

Fiscal Estimate - 2003 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 03-3984/1	Introduction Number SB-383
------------------------------------	--

Subject
 Eligibility to attend Woodlands School in Milwaukee

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate

<input checked="" type="checkbox"/> Increase Existing Appropriations <input checked="" 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
--	--	---

Local:

No Local Government Costs
 Indeterminate

1. <input checked="" type="checkbox"/> Increase Costs <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input checked="" type="checkbox"/> Increase Revenue <input checked="" type="checkbox"/> Permissive <input 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
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input checked="" type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input checked="" 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)(fm), (fu)

Agency/Prepared By DPI/ Thomas Johnson (608) 266-2819	Authorized Signature Michael Bormett (608) 266-2804	Date 1/16/2004
---	---	--------------------------

Fiscal Estimate Narratives

DPI 1/16/2004

LRB Number	03-3984/1	Introduction Number	SB-383	Estimate Type	Original
Subject					
Eligibility to attend Woodlands School in Milwaukee					

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 (independent charter schools, or 2r charter schools) 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. In order to be eligible to attend an independent charter school located in the Milwaukee school district, a pupil must fall into one of the following categories:

1. In the previous school year, the pupil must have been enrolled in the Milwaukee Public Schools.
2. In the previous school year, the pupil must have attended a private school under the Milwaukee Parental Choice Program (MPCP).
3. In the previous school year, the pupil must have been enrolled in grades kindergarten to three in a private school located in the city of Milwaukee other than under MPCP.
4. In the previous school year, the pupil must not have been enrolled in school.
5. In the previous school year, the pupil must have been enrolled in an independent charter school.

DPI currently pays the operator of a 2r charter school an amount equal to the sum of the amount paid per pupil in the previous school year plus the increase in the per pupil amount provided to private schools participating in the Milwaukee Parental Choice Program, multiplied by the number of charter school pupils attending the school. Under current law, payments to these charter schools are fully offset by a proportionate reduction in the general school aids of all 426 public school districts. An individual school district's revenue limit calculation is not affected by the charter lapse. Thus, a school district can increase its property tax levy to make up for the amount of revenue lost due to these aid reductions.

This bill allows a pupil who resides outside of the Milwaukee school district, or who does not satisfy the requirement in Item 3 above, to continue to attend Woodlands School (a current Milwaukee Parental Choice Program (MPCP) private school located in the city of Milwaukee, that is proposing to become an independent 2r charter school for the 2004-05 school year), if the pupil attended Woodlands School during the 2003-04 school year and, beginning in the 2005-06 school year, in the previous school year. The bill also allows a pupil to attend Woodlands School if the pupil's sibling attended the Woodlands School in the 2003-04 school year and in the school year of the pupil's initial attendance.

State Fiscal Effect

There are two state fiscal effects, one related to 2r charter school payments and one related to MPCP payments.

1. 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 in funding these schools. The increase in the state's cost of funding the Woodlands School would depend on the number of newly eligible pupils who enroll in the school in 2004-05. The specific increase in the state's funding to this charter school 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 in 2004-05 as a result of this bill:

Per Student 2r Charter School Cost

2004-05 charter school state aid amount \$7,111
Statewide local property taxpayer 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.

2. Since Woodlands School would be converting from a MPCP school, 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 at Woodlands 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 under this bill.

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 the Woodland School.

Long-Range Fiscal Implications