

Fiscal Estimate Narratives

DPI 2/11/2004

LRB Number	03-3737/3	Introduction Number	SB-402	Estimate Type	Original
Subject					
Funding of independent charter schools					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, charter schools established by the city of Milwaukee, the Milwaukee Area Technical College, the University of Wisconsin-Milwaukee, and the University of Wisconsin-Parkside (independent charter schools, 2r charter schools) receive state funds. The cost of the charter school payments is fully offset by a proportionate reduction in the general school aids of all school districts.

This bill eliminates these reductions in aid to all school districts. Under the bill, payments to the 2r charter schools are subtracted from the general school aid of the school districts in which the charter schools are located.

Currently, the state annually pays the school district in which the University of Wisconsin-Parkside has established a charter school (the Racine Unified School District, RUSD) an amount equal to the amount of school aid per pupil to which the school district is entitled multiplied by the number of pupils attending the charter school who were previously enrolled in the school district. This bill eliminates this payment.

Local Fiscal Effect:

In 2002-03, state payments to 2r charter schools totaled \$23,648,900. The 2r charter school in Racine received \$1,772,600 and the 2r charter schools in Milwaukee received \$21,876,300. The proportionate reduction in general school aids for RUSD was \$653,300 and the proportionate reduction in general aids for Milwaukee Public Schools (MPS) was \$3,385,000. If this bill had been in effect in 2002-03, RUSD would have seen a net aid reduction of \$1,119,300 (\$1,772,600 - \$653,300) and MPS would have seen a net aid reduction of \$18,491,300 (\$21,876,300 - \$3,385,000). As under current law, MPS and RUSD would be allowed to increase their property tax levies to make up for the loss of state general aid.

In addition, the bill eliminates the annual payment, described above, to the RUSD beginning in 2004. In 2002-03, the RUSD received \$938,400 in its annual payment. Had this provision been effective in 2002-03, the RUSD would have seen reduced state aid of \$938,400. This payment is outside the district's revenue limit authority. Thus, the RUSD would not be able to levy to make up the lost aid payment.

The proportionate reduction in general aids related to total 2r payments for the other 424 school districts in the state was \$20,549,000 in 2002-03. If this bill had been in effect in 2002-03, these 424 school districts would have had their general school aids increased by that amount, and would have seen a corresponding decrease in local property taxes.

State Fiscal Effect:

The effect of this bill is a reduction in charter school payments related to the annual payment to RUSD. In 2002-03, charter school payments would have been reduced by \$938,400. As an offset, however, the proportionate reduction in general school aids to districts would have also been reduced by that amount, meaning no net change to the state general fund. The other changes in the bill would result in a redistribution of aids, but no net increase or decrease in the general fund.

Long-Range Fiscal Implications