

### Fiscal Estimate - 2023 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>23-4014/1</b>	<b>Introduction Number</b> <b>SB-0499</b>
------------------------------------	---

**Description**  
 phasing out the Special Needs Scholarship Program and limiting enrollment in parental choice programs

**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 checked="" 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			
<input checked="" type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs	3. <input checked="" type="checkbox"/> Increase Revenue	5. Types of Local Government Units Affected	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory		<input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities
2. <input type="checkbox"/> Decrease Costs	4. <input checked="" type="checkbox"/> Decrease Revenue		<input type="checkbox"/> Counties <input type="checkbox"/> Others
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory		<input checked="" type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts

<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> Erin Fath (608) 266-2804	<b>Date</b> 10/31/2023
--	---	---------------------------

## Fiscal Estimate Narratives

DPI 10/31/2023

LRB Number	23-4014/1	Introduction Number	SB-0499	Estimate Type	Original
<b>Description</b> phasing out the Special Needs Scholarship Program and limiting enrollment in parental choice programs					

### 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 current law, a child with a disability who meets certain eligibility criteria may receive a scholarship to attend a private school participating in the SNSP, at no cost to the child's family; the private school receives a payment from the state for each eligible child.

For the SNSP, the school district in which the child receiving the SNSP voucher resides incurs a reduction in their state general aid payment equal to the SNSP voucher amount multiplied by the number of resident FTE pupils attending a private school with an SNSP voucher. The school district is permitted to make use of an adjustment to its revenue limit that is equal to the amount of the state aid deduction. In this way, to the extent that the school district levies for the SNSP voucher adjustment under revenue limits, the cost of the payments to SNSP private schools is borne by local property taxpayers. The school district does count the SNSP pupils as members for purposes of the state general aid calculation; however, including the SNSP pupils in that count does not automatically translate into a positive impact in state general aid (for some districts, it will make no difference), nor is the impact equal to the revenue limit adjustment amount.

The full time SNSP scholarship amount for the 2023-24 school year is \$15,065 full time equivalent (FTE) pupil. If a pupil receives an SNSP scholarship but subsequently is determined to not meet the SNSP eligibility criteria, they may continue attending the private school, but the private school would then receive the payment amount associate with the private school parental choice programs. For 2023-24, the total reductions to state general aid for all school districts in the state for the SNSP is \$38.7 million; this is offset by an equal amount of revenue limit authority adjustment provided to school districts that can be captured by school districts via the school tax levy.

If the SNSP were phased out as proposed in the bill, the reduction in the number of SNSP pupils would decrease the state aid reductions applied to school districts and the offsetting revenue limit adjustment (tax levy) for school districts.

Under the current law private school parental choice programs (Milwaukee, Racine, and Wisconsin [statewide]), a child whose family meets the applicable income and other criteria may attend a private school at no cost to the family, and the private school receives a payment from the state for each eligible child.

For pupils who began participating in the Racine or the Wisconsin parental choice program in 2015-16 school year or later ("incoming pupils"), the financing mechanism works as it does for the SNSP – a reduction is applied to the resident district's state general aid and they are permitted to apply a revenue limit adjustment to offset the aid reduction via the tax levy, and the pupils are counted by the school district for state general aid purposes.

For pupils who began participating in the Racine and Wisconsin parental choice programs prior to 2015-16 ("legacy pupils"), the payments to the private schools are borne fully by the state (no offsetting aid reduction or revenue limit adjustment). As of the 2024-25 school year, the costs of the Milwaukee Parental Choice Program (MPCP) will be borne fully by the state. Prior to the 2013-14 school year, the Milwaukee Public School [MPS] district incurred an aid reduction equal to 38.4% of the MPCP payments; under 2013 Act 20, the MPS aid reduction was phased out, from 2013-14 through 2023-24.

For the 2023-24 school year, the payments to private schools participating in a private school parental choice program is \$9,893 for each FTE pupil in grades K-8 and \$12,387 for each FTE pupil in grades 9-12.

For 2023-24, the total reductions to state general aid for all school districts in the state for the Racine and Parental choice programs is \$230.3 million; this is offset by an equal amount of revenue limit authority adjustment provided to school districts that can be captured by school districts via the school tax levy.

If the parental choice programs were capped as proposed in the bill, number of pupils participating in a private school choice program could not increase. However, the per pupil payment likely would increase over time. As a result, in regard to incoming choice pupils in the Racine and Wisconsin programs, the state aid reductions applied to school districts and the offsetting revenue limit adjustment (tax levy) for school districts would increase by the per pupil amount, but not for growth in the programs.

The impact of capping the enrollment for the MPCP would be to contain the growth in state expenditures for that program to just the increase in the per pupil payment amount. The increase in the per pupil payments cannot be projected beyond the 2024-25 school year.

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

The changes in the bill can be described conceptually, but because enrollment in future years (under current law) cannot accurately be projected, the impact of capping enrollments in all the private school parent choice programs cannot reasonable be quantified for future years.