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## WISCONSIN LEGISLATIVE COUNCIL

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### CHARTER SCHOOLS

417 North (the G.A.R. Room)  
State Capitol, Madison

September 26, 2006  
10:00 a.m. - 12:30 p.m.

[The following is a summary of the September 26, 2006 meeting of the Special Committee on Charter Schools. The file copy of this summary has appended to it a copy of each document prepared for or submitted to the committee during the meeting. A digital recording of the meeting is available on our Web site at <http://www.legis.state.wi.us/lc>. ]

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### Call to Order and Roll Call

Chair Vukmir called the meeting to order. The roll was called and it was determined that a quorum was present.

COMMITTEE MEMBERS PRESENT: Rep. Leah Vukmir, Chair; Reps. Scott Newcomer and Christine Sinicki; Sens. Alberta Darling and Ted Kanavas; and Public Members Diane Barkmeier, Bill Baumgart, Phillip Ertl, Howard Fuller, Barbara Horton, Craig Jefson, Sandra Mills, Noelle Mudrak, Rachel Schultz, Ben Vogel, and Cindy Zautcke.

COUNCIL STAFF PRESENT: Russ Whitesel, Senior Staff Attorney.

APPEARANCES: Terry C. Anderson, Director, Legislative Council Staff; Brian Pahnke, Assistant State Superintendent, and Bob Soldner, Director, School Management Services Team, Division for Finance and Management, Department of Public Instruction (DPI); David Lopnow, Program Supervisor, and Layla Merrifield, Fiscal Analyst, Legislative Fiscal Bureau (LFB); and Senn Brown, Executive Secretary, Wisconsin Charter School Association, and Todd Ziebarth, Senior Policy Analyst, National Alliance for Public Charter Schools.

## **Opening Remarks**

**Terry C. Anderson**, Director of the Legislative Council, welcomed the committee and introduced the Legislative Council staff members assigned to work with the committee. He discussed rules for voting and described the process of reimbursement of expenses. He noted that the committee's meetings will be recorded and available on the Internet.

## **Introduction of Committee Members**

Chair Vukmir asked that the committee members identify themselves and provide a brief description of their interest and involvement in charter schools.

## **Description of Materials Distributed**

Chair Vukmir asked Russ Whitesel, of the Legislative Council staff, to describe the material distributed. Mr. Whitesel briefly reviewed the contents of Memo No. 1, *Background Information About Charter School Law in Charter Schools in Wisconsin*. He noted in his presentation that this Memo contained the current statutes relating to charter schools as well as a document initially prepared by the LFB. The Memo also includes information relating to changes in the law adopted by the Legislature during the last legislative session. Finally, Mr. Whitesel noted that the recommendations of the committee ultimately will need to be placed in statutory form for consideration during the 2007-08 Legislative Session.

## **Presentations by Invited Speakers**

[Note: The documents referred to by the speakers are posted on the committee's Internet site.]

**Brian Pahnke, Assistant State Superintendent, and Bob Soldner, Director, School Management Services Team, Division for Finance and Management, DPI.** Mr. Pahnke described for the committee the legislative history of charter schools in Wisconsin beginning from 1993 through 2005. Mr. Pahnke described the current Wisconsin charter school laws and the required elements of charter school contracts. He also described the state requirements that apply to charter schools including participation in the state assessment system and completion of the annual school performance report.

Mr. Pahnke noted that Wisconsin charter schools are legally required to be open to all students in the district and to follow all federal and state health and safety requirements of public schools. He explained that charter schools are prohibited from charging tuition and provided charter school data showing the growth of charter schools from 13 in 1996-97 to the current 188 schools in the state. Of those schools, he noted that of that 188 charter schools, 173 have been authorized by local school boards. In addition, University of Wisconsin (UW)-Milwaukee has authorized nine, the City of Milwaukee has authorized five, and the UW-Parkside has authorized one.

Mr. Pahnke indicated that 151 charter schools have been established as an "instrumentality" of the district, 22 have been established as "non-instrumentality," and 15 are independent of current school boards. These later schools are generally referred to as "2r" schools reflecting the statutory site for the creation of the independent charter schools.

Mr. Soldner reviewed a number of items relating to charter schools for the committee. In particular, he provided a description of what is a charter school and traced the accountability measures that generally apply to charter schools. He also described for the committee the federal aspect of charter schools including the definition of a charter school and the requirement that such schools admit their students on the basis of a lottery if more students apply for admission than can be accommodated.

Mr. Pahnke reviewed the federal requirements and the state application process for the Wisconsin charter school grant program and traced the history of federal grants to Wisconsin for such grants. He noted that the grants in 1996-97 for Wisconsin from the federal government amounted to \$1.3 million. For the 2006-07 school year, the federal grants for Wisconsin were \$17.5 million.

Mr. Pahnke described the grant programs relating to start-up funds including planning, implementation, and implementation renewal grants. He explained the various expenses that are allowed or disallowed under the various grant programs.

Finally, Mr. Pahnke described the dissemination grant program that is available to qualified charter schools in Wisconsin through DPI.

In response to questions, Mr. Pahnke indicated that there was currently no appeal process for the creation of a charter school except under the statutory provisions relating to Milwaukee public schools. Also, Mr. Pahnke indicated that there was not a requirement for charter schools to apply for federal money but that most charter schools do apply for those funds. A question was also raised regarding the issue of whether employees in 2r charter schools are eligible to participate in the state pension plans. Mr. Pahnke responded that currently such employees are not specifically given eligibility to participate and that the statutes would need to be amended to clarify their eligibility to participate.

Mr. Pahnke also responded to a question relating to the eligibility of 2r schools to participate in the special education program and be reimbursed for providing services.

**David Loppnow, Program Supervisor, and Layla Merrifield, Fiscal Analyst, LFB.** Mr. Loppnow reviewed a memo prepared by Ms. Merrifield dated September 26, 2006, relating to Milwaukee and Racine charter school program funding. Mr. Loppnow reviewed current law and described how the 2r charters are funded. He noted that in 2005-06, 14 charter schools, 5 from the city and 9 from UW-Milwaukee are operating as 2r charter schools with an enrollment of approximately 4,100 full-time equivalent (FTE) pupils. He indicated that the UW-Parkside operates a charter school for grades kindergarten through eighth and that may now enroll a maximum of 480 pupils.

Under the statutes, Mr. Loppnow pointed out, the DPI is required to pay the operators of Milwaukee and Racine charter schools an amount equal to the sum of the amount paid per pupil in the previous school year and the increase in the per pupil amount paid to private schools under the Milwaukee Parental Choice program, multiplied by the number of FTE pupils attending the charter schools. This aid is paid in four installments throughout the year, adjusted to reflect actual FTE enrollment on the two-membership count that is used by all school districts, in September and January. Mr. Loppnow indicated that there is an additional aid payment to the Racine Unified School District related to the Racine charter school, for pupils who were previously enrolled in the Racine Unified School District. This additional payment is made outside the district's revenue limit. Mr. Loppnow indicated that charter school aid payments, including additional payment to Racine, are made from a

separate general purpose revenue (GPR) sum sufficient appropriation established for this purpose. Payments for these charter schools are fully offset by a proportionate reduction in the general school aids of all public school districts. In 2005-06, the per pupil payment amount was \$7,519. In 2005-06, the reduction in school aids totaled approximately \$34.2 million. Additionally, \$1.25 million was attributable to the additional payment to the Racine Unified School District. Mr. Loppnow explained that because a reduction to school aid is based on early estimates of charter school enrollment, the actual aid paid sometimes differs from the reduction amount.

Mr. Loppnow indicated that for the 2006-07 school year, the per pupil payment amount will be \$7,669, and it is estimated that payments will total \$37.9 million. Mr. Loppnow also reviewed for the committee the counting of pupils under the school district revenue limits and indicated that since those revenue limits are not affected by the charter school program reduction in aid, a school district may levy property taxes to offset the amount of state aid laws due to these aid reductions.

He also described the provision included in the 2005-07 budget by the Joint Finance Committee relating to the funding mechanism for the program. Under that alternative, Milwaukee and Racine would have been allowed to include the cost and membership of the charter school program in the data used to determine revenue limits and general school aids. The general school aids that otherwise would be paid to Milwaukee and Racine would have been reduced, in total, by the estimated cost of the charter school program, with each school district's reduction based proportionately on the estimated number of pupils enrolled in the charter schools in the respective districts in the given school year. The districts then would have been prohibited from levying property tax to replace the aid reduction. These provisions were deleted from the budget act (2005 Wisconsin Act 25) by the Governor's partial veto.

**Senn Brown, Executive Secretary, Wisconsin Charter School Association, and Todd Ziebarth, Senior Policy Analyst, National Alliance for Public Charter Schools.**

Chairperson Vukmir welcomed Mr. Ziebarth and thanked Mr. Brown for arranging for his appearance. Mr. Ziebarth provided testimony on the expansion of charter schools to 40 states plus the District of Columbia. He indicated that there are currently more than 4,000 charter schools with more than one million students enrolled.

He indicated that he has a particular interest in increasing the number of charter school authorizers, lifting of any caps relating to charter schools and the elimination of funding inequities in the funds provided to charter schools. He provided testimony also on the various types of charter school authorizers, including school districts, county districts, and nonprofit organizations among others. He indicated that state boards in 13 states take an active role in authorizing charter schools and that several states including South Carolina and Florida have created a special purpose board for the creation of charter schools. He pointed to the success in raising various enrollment cap and charter school number caps that apply to charter schools over the last several years. Mr. Ziebarth also cited a study by the Fordam Foundation indicating that charter schools receive an estimated 78% of the funding that is otherwise provided to public schools.

Mr. Ziebarth suggested the committee focus on the economic benefits of charter schools as well as the accountability of those schools. He also recommended increased use of a value added/growth element in the assessment of charter schools' performance. Mr. Ziebarth suggested that the limitation on enrollments in classes be lifted from the UW-Parkside charter school. In addition, he suggested that

there was a strong need for an appeal process so that when charter school ideas are rejected at the local level there is a place to appeal that decision. He suggested that there be at least two options available to people attempting to establish a new charter school.

Mr. Ziebarth answered several questions regarding possible authorizers including how members could be picked to assure appropriate balance. He indicated that in Colorado the members of the state board are elected to the state board. Several members also asked questions relating to the appeals process. Mr. Ziebarth indicated that there were several methods that could be utilized depending on individual state circumstances. In response to a question regarding the state support for charter schools, Mr. Ziebarth said that he would provide that information as well as a written summary of his remarks to the committee in the future.

Mr. Brown reviewed the materials provided to the committee relating to charter schools. He initially thanked the committee for an opportunity to address it and for providing a forum for Mr. Ziebarth to present his views on the importance of charter schools. Mr. Brown suggested at the outset that the committee consider drafting and adopting a clear and compelling state policy statement on charter schools, setting forth the goals and reasons for the creation of such schools. He also reviewed a series of possible changes to “modernize” the current statutes relating to charter schools. Among the issues Mr. Brown suggested be addressed included: providing transportation to students that attend charter schools with state support; increasing the per pupil support for 2r charter schools; eliminating the reduction in school aids to other school districts and the creation of a single statewide authority to serve as an authorizer as well as an appeals board.

Mr. Brown also suggested changes in school-based budgeting and the expansion of chartering authority to all UW systems, technical college boards, and cooperative educational service agencies (CESAs). Mr. Brown suggested that the chartering authority be linked to a legal entity and that the statutes be amended to allow all schools in a district to be charter schools. In addition, Mr. Brown proposed that charter school employees be permitted to participate in the state retirement system and that any nonrenewal decisions by an authorizing entity be accompanied by the reasons for that decision.

In response to a question regarding the number of charter school rejections, it was agreed that the DPI would provide that information to the committee at a later date. It was also agreed that staff would begin preparation of the major programs for which charter schools are not eligible at the current time at the state level. A concern was also raised regarding the potential cost of the recommendations made and concern was raised about the possible reduction in school resources for other activities in the school district.

### **Discussion of Committee Assignment**

Howard Fuller asked that the committee consider inviting people to provide testimony that may not be fully supportive of the ideas to enhance charter schools. Chair Vukmir indicated that she was open to such testimony and would make an opportunity available at a later date for such testimony. She reminded committee members that for the suggestions that cost money, there will be assistance from staff and the LFB to provide information on the costs of any of the recommendations. She indicated that the next meeting would have as its featured speakers two consultants from Minnesota who have been instrumental in developing the charter schools in that state as well as expanding options in other states.

### **Plans for Future Meetings**

The next meeting of the Special Committee will be *Tuesday, October 17, 2006, at 10:00 a.m., in Room 225 Northwest, State Capitol*. It was agreed that the committee tentatively schedule another meeting for November 28<sup>th</sup> in Madison.

### **Adjournment**

The meeting was adjourned at 12:30 p.m.

RW:ksm