

Fiscal Estimate - 2003 Session

Original Updated Corrected Supplemental

LRB Number 03-3985/1 **Introduction Number SB-382**

Subject
Eligibility to attend independent charter school

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate

Increase Existing Appropriations Increase Existing Revenues Increase Costs - May be possible to absorb within agency's budget
 Decrease Existing Appropriations Decrease Existing Revenues Yes No
 Create New Appropriations Decrease Costs

Local:

No Local Government Costs
 Indeterminate

1. Increase Costs 3. Increase Revenue
 Permissive Mandatory Permissive Mandatory

2. Decrease Costs 4. Decrease Revenue
 Permissive Mandatory Permissive Mandatory

5. Types of Local Government Units Affected
 Towns Village Cities
 Counties Others
 School Districts WTCS Districts

Fund Sources Affected **Affected Ch. 20 Appropriations**

GPR FED PRO PRS SEG SEGS 20.255(2)(fm),(fu)

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Fiscal Estimate Narratives

DPI 1/16/2004

LRB Number 03-3985/1	Introduction Number SB-382	Estimate Type Original
Subject		
Eligibility to attend independent charter school		

Assumptions Used in Arriving at Fiscal Estimate

Under current law, the city of Milwaukee, the University of Wisconsin-Milwaukee, the Milwaukee Area Technical College, and the University of Wisconsin-Parkside may establish and operate a charter school or contract with a person to operate a charter school (independent charter schools, 2r charter schools). Currently, only pupils who reside in the school district in which an independent charter school is located may attend the 2r charter school.

Under this bill, if a private school participating in the Milwaukee Parental Choice Program (MPCP), under which certain low-income pupils who reside in the city of Milwaukee may attend participating private schools in Milwaukee at state expense, converts to an independent charter school, a pupil who attended the private school and the pupil's siblings may attend the charter school even though the pupil or sibling resides outside the school district in which the charter school is located. In all other cases, the bill allows a pupil who resides outside the school district in which an independent charter school is located to attend the charter school only if there is space available.

Currently, the state makes payments to independent charter schools. The cost is fully offset by a proportionate reduction in the general school aid of all school districts. Under this bill, in addition to the current proportionate reduction, the payment to an independent charter school for a pupil who resides outside the school district in which the charter school is located is offset by a reduction in the general school aid only of the school district in which the pupil resides.

Under current law, a pupil may attend an independent charter school located in the city of Milwaukee only if, in the previous school year, the pupil was enrolled in the Milwaukee Public Schools (MPS), was attending a private school under the MPCP, was enrolled in grades kindergarten to three in a private school located in the city of Milwaukee other than under the MPCP, was enrolled in an independent charter school, or was not enrolled in school. This bill eliminates these prior year eligibility requirements.

State Fiscal Effect

By increasing the number of pupils eligible to enroll in 2r charter schools and allowing those schools to receive state aid for their attendance, this bill would increase the state's cost for 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. Under this bill, in addition to the current proportionate reduction, the payment to an independent charter school for a pupil who resides outside the school district in which the charter school is located is offset by a reduction in the general school aid only of the school district in which the pupil resides.

The following example provides information related to 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 charter school state aid amount \$7,111

Statewide local property taxpayer share per pupil \$7,111

Additional individual school district share per nonresident pupil \$7,111

In addition, for any MPCP school that would convert to an independent charter school and utilize the nonresident pupil provisions of the bill, the state cost of funding the MPCP would decrease, all else being equal. In the 2004-05 school year the cost of one additional student to participate in the program would be as follows:

Per Student MPCP Cost

2004-05 MPCP State Aid Amount \$5,943

55% funded by GPR \$3,269

45% funded by MPS \$2,674

The \$3,269 is funded from a sum sufficient general purpose revenue (GPR) appropriation. The remaining \$2,674 is funded by reducing MPS general aid. MPS is allowed to replace the \$2,674 reduction in state general aid with an increase in its property tax levy.

Thus, for each student currently participating in MPCP, the state would see a reduction in MPCP payments of \$3,269 in 2004-05. Since the increased GPR 2r charter payments are fully offset by a reduction in local school district aid payments, and the MPCP GPR per student payment is not offset, there could be an indeterminate savings to the general fund.

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. This bill retains that provision. 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. This bill may also increase transportation costs for school districts, including MPS.

However, it appears that, under this bill, a school district would not be allowed to increase its local property tax levy to replace the additional lost state aid for each pupil who enrolls in an independent 2r charter school and is not a resident of the district in which a 2r charter school is located. In addition, a school district would not be allowed to include the pupil for purposes of calculating its revenue limit and state equalization aid. The result of this prohibition would reduce an individual school district's base budget.

It is unknown how many, if any school districts will have pupils who reside in the district and enroll in 2r charter schools. It is also unknown how many pupils, if any will become eligible to attend 2r charter schools under the provisions of this bill. Therefore, the local fiscal effect of this bill is indeterminate.

Long-Range Fiscal Implications