

1999 DRAFTING REQUEST

Assembly Amendment (AA-AB133)

Received: **05/25/99**

Received By: **grantpr**

Wanted: **As time permits**

Identical to LRB:

For: **Legislative Fiscal Bureau**

By/Representing: **Hardy**

This file may be shown to any legislator: **NO**

Drafter: **grantpr**

May Contact:

Alt. Drafters:

Subject: **Education - MPS**
Education - school finance

Extra Copies: **MJL**

Pre Topic:

LFB:.....Hardy -

Topic:

Milwaukee parental choice program and Milwaukee charter schools; payments and state aid

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	grantpr 05/25/99	chanaman 05/25/99		_____			
/1			martykr 05/26/99	_____	gretskl 05/26/99		
/2	grantpr 06/2/99	chanaman 06/2/99	mclark 06/2/99	_____	lrb_docadmin 06/2/99		
/3	grantpr 06/12/99	wjackson 06/12/99	jfrantze 06/12/99	_____	lrb_docadmin 06/12/99		

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Passed

Porter Gard

MOJ		
Burke	Y	N
Decker	Y	N
Jauch	Y	N
Moore	Y	N
Shibilski	Y	N
Plache	Y	N
Cowles	Y	N
Panzer	Y	N
Gard	Y	N
Porter	Y	N
Kaufert	Y	N
Albers	Y	N
Duff	Y	N
Ward	Y	N
Huber	Y	N
Riley	Y	N

Representative Gard
 Senator Jauch
 Senator Shibilski
 Senator Moore
 Representative Duff
 Representantive Riley

PUBLIC INSTRUCTION

School Finance

Motion: 14-2

Move to:

a. Beginning in 2000-01, limit the amount of referenda-approved school district debt levy included in the definition of partial school revenues to the actual referenda-approved school district debt levy or \$420 million. Provide that beginning in 2001-02, this limit would be indexed using the same March over March adjustment that is used for the per pupil adjustment for revenue limits. Delete \$13,333,300 GPR from general school aids in 2000-01 to adjust two-thirds funding of partial school revenues (LFB Paper #763, Alt.2);

b. Increase funding for special education aid by \$10,000,000 GPR in 1999-00 and by \$25,000,000 GPR in 2000-01 and delete \$3,333,300 GPR in 1999-00 and \$8,333,300 GPR from general school aids in 2000-01 to adjust two-thirds funding of partial school revenues;

c. LFB Paper #776, Alt. 2, which would provide \$683,700 GPR in 1999-00 and \$1,683,700 GPR in 2000-01 in general aid to CCDEBs. Delete \$227,900 GPR in 1999-00 and \$561,200 GPR in 2000-01 from general school aids to adjust two-thirds funding of partial school of revenues.

d. Provide \$950,000 GPR annually for the minority pre-college scholarship program in DPI;

e. Maintain the current law inflationary adjustment to the \$208.88 per pupil amount for revenue limits. Provide \$2,000,000 GPR in 1999-00 and \$4,500,000 GPR in 2000-01 to maintain two-thirds funding of partial school revenues (LFB Paper #770, Alt.2);

f. LFB Paper #761 Alt. A2 and B2, to clarify that the Governor's proposed change would apply to 1998-99 and then eliminate the \$1,000,000 rule beginning in 1999-00;

g. Modify the Governor's recommendation relating to declining enrollment to establish a nonrecurring limit for increasing enrollment districts so that for the first year of an increase to the three-year rolling average membership count used for revenue limit purposes, the increase would count as 75% of what it otherwise would be. Delete \$7,800,000 GPR in 1999-00 and \$6,600,000 GPR in 2000-01 from general school aids, to adjust two-thirds funding of partial school revenues;

h. LFB Paper #772, Alt.1 relating to the low revenue ceiling. Provide \$300,000 GPR in 1999-00 and \$1,200,000 GPR in 2000-01 to maintain two-thirds funding of partial school revenues;

i. LFB Paper #786, modify Alt.2 relating to the determination of the lapse for the MPC and MCS programs, to reflect a change in the method of calculation of payment for these schools, as outlined below. Require DPI to: (1) determine the total amount of funding necessary to fund the MPC and MCS programs, as outlined below; (2) run the general school aid formula and set the secondary guarantee utilizing the full amount appropriated; (3) based on the amount of aid required for the programs, proportionately reduce the general school aids for each school district in the state; (4) ensure that the gross amount of these aid reductions would be lapsed to the general fund;

still left
to do
j. Specify that the per pupil payment amount received by the parent of a child participating in the MPCP would equal the actual 1998-99 MPS equalization aid per pupil, as the base year per pupil payment, adjusted annually in 1999-00 and thereafter by the per pupil amount received by public school districts. Specify that the per pupil payment amount received by a school participating in the MCSP would equal the actual 1998-99 MPS shared cost per pupil, as the base year per pupil level, adjusted annually in 1999-00 and thereafter by the per pupil amount received by public school districts. Delete \$1,700,000 GPR in 1999-00 and \$2,300,000 GPR from general school aids in order to adjust two-thirds funding of partial school revenues to reflect the lesser lapse requirements for these programs compared to the bill. Reestimate funding in the sum sufficient appropriations and related lapses for these programs by -\$1,681,000 GPR and -\$1,681,000 GPR-Lapse in 1999-00, -\$2,577,200 GPR and -\$2,577,200 GPR-Lapse in 2000-01;

k. LFB Paper #779, Alt.1, which reestimates the amount of common school fund income available for school library aid by \$8,900,000 SEG in 1999-00 and \$2,400,000 SEG in 2000-01. Delete \$2,966,700 GPR in 1999-00 and \$800,000 GPR in 2000-01 to adjust two-thirds funding of partial school revenues;

MSL
l. LFB Paper #778, Alt. 5a, which would fund all eligible schools including comparison schools, excluding currently participating SAGE schools and P-5 schools, with a poverty rate of 65% or more. Provide \$6,121,200 GPR in 2000-01 for SAGE and delete \$2,040,400 GPR in 2000-01 to adjust two-thirds funding of partial school revenues;

m. Provide \$350,200 GPR annually for P-5 program categorical aids. Delete \$116,700 GPR annually from general school aids to adjust two-thirds funding for partial school revenues.

[Change to Bill: -\$398,700 GPR, -\$4,258,200 GPR-Lapse and \$11,300,000 SEG]



Legislative Fiscal Bureau

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

May 20, 1999

Joint Committee on Finance

Paper #786

Milwaukee Parental Choice Program and Milwaukee Charter Schools State Aid and Revenue Limit Calculations (DPI -- Choice and Charter Schools)

[LFB 1999-01 Budget Summary: Page 495, #2 and 497, #5]

CURRENT LAW

Milwaukee Parental Choice Program (MPCP). A pupil in kindergarten through grade twelve who resides in the City of Milwaukee may attend a private school participating in the MPCP if his or her family meets the family income requirements for the program. In the school year prior to their initial enrollment in a private school, participants must have been either enrolled in the Milwaukee Public Schools (MPS), an MPCP school or grades kindergarten through three in private schools located within the City of Milwaukee, or not enrolled in school. Special court-imposed transition rules apply in 1998-99 for certain children. No more than 15% of the MPS membership can attend private schools under the program, which results in a maximum of approximately 15,700 pupils in 1998-99.

Milwaukee Charter Schools. The Common Council of the City of Milwaukee (the City), the Chancellor of the University of Wisconsin – Milwaukee (UWM) and the Milwaukee Area Technical College (MATC) are authorized to establish by charter and operate, or contract with a group or individual to operate a charter school. The 1998-99 school year is the first year that UWM, MATC or the City can establish or contract for the establishment of a school under the Milwaukee charter school program (MCSP).

Revenue Limits. Revenue limits are imposed on the amount of revenue obtained through the combination of general school aids and the property tax levy. Under revenue limits, the number of pupils enrolled is defined as the number of pupils who are enrolled on the third Friday of September. For the MPS, this definition of pupils enrolled includes pupils enrolled in MCSP and MPCP schools. However, in calculating the three-year rolling average membership used for MPS' revenue limits, the MCSP and MPCP pupils are subtracted out using prior year data.

Specifically, the base year number of pupils is calculated by adding the number of pupils enrolled in the three previous years, subtracting the number of MCSP and MPCP pupils in the fourth, third and second preceding years, and dividing the remainder by three. The number of pupils used in calculating the current-year revenue limit is determined by adding the number of pupils enrolled in the current and two preceding school years, subtracting the number of MCSP and MPCP pupils in the three previous school years and dividing the remainder by three.

Equalization Aid. In computing equalization aid, membership in the previous school year is used and the definition of membership includes the number of pupils enrolled in MPCP and MCSP schools. Membership also includes those pupils attending a MPCP school in the current school year, who in the prior year were enrolled in grades K-3 in a private school located in the City of Milwaukee that was not a MPCP private school.

The State Superintendent is required to pay the parent or guardian of a pupil enrolled in a MPCP school from a separate state appropriation specifically for this purpose. The parent or guardian is required to restrictively endorse the check for the use of the private school. The total payment is equal to the lesser of the following: (a) the average equalization aid per pupil received by MPS; or (b) the private school's operating and debt service cost per pupil that is related to educational programming, as determined by DPI. The State Superintendent is required to pay the operator of a MCSP school an amount equal to the shared cost per member of MPS in the previous school year multiplied by the number of charter school pupils attending the school. Shared costs are the school district expenditures that are aidable through the state equalization aid formula. The payments are made in four equal installments in September, November, February and May of each school year.

Current law requires that equalization aid for MPS be reduced by the total amount paid to the MCSP and MPCP schools. The State Superintendent is required to ensure that equalization aid paid to other school districts is neither reduced nor increased as a result of the payments to MCSP and MPCP schools or as a result of the aid reduction to MPS. In addition, the State Superintendent is required to ensure that the amount of the aid reduction to MPS lapses to the general fund. Under the revenue limit calculation, MPS can increase its property tax levy to offset these aid reductions.

As of January 1999, there were 5,873 pupils enrolled in the MPCP. The MPS average equalization aid per pupil is \$4,894 in 1998-99. The MPCP schools will receive an aggregate amount of \$28.7 million in 1998-99, and the MPS equalization aids will be reduced by an equivalent amount. Based on the September, 1998, enrollment counts, there are 55 pupils enrolled in three City of Milwaukee charter schools. Based on estimates from DPI, the 1997-98 shared cost per member for MPS, upon which the 1998-99 charter school payments are based, is \$6,052.

Due to a disagreement over who is responsible for providing special education services to children with disabilities attending these charter schools, one of these schools will not receive the

full per pupil funding each of its charter school pupils. However, if it assumed that each of the 55 pupils is aided at the full amount, the aggregate aid paid to these charter schools will be \$332,750 in 1998-99, and MPS equalization aid will be reduced by an equivalent amount.

GOVERNOR

Modify current law governing the calculation of equalization aid and revenue limits relating to pupils attending MCSP or MPCP schools, as follows:

a. Delete the inclusion of pupils enrolled in a MCSP or MPCP school from the count of the average of the number of pupils enrolled on the 3rd Friday of September and the 2nd Friday of January of the previous school year, required for the annual membership report for each school district. Delete the provision that the membership used to compute state aid to MPS include those pupils who are attending MPCP schools in the current school year and were enrolled in grades kindergarten through three in a private school located in the City of Milwaukee, other than a MPCP school, in the previous school year. These changes would have the effect of removing these pupils from MPS membership for purposes of both equalization aid and revenue limits;

b. Delete the provision of current law that subtracts pupils attending MCSP or MPCP schools from the calculation of enrollment used to determine school district revenue limits, from preceding years. This would be deleted both from the three-year rolling average calculation for the base year and current year. Because these pupils would no longer be included in MPS membership under the bill, current law that removes these pupils would be deleted as no longer needed;

c. Delete the requirement that DPI reduce equalization aid paid to MPS in an amount equal to state payments to pupils attending MCSP or MPCP schools and that this MPS aid reduction lapse to the general fund. Delete the requirement that DPI ensure that equalization aid paid to other school districts is neither reduced nor increased as a result of the MCSP and MPCP payments or the reduction in aid to MPS; and

d. Provide that for the purposes of setting the equalization aid appropriation, the Joint Committee on Finance would be required to determine an amount necessary to meet the state's commitment to fund two-thirds of partial school revenues less the amounts paid for MCSP and MPCP. A technical correction would be necessary to achieve the intent of the bill, which is that an amount equal to the cost of fully funding MCSP and MPCP be lapsed to the general fund from the appropriation for equalization aid.

Provide that these modifications would first apply to state aid distributed in the 1999-00 school year. These modifications would result in a lower statewide membership for both revenue limits and state aid beginning in 1999-00. Staff at DOA estimate that the cost of two-thirds funding of partial school revenues would decrease by approximately \$2,500,000 GPR in 1999-00 and \$5,600,000 GPR in 2000-01 compared to current law estimates.

DISCUSSION POINTS

1. During the 1998-99 school year, the participation in the MCS and MPC programs has greatly expanded. Due to a Wisconsin Supreme Court decision in June, 1998, which permitted the participation of private, parochial schools in the program, the MPCP expanded from 1,539 pupils in 1997-98 to 5,873 pupils in 1998-99. Enrollment in the MPC program is projected to be 8,000 pupils in 1999-00 and 9,200 pupils in 2000-01. The 1998-99 school year is the first year under which the City, MATC and UWM could charter schools under the MCS program. The City originally contracted with three charter schools, one of which later decided to remain a MPCP school due to federal requirements regarding special education services. However, the City expects to contract with four schools in 1999-00 and UWM may contract with two schools. MCSP enrollment is projected to be 500 pupils in 1999-00 and 1,800 pupils in 2000-01.

2. The fiscal impact of the MCS and MPC programs is complex. Under the state's current school finance system, the MCS and MPC programs effect revenue limits, equalization aid, the maximum allowable property tax levy and the state's commitment to fund two-thirds of partial school revenues. However, the major, long-term difference between current law and the Governor's recommendation is which school districts are most impacted by the existence of the MCS and MPC programs. Under current law, nearly 100% of the impact of the programs falls on MPS; under the Governor's proposal, the effects of the programs would be distributed among most school districts across the state.

3. Under current law, the effect of an increase in the number of pupils enrolled in a MCSP or MPCP school on the MPS' revenue limits will depend on where the pupils otherwise would have gone to school. If the pupil otherwise would have attended MPS, then MPS revenue limits will be unchanged in the current year. However, MPS revenue limits will decline over the next three years, as one-third of this pupil will be removed from the revenue limit calculation each year, beginning in the following year. In the fourth year, this pupil will be fully removed from the MPS revenue limit calculation, so that there will be a reduction of one pupil in calculating MPS revenue limits.

4. For a MPCP pupil that otherwise would not have attended MPS, the MPS revenue limits will be increased in the current year, as one-third of this pupil will be added to the revenue limit calculation for MPS. In the second and third years, the net effect of current law governing revenue limits is that one-third of this pupil will be added to the revenue limit calculation, so that the same increase in pupil enrollment will occur in each of these three years. In the fourth year and each year thereafter, the pupil will roll out of the revenue limit calculation and MPS revenue limits will be unchanged from the current calculation, so that there will not be a long-term effect from this pupil.

5. Under current law, the major impact on equalization aid attributable to the MCS and MPC programs is the requirement that the payments for these programs be offset by a lapse of equalization aid. For example, the equalization aid formula in 1998-99 would provide \$515.1 million of aid to MPS, before consideration of integration (Chapter 220) aid. Because of the lapse

requirements for the MCS and MPC programs, the amount of equalization aid actually received by MPS will be reduced by an estimated \$29 million, for a net equalization aid payment of \$486.1 million.

6. A second effect on equalization aid of the MPCP program relates to the calculation of membership. In computing equalization aid, membership in the previous school year is used and the definition of membership includes the number of pupils enrolled in MCSP and MPCP schools. Membership also includes those pupils attending a private school under the MPCP in the current school year, who in the prior year were enrolled in grades K-3 in a private school located in the City of Milwaukee that was not a MPCP school. Because there is a current year component in the definition of membership relating to certain pupils enrolled in a MPCP school, statewide membership for equalization aid is higher and MPS receives somewhat more equalization aid than otherwise would be the case.

7. Under revenue limits, MPS has the authority to increase its property tax levy by the amount of the aid reduction attributable to payments for pupils attending MCSP and MPCP schools. There is no requirement that the levy increase by this amount, and in 1998-99, the MPS levy was an estimated \$6 million below the maximum allowable levy. Whenever the local school property tax levy increases, the state's cost of attaining the goal of two-thirds funding increases as well. With regard to the increase in the MPS levy, the state had already set the funding level for school aids for 1998-99 prior to the Wisconsin Supreme Court ruling relating to the MPCP. A total of \$5 million GPR was provided in 1998-99, as the state's share of what was projected at that time as a \$7.5 million MPS levy attributable to the MPCP. As a result, the increase in the MPS levy in 1998-99 did not have any effect on the actual amount of state funding provided for school aids. However, the increase in the MPS levy does have the effect of increasing the cost of fully funding the goal of two-thirds of partial school revenues.

8. The Governor's proposal provides an immediate reduction in the cost of two-thirds funding because of the drop in MPS enrollment. However, in the long term, the effect on partial school revenues and the cost of two-thirds funding will be similar under current law and the Governor's recommendation. Under both scenarios, the state will fund two-thirds of the local school district partial school revenues, including any levy to offset an MCSP and MPCP aid reduction.

9. Based on the most recent enrollment and school finance projections, it is estimated that aid for the MPC program will be approximately \$42.4 million in 1999-00 and \$50.6 million in 2000-01. Aid for the MCS program is estimated to be \$3.26 million in 1999-00 and \$12.6 million in 2000-01. Under current law, MPS's school aids will be reduced by the above amounts to fund the program and therefore, the property tax levy necessary to make up for all or part of the aid reduction will be paid for by the Milwaukee property taxpayers. Under the Governor's proposal, the aid reductions would be spread across most school districts in the state; however, the impact on an individual school district would likely be modest given that even in 2000-01, the \$63.2 million provided for the programs would comprise an estimated 1.6% of funding for general school aids.

10. Staff at DOA indicates that because the programs are expanding significantly, it is more appropriate to distribute the fiscal impact of the programs across the state, rather than solely on MPS and the property taxpayers of Milwaukee. In considering this point, because MPS is a lower-value school district, it may be required to significantly increase its levy rate to make up for an aid loss of the magnitude required after the recent and future expansion of the programs. Based on the ability to raise property taxes, it may be more equitable to spread the necessary property tax increase across the state rather than focusing on Milwaukee. Depending on how one allocates MPS's school property tax levy it is estimated that from 12% to 16% of the levy in 1998-99 is attributable to the MPCP. Although many factors will affect the school property tax levy next year, it is estimated that 20% to 25% of the MPS levy in 1999-00 would be attributable to the MPC and MCS programs under current law. Under the Governor's recommendation, it is estimated that the levy attributable to these programs would represent 1.6% of the statewide school property tax levy in 1999-00.

11. The MPCP has expanded into a major educational program, comprising approximately 5.2% of MPS's fall, 1998, enrollment, and is projected to continue to expand as more private schools participate. The MCSP, while just initiated, is expected to expand significantly over the next several years as the City of Milwaukee and UWM charter more schools. It could be argued that given the size of these programs, their fiscal impact should be shared with all school districts statewide, as is currently the case under the Chapter 220 integration aid program. In addition, both of these programs were created by the state, but only apply to MPS. One can argue that since the state created these programs, which are expanding to the point where they require significant resources, it would be appropriate for the state as a whole to fund them.

12. The Governor's proposal would lapse an amount equivalent to the cost of the MCS and MPC programs from the appropriation that funds statewide general school aids. In order to meet the intent of the bill, a modification to the lapse provision would be necessary; however, as intended the lapse would not apply districts that receive equalization aid at the primary aid level of the equalization aid formula only. Districts that receive primary aid only, are either high value districts whose equalized value per member exceeds the secondary guarantee (\$676,977 in 1998-99), or higher-value, higher-cost districts that generate negative tertiary aid that exceeds their positive secondary aid. All districts that qualify for equalization aid receive at least their primary aid, due to the primary aid hold-harmless provision. Finally, those districts that have such a high value per member so as not to qualify for equalization aid, but that receive other forms of general school aids, would not have their state aid reduced under the Governor's proposal.

13. In order to ensure that the effects of the Governor's proposal are spread proportionately across all school districts in the state, it may be desirable to require DPI, in determining the amount of general school aids for school districts, to: (a) set the secondary guarantee for the general equalization aid formula utilizing the full amount appropriated; (b) determine the MPS equalization aid per member upon which MPCP payments are based; (c) based on the amount of aid required for the MCS and MPC programs, proportionately reduce the general school aids for each school district in the state; and (d) ensure that the gross amount of these aid reductions is lapsed to the general fund. Such a method would ensure that high value school districts

that currently receive either primary aid only or no equalization aid would be affected in the same manner as all other school districts in the state.

14. While it may be more equitable from a property tax perspective to spread the cost of the MCS and MPC programs across all school districts, it could be argued that because the program is focused on Milwaukee, the fiscal impact of the program should be largely shouldered by MPS and the Milwaukee taxpayers, as under current law. Because only pupils that are residents of the MPS district are permitted to participate in the programs, the Milwaukee taxpayers are simply providing funds to offer Milwaukee parents and children more educational options than are allowed for parents and children in the rest of the state.

15. Further, it has been suggested that the demand for the MCS and MPC programs arose because of a failure of the MPS school district to provide sufficient, quality educational opportunities for children in Milwaukee. Because of this, MPS should be directly, and singularly, affected due to the participation of children in these programs. Without such a relationship between the finances of MPS and the enrollment in these schools, MPS would not be provided with the incentive to improve its educational opportunities for all children. Arguably, other school districts in the state should not be adversely affected to address concerns over the performance of MPS.

16. Under current law, payments to MPCP parents are based on the MPS average equalization aid per pupil and payments to MCSP school operators are based on the MPS shared cost per member, which are \$4,894 and \$6,052 respectively for 1998-99 school aids. The MCSP payments were established at a higher level because it was believed that many charter schools would be new schools that would require additional funding for site acquisition and start-up costs. However, while some future charter schools will likely be new schools, the two current City of Milwaukee charter schools are converted private schools. As a comparison, the public school open enrollment program provides payments based on the average instructional and support service costs for school districts across the state. The payment is determined annually by DPI, and is \$4,555 in 1998-99. The payment level was established to be a proxy for the marginal cost of a school district adding or subtracting pupils.

17. It may be desirable to equate the private school choice and charter school payments with the payments provided to public school districts under the open enrollment program. In order to provide for the start-up costs associated with new charter schools, a per pupil payment equal to 125% of the open enrollment payment could be provided in the first year of operation to charter schools that DPI determines to be bona fide new schools. Otherwise, all MCSP and MPCP schools would receive per pupil payments equivalent to the public school district open enrollment payment.

18. Assuming that the open enrollment payment increases to \$4,805 in 1999-00 and \$5,105 in 2000-01, and that one-half of the charter school enrollment would be for bona fide new schools in each year, such a modification would decrease the MPS or statewide levy necessary to offset these payments. Estimated payments under the MPCP would decrease by \$3,960,000 GPR in 1999-00 and by \$3,634,000 GPR in 2000-01, while payments under the MCSP would decrease by \$557,200 GPR in 1999-00 and by \$2,262,400 GPR in 2000-01. Estimated lapses of general school

aids would be reduced by a corresponding amount. Because there would be more general school aids funding available to reduce the school property tax levy, the cost of two-thirds funding would decrease by an estimated \$3.01 million GPR in 1999-00 and \$3.93 million GPR in 2000-01, both under current law and under the modification proposed by the Governor.

19. In order to maintain current law, funding for general school aids would have to be increased by \$2.5 million GPR in 1999-00 and \$5.6 million GPR in 2000-01, in order to maintain two-thirds funding of partial school revenues. This would be necessary because this is the amount that was removed from general school aids under the Governor's estimates due to the decrease in statewide enrollment generated under the Governor's recommendation.

ALTERNATIVES

Point of Fiscal Impact of MCS and MPC Programs

1. *Aid Lapse Affects Most School Districts.* Approve the Governor's recommendation to spread the gross fiscal effect of the MCS and MPC programs across most school districts in the state, including a modification to specify the related aid lapse. The modification would require DPI, in determining the amount of general school aids, to: (a) initially set the secondary guarantee for the equalization aid formula using the full amount appropriated; (b) use that initial aid run to determine the MPS equalization aid per member upon which MPCP payments are based; (c) once the estimated MPC and MCS payments are determined, set the secondary guarantee for the equalization aid formula using the net amount of funding, after lapses for the MPCP and MCSP, and use this aid run to determine school district equalization aid amounts; and (d) ensure that the gross amount of the MPCP and MCSP aid reduction is lapsed to the general fund.

2. *Aid Lapse Affects All School Districts.* Modify the Governor's recommendation to require DPI, in determining the amount of general school aids for school districts, to: (a) set the secondary guarantee for the general equalization aid formula utilizing the full amount appropriated; (b) determine the MPS equalization aid per member upon which MPCP payments are based; (c) based on the amount of aid required for the MCS and MPC programs, proportionately reduce the general school aids for each school district in the state; (d) ensure that the gross amount of these aid reductions is lapsed to the general fund. Such a method would ensure that all school districts would be affected in the same manner.

3. *Aid Lapse Affects MPS.* Maintain current law. Increase general school aids by \$2,500,000 GPR in 1999-00 and \$5,600,000 GPR in 2000-01, in order to maintain two-thirds funding of partial school revenues.

Alternative 3	GPR
1999-01 FUNDING (Change to Bill)	\$8,100,000

See - 2035 (2)
(OSA)

MCS and MPC Per Pupil Payment Amount

4. In addition to any of the above alternatives, provide that the per pupil payment provided to parents of children participating in the MPCP and school operators participating in the MCSP would be equivalent to the payment determined by DPI under the public school district open enrollment program. Provide that charter schools in the MCSP that are bona fide new schools, as determined by DPI, would be receive a per pupil payment equivalent to 125% of the payment determined by DPI under the public school district open enrollment program, during the first school year of operation. Reestimate payments under: (a) the MPCP by -\$3,960,000 GPR in 1999-00 and -\$3,634,000 GPR in 2000-01; and (b) the MCSP by -\$557,200 GPR in 1999-00 and by -\$2,262,400 GPR in 2000-01. Reduce the corresponding GPR-Lapse estimates by a total of \$4,517,200 in 1999-00 and \$5,896,400 in 2000-01. Delete \$3,010,000 GPR in 1999-00 and \$3,930,000 GPR in 2000-01 from general school aids, in order to maintain two-thirds funding.

<u>Alternative 4</u>	<u>GPR</u>	<u>GPR-Lapse</u>
1999-01 FUNDING (Change to Bill)	- \$17,353,600	- \$10,413,600

Prepared by: Ruth Hardy

1999

Date (time) needed

5:00pm

LRB b 041411

**LFB BUDGET AMENDMENT
[ONLY FOR LFB]**

PG : cmd :

See form **AMENDMENTS — COMPONENTS & ITEMS.**

**LFB AMENDMENT
TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45**

>>FOR JT. FIN. SUB. — NOT FOR INTRODUCTION<<

At the locations indicated, amend the bill as follows:

#. Page 999, line 25: after that line insert:

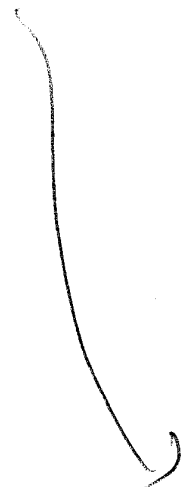
#. Page, line:

#. Page, line:

#. Page, line:

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#. Page, line:



2090m
Section #118.40 (2r) (e) of the statutes is amended to read:

118.40 (2r) (e) From the appropriation under s. 20.255 (2) (fm), the department shall pay to the operator of the charter school an amount equal to the ~~shared cost per member in the previous school year of the school district operating under ch. 119 multiplied by the number of pupils attending the charter school.~~ The department shall pay 25% of the total amount in September, 25% in December, 25% in February and 25% in June. The department shall send the check to the operator of the charter school.))

History: 1993 a. 16, 490; 1995 a. 27 ss. 3983m to 3992m, 9145 (1); 1997 a. 27, 238, 252.

sum of the amount paid under this paragraph
in the previous school year and the amount
of revenue increase per pupil allowed
under subch. VII of ch. 121 in the
current school year

Page 1005, line 17: after that line insert:
2109m.

↓
cc

Section # 119.23 (4) of the statutes is ~~renumbered 119.23(4) Intro.~~ and amended to read:

119.23 (4) ~~amended~~ Upon receipt from the pupil's parent or guardian of proof of the pupil's enrollment in the private school, the state superintendent shall pay to the parent or guardian, from the appropriation under s. 20.255 (2) (fu), an amount equal to the total amount to which the school district is entitled under s. 121.08 divided by the school district membership, or an amount equal to the private school's operating and debt service cost per pupil that is related to educational programming, as determined by the department, whichever is less. The state superintendent shall pay 25% of the total amount in September, 25% in November, 25% in February and 25% in May. The department shall send the check to the private school. The parent or guardian shall restrictively endorse the check for the use of the private school.)

History: 1989 a. 336; 1993 a. 16; 1995 a. 27 ss. 4002 to 4009, 9145 (1); 1995 a. 216; 1997 a. 27, 113.

sum of the

amount paid under this subsection in the previous
school year and the amount of revenue increase
per pupil allowed under subch. VII of ch. 121
in the current school year
1

↓

Page 1512, line 19: after that line insert:

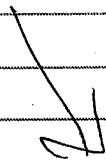
" SEC. 2136m. CR. 121.08 (4)

(9) ^(B) 121.08(4)(a) aid computed under sub (1) shall be reduced ~~proportionately~~ for each school district by the amount determined as follows:

~~ss. 119.42 (2)(e) and 119.23 (4) in the~~

~~current school year~~ (9)(b) The state superintendent shall ensure that the total amount of aid reduction under this ^{par. (a)} ~~subchapter~~ lapses to the general fund. "

lapses



Page 1458, line 20: after that line

insert:

STATE AID

CS

initial
app.

9

(7b)

MILWAUKEE PARENTAL CHOICE AND

CS

MILWAUKEE CHARTER SCHOOLS. The

treatment of section 121.08(4) of the

statute list apply to state aid

distributed in the 1999-2000 school year."

(End)

A

(91) 1. Add the amounts paid under
= ss. 118.40(2r)(e) and 119.23(4) in the
current school year.

(91) 2. Divide the sum under subd. 1.
= by the total amount of state aid
determined for ^{all} school districts
under sub. (1).

(91) 3. Multiply the amount ~~comp~~ of
= state aid determined under sub. (1) by the
~~ratio~~ quotient under subd. 2.

(END OF INSERT)



State of Wisconsin
1999 - 2000 LEGISLATURE

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SOON

LFB:.....Hardy - Milwaukee parental choice program and Milwaukee charter schools; payments and state aid

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

1 At the locations indicated, amend the bill as follows:

2 1. Page 999, line 25: after that line insert:

3 "SECTION 2090m. 118.40 (2r) (e) of the statutes is amended to read:

4 118.40 (2r) (e) From the appropriation under s. 20.255 (2) (fm), the department
5 shall pay to the operator of the charter school an amount equal to the shared cost per
6 member in the previous school year of the school district operating under ch. 119,

7 multiplied by the number of pupils attending the charter school sum of the amount
8 paid under this paragraph in the previous school year and the amount of revenue
9 increase per pupil allowed under subch. VII of ch. 121 in the current school year. The

10 department shall pay 25% of the total amount in September, 25% in December, 25%

stet
plain text

1 in February and 25% in June. The department shall send the check to the operator
2 of the charter school.”.

3 **2.** Page 1005, line 17: after that line insert:

4 **“SECTION 2109m.** 119.23 (4) of the statutes is amended to read:

5 119.23 (4) Upon receipt from the pupil’s parent or guardian of proof of the
6 pupil’s enrollment in the private school, the state superintendent shall pay to the
7 parent or guardian, from the appropriation under s. 20.255 (2) (fu), an amount equal
8 to the ~~total amount to which the school district is entitled under s. 121.08 divided by~~
9 ~~the school district membership, or an amount equal to the private school’s operating~~
10 ~~and debt service cost per pupil that is related to educational programming, as~~
11 ~~determined by the department, whichever is less~~ sum of the amount paid under this
12 subsection in the previous school year and the amount of revenue increase per pupil
13 allowed under subch. VII of ch. 121 in the current school year. The state
14 superintendent shall pay 25% of the total amount in September, 25% in November,
15 25% in February and 25% in May. The department shall send the check to the private
16 school. The parent or guardian shall restrictively endorse the check for the use of the
17 private school.”.

18 **3.** Page 1012, line 19: after that line insert:

19 **“SECTION 2136m.** 121.08 (4) of the statutes is created to read:

20 121.08 (4) (a) ~~Aid computed under sub. (1)~~ shall be reduced by the amount
21 determined as follows:

22 1. Add the amounts paid under ss. 118.40 (2r) (e) and 119.23 (4) in the current
23 school year.

*The amount of state aid that a
school district is eligible to
be paid from the appropriation
under s. 20.255 (2) (4c)*



State of Wisconsin
1999 - 2000 LEGISLATURE

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2/11/99

LFB:.....Hardy - Milwaukee parental choice program and Milwaukee charter schools; payments and state aid

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

1 At the locations indicated, amend the bill as follows:

2 1. Page 999, line 25: after that line insert:

3 "SECTION 2090m. 118.40 (2r) (e) of the statutes is amended to read:

4 118.40 (2r) (e) From the appropriation under s. 20.255 (2) (fm), the department
5 shall pay to the operator of the charter school an amount equal to the ~~shared cost per~~
6 ~~member in the previous school year of the school district operating under ch. 119~~ sum
7 of the amount paid under this paragraph in the previous school year and the amount
8 of revenue increase per pupil allowed under subch. VII of ch. 121 in the current school
9 year multiplied by the number of pupils attending the charter school. The
10 department shall pay 25% of the total amount in September, 25% in December, 25%

1 in February and 25% in June. The department shall send the check to the operator
2 of the charter school.”

3 **2.** Page 1005, line 17: after that line insert:

4 **“SECTION 2109m.** 119.23 (4) of the statutes is amended to read:

5 119.23 (4) Upon receipt from the pupil's parent or guardian of proof of the
6 pupil's enrollment in the private school, the state superintendent shall pay to the
7 parent or guardian, from the appropriation under s. 20.255 (2) (fu), an amount equal
8 to the total amount to which the school district is entitled under s. 121.08 divided by
9 the school district membership, or an amount equal to the private school's operating
10 and debt service cost per pupil that is related to educational programming, as
11 determined by the department, whichever is less sum of the amount paid under this
12 subsection in the previous school year and the amount of revenue increase per pupil
13 allowed under subch. VII of ch. 121 in the current school year. The state
14 superintendent shall pay 25% of the total amount in September, 25% in November,
15 25% in February and 25% in May. The department shall send the check to the private
16 school. The parent or guardian shall restrictively endorse the check for the use of the
17 private school.”

18 **3.** Page 1012, line 19: after that line insert:

19 **“SECTION 2136m.** 121.08 (4) of the statutes is created to read:

20 121.08 (4) (a) The amount of state aid that a school district is eligible to be paid
21 from the appropriation under s. 20.255 (2) (ac) shall be reduced by the amount
22 determined as follows:

23 1. Add the amounts paid under ss. 118.40 (2r) (e) and 119.23 (4) in the current
24 school year.

INS
2-17

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11 (C) + (B) 21098

Section #. 119.23 (4) of the statutes is renumbered 119.23(4)(intro.) and amended to read:

in the 1997-98 school year

119.23 (4) (intro.) Upon receipt from the pupil's parent or guardian of proof of the pupil's enrollment in the private school, the state superintendent shall pay to the parent or guardian, from the appropriation under s. 20.255 (2) (fu), an amount equal to the total amount to which the school district is entitled under s. 121.08 ^{was} divided by the school district membership, ~~or an amount equal to the private school's operating and debt service cost per pupil that is related to educational programming, as determined by the department, whichever is less.~~ ^{§. (b)} (The state superintendent shall pay 25% of the total amount in September, 25% in November, 25% in February and 25% in May. The department shall send the check to the private school. The parent or guardian shall restrictively endorse the check for the use of the private school.

History: 1989 a. 336; 1993 a. 16; 1995 a. 27 ss. 4002 to 4009, 9145 (1); 1995 a. 216; 1997 a. 27, 113.

under par. (a)

in the 1998-99 school year

sum of the amount of revenue increase per pupil allowed under subch. VII of ch. 121 in the current school year and the following amount:

§ (a) 1. In the 1999-2000 school year, the



2-17-2

SECTION ^{(C) + (B)} ^(B) 2109r. CR. 119-23 (4) (a) 2. ✓

119-23 (4) (a) 2. In the 2000-01 ^{school} school

year and in each school year thereafter,
the amount paid under this subsection is
the previous school year's.



State of Wisconsin
1999 - 2000 LEGISLATURE

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LFB:.....Hardy - Milwaukee parental choice program and Milwaukee charter schools; payments and state aid

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 999, line 25: after that line insert:

3 **"SECTION 2090m.** 118.40 (2r) (e) of the statutes is amended to read:

4 118.40 (2r) (e) From the appropriation under s. 20.255 (2) (fm), the department
5 shall pay to the operator of the charter school an amount equal to the ~~shared cost per~~
6 ~~member in the previous school year of the school district operating under ch. 119~~ sum
7 of the amount paid under this paragraph in the previous school year and the amount
8 of revenue increase per pupil allowed under subch. VII of ch. 121 in the current school
9 year, multiplied by the number of pupils attending the charter school. The
10 department shall pay 25% of the total amount in September, 25% in December, 25%

1 in February and 25% in June. The department shall send the check to the operator
2 of the charter school.”.

3 **2.** Page 1005, line 17: after that line insert:

4 “**SECTION 2109g.** 119.23 (4) of the statutes is renumbered 119.23 (4) (intro.) and
5 amended to read:

6 119.23 (4) (intro.) Upon receipt from the pupil’s parent or guardian of proof of
7 the pupil’s enrollment in the private school, the state superintendent shall pay to the
8 parent or guardian, from the appropriation under s. 20.255 (2) (fu), an amount equal
9 to the sum of the amount of revenue increase per pupil allowed under subch. VII of
10 ch. 121 in the current school year and the following amount:

11 (a) 1. In the 1999–2000 school year, the total amount to which the school district
12 is was entitled under s. 121.08 in the 1998–99 school year divided by the school
13 district membership, or an amount equal to the private school’s operating and debt
14 service cost per pupil that is related to educational programming, as determined by
15 the department, whichever is less in the 1997–98 school year.

16 (b) The state superintendent shall pay 25% of the total amount under par. (a)
17 in September, 25% in November, 25% in February and 25% in May. The department
18 shall send the check to the private school. The parent or guardian shall restrictively
19 endorse the check for the use of the private school.

20 **SECTION 2109r.** 119.23 (4) (a) 2. of the statutes is created to read:

21 119.23 (4) (a) 2. In the 2000–01 school year and in each school year thereafter,
22 the amount paid under this subsection in the previous school year.”.

23 **3.** Page 1012, line 19: after that line insert:

24 “**SECTION 2136m.** 121.08 (4) of the statutes is created to read:

1 121.08 (4) (a) The amount of state aid that a school district is eligible to be paid
2 from the appropriation under s. 20.255 (2) (ac) shall be reduced by the amount
3 determined as follows:

4 1. Add the amounts paid under ss. 118.40 (2r) (e) and 119.23 (4) in the current
5 school year.

6 2. Divide the sum under subd. 1. by the total amount of state aid that all school
7 districts are eligible to be paid from the appropriation under s. 20.255 (2) (ac).

8 3. Multiply the amount of state aid that the school district is eligible to be paid
9 from the appropriation under s. 20.255 (2) (ac) by the quotient under subd. 2.

10 (b) The state superintendent shall ensure that the total amount of aid
11 reduction under par. (a) lapses to the general fund.”.

12 **4.** Page 1456, line 20: after that line insert:

13 “(7h) STATE AID; MILWAUKEE PARENTAL CHOICE PROGRAM AND MILWAUKEE CHARTER
14 SCHOOLS. The treatment of section 121.08 (4) of the statutes first applies to state aid
15 distributed in the 1999–2000 school year.”.

16 (END)