

Fiscal Estimate Narratives

DPI 2/26/2016

LRB Number 15-2144/1	Introduction Number AB-0918	Estimate Type Original
Description Terminating parental choice programs, repealing the achievement gap reduction program, expanding the student achievement guarantee program, granting rule-making authority, and making an appropriation		

Assumptions Used in Arriving at Fiscal Estimate

This bill repeals the Achievement Gap Reduction (AGR) program created in 2015 Wisconsin Act 53, reinstates an expanded Student Achievement Guarantee in Education (SAGE) program, and phases out the Milwaukee, Racine, and statewide parental choice programs (together, choice programs).

Both the AGR and SAGE programs are categorical aid programs that provide funding to participating schools for low-income pupils enrolled in participating grades if the participating school complies with a five-year contract entered into between a school board, on behalf of the participating school, and the Department of Public Instruction (DPI). Under the AGR program repealed in this bill, a participating grade is a grade from kindergarten to third grade that is subject to an AGR contract. The expanded SAGE program established under this bill applies to all grades, from four-year-old kindergarten through grade 12.

Under the AGR program repealed in this bill, a school board must implement one or more of the following strategies in each class in each participating grade at each participating school:

1. Reduce the class size to 18 pupils or, if a classroom has at least two regular classroom teachers, to 30 pupils, and provide professional development on small group instruction.
2. Provide instructional coaching for teachers.
3. Provide one-to-one tutoring to pupils who struggle with reading or math.

Under the expanded SAGE program created in this bill, each participating school must reduce the class size of each class in the school to 18 pupils or, if a classroom has at least two regular classroom teachers, to 30 pupils. In addition, the school board must:

- (a) Ensure that certain education and human services are available in each participating school.
- (b) Ensure that a rigorous curriculum is provided in each participating school.
- (c) Provide staff development and require professional staff accountability for staff in each participating school.

Under the AGR program repealed in this bill, DPI must pay to a school board under an AGR contract a per pupil amount determined by dividing the amount appropriated to the AGR program by the total number of pupils enrolled in a participating class. Under the expanded SAGE program created in this bill, DPI must pay \$2,250 for each pupil in a participating class. Under the bill, DPI must annually adjust the per pupil payment to reflect the percentage change in the consumer price index, if that change is positive. The repeal of the AGR takes effect immediately; the bill permits school boards to enter into contracts under the expanded SAGE program in the 2016-17 school year.

Also under this bill, beginning in the 2016-17 school year, no private school may participate in a choice program unless the school was participating in the program in the 2015-16 school year. Also under the bill, no pupil may attend a private school under a choice program unless the pupil was attending that private school under the program in the 2015-16 school year.

Local: Indeterminate

"Continuing Pupils" under Parental Choice Programs

Because the costs of payments for continuing choice pupils are borne directly by the state's general fund, there would be no fiscal impact on a school district as the continuing pupils exit the program.

"Incoming Pupils" under Parental Choice Programs

The bill does not alter the funding mechanism for incoming choice pupils (revenue limit exemption, general aid reduction). Thus, under the bill, school districts would experience a gradual decrease in the reduction to their general aid payments, as the "incoming" choice pupils exit the program. Additionally, the amount a school district would receive in the form of a non-recurring revenue limit exemption that can be used in setting the tax levy will also decrease, eventually to zero. Because the rate in which the incoming pupils will exit the statewide choice program is unknown, the local fiscal impact as a result of this bill is indeterminate.

The Expanded SAGE Program/AGR Elimination

Under the expanded SAGE program created in this bill, DPI must pay \$2,250 for each pupil in a participating class. DPI must also annually adjust the per pupil payment to reflect the percentage change in the consumer price index, if that change is positive. Estimating the costs is difficult since it is unknown how many schools and eligible students would participate in the expanded SAGE program as well as the number of additional grade levels those schools would include in the program. Information regarding the percentage changes in the consumer price index in future years is also unknown. For those reasons the costs are indeterminate.

State: Indeterminate

"Continuing Pupils" under Parental Choice Programs

Because "continuing" pupils would continue to be funded through a separate general purpose revenue appropriation, the exit of the continuing pupils from the choice program will result in lower expenditures for the Parental Choice program over time. The rate at which continuing choice pupils exit the statewide choice program is unknown, thus, the rate at which the state's expenditures will decrease is indeterminate.

"Incoming Pupils" under Parental Choice Programs

The cost to the state for pupils who enrolled in the statewide parental choice program in 2015-16 (incoming pupils) is completely offset by a reduction to the general aid payment of the public school districts in which the incoming choice pupils reside. Therefore, the exit of incoming pupils from the statewide program will have no net effect on the state's general fund. "Incoming" pupils with a non-recurring revenue limit exemption is borne completely by the local tax levy, resulting in no impact on the state.

The Expanded SAGE Program/AGR Elimination

The bill would utilize savings derived by the phase-out of the Choice program and redirect those funds to pay for an expanded SAGE program. It is unknown how many students will enroll or leave the Choice programs in the upcoming years, thus the costs are indeterminate.

The net impact of repealing the Parental Choice programs and the AGR program and changing the SAGE program, is indeterminate.

Long-Range Fiscal Implications

Under the bill, DPI must annually adjust the per pupil payment to reflect the percentage change in the consumer price index, if that change is positive.