

### Fiscal Estimate - 2021 Session

Original     
  Updated     
  Corrected     
  Supplemental

LRB Number <b>21-1128/1</b>	Introduction Number <b>SB-423</b>
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**Description**  
 payments to an independent charter school authorized by a tribal college

**Fiscal Effect**

**State:**

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

**Local:**

<input type="checkbox"/> No Local Government Costs	<b>5. Types of Local Government</b>	
<input type="checkbox"/> Indeterminate	<b>Units Affected</b>	
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	<input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Counties <input type="checkbox"/> Others
2. <input type="checkbox"/> Decrease Costs	4. <input checked="" type="checkbox"/> Decrease Revenue	<input checked="" type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	

<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

<b>Agency/Prepared By</b> DPI/ Erin Fath (608) 266-2804	<b>Authorized Signature</b> Robert A Soldner (608) 267-9124	<b>Date</b> 6/30/2021
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## Fiscal Estimate Narratives

DPI 6/30/2021

LRB Number	21-1128/1	Introduction Number	SB-423	Estimate Type	Original
<b>Description</b> payments to an independent charter school authorized by a tribal college					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, the Office of Educational Opportunity (OEO) in the UW System, the City of Milwaukee, the chancellor of an institution in the UW System, a technical college district board, the county executive of Waukesha County, the college of Menominee Nation, and the Lac Courte Oreilles Ojibwa community college may contract with a person to operate a charter school. A charter school authorized by one of these entities is commonly known as an independent charter school (ICS). These ICS are public (not private) schools, though they are not part of a school district.

The primary means of state support for ICS is a flat payment per pupil, which is indexed to the per pupil change in appropriations for K-12 school categorical aids and the per pupil adjustment to revenue limits for school districts. In the 2020-21 school year, the per pupil payment amount paid to ICS was \$9,165. Pending approval of the 2021-23 biennial budget adopted by the Joint Committee on Finance, the per pupil payment for ICS is estimated to be \$9,202 in FY22 and \$9,266 in FY23.

However, current law requires the Department of Public Instruction (DPI) to pay a different per pupil amount to a tribal college-authorized ICS (tribal ICS) than it pays to other ICS. The amount paid to a tribal ICS is based on the per pupil academic base funding the federal Bureau of Indian Education provides to tribal schools under federal law. In the 2020-21 school year, the per pupil amount paid to a tribal ICS is \$8,719.

This bill eliminates the different per pupil amount paid to tribal ICS. Under the bill, beginning in the 2021-22 school year, the DPI would pay the same per pupil amount to all ICS.

Under current law, payments to ICS are paid from a sum sufficient GPR appropriation. For certain ICS that were authorized by entities specified in 2015 Act 55 ("new" ICS authorizers), including those authorized by a tribal college, the cost of state payments to the ICS is offset by a lapse from the appropriation for state general aids to the state's general fund. The lapse is generated by a reduction to the general aid payments made to the school districts of residence for the pupils attending the ICS.

Students who are enrolled in a "new" authorizer ICS are counted by their school district of residence for revenue limit and general aid purposes. Because the revenue limit membership is a 3-year rolling average, however, it takes three years for an individual pupil to be fully counted in a school district's revenue limit membership (unless the pupil attended the same school district prior to enrollment in the ICS). Revenue limit membership is a primary factor (though not the only one) in the district's revenue limit. A district's total revenue limit minus the general aid payment it receives from the state equals the district's allowable tax levy.

Thus, counting resident pupils who attend an ICS impacts a district's revenue limit (and potentially, the amount of general aid it receives); the reduction to the district's general aid payment for ICS pupils ultimately impacts the district's tax levy. However, there is not a one-to-one relationship between the amount of revenue authority generated by a pupil, or the additional general aid that a district may receive from counting an ICS pupil, and the aid reduction that is incurred for an ICS pupil.

### Local Fiscal Impact

**Tribal ICS:** For the 2020-21 school year, there was one tribal college-authorized ICS in operation. With an enrollment of 8 pupils, the state paid \$69,752 to the school. If the provisions of the bill had been in place in 2020-21, payments to the tribal college ICS would have been \$9,165 per pupil (the same as all other ICS). This is a difference of \$446 per pupil or \$3,568 in total for the 8 pupils enrolled in the ICS.

**School Districts:** Current law does not permit school districts to levy back for general aid reductions associated with pupils enrolled in "new" authorizer ICS; rather, a school district generates revenue limit authority by virtue of including ICS pupils in their revenue limit membership. If the bill's provisions had been in place in the 2020-21 school year, the aid reductions applied to the ICS pupils' school district of residence would have been \$446

greater per pupil for tribal ICS pupils. This would translate into a real decrease in revenue for the school district, compared to current law, because the school district would not be able to make up that difference on the school levy.

#### State Fiscal Impact

Because the state payments to these ICS are completely offset by aid reductions to school districts, the net fiscal impact on the state is zero.

#### **Long-Range Fiscal Implications**