

Fiscal Estimate - 2021 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 21-0631/1	Introduction Number AB-1040	
Description phasing out the Special Needs Scholarship Program and limiting enrollment in parental choice		
Fiscal Effect		
State:		
<input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations </div> <div style="width: 30%;"> <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues </div> <div style="width: 30%;"> <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <div style="display: flex; justify-content: space-around; font-size: small;"> <input type="checkbox"/> Yes <input type="checkbox"/> No </div> <input type="checkbox"/> Decrease Costs </div> </div>		
Local:		
<input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> 1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory </div> <div style="width: 30%;"> 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory </div> <div style="width: 30%;"> 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 checked="" type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts </div> </div>		
Fund Sources Affected	Affected Ch. 20 Appropriations	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS		
Agency/Prepared By	Authorized Signature	Date
DPI/ Erin Fath (608) 266-2804	Erin Fath (608) 266-2804	3/13/2022

Fiscal Estimate Narratives

DPI 3/13/2022

LRB Number	21-0631/1	Introduction Number	AB-1040	Estimate Type	Original
Description phasing out the Special Needs Scholarship Program and limiting enrollment in parental choice					

Assumptions Used in Arriving at Fiscal Estimate

This bill phases out the Special Needs Scholarship Program (SNSP) and caps the total number of pupils who may participate in a private school parental choice program. Under the bill, the number of pupils who receive a scholarship to participate in the SNSP would begin to decrease; and the number of pupils attending a private school under one of the state's three parental choice programs would not increase above the number enrolled in the 2021-22 school year.

Under current law, the state makes a flat per pupil payment to private schools in which a pupil is enrolled with an SNSP scholarship (\$13,013) and a flat per pupil payment to private schools in which pupils are enrolled as a participant in either the Milwaukee, Racine, or the Wisconsin (statewide) parental choice programs (\$8,336 for pupils in grades K-8 and \$8,982 for pupils in grades 9-12). Payments to private schools under the SNSP and the private school parental choice programs are made from a sum-sufficient, GPR appropriation.

Under the bill, no new enrollments would occur in the SNSP program after the 2021-22 school year, which would cause enrollments to diminish over time, until eventually all SNSP pupils exit the private school and/or the SNSP (i.e., graduation, enroll in a different school, etc.) Thus, the general impact of the bill would be a continuous decrease in program costs until participation (and costs) reach zero.

Under the bill, the number of pupils participating in a parental choice program would not increase above the number in the 2021-22 school year. Assuming that the number of pupils in each of the choice programs would remain constant if the bill were to become law, the total cost of the program would still increase as the per pupil payment amount is adjusted annually according to the method specified in state law.

Participation in parental choice programs is generally increasing, and the bill would hold participation at 2021-22 school year enrollments (at most), so the impact of the bill generally would be to curtail the increase in costs for the programs. But because the future enrollments in the choice programs is unknown, a specific fiscal estimate is not possible.

The fiscal impacts of the bill would accrue in part to the state and in part to local property taxpayers due to the funding mechanism underlying these programs:

- For pupils enrolled in the Racine or Wisconsin choice program prior to 2015-16 who continue enrollment in the program ("legacy" pupils), costs are borne fully by the state. However, for "incoming" pupils (those who started in 2015-16 or later) in the Racine or Wisconsin choice program, the state's payments to private schools are offset by a reduction to the state aid payments of the school districts in which the private choice school pupils reside. School district then receive a revenue limit exemption (upwards adjustment) to their revenue limit authority that is equal to their state aid reduction associated private school choice resident pupils. To the extent that school districts make use of that revenue limit exemption (i.e., levy property taxes to make up for the state aid reduction), the cost of the private school voucher payments for incoming Racine and Wisconsin choice program pupils is passed on to local property taxpayers.

- For pupils enrolled in the Milwaukee parental choice program (MPCP), the cost of the state aid payments to the private school are supported in part with an aid reduction applied to the Milwaukee Public Schools (MPS) district's state aid, for which MPS can levy property taxes to replace. In the 2021-22 school year, the aid reduction to MPS was equal to 9.6% of the cost. Under current law, the MPS share decreases by 3.2% each year, until the MPCP is fully state funded, beginning in the 2024-25 school year.

- The funding mechanism for the SNSP is essentially the same as for incoming pupils in the Racine and Wisconsin choice programs, with the exception that there is a "actual cost" option for private schools to pursue for SNSP pupils with higher costs (results in a higher aid reduction/offsetting revenue limit adjustment to the district, and additional state aid payments to the private school).

Long-Range Fiscal Implications