

Fiscal Estimate - 2003 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 03-1354/2	Introduction Number SB-9
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Subject
 Establishment of charter schools by county boards

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input checked="" type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

Local:

<input type="checkbox"/> No Local Government Costs	5. Types of Local Government Units Affected	
<input checked="" type="checkbox"/> Indeterminate	<input type="checkbox"/> Towns	<input type="checkbox"/> Village <input type="checkbox"/> Cities
1. <input checked="" type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue	<input type="checkbox"/> Counties	<input type="checkbox"/> Others
<input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input checked="" type="checkbox"/> School Districts	<input type="checkbox"/> WTCS Districts
2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue		
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		

Fund Sources Affected	Affected Ch. 20 Appropriations
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	20.255 (2) (ac), (fm)

Agency/Prepared By DPI/ Keith Pollock (608) 266-1344	Authorized Signature Michael Bormett (608) 266-2804	Date 1/30/2003
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Fiscal Estimate Narratives

DPI 1/30/2003

LRB Number	03-1354/2	Introduction Number	SB-9	Estimate Type	Original
Subject					
Establishment of charter schools by county boards					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, school boards may enter into contracts with individuals, groups, businesses, or governmental bodies to establish charter schools, which operate with fewer constraints than traditional public schools. Current law also permits the University of Wisconsin–Milwaukee, the University of Wisconsin–Parkside, the Milwaukee Area Technical College, and the city of Milwaukee to operate charter schools [under Wis. Stats. 118.40 (2r)] directly or to contract for the operation of charter schools. Only pupils who reside in the school district in which an independent charter school is located may attend the charter school. Furthermore these non-school district authorizers intending to establish a charter school are required to inform the State Superintendent of its intention by February 1 of the prior year.

DPI is currently required to pay the operators of these non-school district authorized charter schools an amount equal to the sum of the amount paid per pupil in the previous school year and the amount of revenue increase per pupil allowed under revenue limits, multiplied by the number of charter school pupils attending the school. The charter program is funded from a separate, GPR sum sufficient appropriation established for that purpose.

The cost of the payments from the appropriation is offset by a lapse from the general school aids appropriation to the general fund in an amount equal to the estimated payments under the program. DPI is required to proportionally reduce the general school aids for which each of the 426 school districts, including Milwaukee Public Schools, is eligible to be paid by an amount totaling the charter lapse. A school district's revenue limit calculation is not affected by the charter lapse. Thus, a school district can increase its property tax levy to offset any aid reduction made related to the charter program.

This bill allows a county board to operate a charter school directly or to contract for its operation and provides for the same funding mechanisms used for schools chartered under Wis. Stats. 118.40 (2r). It is unlikely that many county boards could establish a charter school to operate before the 2004-05 school year, because of the time frame and effort required to open a new school. Furthermore, it is likely that this bill would increase the number of pupils attending schools chartered under Wis. Stats. 118.40 (2r). Therefore, the sum sufficient charter school appropriation would be required to be increased by an amount equal to the number of pupils who would attend county chartered schools multiplied by the statutorily calculated per pupil amount. For most of these charter schools, this amount is estimated to be \$7,431 per pupil in 2004-05 under current law.

Currently, the state is committed to funding two-thirds of partial school revenues (PSR). Generally, PSR means the sum of state school aids and property taxes levied for school districts, including the amount of the levy to offset any school aid reduction made related to the charter program.

State Fiscal Effect:

This bill would likely increase the costs of the charter school program and subsequently, PSR would increase. This PSR increase would require the state to provide additional funding in order to meet its two-thirds funding commitment. The state would be required to increase funding by two-thirds of the additional charter program costs; however, the specific amount of this increase is indeterminate because the number of additional new charter pupils that will attend charter schools established by counties is unknown. In addition, statewide public school (non-charter) membership may decline if additional charter school options are made available. This would reduce PSR relative to the number of existing public school students who attend the new charter schools.

Local Fiscal Effect:

This bill has three local fiscal effects. If the state provided additional funding in order to meet its two-thirds funding commitment, most local districts would be eligible to receive some additional aid; however, also under this bill, each

school district's general equalization aid would be proportionally reduced by the additional amount the charter appropriation would be increased. Lastly, it should be noted that this bill does not affect a school district's revenue limit; thus, each district would be permitted to levy for the amount of this aid reduction. The specific net fiscal result of these three fiscal effects is indeterminate.

Long-Range Fiscal Implications