

Fiscal Estimate Narratives

UWS 12/9/2013

LRB Number	13-3595/2	Introduction Number	AB-0549	Estimate Type	Original
Description Authorizing independent charter schools, eliminating noninstrumentality charter schools, establishing magnet schools, replication process for certain operators of charter schools, and utilizing an alternative process for educator effectiveness					

Assumptions Used in Arriving at Fiscal Estimate

LRB #13-3595/2 increases the number of entities that may establish independent charter schools to include all University of Wisconsin four-year and two-year institutions. However, the proposed bill also eliminates the authority of an independent authorizer to directly establish and operate a charter school.

In order to estimate the fiscal impact of this bill on the University of Wisconsin, it would be necessary to know three components: 1) which UW institutions would choose to authorize charter schools, 2) how many charter schools each UW institution would choose to authorize, and 3) the financial conditions specified in each contract. None of these components are known, and they cannot be meaningfully estimated at this time.

It is, however, possible to estimate a broad range within which the cost could occur. At the low end of the range, all charter contracts may follow Section 4.6 of the Model Charter Contract posted on the website of the UW-Milwaukee Office of Charter Schools:

The Grantee shall pay to the University annually an administrative fee to reimburse the University for the actual direct and indirect costs of administering this Contract during each period of July 1 to June 30 during the term of this Contract, which actual costs shall include but not be limited to execution of the University's oversight responsibilities. Actual costs shall not include research fees. The administrative fee shall be determined by the University but shall not exceed 3% of the amount paid to the Grantee each year by the Department under Article Five, Section 5.2 of this Contract.

In this case, the fiscal impact would be negligible.

At the high end of the range, all UW institutions may reallocate existing resources to fund charter contract administration. The UW-Milwaukee Office of Charter Schools annual report indicates that its expenses in 2011-12 totaled approximately \$270,000. If \$270,000 is multiplied across 13 four-year institutions and 13 two-year institutions, the total annual cost would be approximately \$7 million.

Again, a more precise estimate is not possible given the absence of required data.

Long-Range Fiscal Implications