

Fiscal Estimate - 2011 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 11-1397/2	Introduction Number AB-0094	
Description Please RUSH this fiscal estimate per Rep. Marklein's office		
Fiscal Effect		
State: <input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <input checked="" 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 checked="" type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input checked="" type="checkbox"/> Decrease Costs		
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <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 type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
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 (1)(a), (2)(fu), (2)(ac)		
Agency/Prepared By DPI/ Donald Smith (608) 267-2003	Authorized Signature Michael Bormett (608) 266-2804	Date 4/18/2011

Fiscal Estimate Narratives

DPI 4/18/2011

LRB Number	11-1397/2	Introduction Number	AB-0094	Estimate Type	Original
Description Please RUSH this fiscal estimate per Rep. Marklein's office					

Assumptions Used in Arriving at Fiscal Estimate

Under current law the Department of Public Instruction (DPI) pays a pupil's cost of attending a private school participating in the Milwaukee Parental Choice Program (MPCP) by making out a check to the pupil's parents and sending it to the private school. The pupil's parent must endorse the check for use by the private school.

This bill directs DPI to make the payment directly to the private school participating in the MPCP, allowing DPI to combine payments for all MPCP pupils attending the private school into one quarterly check.

Under current law payments for pupils attending summer school at a private school participating in MPCP are made as part of the November payment.

This bill directs DPI to make these summer school payments by a separate check.

Under current law DPI calculates the number of FTEs attending summer school in private schools participating in MPCP based on the number of minutes all pupils attended and dividing it by the number of minutes in a full school year. DPI multiplies the number of FTEs attending summer school by 40% of the annual aid payment.

This bill changes the formula so that DPI multiplies the number of FTEs attending summer school by 100% of the annual aid payment.

Under current law if a family has more than one pupil applying to the same private school participating in MPCP they must complete an application for each pupil.

This bill allows parents to complete one application for all children applying to the same private school participating in the MPCP.

Under current administrative rules, in determining a private school participating in the MPCP's per pupil operating and debt service cost for the purpose of determining the amount of the state's payment to the private schools, certain revenues are subtracted.

This bill places these rules into statute. This bill also provides that the amount of each subtraction may not be more than the actual cost to the school of the service or material related to that revenue.

This bill allows a private school participating in MPCP to include in its cost an amount equal to 10.5 percent of fair market value of the school's buildings and premises if legal title to the buildings and premises is held in the name of the private school's parent organization or a related party.

Under current law an independent financial audit of the private school participating in MPCP must be conducted by a certified public accountant.

This bill specifies that the audit must be conducted by an independent certified public accountant. This bill also specifies that the audit must be conducted in accordance with the auditing standards established by the American Institute of Certified Public Accountants (AICPA) and prohibits DPI from requiring an auditor to comply with standards that exceed the scope of the standards established by AICPA.

State Fiscal Effect:

Under current law DPI is projected to send out more than 80,000 checks to private schools participating in MPCP in the 2010-11 school year. This bill would reduce the number of checks to around 500. DPI would save administrative costs by processing and mailing fewer aid checks; however the amount of savings is

indeterminate. DPI IT systems would require programming changes to institute this change. The department estimates that this would cost \$17,000.

Under current law projected aid payments for FTE attending summer school in private schools participating in MPCP for the 2010-11 school year are \$523,090. The state is responsible for paying \$322,224 GPR (61.6% of the aid payment). Milwaukee Public Schools (MPS) is responsible for the remaining \$200,867 (38.4%), paid through a reduction in the general equalization aid payment to MPS by the state. Under this bill the estimated increase in aid payments for summer school pupils using the 2010-11 school year enrollment figures is \$784,636. The state would be responsible for an additional \$483,336 GPR (61.6%) of this amount.

Under current law aid payments for pupils attending summer school in a private school participating in MPCP are paid as part of the November payment. This bill directs DPI to make this payment by a separate check. DPI would incur minor administrative costs to process and mail these separate aid checks. The amount of increased administrative costs is indeterminate. DPI data systems would require programming changes to institute these changes. The department estimates that this would cost \$13,600.

Under current law aid payments to private schools participating in MPCP are \$6,442 per pupil. Private schools participating in MPCP may need to repay aid back to the state as GPR-earned based on the schools per pupil operating and debt service costs. GPR-earned goes directly back to the general fund, so DPI does not benefit, specifically, from this aid repayment. This bill allows for certain revenues to be subtracted and building and premises costs to be added to the per pupil operating and debt service cost. This may result in private schools participating in MPCP paying less aid back to the state as GPR-earned. Currently private schools participating in MPCP pay back approximately \$1,400,000 in aid per fiscal year. It is unknown how much less aid would be paid back by private schools participating in MPCP under this bill, but would be between \$0 and -\$1,400,000 GPR-earned. The department may incur costs to define the "actual cost of the service or material related to each item" for revenue being subtracted from pupil operating and debt service cost. In addition, the department may incur costs to ensure proper calculations by private schools participating in MPCP and auditing by auditors. These increased administrative costs would be absorbed by the department.

This bill allows parents to complete one application for all children applying to the same private school. DPI data systems would require programming changes to allow for parents to complete one application for multiple children applying to the same private school. The department estimates that this would cost \$13,600.

Total state GPR costs are - \$483,336 MPCP aids; \$44,200 agency operations.

Local Fiscal Effect:

Private schools participating in MPCP:

Under current law private schools participating in MPCP are projected to receive more than 80,000 checks in the 2010-11 school year. This bill would reduce the number of checks to around 500. Private schools participating in MPCP would save administrative costs by processing fewer state aid checks. This amount is indeterminate.

Under current law projected aid payments for FTE attending summer school in private schools participating in MPCP for the 2010-11 school year are \$523,090. Under this bill the estimated increase in aid payments for summer school pupils using the 2010-11 school year enrollment figures is \$784,636.

Under current law aid payments for pupils attending summer school in a private school participating in MPCP are paid as part of the November payment. This bill directs DPI to make the summer school payment by a separate check. Private schools participating in MPCP would incur minor administrative costs to process these separate aid checks. This amount is indeterminate.

As noted above, private schools participating in MPCP may need to repay less aid back to the state as GPR-earned based on their per pupil operating and debt service costs. It is unknown how much less aid would be paid back by private schools participating in MPCP under this bill, but is estimated to be between \$0 and \$1,400,000.

This bill allows parents to complete one application for all children applying to the same private school participating in the MPCP. Private schools participating in MPCP would save administrative costs by processing fewer applications. This amount is indeterminate.

Milwaukee Public Schools:

Under current law projected aid payments for FTE attending summer school in private schools participating in MPCP for the 2010-11 school year are \$523,090. MPS is responsible for contributing \$200,867 (38.4% of the aid payment). The contribution is made in the form of a reduction to the general equalization aid payment to MPS by the state. The state is responsible for the remaining \$322,224 (61.6%). Under this bill the estimated increase in aid payments for summer school pupils attending a private school participating in MPCP using the 2010-11 school year enrollment figures is \$784,636. MPS would be responsible for an additional \$301,300 (38.4%) of this amount. The contribution would be made in the form of a \$301,300 increase to the reduction to the general equalization aid payment to MPS by the state.

The total fiscal impact for MPS is estimated to be -\$301,300. MPS would be able to levy property taxes up to the revenue limit to recapture the reduction in aid, representing no change in total funds available for the school district but an increase in local property taxes.

Long-Range Fiscal Implications