedule 2, Line 8, "Start-up Cost."

**Line 36 - Choice Program Refund**

Refund of MPCP program payment to State. It is the amount of the refund made by the school to DPI as a result of prior year's overpayment.

**Line 37 - Total Expenditures**

The total of all expenditures included in the "Total Cost" column on lines 25, 34 and 36.

*The auditor working papers must contain a reconciliation of fiscal year expenses and borrowing transactions on the school's accounting ledger to "Total Expenditures" shown on Line 37 of Schedule 5.*

**Schedule 4 "Offsetting Choice Program Revenue"**

This schedule identifies financing sources for the school's fiscal year operation. The column titled "Financing Sources" is the total amount of revenue, debt proceeds, and other financing sources. The column titled "Offsetting Choice Program Revenue" is the amount of any revenues that are directly related to eligible costs identified on Schedule 5.

**Line 1 Tuition**

Charges other than specific fees for all programs operated by the school. Included here are tuition for educational programs and childcare charges for programs.

**Line 2 State Choice Program Payment**

Revenue for eligible pupils participating in the program.

**Line 3 Book and Supply Fees**

Fees for books and supplies for classes and programs. MPCP students may NOT be charged a fee for books and supplies required for classes or programs. The amount recorded here is an offsetting revenue to the extent that it is for expenditures included in eligible costs on Schedule 5.

**Line 4 Testing Fees**

Fees received for testing pupils. A testing fee may NOT be charged to MPCP students if used to meet the requirements under s.119.23(7)(a)3., Wis. Stats. The amount recorded here is an offsetting revenue to the extent it is included in eligible costs (including start-up costs) on Schedule 5.

**Line 5 Other Program Fees**

Other fees, including registration not included in other fee accounts. A registration fee may NOT be charged to MPCP students. The amount recorded here is an offsetting revenue to the extent it is a charge to pupils that is a recovery of costs included in eligible cost on Schedule 5.

**Line 6 Contributions**

Revenue from donors for which no repayment or service from the school is expected.

**Line 7 Rentals**

Revenue from the rental of school property. The amount recorded here is an offsetting revenue to the extent that cost relating to the rented property is included in eligible costs on Schedule 5.

**Line 8 Food Service Receipts**

Revenue from pupils, staff and others resulting from the school's food service operations. Include in this line federal and state aid related to the school food service program. The amount recorded here is an offsetting revenue to the extent that costs relating to the revenue are included in Schedule 5.

**Line 9 Government Assistance**

Revenue received from government financial assistance programs for school activities. Revenues received from Milwaukee Public School (MPS) for transportation would be recorded here. The amount recorded here is an offsetting revenue to the extent that it relates to eligible costs included in Schedule 5.

**Line 10 Long Term Debt Investment Income**

Interest earnings and other income on the investment of long-term debt proceeds. The amount recorded here is an offsetting revenue to the extent that interest expense relating to the debt is included in net eligible cost. For example, if the school includes 100% of long-term interest expense in eligible cost, then 100% of interest earnings are an offsetting revenue.

**Line 11 Temporary Debt Investment Income**

Interest earnings and other income on the investment of temporary debt proceeds. The amount recorded here is an offsetting revenue to the extent that interest expense relating to the debt is included in net eligible cost. For example, if the school includes 100% of temporary interest expense in eligible cost, then 100% of interest earnings are an offsetting revenue.

**Line 12 Other Investment Income**

Interest earnings and income on investments other than that of debt proceeds.

**Line 13 Long Term Debt Receipts**

Proceeds from incurring long-term debt. Included here is the value of mortgages, bank loans, promissory notes and capital leases incurred during this fiscal period. The amount shown here is detailed on Schedule 8 under "Principal Incurred During Year."

**Line 14 Temporary Borrowing Receipts**

Temporary "cash flow" borrowing proceeds received during the fiscal period. The amount shown here is detailed on Schedule 9 in the "Temporary Borrowing" section, under "Principal Incurred During Year."

**Line 15 Sale or Exchange of Assets**

Proceeds from sale or exchange of assets. The amount recorded here is an offsetting revenue to the extent that it relates to assets currently or previously included in eligible cost.

**Line 16 Prior Year MPCP Adjustment**

Payment received by the school for a prior year MPCP underpayment.

**Line 17 Other Revenues and Adjustments**

Other revenues not required to be reported elsewhere. The amount recorded here is an offsetting revenue to the extent it pertains to eligible cost. An itemization of all individual items over \$1,000 or like items totaling over \$1,000 must be provided in an attachment.

**Line 18 Total Financing Sources**

Total Lines 1 through 17. The amount in the column "Offsetting Choice Program Revenue" is also shown on Schedule 2, Line 9, "Offsetting Revenue."

*The auditor working papers must contain a reconciliation of fiscal year revenues and borrowing transactions on the school's accounting ledger to "Total Financing Sources" shown on Line 17 of Schedule 4.*

**Schedule 3 "Operating Organization Assets, Liabilities and Equity"**

This schedule identifies asset, liability and equity balances on June 30, 2004, and June 30, 2005, for the organization operating the school. The term "organization" means the identified employer of school staff for payroll reporting purposes. The information presented should correspond to what the organization uses or would use for financial reporting on an accrual accounting basis. If the organization uses fund accounting and operates entities other than the school, inter-fund and/or intra-entity balances are to be eliminated for presenting this schedule. The information in this schedule may not necessarily agree with data presented on other schedules of the *Financial Information Report*. An explanation of the significant accounting policies used in the preparation of this schedule must be provided in a report attachment.

*The auditor working papers must contain a reconciliation of beginning and ending fiscal year equity balances on the school's accounting ledger to the total of "Equity Balances" shown on Lines 16 and 17 of Schedule 3.*

**Line 1 Cash and Investments**

Cash and investment balances on the appropriate date.

**Line 2 Receivables**

All amounts due school on the appropriate date.

**Line 3 Prepaid Expenses**

Prepaid expenses on June 30, 2004, and on June 30, 2005. Include on this line amounts that were paid in advance of the period that will be charged off as an expense.

**MILWAUKEE PARENTAL CHOICE PROGRAM  
FINANCIAL INFORMATION REPORT  
SCHEDULE 4A: FINANCING SOURCES  
YEAR ENDING JUNE 30, 2010  
School Name:**

? ◀ SCHEDULE INFORMATION			
LINE	ITEM	FINANCING SOURCES	OFFSETTING MPCP REVENUE
1	TUITION		
2	2009- 10 CHOICE PROGRAM PAYMENTS RETAINED		
3	OPERATOR'S SUBSIDY OR CONTRIBUTION (EXCLUDING LINE 12F AMOUNT)		
4	FUND RAISING OR EXTERNAL CONTRIBUTIONS		
5	CONTRIBUTED SERVICES		
6	BOOK & SUPPLY FEES		
7	TESTING FEES		
8	OTHER PROGRAM FEES		
9	FEES-NON SCHOOL RELATED		
10	RENTALS - ASSOCIATED WITH SCHOOL BUILDINGS		
11	RENTALS - ASSOCIATED WITH NON-SCHOOL BUILDING		
<b>LINES 12A - 12D &amp; 12F BELOW COMPLETED BY SCHOOLS PARTICIPATING IN NUTRITION ASSISTANCE PROGRAMS</b>			
12A	FEDERAL & STATE SCHOOL NUTRITION ASSISTANCE		
12B	NUTRITION ASSISTANCE COMMODITY HANDLING CHARGES		
12C	SCHOOL NUTRITION PROGRAM CHARGES TO INDIVIDUALS		
12D	OTHER SCHOOL NUTRITION PROGRAM CHARGES AND REVENUES		
12E	SCHOOL NUTRITION ASSISTANCE PROGRAMS - OFFSETTING REVENUE		
12F	SCHOOL NUTRITION PROGRAM OPERATING SUBSIDY		
13	OTHER SCHOOL FOOD SERVICE PROGRAMS (a)		
14	NON-SCHOOL FOOD SERVICE PROGRAMS (a)		
15	OTHER GOVERNMENT ASSISTANCE (a)		
16	LONG-TERM DEBT INVESTMENT INCOME (a)		
17	TEMPORARY DEBT INVESTMENT INCOME (a)		
18	OTHER INVESTMENT INCOME (b)		
19	CAPITAL ASSET DEBT RECEIPTS		
20	TEMPORARY BORROWING DEBT RECEIPTS		
21	RELATED PARTY DEBT RECEIPTS		
22	SALE OR EXCHANGE OF ASSETS		
23	CURRENT YEAR MPCP ADJUSTMENT		
24	OTHER REVENUES AND ADJUSTMENTS (a)(b)		
25	<b>TOTAL FINANCING SOURCES</b>		

(a) If an entry in Column B does not equal the corresponding entry in Column A, an explanation for the difference must be included in the footnotes. Please include a description of the items excluded if over \$1,000.

(b) Itemize amounts over \$1,000 in the footnotes.

**RESTRICTED FEDERAL AND STATE SCHOOL NUTRITION ASSISTANCE PROGRAM BALANCES**

25	SCHOOL NUTRITION PROGRAM BALANCE AT BEGINNING OF YEAR		
26	OPERATING ORGANIZATION SCHOOL NUTRITION PROGRAM SUBSIDY	0	
27	SCHOOL NUTRITION PROGRAM REVENUES		
28	TOTAL SCHOOL NUTRITION RESOURCES PROVIDED DURING YEAR		
29	TOTAL SCHOOL NUTRITION PROGRAM EXPENDITURES		
30	TOTAL SCHOOL NUTRITION PROGRAM BALANCE AT END OF YEAR		

**MILWAUKEE PARENTAL CHOICE PROGRAM  
FINANCIAL INFORMATION REPORT  
CURRENT YEAR CHANGES SUMMARY  
YEAR ENDING JUNE 30, 2010**

Schedule	Changes from Previous Schedule
<u>ERROR REPORT</u>	<ol style="list-style-type: none"> <li>1) Made various corrections to Error formulas.</li> <li>2) Added an error when cash on hand per Schedule 3B is less than the "CARRYOVER UNEXPENDED DEBT PROCEEDS" per Schedule 9.</li> <li>3) Added error if current year additions are added to Schedule 5C and no source of current year funds is specified.</li> <li>4) Added an error when the total ending principal balance of the debt on Schedule 8 and 9 does not equal the total current and long term debt on Schedule 3B.</li> <li>5) Removed Current Incurred Debt-Schedule 8 &amp; 9 Error.</li> </ol>
<u>SCHEDULE 1 AMOUNT DUE FROM OR TO STATE</u>	<ol style="list-style-type: none"> <li>1) Changed the maximum voucher amount to \$6,442.</li> </ol>
<u>SCHEDULE 2 PER PUPIL COST COMPUTATION</u>	None.
<u>SCHEDULE 3A CASH FLOWS</u>	<ol style="list-style-type: none"> <li>1) Added lines for increases/decreases in other assets and liabilities and related assets and liabilities.</li> <li>2) Added a note requiring that all other increases or decreases must be specifically identified increases or decreases.</li> <li>3) Added net decrease/increase in FIR adjustment to/from state line.</li> </ol>
<u>SCHEDULE 3B NET PROGRAM ASSETS</u>	<ol style="list-style-type: none"> <li>1) Require itemization of Other Program Assets and Other Program Liabilities for any amount over \$1,000.</li> <li>2) Divided assets and liabilities into current and other (long term).</li> <li>3) Added a line for related party receivables and related party payables (excluding debt).</li> <li>4) Moved the School Nutrition Balance calculation to Schedule 4A.</li> <li>5) Added a line for the current portion of non-related party debt.</li> <li>6) Changed the input of long term debt from a reference to an input.</li> <li>7) Added the requirement that the prior year FIR adjustment amount is per the certified FIR.</li> </ol>
<u>SCHEDULE 4A FINANCING SOURCES</u>	<ol style="list-style-type: none"> <li>1) Moved the School Nutrition Balance calculation to Schedule 4A from Schedule 3B.</li> <li>2) Modified the School Nutrition Program Balance calculation so the input is the ending food nutrition program balance. The amount funded by the operating organization is then automatically calculated.</li> <li>3) Removed the linking of the School Nutrition Program Operating Subsidy in Line 11F of Sch 4A to the subsidy in Line 26 in the Restricted Federal and State School Nutrition Assistance Program Balances table. Line 11F should now include only operating organization subsidies specifically contributed for food that would otherwise be included in Line 3.</li> <li>4) Modified Book &amp; Supply Fees (Line 6) and Other Program Fees (Line 8) to be fully offsetting.</li> <li>5) Modified Testing Fees (Line 7) and Sale or Exchange of Assets (Line 22) to not be offsetting.</li> <li>6) Divided rentals into a school building and non school building portion, with the school building portion fully offsetting and with none of the non-school building offsetting.</li> <li>5) Changed the prior year MPCP FIR adjustment to the current year adjustment.</li> <li>6) Added a requirement to (a) that a description of the amount excluded from offsetting revenue should be included.</li> <li>7) Added (a), which requires the difference between the total revenue and offsetting revenue be explained, to all lines that may include offsetting revenue.</li> </ol>

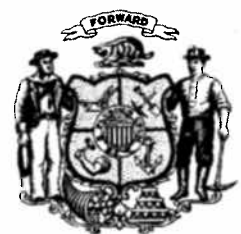
<u>SCHEDULE 4B</u> <u>CHOICE PAYMENTS</u> <u>RETAINED BY</u> <u>SCHOOL</u>	None.
<u>SCHEDULE 5A-1</u> <u>ELIGIBLE SCHOOL</u> <u>PROGRAM</u> <u>EXPENDITURES</u>	None.
<u>SCHEDULE 5A-2</u> <u>ELIGIBLE SCHOOL</u> <u>PROGRAM</u> <u>EXPENDITURES</u>	1) Changed "Prior Year FIR Adjustment to Refund Paid State" Line 50 to the Current Year FIR adjustment in accordance with the accrual basis. Linked input to the adjustment per the FIR.
<u>SCHEDULE 5B</u> <u>MPCP NON-ELIGIBLE</u> <u>TRANSACTIONS</u>	None.
<u>SCHEDULE 5C</u> <u>BUILDING USAGE</u> <u>CHARGE (BUC)</u>	1) Added a box that requires the school to specify the source of funding for current year expenditures. If certain sources are identified, additional information is required in the next box. Also requires that school funded expenditures be included in a specific line on Schedule 5A-1. 2) Combined 2000 and before expenditures to a "Prior Year Items" line. 3) Moved the "BUC Property Related Debt Financing Included in Current Year MPCP Cost" so that it reduces the Current Year BUC amount. This is because the debt principal payments for BUC related expenditures cannot also be included in the eligible costs. 4) Removed the "BUC Property Related Debt Financing Included in MPCP Cost in Prior Years" as prior year related debt does not reduce the BUC.
<u>SCHEDULE 6-1</u> <u>CAPITAL OUTLAY</u> <u>ALLOCATION</u>	1) Changed the legacy line to ONLY include legacy items in the school's first year of operation. After the first year, they should be included in Schedule 7. 2) Added an "Allowance Granted for Equipment Traded In" column for equipment that should have the amount of money/allowance the school receives for equipment traded in. 3) Added a note to the Schedule information that assets obtained through a capital lease should not be included in Schedule 6 or 7.
<u>SCHEDULE 6-2</u> <u>CAPITAL OUTLAY</u> <u>ALLOCATION</u>	1) Changed the legacy line to ONLY include legacy items in the school's first year of operation. After the first year, they should be included in Schedule 7. 2) Added a "Less Capital Outlay Charges of Replaced Items" column for buildings and sites where schools should enter the amount of buildings they are capitalizing that have previously been recovered through Choice money and an explanation of the line to the Schedule Information. 3) Added a note to the Schedule information that asset obtained through a capital lease should not be included in Schedule 6 or 7.
<u>SCHEDULE 7-1</u> <u>DEFERRED CAPITAL</u> <u>OUTLAY CHARGE</u> <u>BALANCES</u>	1) Added a legacy line for legacy capital assets. This line should be used for legacy items after the school's first year of operation for any remaining deferred cost. 2) Added a note to the Schedule Information explaining where to include legacy items.
<u>SCHEDULE 7-2</u> <u>DEFERRED CAPITAL</u> <u>OUTLAY CHARGE</u> <u>BALANCES</u>	1) Added a legacy line for legacy capital assets. This line should be used for legacy items after the school's first year of operation for any remaining deferred cost. 2) Added a note to the Schedule Information explaining where to include legacy items.
<u>SCHEDULE 7-3</u> <u>DEFERRED CAPITAL</u> <u>OUTLAY CHARGE</u> <u>BALANCES</u>	1) Added a legacy line for legacy capital assets. This line should be used for legacy items after the school's first year of operation for any remaining deferred cost. 2) Added a note to the Schedule Information explaining where to include legacy items.

<u>SCHEDULE 8-1</u> <u>CAPITAL ASSET</u> <u>RELATED DEBT</u> <u>TRANSACTIONS</u>	1) Added a note indicating that only debt paid out of school money should be included. 2) Added required disclosures for loans in Schedule 8 that are refinanced [note (a)]. 3) Adjusted the "Principal Incurred During Year" amount to exclude the capital lease beginning balance. This was done because no cash is received at the start of a capital lease.
<u>SCHEDULE 9 MPCP</u> <u>ELIGIBLE DEBT</u> <u>PROCEEDS USED</u>	1) Added a formula to automatically fill the "Long-Term Debt Incurred-Current Period" balances based on currently incurred debt on Schedule 8. 2) Added a note indicating that the prior year unexpended debt carryover balance must equal the prior year unless approval has been given by the Department. 3) Removed the column at the top of the Schedule allocating capital lease costs to specific assets. If the school had a prior year capital lease balance that was carried over, please contact the department on how to treat the asset.
<u>SCHEDULE 10</u> <u>ALL PUPIL COUNT</u>	1) Added a "Per DPI" number that represents the all pupil count originally reported to DPI. Also included the variance between all DPI and per the audit.
<u>SCHEDULE 11</u> <u>MPCP PUPIL COUNT</u>	1) Added to the notes that the September "Per DPI" number should equal the certified September enrollment audit. 2) Added to the notes that the January "Per DPI" number should equal the amount per the sheet provided to DPI adjusted for any checks subsequently returned to the school.
<u>SCHEDULE 12</u> <u>RATIO</u> <u>CALCULATIONS</u>	New tab.





WISCONSIN STATE LEGISLATURE



**Milwaukee Parental Choice Program  
Summer School FTE Example**

	<u>As Originally Reported</u>	<u>Without Summer School</u>
Net Eligible Program Costs Schedule 2 Line 4	\$ 7,790,527	\$ 7,790,527
Total Membership FTE Basis Schedule 2 Line 23	<u>1294.80</u>	<u>1236.80</u>
Per Pupil Cost Schedule 2 Line 24	\$ 6,017	\$ 6,299
Choice Pupil FTE Average Schedule 1 Line 17	1221.60	1221.60
Per Pupil Cost Schedule 1 Line 18	<u>\$ 6,017</u>	<u>\$ 6,299</u>
Regular School Year Payment Eligibility Schedule 1 Line 21	\$ 7,350,367	\$ 7,694,858
Summer School Choice FTE Schedule 1 Line 22	58	0
Summer School Payment Eligibility Schedule 1 Line 23	\$ 139,594	\$ -
Total Choice Payment Eligibility Schedule 1 Line 24	\$ 7,489,961	\$ 7,694,858
Choice Payment Checks Retained Schedule 1 Line 25	<u>\$ 8,019,007</u>	<u>\$ 8,019,007</u>
Adjustment Amount Due From (To) State	<u>\$ (529,046)</u>	<u>\$ (324,149)</u>
<b>Difference</b>	<u>\$</u>	<u>\$ (204,897)</u>

**Difference consists of :**

Increased net per pupil costs - \$6,299 - \$6,017 = \$282 X 1,221.60 FTE =	344,491
Waived summer school eligibility - 58 Summer School FTE X \$6,017 X 40% =	<u>(139,594)</u>
Net Difference	<u>204,897</u>