

Fiscal Estimate - 2011 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 11s0313/1	Introduction Number SSA1-SB361
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Description
 School board contracts with to the Second Chance Partners for Education and other nonprofit corporations that operate programs in which disengaged pupils participate in work-based learning programs while earning high school diplomas

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate

<input 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 checked="" type="checkbox"/> Decrease Costs
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Local:

No Local Government Costs
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input 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 type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input 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)(ac), (ep)	

Agency/Prepared By DPI/ Michael Bormett (608) 266-2804	Authorized Signature Michael Bormett (608) 266-2804	Date 2/14/2012
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Fiscal Estimate Narratives

DPI 2/14/2012

LRB Number	11s0313/1	Introduction Number	SSA1-SB361	Estimate Type	Original
Description School board contracts with to the Second Chance Partners for Education and other nonprofit corporations that operate programs in which disengaged pupils participate in work-based learning programs while earning high school diplomas					

Assumptions Used in Arriving at Fiscal Estimate

Current law directs the Department of Public Instruction (DPI) to pay to the Second Chance Partners for Education, Inc. (SCPE), a nonprofit corporation operating a program in which children at risk participate in apprenticeships while earning high school diplomas, \$4,610 for each pupil participating in the program. The amount of state equalization aid that a school district is eligible to be paid is reduced by an amount equal to the amount paid to SCPE for pupils enrolled in the school district. Districts are not required to participate with SCPE.

Under this bill, a school board may contract with SCPE and other nonprofit corporations (NPC) that operate programs in which disengaged pupils participate in work-based learning programs while earning high school diplomas. School boards shall pay to SCPE or each nonprofit corporation with which it contracts an amount that is no more than the amount paid per pupil under s. 118.40 (2r)(e)1m. (the per pupil aid for independent charter schools; equals \$7,775 in 2011-12) or 2m. in the current school year multiplied by the number of pupils participating in the program under the contract.

The bill also eliminates the current \$4,610 per pupil payment that is made by DPI to SCPE under appropriation s. 20.255 (2)(ep); both the appropriation and authorizing language under s. 115.28 (54) are repealed.

State Fiscal Effect:

Under the bill, SCPE (or any other NPC) would no longer be entitled to payments of \$4,610 per student from appropriation 20.255(2)(ep). For districts affected under that appropriation in 2011-12, the bill would reduce the equalization aid reduction [from s. 20.255(2)(ac)] to participating districts by the same amount as the payment from 20.255(2)(ep). There is no change in the total amount of general equalization aid under the bill.

The department may also see a small, indeterminate, decrease in the cost of processing state aid payments with the elimination of the \$4,610 aid deduction.

Local Fiscal Effect:

School districts count SCPE students for equalization aid and revenue limit purposes. Under current law, under a contract authorized by s. 118.153(3)(c), Wis. Stats and PI 25.05, Wis. Admin. Code, between SCPE and the participating school districts, the school district will be invoiced by SCPE for the difference between the \$4,610 state aid payment and a dollar amount that is "equal to at least 80% of the average per pupil cost for the school district." (s. 118.153(3)(c)3, Wis. Stats)

Since the bill does not modify s. 118.153(3)(c)3, SCPE or other NPC can still bill districts for that amount. Thus, since the bill also directs districts to pay SCPE or other NPC an amount not to exceed the amount under s. 118.40(2r)(e)1m. or 2m, it is not clear whether under the bill SCPE or other NPC would also be able to bill districts for any difference between the amount under s. 118.40(2r)(e)1m. or 2m and the amount that is "equal to at least 80% of the average per pupil cost for the school district." Thus, it is not clear whether the bill would require districts to pay additional or less total revenue per pupil served than under current law. Currently, SCPE invoices districts for the difference between the \$4,610 aid payments and the state open enrollment transfer amount (\$6,665 in 2010-11).

Current education cost (CEC) is the closest calculation for "per pupil cost" in determining the 80% billing

threshold. In 2009-10 (most recent data available), the statewide CEC was approximately \$10,800. Thus, at the statewide average, SCPE or other NPC could bill districts the difference between \$7,775 and \$8,640 ($\$10,800 * .80$). The actual CEC varies by school district, and thus the amount SCPE or other NPC would bill for participating students would also vary by district. SCPE or other NPC would realize the same total revenue per pupil. The amount of this effect is indeterminate.

In addition, districts are able to levy local school property taxes to replace any state equalization aid lost as a result of payments to SCPE or other NPC. Under the bill, since districts will realize a smaller equalization aid reduction (as a result of the elimination of the \$4,610 payment), they would have the ability to reduce local school property taxes by a similar amount, compared to current law. This impact is indeterminate.

Long-Range Fiscal Implications