

Fiscal Estimate Narratives

DPI 4/25/2014

LRB Number	13-3902/2	Introduction Number	SB-676	Estimate Type	Original
Description Education and training under Wisconsin Works; reducing Wisconsin Works benefits; a minimum copayment, maximum child care hours, and reducing income based on marriage for eligibility under Wisconsin Shares; changes to the food stamp program relating to financial eligibility for benefits, allowing an election to reduce benefits, recouping unused benefits, and prohibiting supplier discounts; prohibiting advertising concerning means-tested public assistance on radio or television; requiring consideration of the income and assets of all individuals in a household for purposes of eligibility for any means-tested public assistance; eligibility requirements for persons or families of low and moderate income to receive certain housing, housing assistance, grants, loans, or benefits from the Wisconsin Housing and Economic Development Authority, the Department of Administration, and local housing authorities; reducing the authority of local housing authorities; eligibility requirement for purposes of receiving low-income energy assistance; prohibiting new claims under the earned income tax credit; limiting eligibility for the homestead tax credit; elimination of certain grant programs administered by the Higher Educational Aids Board and transfer of the unencumbered balances in the appropriations for those programs to the University of Wisconsin System for the purpose of tuition reduction; consideration of the income and assets of both parents of a student under 22 years of age for purposes of awarding a grant or scholarship to such a student and the permissible uses of grant or scholarship moneys awarded; income eligibility requirements for enrollment in a private school participating in a parental choice program; the school lunch program; and granting rule-making authority					

Assumptions Used in Arriving at Fiscal Estimate

School lunch program

This bill prohibits a school board from providing to a pupil's parent or guardian more than two notices describing eligibility criteria for the school lunch program in any school year.

Parental choice program pupil eligibility

Under the parental choice programs, a pupil who is a member of a family that has a total family income that does not exceed 3.0 times the poverty level in Milwaukee and Racine or 1.85 times the poverty level in the rest of the state may attend a private school at state expense under certain conditions. When verifying a family's income, the Department of Revenue must first deduct \$7,000. This bill increases the deduction to \$30,000.

State:

School lunch program

The department will need to inform school districts of this change in state law. The cost of this is indeterminate and could be absorbed by the department.

Parental choice program pupil eligibility

The bill increases the income threshold for families to qualify for participation in a parental choice program. This may cause the number of applications to participate in a parental choice program to increase. To the extent that it becomes easier to qualify there may be an increase in the number of pupils applying to attend a private school participating in a parental choice program.

Under current law there is still a cap on the number of pupils that may attend a private school participating in a parental choice program other than those schools participating in the Milwaukee and Racine parental choice programs. For private schools participating in the statewide parental choice program, an increase in the number of pupils applying to attend private schools participating in the program would have no fiscal effect. For the Milwaukee and Racine parental choice programs, an increase in the number pupils applying to attend private schools participating in the program may result in an increase in the number of pupils enrolled in the program.

Any increase in the number of pupils from RUSD enrolling in schools participating in a parental choice program will result in an increase in the state's payment to private schools participating in a parental choice program.

Any increase in the number of pupils from MPS enrolling in schools participating in a parental choice program will result in an increase in the state's payment to private schools participating in a parental choice program. The percentage of the per pupil payment that the state is responsible for in the 2015-16 school year, the first year of applicability under the bill, is 71.2 percent. The percentage will increase by 3.2 percent in each subsequent school year until it reaches 100 percent.

The total fiscal to the state is indeterminate.

Local:

School lunch program

It is unknown how many school districts send more than two notices regarding the eligibility criteria for the school lunch program to parents. Furthermore, it is unknown how many parents would enroll their children into the school lunch program if they received three or more notices as opposed to two or less. Lastly, if any additional children enrolled in the school lunch program because of receiving more than two notices, it is unknown whether the cost of providing lunch to the children would exceed the cost of the federal and state reimbursements in a given district. Thus, the fiscal effect is indeterminate and will vary across districts.

Parental choice program pupil eligibility

Private schools:

The bill increases the income threshold for families to qualify for participation in a parental choice program. This may cause the number of applications to participate in a parental choice program to increase. To the extent that it becomes easier to qualify there may be an increase in the number of pupils applying to attend a private school participating in a parental choice program. The fiscal impact of an increase in the number of private schools applying will depend on the location of those schools.

Under current law there is still a cap on the number of pupils that may attend a private school participating in a parental choice program other than those schools participating in the Milwaukee and Racine parental choice programs. For private schools participating in the statewide parental choice program, an increase in the number of pupils applying to attend as part of the program would not change the number of pupils participating in the program and would have no fiscal effect.

For the Milwaukee and Racine parental choice programs, an increase in the number of pupils applying to attend as part of the program may result in an increase in the number of pupils enrolled in the program. This will result in an increase in enrollment in those schools and a corresponding increase in the amount of state aid received by those schools.

The overall local fiscal effect on private schools is indeterminate.

School Districts:

The bill increases the income threshold for families to qualify for participation in a parental choice program. This may cause the number of applications to participate in a parental choice program to increase. To the extent that it becomes easier to qualify there may be an increase in the number of pupils applying to attend a private school participating in a parental choice program.

Under current law there is still a cap on the number of pupils that may attend a private school participating in a parental choice program other than those schools participating in the Milwaukee and Racine parental choice programs. For private schools participating in the statewide parental choice program, an increase in the number of pupils applying to attend as part of the program would not change the number of pupils participating in the program and would have no fiscal effect.

For the Milwaukee and Racine parental choice programs, an increase in the number of schools participating may result in an increase in the number of pupils enrolled in the program.

Any increase in the number of pupils from the Milwaukee Public School District (MPS) and Racine Unified

School District (RUSD) enrolling in schools participating in a parental choice program will result in a decrease in membership in those districts and a corresponding decrease in revenue limit authority. It will also cause an increase in the value per member in those districts, which may impact the distribution of general aid in the school aid formula.

Any increase in the number of pupils from MPS enrolling in schools participating in a parental choice program will result in an increase in the amount of aid withheld from MPS under state statute. The percentage of the per pupil payment that MPS is responsible for in the 2015-16 school year, the first year of applicability under the bill, is 28.8 percent. The percentage will decrease by 3.2 percent in each subsequent school year until it reaches 0 percent. MPS is eligible to increase the property tax levy up to the amount of the aid withheld for this reason.

The increase in the number of pupils in MPS and RUSD due to the changes in this bill is unknown. It is also unknown how much MPS would increase the property tax levy to recover the additional state aid withheld due to an increase in the number of pupils attending a private school as part of the parental choice program under this bill.

The net effect on school districts is indeterminate.

Long-Range Fiscal Implications