



State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-3706/1
FFK:all

2017 ASSEMBLY BILL 383

June 8, 2017 - Introduced by Representatives KITCHENS, FIELDS, BALLWEG, BERNIER, FELZKOWSKI, GANNON, HORLACHER, JAGLER, KLEEFISCH, MURPHY, MURSAU, NOVAK, RIPP, ROHRKASTE, THIESFELDT, YOUNG and ZEPNICK, cosponsored by Senators OLSEN, L. TAYLOR, DARLING, STROEBEL, WANGGAARD and VUKMIR. Referred to Committee on Education.

1 **AN ACT to repeal** 118.60 (2) (a) 2m., 118.60 (2) (ag) 3., 118.60 (3) (ar) 3. a. and am.,
2 118.60 (6m) (b) 1. and 2., 118.60 (6m) (b) 4., 118.60 (7) (a), 118.60 (7) (ao), 118.60
3 (7) (d) 2., 118.60 (10) (a) 4., 119.23 (2) (ag) 3., 119.23 (6m) (b) 1. and 2., 119.23
4 (6m) (b) 4., 119.23 (7) (a), 119.23 (7) (ao), 119.23 (7) (d) 2. and 119.23 (10) (a) 4.;
5 **to renumber** 115.7915 (4) (a) 1.; **to renumber and amend** 115.7915 (4) (a) 2.,
6 115.7915 (4) (b), 118.60 (2) (a) 3g. and 119.23 (2) (a) 3g.; **to consolidate,**
7 **renumber and amend** 118.60 (3) (ar) 3. (intro.) and b.; **to amend** 20.255 (1)
8 (j), 115.77 (1m) (bg), 115.7915 (2) (c), 115.7915 (2) (f), 115.7915 (2) (h), 115.7915
9 (3) (c), 115.7915 (5) (b), 115.7915 (6) (e), 115.7915 (8) (a) 1., 118.225 (intro.),
10 118.30 (1s) (intro.), 118.30 (1s) (d), 118.30 (1t) (intro.), 118.30 (1t) (d), 118.30 (2)
11 (c), 118.56 (1), 118.60 (1) (ab), 118.60 (2) (a) 1. a., 118.60 (2) (a) 1. b., 118.60 (2)
12 (a) 2. (intro.), 118.60 (2) (a) 2. a., 118.60 (2) (a) 2. c., 118.60 (2) (a) 8., 118.60 (2)
13 (ag) 2. a., 118.60 (3) (a) (intro.), 118.60 (3) (a) 1m., 118.60 (3) (ar) 1., 118.60 (3)
14 (ar) 2., 118.60 (3) (ar) 4., 118.60 (3) (c), 118.60 (4) (a), 118.60 (6m) (b) (intro.),

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1 118.60 (6m) (c), 118.60 (7) (am) 2m. a., 118.60 (7) (an) 1., 118.60 (7) (d) (intro.),
2 118.60 (7) (em) 1., 118.60 (10) (a) 1., 118.60 (10) (a) 5., 118.60 (10) (a) 6., 119.23
3 (1) (ab) 1., 119.23 (2) (a) 1. b., 119.23 (2) (a) 1. d., 119.23 (2) (a) 3., 119.23 (2) (a)
4 8., 119.23 (2) (ag) 2. a., 119.23 (3) (a) (intro.), 119.23 (3) (a) 1., 119.23 (4) (a),
5 119.23 (6m) (b) (intro.), 119.23 (6m) (c), 119.23 (7) (am) 2m. a., 119.23 (7) (an)
6 1., 119.23 (7) (em) 1., 119.23 (10) (a) 1., 119.23 (10) (a) 5., 119.23 (10) (a) 6., 121.90
7 (1) (f) (intro.) and 121.91 (4) (n) 1.; and **to create** 115.7915 (6) (j), 118.60 (2) (a)
8 1. d., 118.60 (2) (a) 2. e., 118.60 (2) (a) 2. f., 118.60 (3) (ar) (intro.), 118.60 (3) (ar)
9 6., 118.60 (3m) (am) 1. h., 118.60 (4v), 118.60 (6m) (bm), 118.60 (6p), 118.60 (7)
10 (h), 118.60 (7m), 118.60 (10) (am) 4., 119.23 (3m) (am) 1. h., 119.23 (4v), 119.23
11 (6m) (bm), 119.23 (6p), 119.23 (7) (h), 119.23 (7m), 119.23 (10) (am) 4. and 121.90
12 (1) (g) of the statutes; **relating to:** parental choice programs, the Special Needs
13 Scholarship Program, granting rule-making authority, and making an
14 appropriation.

Analysis by the Legislative Reference Bureau

This bill makes changes to the Milwaukee Parental Choice Program, the Racine Parental Choice Program, the statewide parental choice program (collectively, the choice programs) and the Special Needs Scholarship Program.

Private schools participating in a choice program

This bill makes the following changes to the choice programs:

1. Requires a private school participating in a choice program to conduct background checks of its employees and prohibits a private school from employing any individual who would be ineligible for a teaching license based on his or her criminal history and any individual who may pose a threat to the safety of others.

2. Eliminates the requirement that a private school participating in a choice program annually satisfy at least one of the following standards: a) at least 70 percent of the pupils in the program advance one grade level each year; b) the private school's average attendance rate for the pupils in the program is at least 90 percent; c) at least 80 percent of the pupils in the program demonstrate significant academic progress; or d) at least 70 percent of the families of pupils in the program meet parent involvement criteria established by the private school.

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3. Specifies that a private school participating in a choice program is not required to administer certain knowledge and content examinations if fewer than 20 pupils in grades 3 to 12 are attending the private school under the choice program. Under current law, a private school participating in a choice program is not required to administer the examinations if fewer than 20 pupils are attending the private school under the choice program.

4. Prohibits the Department of Public Instruction from requiring a private school participating in the statewide parental choice program to submit financial information for an applicant who was on a waiting list for the statewide parental choice program in the previous school year or to verify the family income of such an applicant.

5. Replaces Wisconsin North Central Association with AdvancED in the list of entities that are accrediting agencies for purposes of the choice programs and the Special Needs Scholarship Program.

6. Requires a private school participating in a choice program to refund its reserve balance to DPI if the private school does not maintain a cash and investment balance that is at least equal to its reserve balance.

7. Requires that the annual independent financial audit submitted to DPI be prepared in accordance with generally accepted accounting principles only if a private school has received a total of at least \$100,000 under the choice programs and the Special Needs Scholarship Program in any school year. If a private school has not received a total of at least \$100,000 under the choice programs and the Special Needs Scholarship Program in any school year, the financial audit must be prepared as prescribed by the department by rule.

8. Changes the annual deadline for a private school participating in a choice program to provide evidence to DPI that the private school remains accredited for the current school year from January 15 to August 1.

9. Changes the date by which a private school participating in a choice program must file a summer school daily attendance report from October 1 to September 15.

10. Eliminates the requirement that a private school participating in a choice program annually provide DPI information related to how many pupils attended the private school in the previous school year and eliminates the requirement that a private school submit an updated operating budget to DPI by November 1 of the first school term in which the private school participates in the choice program.

11. Allows a private school participating in a choice program to charge pupils who attend the private school under one of the programs reasonable fees to recover the cost of providing room and board.

12. Requires that up to 140 hours of work in a work-based learning program count towards the minimum required number of hours of direct pupil instruction that must be provided by a private school participating in a choice program.

13. Requires a private school to submit either a surety bond or an anticipated budget and evidence of the school's financial viability prior to the first school term in which the private school participates in a choice program. If the private school submits a surety bond, the private school must continue to submit an annual surety bond until certain conditions are satisfied. If a private school submits a budget and

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evidence of financial viability and DPI determines that the private school is not financially viable, the private school may not participate in a choice program in that school year.

14. Requires a private school that participated in a choice program in the previous school year to submit certain school policies and academic standards adopted by the private school at DPI's request, instead of submitting the policies and academic standards to DPI each year as required under current law. The bill also requires these continuing private schools to provide to DPI only signatures of new members of its governing body, rather than signatures from all of the members of its governing body each year. For a private school that did not participate in a choice program in the previous year, the bill requires the private school to submit all of its policies and signatures from all of the members of its governing body to DPI by January 10 of the immediately preceding school year and to submit academic standards adopted by the private school by August 1 of the current school year.

15. Allows DPI to bar a private school from participating in a choice program in the current school year and the following school year for intentionally or negligently misrepresenting any information required under the program. Under current law, DPI may bar a private school in the current school year if DPI determines the private school misrepresented information related to the school's financial viability or to the school's local certificate of occupancy.

Pupil applications to participate in a choice program

This bill makes the following changes to the choice programs:

1. Allows an applicant for a choice program to receive a determination about the applicant's income eligibility for the choice program directly from the Department of Revenue as part of the application process.

2. Eliminates the requirement to verify a pupil's family income for participation in the Racine Parental Choice Program if the pupil attended a private school under the Milwaukee Parental Choice Program in the immediately preceding school year and similarly eliminates the requirement to verify a pupil's family income for participation in the Milwaukee Parental Choice Program if the pupil attended a private school under the Racine Parental Choice Program in the immediately preceding school year. Under current law, the family income limits for the Milwaukee Parental Choice Program and the Racine Parental Choice Program are both 300 percent of the federal poverty level.

3. Changes the deadline for notifying an applicant whether his or her application to attend a private school under a choice program has been accepted to no later than 60 days after the end of the application period during which the application is received. Under current law, the deadline is 60 days after the applicant's application is received.

4. Expands the criteria that satisfy the prior year attendance eligibility requirement for participating in the statewide or Racine parental choice program to include a) a pupil who attended school in another state in the previous school year and b) a pupil who was on a waiting list to attend a private school under any choice program during the previous school year. Additionally, the bill specifies that a pupil satisfies the prior year attendance requirement if he or she attended a private school

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under any choice program in the previous school year. Under current law, a pupil may participate in the statewide or Racine parental choice program only if the pupil satisfies one of the following attendance requirements: a) the pupil attended a public school in Wisconsin the previous school year; b) the pupil was not enrolled in school in the previous school year; c) the pupil is applying for grades kindergarten, first, or ninth in the current school year or; d) the pupil attended a private school in either the statewide or Racine parental choice program in the previous school year.

5. Expands the first priority in the priority list for accepting applications to attend a private school under a choice program to include pupils who attended that private school under any choice program rather than under a specific choice program.

6. Limits certain application procedures that apply only to the statewide parental choice program to the period during which there is a limit on how many pupils may participate in the statewide parental choice program. The bill also requires DPI to determine which applications to accept during this period. Under current law, applications for the statewide parental choice program are accepted from February 1 to April 20. Additionally, under current law, applications for the statewide parental choice program are forwarded to DPI, and DPI determines whether a pupil participation limitation has been exceeded. Under current law, beginning in the 2018-19 school year, DPI determines which applications to accept if the total number of applicants exceeds a school district's pupil participation limit. If a pupil participation cap for a school district is not exceeded, the private school determines which applications to accept.

7. Allows DPI to consider a pupil who accepted a space at a private school under the statewide parental choice program as a pupil attending the private school under the Racine parental choice program or the Milwaukee parental choice program if certain conditions are met.

8. Beginning in the 2017-18 school year, allows, between the first weekday in August and the third Friday in August, DPI to transfer the applications of certain pupils to a different private school participating in the statewide parental choice program. The bill allows DPI to transfer a pupil's application only if a) the pupil applied to participate in the statewide parental choice program during the immediately preceding enrollment period, which occurs between February 1 and April 20; b) the pupil's residence changed since the end of the immediately preceding enrollment period and the pupil continues to reside in a school district other than Racine Unified School District or Milwaukee Public Schools; c) the private school to which the pupil's application is transferred has space available in the pupil's grade; and d) the pupil resides in a school district that has not exceeded its participation limit in the statewide parental choice program.

Special Needs Scholarship Program

This bill makes the following changes to the Special Needs Scholarship Program:

1. Changes the manner in which pupils attending a private school under the Special Needs Scholarship Program are counted for purposes of school district revenue limits. Under current law, for purposes of calculating a school district's

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revenue limit, a pupil attending a private school under the Special Needs Scholarship Program is considered a pupil enrolled in the school district. Under the bill, for purposes of calculating a school district's revenue limit, a pupil attending a private school under the Special Needs Scholarship Program is treated in the same manner as an incoming pupil in the statewide or Racine parental choice program. In other words, under the bill, a pupil attending a private school under the Special Needs Scholarship Program is not counted as a pupil enrolled in the school district for purposes of calculating a school district's revenue limit, but the school district may increase its revenue limit by the amount equal to any reduction made to the school district's state aid under the Special Needs Scholarship Program.

2. Clarifies the circumstances under which a pupil's resident school district administers knowledge and content examinations to a pupil attending a private school under the Special Needs Scholarship Program and the circumstances under which the private school the pupil is attending under the program administers the examinations.

3. Allows an Individualized Education Program team appointed by a nonresident school board to conduct a reevaluation of a pupil with a disability who is attending a private school under the Special Needs Scholarship Program in the nonresident school district.

4. Requires a private school participating in the Special Needs Scholarship Program to obtain verification that a child with a disability who has applied to attend the private school under the program has an IEP or services plan in effect before notifying DPI that the private school intends to accept the application of the child. Under current law, DPI must verify that an IEP or services plan is in effect.

5. Makes the annual financial audit requirement for a private school participating in the Special Needs Scholarship Program the same as the requirement that applies to a private school participating in a choice program and allows a private school participating in a choice program that is also participating in the Special Needs Scholarship Program to satisfy the financial reporting requirements under the Special Needs Scholarship Program by submitting a comprehensive financial audit under the choice program.

6. Allows DPI to bar a private school from participating in the Special Needs Scholarship Program for intentionally or negligently misrepresenting any information required under the program. Under current law, DPI may bar a private school from participating in the Special Needs Scholarship Program if the private school intentionally and substantially misrepresents information related to the private schools duties under the program.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

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1 **SECTION 1.** 20.255 (1) (j) of the statutes is amended to read:

2 20.255 (1) (j) *Milwaukee Parental Choice Program and the parental choice*
3 *program for eligible school districts and other school districts; financial audits.* All
4 moneys received under ss. 118.60 (2) (a) 3. and (ag) 1. c. and 119.23 (2) (a) 3. and (ag)
5 1. c. to be used to evaluate the financial information submitted under s. 119.23 (7)
6 (d) 2., 2015 stats., and s. 119.23 (7) (am) and (d) 2. and 3. and (7m) (a) 2. by private
7 schools participating in the Milwaukee Parental Choice Program and under s. 118.60
8 (7) (d) 2., 2015 stats., and s. 118.60 (7) (am) and (d) 2. and 3. and (7m) (a) 2. by private
9 schools participating in the choice program under s. 118.60.

10 **SECTION 2.** 20.255 (1) (j) of the statutes, as affected by 2017 Wisconsin Act ...
11 (this act), is amended to read:

12 20.255 (1) (j) *Milwaukee Parental Choice Program and the parental choice*
13 *program for eligible school districts and other school districts; financial audits.* All
14 moneys received under ss. 118.60 (2) (a) 3. and (ag) 1. c. and 119.23 (2) (a) 3. and (ag)
15 1. c. to be used to evaluate the financial information submitted under s. 119.23 (7)
16 (d) 2., 2015 stats., and s. 119.23 (7) (am) and (d) 3. and (7m) (a) 2. by private schools
17 participating in the Milwaukee Parental Choice Program and under s. 118.60 (7) (d)
18 2., 2015 stats., and s. 118.60 (7) (am) and (d) 3. and (7m) (a) 2. by private schools
19 participating in the choice program under s. 118.60.

20 **SECTION 3.** 115.77 (1m) (bg) of the statutes is amended to read:

21 115.77 (1m) (bg) Includes children with disabilities in statewide and local
22 educational agency-wide assessments, including assessments described in 20 USC
23 6311 (b) (3) (2), with appropriate accommodations and alternate assessments where
24 necessary and as indicated in their individualized education programs.

25 **SECTION 4.** 115.7915 (2) (c) of the statutes is amended to read:

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1 115.7915 (2) (c) The school has been approved as a private school by the state
2 superintendent under s. 118.165 (2) or is accredited by ~~the Wisconsin North Central~~
3 ~~Association~~ AdvancED, Wisconsin Religious and Independent Schools
4 Accreditation, the Independent Schools Association of the Central States, Wisconsin
5 Evangelical Lutheran Synod School Accreditation, Wisconsin Association of
6 Christian Schools, National Lutheran School Accreditation, Christian Schools
7 International, Association of Christian Schools International, the diocese or
8 archdiocese within which the private school is located, or any other organization
9 recognized by the National Council for Private School Accreditation, as of the August
10 1 preceding the school term for which the scholarship is awarded.

11 **SECTION 5.** 115.7915 (2) (f) of the statutes is amended to read:

12 115.7915 (2) (f) The child's parent or guardian on behalf of the child, or, for a
13 child with a disability who has reached the age of 18 and has not been adjudicated
14 incompetent, the child, submitted an application for a scholarship under this section
15 on a form prepared by the department that includes the document developed by the
16 department under sub. (4) ~~(a)~~ to the eligible school that the child will attend. A child's
17 parent or guardian or a child with a disability who has reached the age of 18 may
18 apply for a scholarship at any time during a school year and, subject to sub. (3) (b),
19 a child may begin attending a private school under this section at any time during
20 the school year.

21 **SECTION 6.** 115.7915 (2) (h) of the statutes is amended to read:

22 115.7915 (2) (h) The child's parent or guardian consents to make the child
23 available for a reevaluation, ~~by the~~ within 60 days following a request for a
24 reevaluation under this paragraph. The individualized education program team
25 appointed for the child by the resident school district, ~~within 60 days following a~~

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1 ~~request for a reevaluation under this paragraph shall conduct the reevaluation,~~
2 ~~except that, if the child is attending a private school under this section in a~~
3 ~~nonresident school district and the parent or guardian of the child provides written~~
4 ~~consent, an individualized education program team appointed for the child by that~~
5 ~~nonresident school district may conduct the reevaluation.~~ Upon the request of the
6 school board of the child's resident school district, the individualized education
7 program team shall conduct the reevaluation required under this paragraph in the
8 manner described under s. 115.782 (4) (a) 2. no more frequently than once every 3
9 years, determined from the date of the most recent evaluation or reevaluation
10 conducted for the child under s. 115.782 or, for a child whose most recent evaluation
11 or reevaluation was conducted more than 3 years before the child began attending
12 a private school under this section, the date the child began attending a private
13 school under this section.

14 **SECTION 7.** 115.7915 (3) (c) of the statutes is amended to read:

15 115.7915 (3) (c) The governing body of a private school participating in the
16 program under this section shall notify the department when it verifies that a child
17 has an individualized education program or services plan in effect and accepts ~~a~~ the
18 child's application to attend the private school under a scholarship awarded under
19 this section.

20 **SECTION 8.** 115.7915 (4) (a) 1. of the statutes is renumbered 115.7915 (4) (am).

21 **SECTION 9.** 115.7915 (4) (a) 2. of the statutes is renumbered 115.7915 (4) (bm)
22 and amended to read:

23 115.7915 (4) (bm) Receipt by an applicant of the document developed under
24 ~~subd. 1. par. (am),~~ acknowledged in a format prescribed by the department,
25 constitutes notice that the applicant has been informed of his or her rights under this

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1 section and 20 USC 1400 to 1482. Subsequent acceptance of a scholarship under this
2 section constitutes the applicant's informed acknowledgment of the rights specified
3 in the document.

4 **SECTION 10.** 115.7915 (4) (b) of the statutes is renumbered 115.7915 (3) (bm)
5 and amended to read:

6 115.7915 (3) (bm) Upon receipt of notice an application for a scholarship under
7 sub. ~~(3)~~ ~~(e)~~ (2) (f), the ~~department~~ governing body of the private school shall
8 determine whether the application satisfies the requirements under sub. (2), other
9 than the requirement under sub. (2) (d), and shall request verification from the local
10 education agency that developed the child's resident school board that the child has
11 an individualized education program or services plan that the child has an
12 individualized education program or services plan in place for the child and that
13 meets the requirement in sub. (2) (d). The governing body of the private school shall
14 also notify the child's resident school board that, pending verification that the
15 requirements of sub. (2) have been satisfied, the child will be awarded a scholarship
16 under this section. ~~The child's resident school board~~ local education agency shall,
17 within ~~3~~ 5 business days of receiving a request under this paragraph, provide
18 ~~verification to the department and provide~~ the governing body of the private school
19 ~~that accepted the child~~ with a copy of the child's individualized education program
20 or services plan.

21 **SECTION 11.** 115.7915 (5) (b) of the statutes is amended to read:

22 115.7915 (5) (b) Upon the request of a parent of a child receiving a scholarship
23 under this section, the child's resident school board shall administer the appropriate
24 examinations under s. 118.30 to the child at no cost if the private school the child

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1 attends does not administer ~~them~~ examinations under s. 118.30 to any pupil
2 attending the private school.

3 **SECTION 12.** 115.7915 (6) (e) of the statutes is amended to read:

4 115.7915 (6) (e) Annually, by October 15 following a school year in which a
5 private school participated in the program under this section, submit to the
6 department ~~–a–~~ an independent financial audit of the private school financial
7 information report, prepared ~~conducted~~ by –a– an independent certified public
8 accountant, that complies with uniform financial accounting standards established
9 by the department by rule. ~~The report shall be accompanied by an~~ the auditor's
10 statement that the report is free of material misstatements and fairly represents
11 pupil costs. ~~The report shall be limited in scope to those records that are necessary~~
12 ~~for the department to make payments to the private school.~~ presents the private
13 school's eligible education expenses, and beginning in the 2nd school year a private
14 school participates in the program under this section, a copy of a management letter
15 prepared by the auditor. If the private school annually received a total of at least
16 \$100,000 under this section and ss. 118.60 and 119.23 in any school year, the audit
17 shall be prepared in accordance with generally accepted accounting principles with
18 allowable modifications for long-term fixed assets. If the private school has not
19 annually received a total of at least \$100,000 under this section and ss. 118.60 and
20 119.23 in any school year, the audit shall be prepared as prescribed by the
21 department by rule. The audit shall include a calculation of the private school's net
22 eligible education expenses and a calculation of the balance of the private school's
23 fund for future eligible education expenses. The auditor shall conduct his or her
24 audit, including determining sample sizes and evaluating financial viability, in
25 accordance with the auditing standards established by the American Institute of

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1 Certified Public Accountants. The department may not require an auditor to comply
2 with standards that exceed the scope of the standards established by the American
3 Institute of Certified Public Accountants. If a private school participating in a
4 program under this section is part of an organization and the private school and the
5 organization share assets, liabilities, or eligible education expenses, the private
6 school may submit an audit of the private school or of the organization of which it is
7 a part. If a private school that is part of an organization with which it shares assets,
8 liabilities, or eligible education expenses submits an audit of only the private school,
9 the independent auditor shall use his or her professional judgment to allocate any
10 shared assets, liabilities, and eligible education expenses between the organization
11 and the private school. If a private school participating in the program under this
12 section also accepts pupils under s. 118.60 or 119.23, the private school may submit
13 one comprehensive financial audit to satisfy the requirements of this paragraph and
14 ss. 118.60 (7) (am) 2m. and 119.23 (7) (am) 2m., whichever are applicable. The private
15 school shall include in the comprehensive financial audit the information specified
16 under s. 118.60 (7) (am) 2m. and 119.23 (7) (am) 2m.

17 **SECTION 13.** 115.7915 (6) (j) of the statutes is created to read:

18 115.7915 (6) (j) Upon the request of a parent of a child receiving a scholarship
19 under this section, administer the appropriate examinations under s. 118.30 to the
20 child at no cost if the private school the child attends administers examinations
21 under s. 118.30 to any pupil attending the private school.

22 **SECTION 14.** 115.7915 (8) (a) 1. of the statutes is amended to read:

23 115.7915 (8) (a) 1. Intentionally and ~~substantially~~ or negligently
24 misrepresented information required under sub. (6) this section or any rule
25 promulgated under sub. (10).

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1 **SECTION 15.** 118.225 (intro.) of the statutes is amended to read:

2 **118.225 Teacher evaluations.** (intro.) A school board may use value-added
3 analyses of scores on the examinations administered to pupils under s. 118.30 and
4 20 USC 6311 (b) ~~(3)~~ (2) to evaluate teachers if the school board has developed a
5 teacher evaluation plan that includes all of the following:

6 **SECTION 16.** 118.30 (1s) (intro.) of the statutes is amended to read:

7 118.30 **(1s)** (intro.) Annually, the governing body of each private school
8 participating in the program under s. 119.23, other than a private school at which
9 fewer than 20 pupils in grades 3 to 12 are attending the school under the program
10 under s. 119.23, and the governing body of a private school that, pursuant to s.
11 115.999 (3), 119.33 (2) (c) 3., or 119.9002 (3) (c), is responsible for the operation and
12 general management of a school transferred to an opportunity schools and
13 partnership program under s. 119.33, subch. IX of ch. 115, or subch. II of ch. 119 shall
14 do all of the following:

15 **SECTION 17.** 118.30 (1s) (d) of the statutes is amended to read:

16 118.30 **(1s)** (d) Administer to pupils attending the private school under s.
17 119.23 all other examinations in reading, mathematics, and science that are
18 required to be administered to public school pupils under 20 USC 6311 (b) ~~(3)~~ (2).

19 **SECTION 18.** 118.30 (1t) (intro.) of the statutes is amended to read:

20 118.30 **(1t)** (intro.) Annually, the governing body of each private school
21 participating in the program under s. 118.60, other than a private school at which
22 fewer than 20 pupils in grades 3 to 12 are attending the school under the program
23 under s. 118.60, shall do all of the following:

24 **SECTION 19.** 118.30 (1t) (d) of the statutes is amended to read:

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1 118.30 (1t) (d) Administer to pupils attending the private school under s.
2 118.60 all other examinations in reading, mathematics, and science that are
3 required to be administered to public school pupils under 20 USC 6311 (b) (3) (2).

4 **SECTION 20.** 118.30 (2) (c) of the statutes is amended to read:

5 118.30 (2) (c) The results of examinations administered under this section or
6 under 20 USC 6311 (b) (3) (2) to pupils enrolled in public schools, including charter
7 schools, may not be used as the sole reason to discharge, suspend, or formally
8 discipline a teacher or as the sole reason for the nonrenewal of a teacher's contract.

9 **SECTION 21.** 118.56 (1) of the statutes is amended to read:

10 118.56 (1) Require a pupil in the program to work at least 280 hours per school
11 year for an employer that complies with sub. (3). Hours of instruction may not be
12 used to satisfy the work requirements under this subsection. Hours that fulfill the
13 work requirements under this subsection shall be counted as hours of direct pupil
14 instruction, as provided under ss. 118.60 (2) (a) 8. and 119.23 (2) (a) 8.

15 **SECTION 22.** 118.60 (1) (ab) of the statutes is amended to read:

16 118.60 (1) (ab) "Accrediting entity" means ~~Wisconsin North Central~~
17 ~~Association~~ AdvancED, Wisconsin Religious and Independent Schools
18 Accreditation, Independent Schools Association of the Central States, Wisconsin
19 Evangelical Lutheran Synod School Accreditation, National Lutheran School
20 Accreditation, Wisconsin Association of Christian Schools, Christian Schools
21 International, Association of Christian Schools International, the diocese or
22 archdiocese within which a private school is located, and any other organization
23 recognized by the National Council for Private School Accreditation.

24 **SECTION 23.** 118.60 (2) (a) 1. a. of the statutes is amended to read:

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1 118.60 (2) (a) 1. a. Except as provided in par. (bm), the pupil is a member of a
2 family that has a total family income that does not exceed an amount equal to 3.0
3 times the poverty level determined in accordance with criteria established by the
4 director of the federal office of management and budget. In this subdivision and sub.
5 (3m), family income includes income of the pupil's parents or legal guardians. Except
6 as provided in subd. 1. c. and d., the family income of the pupil shall be verified as
7 provided in subd. 1. b. A pupil attending a private school under this section whose
8 family income increases may continue to attend a private school under this section.

9 **SECTION 24.** 118.60 (2) (a) 1. b. of the statutes is amended to read:

10 118.60 (2) (a) 1. b. The private school or the pupil's parent or guardian submits
11 to the department of public instruction the names, addresses, social security
12 numbers, and other state and federal tax identification numbers, if any, of the pupil's
13 parents or legal guardians that reside in the same household as the pupil, whether
14 and to whom the parents or legal guardians are married, the names of all of the other
15 members of the pupil's family residing in the same household as the pupil, and the
16 school year for which family income is being verified under this subd. 1. b. The
17 department of revenue shall review the information submitted under this subd. 1.
18 b. and shall verify the eligibility or ineligibility of the pupil to participate in the
19 program under this section on the basis of family income. In this subdivision, "family
20 income" means federal adjusted gross income of the parents or legal guardians
21 residing in the same household as the pupil for the tax year preceding the school year
22 for which family income is being verified under this subd. 1. b. or, if not available, for
23 the tax year preceding the tax year preceding the school year for which family income
24 is being verified under this subd. 1. b. Family income for a family in which the pupil's
25 parents are married or in which the pupil's legal guardians are married shall be

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1 reduced by \$7,000 before the verification is made under this subd. 1. b. The
2 department of revenue may take no other action on the basis of the information
3 submitted under this subd. 1. b. If the department of revenue is unable to verify
4 family income or to verify whether the pupil is eligible or ineligible to participate in
5 the program under this section on the basis of family income, the department of
6 revenue shall notify the department of public instruction, the private school, and the
7 pupil's parent or guardian of this fact and the department of public instruction shall
8 utilize an alternative process, to be established by the department of public
9 instruction, to determine whether the pupil is eligible to participate in the program
10 under this section on the basis of family income. The department of public
11 instruction may not request any additional verification of income from the family of
12 a pupil once the department of revenue has verified that the pupil is eligible to
13 participate in the program under this section on the basis of family income. The
14 department of public instruction shall establish a procedure for determining family
15 income eligibility for those pupils for whom no social security number or state or
16 federal tax identification number has been provided.

17 **SECTION 25.** 118.60 (2) (a) 1. d. of the statutes is created to read:

18 118.60 (2) (a) 1. d. The family income of a pupil does not need to be verified
19 under subd. 1. b. for a pupil who resided in a 1st class city school district in a school
20 year, attended a participating private school in a 1st class city school district under
21 the program under s. 119.23 in that school year, and applies to attend a participating
22 private school in an eligible school district in the school year immediately following
23 that school year.

24 **SECTION 26.** 118.60 (2) (a) 2. (intro.) of the statutes is amended to read:

ASSEMBLY BILL 383**SECTION 26**

1 118.60 (2) (a) 2. (intro.) ~~For a pupil that resides in an eligible school district,~~
2 the The pupil satisfies one or more of the following:

3 **SECTION 27.** 118.60 (2) (a) 2. a. of the statutes is amended to read:

4 118.60 (2) (a) 2. a. The pupil was enrolled in a public school ~~in an eligible school~~
5 ~~district~~ in the previous school year.

6 **SECTION 28.** 118.60 (2) (a) 2. c. of the statutes is amended to read:

7 118.60 (2) (a) 2. c. The pupil attended a private school under this section or s.
8 119.23 in the previous school year.

9 **SECTION 29.** 118.60 (2) (a) 2. e. of the statutes is created to read:

10 118.60 (2) (a) 2. e. The pupil attended a school in another state in the previous
11 school year.

12 **SECTION 30.** 118.60 (2) (a) 2. f. of the statutes is created to read:

13 118.60 (2) (a) 2. f. The pupil was on a waiting list to attend a private school
14 under this section or s. 119.23 during the previous school year.

15 **SECTION 31.** 118.60 (2) (a) 2m. of the statutes is repealed.

16 **SECTION 32.** 118.60 (2) (a) 3g. of the statutes is renumbered 118.60 (7m) (a) 2.
17 and amended to read:

18 118.60 (7m) (a) 2. ~~By May 1 before the first term of participation in the program~~
19 ~~under this section, the private school submits to the department, on a form provided~~
20 ~~by the department, a~~ A complete anticipated budget, on a form provided by the
21 department, for the first fiscal period of participation in the program under this
22 section and evidence of financial viability, as prescribed by the department by rule.
23 The governing body private school shall include ~~on the completed form in the budget~~
24 the anticipated enrollments for all pupils enrolled in the private school and for pupils
25 enrolled in the private school under this section; estimated revenues and costs; a

ASSEMBLY BILL 383**SECTION 32**

1 schedule of anticipated beginning and ending net choice program assets; and a
2 schedule of monthly cash flow requirements. The ~~governing body~~ private school
3 shall include in the budget contingent funding sources the private school will use in
4 the event that actual enrollments are less than expected.

5 **SECTION 33.** 118.60 (2) (a) 8. of the statutes is amended to read:

6 118.60 (2) (a) 8. Notwithstanding s. 118.165 (1) (c), the private school annually
7 provides at least 1,050 hours of direct pupil instruction in grades 1 to 6 and at least
8 1,137 hours of direct pupil instruction in grades 7 to 12. Hours provided under this
9 subdivision include recess and time for pupils to transfer between classes but do not
10 include the lunch periods. Annually, no more than 140 hours of work under s. 118.56
11 may be counted as hours of direct pupil instruction.

12 **SECTION 34.** 118.60 (2) (ag) 2. a. of the statutes is amended to read:

13 118.60 (2) (ag) 2. a. By August 1 of the school year immediately preceding the
14 school year in which the new private school intends to participate in the program
15 under this section, submit to the department the information required under sub.
16 ~~(6m)~~ (6p) (a) and ~~(e)~~ (b).

17 **SECTION 35.** 118.60 (2) (ag) 3. of the statutes is repealed.

18 **SECTION 36.** 118.60 (3) (a) (intro.) of the statutes is amended to read:

19 118.60 (3) (a) (intro.) The pupil or the pupil's parent or guardian shall submit
20 an application, on a form provided by the state superintendent, to the participating
21 private school that the pupil wishes to attend. If more than one pupil from the same
22 family applies to attend the same private school, the pupils may use a single
23 application. Within No later than 60 days after receiving the application the end of
24 the application period during which an application is received and subject to par. (ar),
25 the private school shall notify each applicant, in writing, whether his or her

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1 application has been accepted. If the private school rejects an application, the notice
2 shall include the reason. Subject to par. (ar), a private school may reject an applicant
3 only if it has reached its maximum general capacity or seating capacity. Except as
4 provided in par. (ar), the state superintendent shall ensure that the private school
5 determines which pupils to accept on a random basis, except that the private school
6 may give preference to the following in accepting applications, in the order of
7 preference listed:

8 **SECTION 37.** 118.60 (3) (a) 1m. of the statutes is amended to read:

9 118.60 (3) (a) 1m. Pupils who attended the private school under this section or
10 s. 119.23 during the previous school year.

11 **SECTION 38.** 118.60 (3) (ar) (intro.) of the statutes is created to read:

12 118.60 (3) (ar) (intro.) All of the following apply to applications to attend a
13 private school under this section only if the limitation under sub. (2) (be) applies to
14 the school year for which the application is made:

15 **SECTION 39.** 118.60 (3) (ar) 1. of the statutes is amended to read:

16 118.60 (3) (ar) 1. ~~In the 2015-16 school year and any school year thereafter, a~~
17 A private school that has submitted a notice of intent to participate under sub. (2)
18 (a) 3. a. may accept applications for the following school year between February 1 and
19 April 20 from pupils who reside in a school district, other than an eligible school
20 district or a 1st class city school district.

21 **SECTION 40.** 118.60 (3) (ar) 2. of the statutes is amended to read:

22 118.60 (3) (ar) 2. By ~~May 1, 2016, and by the~~ May 1 of any school year thereafter
23 immediately following the application period under subd. 1., each private school that
24 received applications under subd. 1. shall report to the department the number of
25 pupils who have applied under subd. 1. to attend the private school under this section

ASSEMBLY BILL 383**SECTION 40**

1 and the names of those applicants that have siblings who have also applied under
2 subd. 1. to attend the private school under this section.

3 **SECTION 41.** 118.60 (3) (ar) 3. (intro.) and b. of the statutes are consolidated,
4 renumbered 118.60 (3) (ar) 3. and amended to read:

5 118.60 (3) (ar) 3. Annually, upon receipt of the information under subd. 2., the
6 department shall, for each school district, determine the sum of all applicants for
7 pupils residing in that school district under this paragraph. In determining the sum,
8 the department shall count a pupil who has applied to attend more than one private
9 school under the program only once. After determining the sum of all applicants for
10 pupils residing in a school district, the department shall ~~do one of the following: b.~~
11 ~~Annually, if the total number of applicants exceeds the school district's pupil~~
12 ~~participation limit under sub. (2) (be), the department shall determine which~~
13 ~~applications to accept on a random basis, except that the department shall give~~
14 ~~preference to the applications of pupils described in s. 118.60 (3) (a) 1m. to 5., in the~~
15 ~~order of preference listed in that paragraph.~~

16 **SECTION 42.** 118.60 (3) (ar) 3. a. and am. of the statutes are repealed.

17 **SECTION 43.** 118.60 (3) (ar) 4. of the statutes is amended to read:

18 118.60 (3) (ar) 4. For each school district in which private schools received
19 applications under subd. 1. that exceeded the school district's pupil participation
20 limit under sub. (2) (be), the department shall establish a waiting list in accordance
21 with the preferences required under subd. 3. ~~b.~~

22 **SECTION 44.** 118.60 (3) (ar) 6. of the statutes is created to read:

23 118.60 (3) (ar) 6. In the 2017-18 school year and any school year thereafter,
24 between the first weekday in August and the 3rd Friday in August, the department
25 may transfer a pupil's application to attend a private school under this section in the

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1 current school year to a private school that accepted applications from pupils under
2 subd. 1. for the current school year, if all of the following apply:

3 a. A participating private school accepted an application from the pupil for the
4 current school year under subd. 1. and verified that the pupil is eligible to attend a
5 private school under this section.

6 b. The pupil's residence changed between April 21 and the 3rd Friday in August
7 and the pupil continues to reside in a school district other than an eligible school
8 district or a 1st class city school district.

9 c. The participating private school to which the pupil's application is
10 transferred under this subdivision has space available in the pupil's grade.

11 d. The total number of pupils residing in the pupil's resident school district
12 attending a private school under this section during the current school year does not
13 exceed the school district's pupil participation limit under sub. (2) (be).

14 **SECTION 45.** 118.60 (3) (c) of the statutes is amended to read:

15 118.60 (3) (c) If a participating private school rejects an applicant who resides
16 in a school district, other than an eligible school district or a 1st class city school
17 district, because the private school has too few available spaces, the applicant may
18 transfer his or her application to a participating private school that has space
19 available. An applicant who is rejected under this paragraph or an applicant who
20 is on the waiting list under sub. (3) (ar) 4. may, subject to sub. (2) (be) ~~and (bm)~~, be
21 admitted to a private school participating in the program under this section for the
22 following school year, provided that the applicant continues to reside in a school
23 district other than an eligible school district or a 1st class city school district. The
24 department may not require, in that following school year, the private school to
25 submit financial information regarding the applicant or to verify the eligibility of the

ASSEMBLY BILL 383**SECTION 45**

1 applicant to participate in the program under this section on the basis of family
2 income.

3 **SECTION 46.** 118.60 (3m) (am) 1. h. of the statutes is created to read:

4 118.60 (3m) (am) 1. h. Room and board at the private school.

5 **SECTION 47.** 118.60 (4) (a) of the statutes is amended to read:

6 118.60 (4) (a) Annually, on or before ~~October 1~~ September 15, a private school
7 participating in the program under this section shall file with the department a
8 report stating its summer daily attendance for each day of summer school for the
9 purpose of sub. (4m).

10 **SECTION 48.** 118.60 (4v) of the statutes is created to read:

11 118.60 (4v) (a) The department may consider a pupil enrolled in a private
12 school participating in the program under this section who satisfies all of the
13 following as a resident of an eligible school district who is enrolled in the private
14 school under this section:

15 1. The pupil was a resident of a school district, other than an eligible school
16 district or a 1st class city school district, when the pupil applied to participate in the
17 program under this section.

18 2. The pupil accepted a space at a private school participating in the program
19 under this section as a resident of a school district, other than an eligible school
20 district or a 1st class city school district.

21 3. The pupil resides in an eligible school district on the 3rd Friday in September.

22 4. The private school the pupil is attending under this section accepts
23 applications under this section from pupils who reside in an eligible school district.

24 (b) If the department considers a pupil as a resident of an eligible school district
25 under par. (a), the department shall ensure that the pupil is not counted for purposes

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1 of determining whether a school district has exceeded its pupil participation limit
2 under sub. (2) (be).

3 **SECTION 49.** 118.60 (6m) (b) (intro.) of the statutes is amended to read:

4 118.60 **(6m)** (b) (intro.) Annually, by August 1st 1, provide to the department
5 ~~the material specified in par. (a) and~~ all of the following information:

6 **SECTION 50.** 118.60 (6m) (b) 1. and 2. of the statutes are repealed.

7 **SECTION 51.** 118.60 (6m) (b) 4. of the statutes is repealed.

8 **SECTION 52.** 118.60 (6m) (bm) of the statutes is created to read:

9 118.60 **(6m)** (bm) Upon request of the department, provide a copy of any policy
10 described in par. (a) and the academic standards adopted under sub. (7) (b) 2.

11 **SECTION 53.** 118.60 (6m) (c) of the statutes is amended to read:

12 118.60 **(6m)** (c) Provide Upon an individual joining the private school's
13 governing body, provide to the department a signed statement from each the
14 individual who is a member of the private school's governing body verifying that the
15 individual is a member of the governing body.

16 **SECTION 54.** 118.60 (6p) of the statutes is created to read:

17 118.60 **(6p)** In addition to the requirements under sub. (6m), a private school
18 that is not a new private school and that did not participate in the program under
19 this section or s. 119.23 in the previous school year shall submit to the department
20 all of the following:

21 (a) By January 10 of the school year immediately preceding the school year in
22 which the private school intends to participate in the program under this section, all
23 of the following:

24 1. The information required under sub. (6m) (a).

ASSEMBLY BILL 383**SECTION 54**

1 2. A signed statement from each individual who is a member of the private
2 school's governing body verifying that the individual is a member of the governing
3 body.

4 (b) By August 1 of the school year in which the private school intends to
5 participate in the program under this section, a copy of the academic standards
6 adopted under sub. (7) (b) 2.

7 **SECTION 55.** 118.60 (7) (a) of the statutes is repealed.

8 **SECTION 56.** 118.60 (7) (am) 2m. a. of the statutes is amended to read:

9 118.60 (7) (am) 2m. a. An independent financial audit of the private school
10 conducted by an independent certified public accountant, accompanied by the
11 auditor's statement that the report is free of material misstatements and fairly
12 presents the private school's eligible education expenses, and beginning in the 2nd
13 school year a private school participates in the program under this section, a copy of
14 a management letter prepared by the auditor. The If the private school annually
15 received a total of at least \$100,000 under this section and ss. 115.7915 and 119.23
16 in any school year, the audit shall be prepared in accordance with generally accepted
17 accounting principles with allowable modifications for long-term fixed assets. If the
18 private school has not annually received a total of at least \$100,000 under this section
19 and ss. 115.7915 and 119.23 in any school year, the audit shall be prepared as
20 prescribed by the department by rule. The audit shall include a calculation of the
21 private school's net eligible education expenses and a calculation of the balance of the
22 private school's fund for future eligible education expenses. The auditor shall
23 conduct his or her audit, including determining sample sizes and evaluating
24 financial viability, in accordance with the auditing standards established by the
25 American Institute of Certified Public Accountants. The department may not

ASSEMBLY BILL 383**SECTION 56**

1 require an auditor to comply with standards that exceed the scope of the standards
2 established by the American Institute of Certified Public Accountants. If a private
3 school participating in a program under this section is part of an organization and
4 the private school and the organization share assets, liabilities, or eligible education
5 expenses, the private school may submit an audit of the private school or of the
6 organization of which it is a part. If a private school that is part of an organization
7 with which it shares assets, liabilities, or eligible education expenses submits an
8 audit of only the private school, the independent auditor shall use his or her
9 professional judgment to allocate any shared assets, liabilities, and eligible
10 education expenses between the organization and the private school. If a private
11 school participating in the program under this section also accepts pupils under s.
12 115.7915 or 119.23, the private school may submit one comprehensive financial audit
13 to satisfy the requirements of this subdivision and ~~s.~~ ss. 115.7915 (6) (e) and 119.23
14 (7) (am) 2m., whichever are applicable. The private school shall include in the
15 comprehensive financial audit the information specified under s. 119.23 (7) (am) 2m.

16 **SECTION 57.** 118.60 (7) (an) 1. of the statutes is amended to read:

17 118.60 (7) (an) 1. A private school participating in the program under this
18 section shall maintain a cash and investment balance that is at least equal to its
19 reserve balance. If a private school does not maintain a cash and investment balance
20 that is at least equal to its reserve balance, the private school shall refund the reserve
21 balance to the department. If a private school ceases to participate in or is barred
22 from the program under this section and s. 119.23 and the private school's reserve
23 balance is positive, the private school shall refund the reserve balance to the
24 department.

25 **SECTION 58.** 118.60 (7) (ao) of the statutes is repealed.

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1 **SECTION 59.** 118.60 (7) (d) (intro.) of the statutes is amended to read:

2 118.60 (7) (d) (intro.) By ~~September 1~~ before the first school term of
3 participation in the program that begins in the ~~2013-14~~ school year, by August 1
4 before the first school term of participation in the program that begins in the 2014-15
5 school year or any school year thereafter, or by May 1 if the private school begins
6 participating in the program during summer school, each private school
7 participating in the program under this section shall submit to the department all
8 of the following:

9 **SECTION 60.** 118.60 (7) (d) 2. of the statutes is repealed.

10 **SECTION 61.** 118.60 (7) (em) 1. of the statutes is amended to read:

11 118.60 (7) (em) 1. ~~Beginning in the 2013-14 school year, the~~ The governing
12 body of each private school participating in the program under this section shall,
13 subject to subd. 2., annually, by ~~January 15~~ August 1, provide the department with
14 evidence demonstrating that the private school remains accredited for the current
15 school year as required under par. (ad), except that in the 2017-18 school year the
16 governing body shall submit the evidence by January 15, 2018. The governing body
17 shall include as evidence of accreditation a letter prepared by an accrediting entity
18 that confirms that the private school is accredited by that entity as of the date of the
19 letter.

20 **SECTION 62.** 118.60 (7) (h) of the statutes is created to read:

21 118.60 (7) (h) Beginning in the 2018-19 school year, each private school
22 participating in the program under this section shall conduct criminal background
23 investigations of its employees and exclude from employment any person not
24 permitted to hold a teaching license as the result of an offense and any person who
25 might reasonably be believed to pose a threat to the safety of others.

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1 **SECTION 63.** 118.60 (7m) of the statutes is created to read:

2 118.60 **(7m)** (a) By May 1 before the first school term that a private school
3 participates in the program under this section or s. 119.23, a private school shall
4 submit to the department one of the following:

5 1. A surety bond payable to the state in an amount equal to 25 percent of the
6 total amount of payments the private school expects to receive under this section and
7 s. 119.23 during the first school year the private school participates in the program
8 under this section.

9 (b) 1. If a private school submits a surety bond under par. (a) 1., the private
10 school shall annually provide, by May 1, a surety bond payable to the state until the
11 private school submits all of the following to the department:

12 a. If the private school is not part of an organization with which its shares
13 assets, liabilities, or eligible education expenses, an audit under sub. (7) (am) 2m. a.
14 that does not contain any indicators that the private school is not financially viable.

15 b. If the private school is a part of an organization with which it shares assets,
16 liabilities, or eligible education expenses, an audit sub. (7) (am) 2m. a. of the
17 organization that does not contain any indicators that the organization is not
18 financially viable.

19 c. Evidence of sound fiscal and internal control practices under sub. (7) (am)
20 2m. b. for the school year in the financial audit submitted under subd. 1. a. or b. and
21 for the subsequent school year, neither of which indicates that the school is not
22 financially viable.

23 2. A private school shall provide a surety bond under this paragraph in an
24 amount equal to 25 percent of the total amount of payments the private school
25 expects to receive under this section and s. 119.23 during the following school year.

ASSEMBLY BILL 383**SECTION 63**

1 (c) If a private school submits a complete anticipated budget under par. (a) 2.,
2 the department shall determine whether the private school is financially viable by
3 August 1. If the department determines that the private school is not financially
4 viable, the private school is not eligible to participate in the program under this
5 section or s. 119.23 in the current school year.

6 **SECTION 64.** 118.60 (10) (a) 1. of the statutes is amended to read:

7 118.60 (10) (a) 1. ~~Misrepresented~~ Intentionally or negligently misrepresented
8 any information required under sub. (7) (d) this section or any rule promulgated
9 under this section.

10 **SECTION 65.** 118.60 (10) (a) 4. of the statutes is repealed.

11 **SECTION 66.** 118.60 (10) (a) 5. of the statutes is amended to read:

12 118.60 (10) (a) 5. Failed to provide the information required under sub. (6m)
13 or (6p).

14 **SECTION 67.** 118.60 (10) (a) 6. of the statutes is amended to read:

15 118.60 (10) (a) 6. Failed to comply with the requirements under sub. (7) (b) or,
16 (c), or (h) or (7m).

17 **SECTION 68.** 118.60 (10) (am) 4. of the statutes is created to read:

18 118.60 (10) (am) 4. The private school intentionally or negligently
19 misrepresented any information required under this section or any rule promulgated
20 under this section.

21 **SECTION 69.** 119.23 (1) (ab) 1. of the statutes is amended to read:

22 119.23 (1) (ab) 1. ~~Wisconsin North Central Association~~ AdvancED, Wisconsin
23 Religious and Independent Schools Accreditation, Independent Schools Association
24 of the Central States, Wisconsin Evangelical Lutheran Synod School Accreditation,
25 National Lutheran School Accreditation, Wisconsin Association of Christian

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1 Schools, Christian Schools International, Association of Christian Schools
2 International, the diocese or archdiocese within which a private school is located, and
3 any other organization recognized by the National Council for Private School
4 Accreditation.

5 **SECTION 70.** 119.23 (2) (a) 1. b. of the statutes is amended to read:

6 119.23 (2) (a) 1. b. The private school or the pupil's parent or guardian submits
7 to the department of public instruction the names, addresses, social security
8 numbers, and other state and federal tax identification numbers, if any, of the pupil's
9 parents or legal guardians that reside in the same household as the pupil, whether
10 and to whom the parents or legal guardians are married, the names of all of the other
11 members of the pupil's family residing in the same household as the pupil, and the
12 school year for which family income is being verified under this subd. 1. b. The
13 department of revenue shall review the information submitted under this subd. 1.
14 b. and shall verify the eligibility or ineligibility of the pupil to participate in the
15 program under this section on the basis of family income. In this subdivision, "family
16 income" means federal adjusted gross income of the parents or legal guardians
17 residing in the same household as the pupil for the tax year preceding the school year
18 for which family income is being verified under this subd. 1. b. or, if not available, for
19 the tax year preceding the tax year preceding the school year for which family income
20 is being verified under this subd. 1. b. Family income for a family in which the pupil's
21 parents are married or in which the pupil's legal guardians are married shall be
22 reduced by \$7,000 before the verification is made under this subd. 1. b. The
23 department of revenue may take no other action on the basis of the information
24 submitted under this subd. 1. b. If the department of revenue is unable to verify
25 family income or to verify whether the pupil is eligible or ineligible to participate in

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1 the program under this section on the basis of family income, the department of
2 revenue shall notify the department of public instruction, the private school, and the
3 pupil's parent or guardian of this fact and the department of public instruction shall
4 utilize an alternative process, to be established by the department of public
5 instruction, to determine whether the pupil is eligible to participate in the program
6 under this section on the basis of family income. The department of public
7 instruction may not request any additional verification of income from the family of
8 a pupil once the department of revenue has verified that the pupil is eligible to
9 participate in the program under this section on the basis of family income. The
10 department of public instruction shall establish a procedure for determining family
11 income eligibility for those pupils for whom no social security number or state or
12 federal tax identification number has been provided.

13 **SECTION 71.** 119.23 (2) (a) 1. d. of the statutes is amended to read:

14 119.23 (2) (a) 1. d. In this subd. 1. d., "eligible school district" has the meaning
15 given in s. 118.60 (1) (am). The family income of a pupil does not need to be verified
16 under subd. 1. b. for a pupil who resided in a school district ~~other than an eligible~~
17 ~~school district and~~ other than the school district operating under this chapter in a
18 school year, attended a participating private school under the program under s.
19 118.60 ~~in a school district other than an eligible school district in that school year,~~
20 and applies to attend a participating private school in the program under this section
21 in the school year immediately following that school year.

22 **SECTION 72.** 119.23 (2) (a) 3. of the statutes is amended to read:

23 119.23 (2) (a) 3. Except as provided in par. (ag) 1., the private school notified
24 the state superintendent of its intent to participate in the program under this section
25 or in the program under s. 118.60, and paid the nonrefundable annual fee set by the

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1 department, by January 10 of the previous school year. The notice shall specify the
2 number of pupils participating in the program under this section and in the program
3 under s. 118.60 for which the school has space. The department shall by rule set the
4 fee charged under this subdivision at an amount such that the total fee revenue
5 covers the costs of employing one full-time auditor to evaluate the financial
6 information submitted by private schools under sub. (7) (am) and (d) ~~2. and 3. and~~
7 (7m) (a) 2. and under s. 118.60 (7) (am) and (d) ~~2. and 3. and~~ (7m) (a) 2.

8 **SECTION 73.** 119.23 (2) (a) 3g. of the statutes is renumbered 119.23 (7m) (a) 2.
9 and amended to read:

10 119.23 **(7m)** (a) 2. ~~By May 1 before the first term of participation in the program~~
11 ~~under this section, the private school submits to the department, on a form provided~~
12 ~~by the department, a~~ A complete anticipated budget, on a form provided by the
13 department, for the first fiscal period of participation in the program under this
14 section and evidence of financial viability, as prescribed by the department by rule.
15 The governing body private school shall include ~~on the completed form in the budget~~
16 the anticipated enrollments for all pupils enrolled in the private school and for pupils
17 enrolled in the private school under this section; estimated revenues and costs; a
18 schedule of anticipated beginning and ending net choice program assets; and a
19 schedule of monthly cash flow requirements. The ~~governing body~~ private school
20 shall include in the budget contingent funding sources the private school will use in
21 the event that actual enrollments are less than expected.

22 **SECTION 74.** 119.23 (2) (a) 8. of the statutes is amended to read:

23 119.23 **(2)** (a) 8. Notwithstanding s. 118.165 (1) (c), the private school annually
24 provides at least 1,050 hours of direct pupil instruction in grades 1 to 6 and at least
25 1,137 hours of direct pupil instruction in grades 7 to 12. Hours provided under this

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1 subdivision include recess and time for pupils to transfer between classes but do not
2 include the lunch periods. Annually, no more than 140 hours of work under s. 118.56
3 may be counted as hours of direct pupil instruction.

4 **SECTION 75.** 119.23 (2) (ag) 2. a. of the statutes is amended to read:

5 119.23 (2) (ag) 2. a. By August 1 of the school year immediately preceding the
6 school year in which the new private school intends to participate in the program
7 under this section, submit to the department the information required under sub.
8 ~~(6m)~~ (6p) (a) and ~~(e)~~ (b).

9 **SECTION 76.** 119.23 (2) (ag) 3. of the statutes is repealed.

10 **SECTION 77.** 119.23 (3) (a) (intro.) of the statutes is amended to read:

11 119.23 (3) (a) (intro.) The pupil or the pupil's parent or guardian shall submit
12 an application, on a form provided by the state superintendent, to the participating
13 private school that the pupil wishes to attend. If more than one pupil from the same
14 family applies to attend the same private school, the pupils may use a single
15 application. ~~Within~~ No later than 60 days after receiving the application ~~the end of~~
16 the application period during which an application is received, the private school
17 shall notify each applicant, in writing, whether his or her application has been
18 accepted. If the private school rejects an application, the notice shall include the
19 reason. A private school may reject an applicant only if it has reached its maximum
20 general capacity or seating capacity. The state superintendent shall ensure that the
21 private school determines which pupils to accept on a random basis, except that the
22 private school may give preference to the following in accepting applications, in order
23 of preference listed:

24 **SECTION 78.** 119.23 (3) (a) 1. of the statutes is amended to read:

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1 119.23 (3) (a) 1. Pupils who attended the private school under this section or
2 s. 118.60 during the previous school year.

3 **SECTION 79.** 119.23 (3m) (am) 1. h. of the statutes is created to read:

4 119.23 (3m) (am) 1. h. Room and board at the private school.

5 **SECTION 80.** 119.23 (4) (a) of the statutes is amended to read:

6 119.23 (4) (a) Annually, on or before ~~October 1~~ September 15, a private school
7 participating in the program under this section shall file with the department a
8 report stating its summer daily attendance for each day of summer school for the
9 purpose of sub. (4m).

10 **SECTION 81.** 119.23 (4v) of the statutes is created to read:

11 119.23 (4v) (a) The department may consider a pupil enrolled in a private
12 school participating in the program under this section who satisfies all of the
13 following as a resident of the city who is enrolled in the private school under this
14 section:

15 1. The pupil was a resident of a school district, other than an eligible school
16 district, as defined in s. 118.60 (1) (am), or a 1st class city school district, when the
17 pupil applied to attend the private school under the program under s. 118.60.

18 2. The pupil accepted a space at a private school participating in the program
19 under s. 118.60 as a resident of a school district, other than an eligible school district,
20 as defined in s. 118.60 (1) (am), or a 1st class city school district.

21 3. The pupil resides in the city on the 3rd Friday in September.

22 4. The private school at which the pupil accepted a space under s. 118.60 is
23 participating in the program under this section.

24 (b) If the department considers a pupil as a resident of the city under par. (a),
25 the department shall ensure that the pupil is not counted for purposes of determining

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1 whether a school district has exceeded its pupil participation limit under s. 118.60
2 (2) (be).

3 **SECTION 82.** 119.23 (6m) (b) (intro.) of the statutes is amended to read:

4 119.23 **(6m)** (b) (intro.) Annually, by August 1st 1, provide to the department
5 ~~the material specified in par. (a) and~~ all of the following information:

6 **SECTION 83.** 119.23 (6m) (b) 1. and 2. of the statutes are repealed.

7 **SECTION 84.** 119.23 (6m) (b) 4. of the statutes is repealed.

8 **SECTION 85.** 119.23 (6m) (bm) of the statutes is created to read:

9 119.23 **(6m)** (bm) Upon request of the department, provide a copy of any policy
10 described in par. (a) and the academic standards adopted under sub. (7) (b) 2.

11 **SECTION 86.** 119.23 (6m) (c) of the statutes is amended to read:

12 119.23 **(6m)** (c) Provide Upon an individual joining the private school's
13 governing body, provide to the department a signed statement from each the
14 ~~individual who is a member of the private school's governing body~~ verifying that the
15 individual is a member of the governing body.

16 **SECTION 87.** 119.23 (6p) of the statutes is created to read:

17 119.23 **(6p)** In addition to the requirements under sub. (6m), a private school
18 that is not a new private school and that did not participate in the program under
19 this section or s. 118.60 in the previous school year shall submit to the department
20 all of the following:

21 (a) By January 10 of the school year immediately preceding the school year in
22 which the private school intends to participate in the program under this section, all
23 of the following:

24 1. The information required under sub. (6m) (a).

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1 2. A signed statement from each individual who is a member of the private
2 school's governing body verifying that the individual is a member of the governing
3 body.

4 (b) By August 1 of the school year in which the private school intends to
5 participate in the program under this section, a copy of the academic standards
6 adopted under sub. (7) (b) 2.

7 **SECTION 88.** 119.23 (7) (a) of the statutes is repealed.

8 **SECTION 89.** 119.23 (7) (am) 2m. a. of the statutes is amended to read:

9 119.23 (7) (am) 2m. a. An independent financial audit of the private school
10 conducted by an independent certified public accountant, accompanied by the
11 auditor's statement that the report is free of material misstatements and fairly
12 presents the private school's eligible education expenses, and beginning in the 2nd
13 school year a private school participates in the program under this section, a copy of
14 the management letter prepared by the auditor. The If the private school annually
15 received a total of at least \$100,000 under this section and ss. 115.7915 and 118.60
16 in any school year, the audit shall be prepared in accordance with generally accepted
17 accounting principles with allowable modifications for long-term fixed assets. If the
18 private school has not annually received a total of at least \$100,000 under this section
19 and ss. 115.7915 and 118.60 in any school year, the audit shall be prepared as
20 prescribed by the department by rule. The audit shall include a calculation of the
21 private school net eligible education expenses and a calculation of the balance of the
22 private school's fund for future eligible education expenses. The auditor shall
23 conduct his or her audit, including determining sample sizes and evaluating
24 financial viability, in accordance with the auditing standards established by the
25 American Institute of Certified Public Accountants. The department may not

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1 require an auditor to comply with standards that exceed the scope of the standards
2 established by the American Institute of Certified Public Accountants. If a private
3 school participating in a program under this section is part of an organization and
4 the private school and the organization share assets, liabilities, or eligible education
5 expenses, the private school may submit an audit of the private school or of the
6 organization of which it is a part. If a private school that is part of an organization
7 with which it shares assets, liabilities, or eligible education expenses submits an
8 audit of only the private school, the independent auditor shall use his or her
9 professional judgment to allocate any shared assets, liabilities, and eligible
10 education expenses between the organization and the private school. If a private
11 school participating in the program under this section also accepts pupils under s.
12 115.7915 or 118.60, the private school may submit one comprehensive financial audit
13 to satisfy the requirements of this subdivision and ~~s.~~ ss. 115.7915 (6) (e) and 118.60
14 (7) (am) 2m., whichever are applicable. The private school shall include in the
15 comprehensive financial audit the information specified under s. 118.60 (7) (am) 2m.

16 **SECTION 90.** 119.23 (7) (an) 1. of the statutes is amended to read:

17 119.23 (7) (an) 1. A private school participating in the program under this
18 section shall maintain a cash and investment balance that is at least equal to its
19 reserve balance. If a private school does not maintain a cash and investment balance
20 that is at least equal to its reserve balance, the private school shall refund the reserve
21 balance to the department. If a private school ceases to participate in or is barred
22 from the program under this section and s. 118.60 and the private school's reserve
23 balance is positive, the private school shall refund the reserve balance to the
24 department.

25 **SECTION 91.** 119.23 (7) (ao) of the statutes is repealed.

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1 **SECTION 92.** 119.23 (7) (d) 2. of the statutes is repealed.

2 **SECTION 93.** 119.23 (7) (em) 1. of the statutes is amended to read:

3 119.23 (7) (em) 1. ~~Beginning in the 2013-14 school year, the~~ The governing
4 body of each private school participating in the program under this section shall,
5 subject to subd. 2., annually, by ~~January 15~~ August 1, provide the department with
6 evidence demonstrating that the private school remains accredited for the current
7 school year as required under par. (ad), except that in the 2017-18 school year the
8 governing body shall submit the evidence by January 15, 2018. The governing body
9 shall include as evidence of accreditation a letter prepared by an accrediting entity
10 that confirms that the private school is accredited by that entity as of the date of the
11 letter.

12 **SECTION 94.** 119.23 (7) (h) of the statutes is created to read:

13 119.23 (7) (h) Beginning in the 2018-19 school year, each private school
14 participating in the program under this section shall conduct criminal background
15 investigations of its employees and exclude from employment any person not
16 permitted to hold a teaching license as the result of an offense and any person who
17 might reasonably be believed to pose a threat to the safety of others.

18 **SECTION 95.** 119.23 (7m) of the statutes is created to read:

19 119.23 (7m) (a) By May 1 before the first school term that a private school
20 participates in the program under this section or s. 118.60, a private school shall
21 submit to the department one of the following:

22 1. A surety bond payable to the state in an amount equal to 25 percent of the
23 total amount of payments the private school expects to receive under this section and
24 s. 118.60 during the first school year the private school participates in the program
25 under this section.

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1 (b) 1. If a private school submits a surety bond under par. (a) 1., the private
2 school shall annually provide, by May 1, a surety bond payable to the state until the
3 private school submits all of the following to the department:

4 a. If the private school is not part of an organization with which its shares
5 assets, liabilities, or eligible education expenses, an audit under sub. (7) (am) 2m. a.
6 that does not contain any indicators that the private school is not financially viable.

7 b. If the private school is a part of an organization with which it shares assets,
8 liabilities, or eligible education expenses, an audit sub. (7) (am) 2m. a. of the
9 organization that does not contain any indicators that the organization is not
10 financially viable.

11 c. Evidence of sound fiscal and internal control practices under sub. (7) (am)
12 2m. b. for the school year in the financial audit submitted under subd. 1. a. or b. and
13 for the subsequent school year, neither of which indicates that the school is not
14 financially viable.

15 2. A private school shall provide a surety bond under this paragraph in an
16 amount equal to 25 percent of the total amount of payments the private school
17 expects to receive under this section and s. 118.60 during the following school year.

18 (c) If a private school submits a complete anticipated budget under par. (a) 2.,
19 the department shall determine whether the private school is financially viable by
20 August 1. If the department determines that the private school is not financially
21 viable, the private school is not eligible to participate in the program under this
22 section or s. 118.60 in the current school year.

23 **SECTION 96.** 119.23 (10) (a) 1. of the statutes is amended to read:

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1 119.23 (10) (a) 1. ~~Misrepresented~~ Intentionally or negligently misrepresented
2 any information required under sub. (7) (d) this section or any rule promulgated
3 under this section.

4 **SECTION 97.** 119.23 (10) (a) 4. of the statutes is repealed.

5 **SECTION 98.** 119.23 (10) (a) 5. of the statutes is amended to read:

6 119.23 (10) (a) 5. Failed to provide the information required under sub. (6m)
7 or (6p).

8 **SECTION 99.** 119.23 (10) (a) 6. of the statutes is amended to read:

9 119.23 (10) (a) 6. Failed to comply with the requirements under sub. (7) (b) ~~or~~
10 (c), or (h) or (7m).

11 **SECTION 100.** 119.23 (10) (am) 4. of the statutes is created to read:

12 119.23 (10) (am) 4. The private school intentionally or negligently
13 misrepresented any information required under this section or any rule promulgated
14 under this section.

15 **SECTION 101.** 121.90 (1) (f) (intro.) of the statutes is amended to read:

16 121.90 (1) (f) (intro.) In the 2015-16 and 2016-17 school year ~~and in each school~~
17 ~~year thereafter~~ years, the “number of pupils enrolled” shall include a number equal
18 to the sum of the pupils residing in the school district who attend any of the following
19 on the 3rd Friday of September of each appropriate school year:

20 **SECTION 102.** 121.90 (1) (g) of the statutes is created to read:

21 121.90 (1) (g) In the 2017-18 school year and in each school year thereafter, the
22 “number of pupils enrolled” shall include the total number of pupils residing in the
23 school district who on the 3rd Friday of September of each appropriate school year
24 attend a charter school established under a contract with an entity under s. 118.40

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1 (2r) (b) 1. e. to h. or a charter school established under a contract with the director
2 under s. 118.40 (2x).

3 **SECTION 103.** 121.91 (4) (n) 1. of the statutes is amended to read:

4 121.91 (4) (n) 1. The limit otherwise applicable to a school district under sub.
5 (2m) in any school year is increased by an amount equal to the amount determined
6 for that school district under ~~s.~~ ss. 115.7915 (4m) (f) and 118.60 (4d) (b) 1.

7 **SECTION 104. Initial applicability.**

8 (1) The treatment of sections 118.60 (3) (a) (intro.) and 1m. and (ar) (intro.), 1.,
9 2., and 3. (intro.), a., am., and b. and 119.23 (3) (a) (intro.) and 1. of the statutes first
10 applies to applications for the 2018-19 school year.

11 (2) The treatment of sections 118.60 (2) (a) 3g., (7) (d) 2., and (7m) and 119.23
12 (2) (a) 3g., (7) (d) 2., and (7m) of the statutes first applies to a private school that first
13 participates in a program under section 118.60 or 119.23 of the statutes in the
14 2018-19 school year.

15 (3) The treatment of sections 115.7915 (6) (e), 118.60 (7) (am) 2m. a., and 119.23
16 (7) (am) 2m. a. of the statutes first applies to financial audits for the 2017-18 school
17 year.

18 **SECTION 105. Effective date.**

19 (1) The treatment of section 20.255 (1) (j) (by SECTION 2) of the statutes takes
20 effect on July 1, 2018.

21 (END)