

Fiscal Estimate Narratives

DPI 4/22/2003

LRB Number	03-2408/1	Introduction Number	AB-261	Estimate Type	Original
Subject					
Independent charter schools; eligibility to attend and transportation					

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. 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. Stat. s 118.40 (2r)] (2r charter schools) directly or to contract for the operation of charter schools. Presently, only pupils who reside in the school district in which a 2r charter school is located may attend the charter school. Furthermore, non-school district sponsors intending to establish a charter school are required to inform the State Superintendent of their intention by February of the prior school year.

DPI currently pays the operator of 2r charter schools an amount equal to the sum of the amount paid per pupil in the previous school year plus the allowable revenue increase per pupil provided to public schools each year under revenue limits, 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.

Under current law, a pupil who is a current resident of MPS may attend a 2r charter school if in the previous school year the pupil met one of the following attendance requirements: (1) was enrolled in MPS; (2) attended a private school under the Milwaukee Parental Choice Program (MPCP); (3) was enrolled in grades kindergarten to three in a private school located in the City of Milwaukee other than under the MPCP; (4) was not enrolled in school; or (5) was enrolled in a 2r charter school in the City of Milwaukee or chartered by the University of Wisconsin-Parkside.

This bill would make the following changes to state law that would expand the number of pupils eligible to attend 2r charter schools sponsored by the University of Wisconsin-Milwaukee, the Milwaukee Area Technical College, and the City of Milwaukee:

1. Permit all pupils residing within the boundaries of MPS to attend a 2r charter school by eliminating all of the five aforementioned current prior-year eligibility criteria.
2. Permit pupils residing outside of MPS to enroll in 2r charter schools; and
3. Permit MPS to provide transportation to resident pupils enrolling in MPS charter schools and 2r charter schools.

Under current law, the state has made a commitment to funding two-thirds of partial school revenues (PSR). Generally, PSR means the sum of state school aids and property tax levies for school districts, including the amount of the property tax levy to offset any reduction for the state's 426 school districts related to the funding of 2r charter schools.

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 and subsequently increase its two-thirds funding commitment. The increase in the state's two-thirds funding commitment 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 two-thirds funding commitment related to this bill is indeterminate since the number of additional pupils residing within MPS and pupils residing outside MPS

that would attend a 2r charter school is unknown.

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 had it been effective under current law in the 2002-03 school year:

Per Student 2r Charter School Cost

2002-03 2r state aid amount \$6,951
State two-thirds funding share (GPR) \$4,634
Statewide local property taxpayers share \$2,317

It should be noted that any additional state aid provided to fulfill the state's two-thirds funding commitment under current law is typically provided through the state's general equalization aid formula. Given the multitude of factors involved in computing general equalization aid, it is not possible to predict the impact of any additional state aid 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. Increasing the number of pupils eligible to enroll in 2r charter schools has a dual effect. First, as mentioned above, 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. Second, because this property tax levy is included in the definition of partial school revenues under the state's two-thirds funding calculation, total funding for general equalization aids would be increased by two-thirds of the projected increase in 2r charter funding. The specific increase in additional state general equalization aid and increased 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. Therefore, the local fiscal effect of this bill upon property taxpayers is indeterminate.

Long-Range Fiscal Implications