

### Fiscal Estimate - 2011 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>11-3483/2</b>	<b>Introduction Number</b> <b>AB-0451</b>	
<b>Description</b> Payments 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		
<b>Fiscal Effect</b>  <b>State:</b> <input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
<b>Local:</b> <input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs      3. <input checked="" type="checkbox"/> Increase Revenue      5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs      4. <input checked="" type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory <input checked="" type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
<b>Fund Sources Affected</b> <b>Affected Ch. 20 Appropriations</b> <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)		
<b>Agency/Prepared By</b> DPI/ Michael Bormett (608) 266-2804	<b>Authorized Signature</b> Michael Bormett (608) 266-2804	<b>Date</b> 12/23/2011

## Fiscal Estimate Narratives

DPI 12/23/2011

LRB Number	11-3483/2	Introduction Number	AB-0451	Estimate Type	Original
<b>Description</b> Payments 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, DPI must pay SCPE, and any other nonprofit corporation operating a program in which disengaged high school pupils are enrolled in a work-based learning program, for each pupil participating in the program, the amount paid per pupil to independent charter schools, currently set at \$7,775. The bill requires one-half of the payment to be made by October 15th and the other half to be made by February 15th.

#### State Fiscal Effect:

Under the bill, SCPE would be entitled to state payments of \$7,775 per student instead of the current \$4,610. The effect would be to increase the payments to SCPE from s. 20.255(2)(ep), and, also increase the equalization aid reduction [from s. 20.255(2)(ac)] to participating districts by the same amount. Thus, there would be no net change in state aid payments, but there would be additional reallocation of equalization aid payments as a result of the higher per pupil payment.

DPI currently pays SCPE once per fiscal year, but would be required to pay twice under the bill. The need to collect eligible SCPE pupil data and make payments twice will increase administrative costs, which would need to be absorbed by the department. This amount is indeterminate.

#### 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 SCPE can still bill districts for that difference, the bill would not appear to provide SPEC any additional total revenue per pupil served.

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 would bill districts the difference between \$4,610 and \$8,640 ( $\$10,800 * .80$ ). The actual CEC varies by school district, and thus the amount SCPE would bill for participating students would also vary by district. Under the bill, it is assumed that SCPE would continue to bill districts for the difference between the \$7,775 and 80% of CEC. These billing amounts would be lower, but SCPE 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. Under the bill, since districts will realize a larger equalization aid reduction (as a result of the SCPE payment going to \$7,775), they would have the ability to increase local school property taxes by a similar amount. It is unknown how many school boards would choose to increase their school levy under the bill, thus the impact is indeterminate.

## Long-Range Fiscal Implications