

Fiscal Estimate - 2021 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 21-0623/1	Introduction Number AB-1041
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Description
 per pupil payments to private schools participating in parental choice programs

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate

<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Decrease Existing Appropriations	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Create New Appropriations		<input type="checkbox"/> Decrease Costs

Local:

No Local Government Costs
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <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
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

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 DPI/ Erin Fath (608) 266-2804	Authorized Signature Erin Fath (608) 266-2804	Date 2/28/2022
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Fiscal Estimate Narratives

DPI 2/28/2022

LRB Number	21-0623/1	Introduction Number	AB-1041	Estimate Type	Original
Description per pupil payments to private schools participating in parental choice programs					

Assumptions Used in Arriving at Fiscal Estimate

This bill would modify how payments are calculated for private schools participating in one of the state's three private school parental choice programs (collectively, choice schools). Under current law, the state makes payments based on the number of full time equivalent pupils (FTEs) multiplied by the per-pupil payments determined via statutory formula. For the 2021-22 school year, the per-pupil payment under the choice programs are \$8,336 per FTE for pupils in grade K-8 and \$8,982 per FTE for pupils in grade 9-12. The per pupil payment is adjusted annually, indexed to the combined revenue limit per pupil adjustment (for school districts) and the change in appropriations for K-12 state categorical aid programs per pupil (not less than zero).

Under this bill, beginning in the 2022-23 school year, the payments to private choice schools would be the lesser of the statutory per pupil payment or the actual tuition charged to pupils in the applicable grade who attend the private school without the state-funded voucher (i.e., private-pay pupils). Thus, to the extent that a private school's regular tuition rate is less than the state's payment for pupils in a choice program, the private school could potentially receive a lower payment from the state as a result of the bill.

Under current law, for the Racine and the Wisconsin parental choice program (RPCP/WPCP), the state's costs of making payments to private choice schools for "incoming pupils" (pupils who first participated in the 2015-16 school year or later) are funded through a reduction in the state aid that would otherwise be paid to those pupils' school districts of residence. This aid reduction can be offset by a revenue limit adjustment to the school district that is equal to the choice pupil aid reduction. In this way, the cost of the RPCP & WPCP for incoming pupils is ultimately shifted to local property taxpayers.

For the Milwaukee parental choice program (MPCP), a portion of the state's payments to MPCP private schools is partially offset via a reduction to the general aid payment to the Milwaukee Public Schools (MPS) district; MPS has the authority to levy for that aid reduction under revenue limits. So MPS taxpayers effectively pay for a portion of the MPCP. However, under current law, the MPS aid reduction is equal to 9.6% of the total cost (2021-22 school year), and will pay a decreasing share each year until the 2024-25 school year, when the state will effectively pay for 100% of the cost of the MPCP.

Local Impact:

Private schools – indeterminate. DPI does not collect data on private school tuition, so no estimate can be made as to the impact on private schools.

School districts - indeterminate. With respect to resident pupils who attend a private school under the RPCP or the WPCP, the bill could have the effect of decreasing the aid reduction incurred by a school district; however, the decrease in the aid reduction (i.e., increase in general aid received by the district) would be offset by a corresponding decrease to the district's allowable adjustment to its revenue limit. For the school district, the net impact on total revenues is zero, but more of the total revenue would come from state general aid than from local property taxes, compared to current law. A precise estimate is not possible, due to lack of data on private school tuition rates for schools across the state.

For MPS, the effect of the bill would be similar, in that it could potentially reduce the property tax burden associated with MPCP pupils, as compared to current law. This would appear to hasten the approach to the elimination of the taxpayer-borne share of the MPCP. A precise estimate is not possible, due to lack of data on private school tuition rates for schools across the state.

State:

For pupils attending a private school under the RPCP or WPCP who are not incoming pupils ("legacy pupils"), the state pays the full cost for those pupils, because there is no offsetting aid reduction to school district general aid payments. Thus, to the extent that private schools charge tuition rates that are less than the statutory per-pupil payment, the costs to the state associated with payments for legacy pupils could be less,

compared to current law. A precise estimate is not possible, due to lack of data on private school tuition rates for schools across the state.

Long-Range Fiscal Implications