

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:

No State Fiscal Effect
 Indeterminate

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

No Local Government Costs
 Indeterminate

1. <input checked="" type="checkbox"/> Increase Costs <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input checked="" type="checkbox"/> Increase Revenue <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input checked="" type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input checked="" type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
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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) (fm)	

Agency/Prepared By DPI/ Michael Bormett (608) 266-2804	Authorized Signature Michael Bormett (608) 266-2804	Date 12/12/2003
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Fiscal Estimate Narratives

DPI 12/12/2003

LRB Number	03-1354/2	Introduction Number	SB-9	Estimate Type	Updated
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.

These charter schools are 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.

State Fiscal Effect

By increasing the number of pupils eligible to enroll in 2r charter schools and receiving state aid for their attendance, this bill would increase the state's costs of funding these schools. The increase in the state's cost of funding these schools would be dependent upon the number of newly eligible pupils enrolling in a 2r charter school above and beyond the projected enrollments for the current 2r schools. The specific increase in the state's funding to the charter schools would be fully offset by a reduction in general school aids available to all 426 school districts.

The following example provides information related to the cost of a single additional, newly eligible pupil enrolling in a 2r charter school as a result of this bill if it were effective in the 2004-05 school year:

Per Student 2r Charter School Cost

2004-05 2r charter school state aid amount \$7,111

Statewide local property taxpayers share \$7,111

Given the multitude of factors involved in computing general equalization aid, it is not possible to predict the impact of any additional local property tax for any particular school district.

Local Fiscal Effect

Under current law, payments to 2r charter schools are fully offset by a proportionate reduction in the general

equalization aids of all 426 public school districts. By increasing the number of pupils eligible to enroll in 2r charter schools, each school district's general equalization aid would be proportionally reduced by the additional amount the 2r charter school appropriation is increased. Under revenue limits, school districts may levy property taxes to make up for the amount of equalization aid lost due to these increased 2r charter school payments. The specific increase in school district property tax levies would be dependent upon the additional number of pupils enrolling in these schools, which is unknown. Therefore, the local fiscal effect of this bill upon individual property taxpayers is indeterminate.

Long-Range Fiscal Implications