



## WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

**2017 Senate Bill 293**

**Senate Amendment 3**

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### **2017 SENATE BILL 293**

2017 Senate Bill 293 (“the bill”) makes changes to the Special Needs Scholarship Program and to the Milwaukee Parental Choice Program, the Racine Parental Choice Program, and the Wisconsin Parental Choice Program (collectively, the choice programs).

Senate Bill 293 changes the Special Needs Scholarship Program by, among other items, creating provisions regarding financial standards and audits of private schools participating in the Special Needs Scholarship Program that mirror provisions applicable to private schools participating in the parental choice programs. The bill also changes how students participating in the Special Needs Voucher Program are counted for school district revenue limit purposes.

Senate Bill 293 changes the choice programs by, among other items, imposing requirements related to background checks, modifying pupil eligibility verification and application procedures, and altering several aspects of choice program administration and state assessment administration to choice students. One specific change allows a private school that intends to begin participating in a parental choice program the option to submit a surety bond to the Department of Public Instruction (DPI), as an alternative to submitting a complete anticipated budget for the first fiscal period of participation in the program.

Under Senate Bill 293, a private school may submit a surety bond equal to 25% of the total choice payments the school expects to receive in its first year participating in a choice program. If the private school chooses to submit a surety bond, the school must continue to submit surety bonds each year until the school submits specified financial information indicating that it is financially viable, as described below.

First, a private school must submit an audit that does not contain any indicators that the school is not financially viable. If a private school is not part of an organization with which it

shares assets, liabilities, or eligible education expenses, then it can stop submitting annual surety bonds when the school submits an audit that does not contain any indicators the school is not financially viable. However, if a private school is part of an organization with which it shares assets, liabilities, or eligible education expenses, then the school can stop submitting surety bonds when the school submits an audit of the organization that does not contain any indicators that the organization is not financially viable.

Second, a private school must submit evidence of sound fiscal and internal control practices for two specified school years, neither of which indicate that the school is not financially viable.

### **SENATE AMENDMENT 3**

Senate Amendment 3 (“the amendment”) makes two changes to Senate Bill 293: (1) it subjects private schools participating in the Special Needs Scholarship Program to uniform accounting standards that currently apply to schools in the parental choice programs; and (2) it alters one of the conditions that must be met before a private school newly participating in a parental choice program may stop annually submitting surety bonds, if the school chooses to submit a surety bond instead of an anticipated budget.

#### **Applying Uniform Accounting Standards to Special Needs Scholarship Schools**

The amendment provides that each private school participating in the Special Needs Scholarship Program is subject to uniform financial accounting standards established by DPI. An identical provision appears within each of the existing parental choice program statutes.

#### **Conditions for Submission of Surety Bonds by Newly Participating Parental Choice Schools**

The amendment changes one condition that a private school newly participating in a parental choice program must meet before it may stop annually providing surety bonds, which relates to submission of an audit. The amendment permits a private school to stop providing surety bonds when it submits a financial audit, prepared in accordance with generally accepted accounting principles (GAAP) with allowable modifications for long-term fixed assets, that does not contain any indicators that the private school is not financially viable.

Unlike Senate Bill 293, the amendment does not require a private school that is part of an organization with which it shares assets, liabilities, or eligible education expenses to submit an audit of the entire organization before it may stop submitting annual surety bonds. Additionally, unlike Senate Bill 293, the amendment always requires the submitted audit to be prepared in accordance with GAAP.

The amendment maintains the second condition a private school newly participating in a parental choice program must meet before it may stop annually providing surety bonds. As under Senate Bill 293, a school must submit evidence of sound fiscal and internal control practices for two specified school years, neither of which indicate the private school is not financially viable.

**BILL HISTORY**

Senate Amendment 3 was offered by Senator Olsen on June 13, 2017. The amendment was adopted by a voice vote in the Senate on June 14, 2017, and Senate Bill 293 was then passed on a vote of Ayes, 28; Noes, 5.

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