

Fiscal Estimate - 2015 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 15-4502/1	Introduction Number AB-0951
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Description
 Summer school payments to operators of independent charter schools and making an appropriation

Fiscal Effect

State:

- No State Fiscal Effect
- Indeterminate
- Increase Existing Appropriations
- Decrease Existing Appropriations
- Create New Appropriations
- Increase Existing Revenues
- Decrease Existing Revenues
- Increase Costs - May be possible to absorb within agency's budget
- Yes No
- Decrease Costs

Local:

- No Local Government Costs
- Indeterminate
- 1. Increase Costs
- Permissive Mandatory
- 2. Decrease Costs
- Permissive Mandatory
- 3. Increase Revenue
- Permissive Mandatory
- 4. Decrease Revenue
- Permissive Mandatory
- 5. Types of Local Government Units Affected
- Towns Village Cities
- Counties Others
- School Districts 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	20.225 (2) (fm), 20.255 (2) (fp)

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

DPI 2/16/2016

LRB Number	15-4502/1	Introduction Number	AB-0951	Estimate Type	Original
Description Summer school payments to operators of independent charter schools and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

This bill would require the Department to pay to operators of independent charter schools ("ICS"), under s. 118.40 (2r) and (2x), state aid for pupils attending summer school, in an amount equal to 5% of the applicable per pupil aid amount for the ICS, provided specific eligibility criteria are met. In order to receive aid for pupils attending summer school, an ICS must offer instruction for at least 19 summer days during the summer; each day must be comprised of at least 270 minutes (4.5 hours) of instruction; and the pupils for whom aid is paid must attend summer school for at least 15 days.

Under current law, an ICS receives state aid for pupils who attend during the regular school year but not for summer school. Private schools participating in the state's parental choice programs do receive state aid for pupils who attend summer school under the method described above that is proposed for summer school aid to an operator of an ICS.

The bill would first apply to aid payments for pupils enrolled in summer school in an ICS during the summer of 2016. The bill does not state explicitly that summer school aid would be paid on a current year basis (i.e., aid for summer 2016 paid during the 2016-17 school year). However, because state aid is paid to an ICS based on current year pupil counts, and because summer school starts the school year for public school district revenue limits and general aid (for purposes of counting pupils), it seems reasonable that that under the bill, aid for pupils attending summer school during summer 2016 would be paid to ICS during the 2016-17 school year, in quarterly payments, as specified under current law.

The requirement for DPI to pay aid for summer school pupils applies to all operators of an ICS, including:

1. The entities that were authorized to contract for the operation of an ICS as a result of the enactment of 2015 Act 55 (the Gateway technical college district board, the county executive of Waukesha County, the college of Menominee Nation, the Lac Courte Orielles Ojibwa community college, and the Office of Educational Opportunity in the UW System) – "Act 55 authorizers"; and
2. It would also include the entities that were authorized to contract for the operation of an ICS prior to the enactment of 2015 Act 55 (i.e., the common council of the city of Milwaukee, the chancellor of the University of Wisconsin–Milwaukee, the chancellor of the University of Wisconsin–Parkside and the Milwaukee area technical college district board) – "pre-Act 55 authorizers".

For both types of authorizers, the actual aid payments to the operators of the ICSs would be made from the state's appropriation under s. 20.255 (2) (fm). However, the cost would be borne by school districts differently, depending on the type of authorizer.

For pupils attending an ICS that was authorized by an "Act 55 authorizer", the cost of the aid payments would be offset by a reduction to the general aid payment of the school district of residence of the summer school pupils (if insufficient state general aid, then the reduction is applied to other state aid, per s. 118.40 (2r) (g) 2.). There would be no net impact on the state's general fund; rather, the cost would be borne by the summer school pupils' resident school districts. School districts are not permitted to levy back for this aid reduction.

While the school district of residence may count pupils who are attending one of these "Act 55" authorized charter schools on the 3rd Friday of September for revenue limit purposes, the bill does not appear to allow school districts to add to their revenue limit pupil count to account for pupils attending summer school at a "Act 55" authorized charter school (current law permits school districts to include 40% of the FTE of summer school pupils in a district's revenue limit pupil count). The bill does not modify s. 121.90 (1) (f), which specifies that pupils attending an Act 55 authorizer ICS on the September pupil count date may be included in the resident district's pupil count. Similarly, the ICS pupils would be counted as part of the regular September and January pupil counts, but not for summer school, by the school district of residence. The bill

does not modify s. 121.07 (2) to include a reference to the newly created s. 118.40 (2r) (fm) or s. 118.40 (2x) (em).

For pupils attending and ICS that was authorized by a "pre-Act 55 authorizer", the cost of the aid payments would be offset by a reduction to the general aid payment of the all public school districts that received state general aid, under s. 121.08 (4) (a). Because the cost would be completely offset by the aid reduction, there would be no net impact on the state's general fund; rather, the cost would be borne by all public school districts that receive state general aid. Under current law, a school district's October 15th certified general aid payment reflects this reduction for aid payments to this group of ICS. Thus, school districts are able to levy back for the aid reduction for ICS under s. 121.08 (4) (a). Therefore, the impact of paying for summer school for pupils attending this group of ICS would be to increase property taxes statewide.

Local Impact

At this time, the Department does not have data that would permit an accurate projection of how many pupils would attend a summer school program at an ICS. However, participation in summer school by pupils enrolled in public schools could serve as a guide.

2014-15 membership data (used for 2015-16 aid) indicates that the 2014 summer school FTE pupils for all public school districts (combined) was about 2.17% of the average of the September 2014 and January 2015 FTE pupils for all public school districts (combined). The figure for 2013-14 membership data (used for 2014-15) general aid, was 2.15%.

If pupils enrolled in an aid-eligible ICS summer school program at a similar rate as in public schools over the past few years, a 2% ratio would translate into approximately 170 summer school FTE during the 2015-16 school year (8,500 ICS FTE); and 180 summer school FTE for summer 2016 (based on estimated 2016-17 ICS enrollments of 9,000 FTE).

The ICS per pupil payment for the 2015-16 school year is \$8,079. At the 5% rate at which summer school aid would be paid under the bill, the cost would be approximately \$403.95 per FTE, or \$68,672 for 170 FTE summer school pupils.

The ICS per pupil payment for the 2016-17 school year is estimated to be \$8,188. At the 5% rate at which summer school aid would be paid under the bill, the cost would be approximately \$409.40 per FTE, or \$73,692 for 180 FTE summer school pupils (2% of estimated ICS enrollment of 9,000 in 2016-17).

Currently, there are no ICSs operating under a contract with an Act 55 authorizer, and the Department does not anticipate that there will any for the 2016-17 school year. Thus, for the present, there would be no ICS summer school aid reductions targeted to just the district of residence of the summer school pupils.

Assuming that only the pre-Act 55 authorizer ICS would be able to hold summer school in 2016, the cost of any summer school aid payments under the bill would be borne by all school districts that receive state general aid in 2016-17.

For 2016-17, the state general aid appropriation is \$4.585 billion. Enrollments in ICS are estimated to be 9,000. At a per pupil payment of \$8,188, total 2016-17 ICS costs are estimated at \$73,692,000. The resulting ICS aid reduction to all school districts receiving general aid would thus be approximately 1.6076%. An additional \$73,692 in ICS aid reductions to school districts would raise that to 1.6092%.

Assuming school districts were to levy full for the additional aid reduction described above, a \$68,672 increase in property taxes would have translated into a very small increase (0.0016%) in the state wide controlled school levy, which was \$4.265 billion in the fall of 2015.

School districts would stand to lose state general aid as a result of the bill, to the extent that pupils attend summer school at an ICS that meets the criteria specified under the bill.

To the extent that the pupils attend a "pre-Act 55 authorizer" ICS, the aid reduction is spread among all school districts that receive state general aid. School districts would have the authority to levy back for this additional aid loss (as estimated above).

To the extent that the pupils attend an "Act 55 authorizer" ICS, the aid reduction is directly to the school district of residence. Because there are no ICS of this type in operation at this time (and not expected for 2016-17), school districts would not experience a district specific reduction based on residents attending an ICS summer school program.

State Impact

There would be no net impact on the state's general fund. While the additional expenditures for summer school ICS aid would be paid from the state's appropriations for ICS, the expense would be offset by lapses from the appropriation for state general aid, due to aid reductions to school districts for pupils enrolled in ICS.

Long-Range Fiscal Implications