

### Fiscal Estimate - 2003 Session

Original       Updated       Corrected       Supplemental

<b>LRB Number</b> 03-2716/2		<b>Introduction Number</b> SB-321	
<b>Subject</b> Charter school appeals			
<b>Fiscal Effect</b>			
<b>State:</b>			
<input type="checkbox"/> No State Fiscal Effect			
<input checked="" type="checkbox"/> Indeterminate			
<input checked="" type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations		<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		<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	
<b>Local:</b>			
<input type="checkbox"/> No Local Government Costs			
<input checked="" type="checkbox"/> Indeterminate			
1. <input checked="" type="checkbox"/> Increase Costs		3. <input checked="" type="checkbox"/> Increase Revenue	
<input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs		4. <input checked="" type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<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"/> Counties		<input type="checkbox"/> Cities	
<input checked="" type="checkbox"/> School Districts		<input type="checkbox"/> Others	
		<input type="checkbox"/> WTCS Districts	
<b>Fund Sources Affected</b>		<b>Affected Ch. 20 Appropriations</b>	
<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)			
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DPI/ Thomas Johnson (608) 266-2819		Michael Bormett (608) 266-2804	12/12/2003

## Fiscal Estimate Narratives

DPI 12/12/2003

LRB Number	03-2716/2	Introduction Number	SB-321	Estimate Type	Original
<b>Subject</b>					
Charter school appeals					

### Assumptions Used in Arriving at Fiscal Estimate

This bill establishes an appeal process for denials of petitions, as well as other types of decisions relating to charter schools except for charter schools established under s. 118.40 (2r), Wis. Stats. The bill also contains a provision for the state superintendent to allow the University of Wisconsin-Milwaukee, the University of Wisconsin-Parkside, the Milwaukee Area Technical College, or the city of Milwaukee to contract with an appellant to operate a charter school.

#### State fiscal effect:

Currently, there are 137 charter schools in Wisconsin, 24 which are chartered by the board of directors of the Milwaukee Public Schools (MPS). There are 11 charter schools operated by University of Wisconsin-Milwaukee, the University of Wisconsin-Parkside, the Milwaukee Area Technical College, or the city of Milwaukee (2r charter schools). Denials of petitions to establish charter schools by the MPS board may be appealed to the department under current law. To date, no appeals of denial have been brought to the state superintendent.

It is unknown how many appeals may be brought as a result of this bill; therefore, any costs to the department are indeterminate. However, it is assumed that the department would be able to absorb costs related to appeals of school board decisions within its operating budget.

The provision in the bill that would allow the University of Wisconsin-Milwaukee, the University of Wisconsin-Parkside, the Milwaukee Area Technical College, or the city of Milwaukee to contract with the appellant to operate a charter school could increase the number of pupils eligible to enroll in 2r charter schools. By increasing the number of pupils eligible to enroll in these charter schools and allowing these schools to receive state aid for their attendance, the 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 each school. The specific increase in the state's funding to these 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 if this bill were to become 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 property tax for any particular school district.

#### Local fiscal effect:

Costs to local districts as a result of this bill would be related to the time devoted to preparing documentation for the hearing and appeal of a board's denial of a petition to open a charter school, to revoke or refuse to renew a person's charter. These costs are indeterminate.

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 that 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 payments. The specific increase in school district property tax levies would be dependent upon the additional number of pupils entering these schools, which is unknown. This bill may also increase transportation costs for school districts, including MPS. Therefore, the local fiscal effect of this bill on individual property taxpayers is indeterminate.

### **Long-Range Fiscal Implications**