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Assembly Committee on Education
AB 420 – Independent Charter Schools
September 14, 2021

Thank you Chairman Thiesfeldt and members of the Committee for holding a public hearing on Assembly Bill 420. This legislation aims to bring equity between independent charter schools that are established by tribal entities and those who are chartered by other entities.

Under current law, independent charter schools authorized by a tribal college are funded at a lesser amount than their counterparts. For the 2020-21 school year, the Department of Public Instruction paid \$8,719 in per pupil funding to these schools, whereas independent charter schools authorized by any other authorizer received \$9,165.

Assembly Bill 420 addresses this funding disparity by ensuring that independent charter schools authorized by a tribal college receive the same per pupil amount as all other independent charter schools.

It is time to address this funding disparity so that children in tribal charters have the same education opportunities as other children across the state, and this bill ensures that charter schools, regardless of their authorizer, are seen as equal in the eyes of the state.

Thank you Committee members for your consideration of Assembly Bill 420.

Representative Cindi Duchow



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Department of Public Instruction

Statement in Support of Assembly Bill 420

Background

Under current law, the Office of Educational Opportunity (OEO) in the UW System, the City of Milwaukee, the chancellor of an institution in the UW System, a technical college district board, the county executive of Waukesha County, the College of Menominee Nation, and the Lac Courte Oreilles Ojibwe College may contract with a person to operate a charter school. A charter school authorized by one of these entities is commonly known as an independent charter school (ICS). These ICS are public (not private) schools and are their own local education agency (LEA), rather than part of a school district.

The primary means of state support for ICS is a flat payment per pupil, which is indexed to the per pupil change in appropriations for K-12 school categorical aids and the per pupil adjustment to revenue limits for school districts. In the 2020-21 school year, the per pupil payment amount paid to ICS not authorized by a tribal college was \$9,165. In the 2021-23, biennial budget adopted by the Joint Committee the per pupil payment for ICS not authorized by a tribal college is estimated to be \$9,201 in FY22 and \$9,264 in FY23.

Current law requires the Department of Public Instruction (DPI) to pay a different per pupil amount to a tribal college-authorized ICS (tribal-authorized ICS) than it pays to other ICS. The amount paid to a tribal-authorized ICS is based on the per pupil academic base funding the federal Bureau of Indian Education (BIE) provides to tribal schools under federal law. This specific payment amount referenced in statute does not exist. Because there is not one specific "per pupil academic base funding" amount BIE provides to tribal schools, the department calculates a payment amount each year using data from BIE. Using BIE data, a per pupil payment amount for a given year is calculated by dividing the Indian School Equalization Program (ISEP) formula funds provided to tribally-controlled schools during the prior school year by the headcount of students attending those schools during that prior school year. In the 2020-21 school year, the per pupil amount paid to a tribal-authorized ICS was \$8,568. The 2021-22 per pupil state aid amount for ICS authorized by a tribal college is \$8,853.

Analysis

This bill eliminates the different per pupil amount paid to tribal-authorized ICS. Under the bill, beginning in the 2021-22 school year, the DPI would pay the same per pupil amount to all ICS.

Under current law, payments to ICS are paid from a sum sufficient GPR appropriation. For certain ICS that were authorized by entities specified in 2015 Act 55 ("new" ICS authorizers), including those authorized by a tribal college, the cost of state payments to the ICS is offset by a lapse from the appropriation for state general aids to the state's general fund. The lapse is generated by a reduction to the general aid payments made to the school districts of residence for the pupils attending the ICS.

Students who are enrolled in a "new" authorizer ICS are counted by their school district of residence for revenue limit and general aid purposes. Because the revenue limit membership is a 3-year rolling average, however, it takes three years for an individual pupil to be fully counted in a school district's revenue limit membership (unless the pupil attended the same school district prior to enrollment in the ICS). Revenue limit membership is a primary factor (though not the only one) in the district's revenue limit. A district's total revenue limit minus the general aid payment it receives from the state equals the district's allowable tax levy.

Thus, counting resident pupils who attend an ICS impacts a district's revenue limit (and potentially, the amount of general aid it receives); the reduction to the district's general aid payment for ICS pupils ultimately impacts the district's tax levy.

The 2021-22 per pupil state aid amount for ICS authorized by the College of Menominee Nation and the Lac Courte Oreilles Ojibwe College is \$8,853. The 2021-22 per pupil state aid amount for ICS authorized by all other independent authorizers is \$9,201. [i.e., tribal-authorized ICS would get \$348 less per pupil, compared to all other ICS.]

For the 2021-22 school year there will be two tribal-authorized ICS both authorized by the Lac Courte Oreilles Ojibwe College – below is an updated fiscal estimate on the bill based on the most recent data we have available:

1. Akii-gikinoo'amaading (also referred to as Aki Earth School), opened in 2020-21 with 8 pupils, and the school counted 16 pupils on its 2021-22 Preliminary September Pupil Count report. The impact of this bill is estimated to be \$5,600 (total) for the school.
2. New this year, Lake Country Classical Academy, counted 421 students on its 2021-22 Preliminary September Pupil Count Report; the estimated fiscal impact of the bill is estimated to be \$146,500 more for the school (at 421 pupils).

The increased payment to the tribal-authorized ICS is offset by an increase to the amount deducted from the resident school districts' general aid payment (thus net fiscal impact to the state's general fund is zero).

Summary

There is no policy justification for providing a different per pupil ICS payment to tribal-authorized ICS versus non-tribal-authorized ICS. In addition, the current-law tribal-authorized ICS payment has been lower than the non-tribal-authorized amount, meaning less state support for those ICS students. The department has requested this change in prior biennial budget requests, and thus fully supports passage of AB420.