

October 8, 2014

David Lovell
Principal Analyst
Legislative Council
PO Box 2536
Madison, WI 53701-2536

Dear Mr. Lovell:

I am writing in response to a recent phone conversation where you posed to me two questions you wanted answered by the department. The first was if the Lac Courte Oreilles (LCO) authorized and chartered a school, what would the fiscal impact be on public school districts in the state and on the Hayward School District? The second was if an LCO school participated in the statewide choice program what would the financial implications be for public school districts and the Hayward School District?

In response to your first question regarding the financial impact of an independently chartered LCO school, there would be a financial impact on all public school districts in the state and a corresponding impact on taxpayers. For nearly 15 years, the state's method of paying for students enrolled in non-school board authorized charter schools has been to not only fund such charter schools by reducing nearly every school district's state general aid entitlement but to also not allow school districts (currently the Milwaukee and Racine school districts in which these students reside) to count these students for state general aid or revenue limit purposes.

Based on the 2013-15 biennial budget bill (Act 20), the state reduced nearly all school districts' 2013-14 state general aid by nearly 1.5 percent of their entitlement, which totaled over \$64 million to pay for the 8,400 students attending non-school district authorized charter schools in Milwaukee and Racine this year. In the Hayward School District this reduction resulted in a deduction of \$8,183 in state aid. The attached table details the deductions for the other 423 school districts in the state. School districts are allowed to replace this lost general aid with property taxes under their revenue limit. Ultimately, nearly all school boards choose to raise additional property taxes, instead of cutting their own existing school programs or laying off staff.

This method of funding independent charter schools resulted in a \$64 million reduction in state general school aids this year. Estimated increases in property tax levies represented approximately 1.4 percent of all gross school property taxes statewide this fall.

Regarding your second question, about the financial impact of allowing an LCO school to participate in the statewide voucher program, there are potential impacts on the Hayward School District and the state general fund.

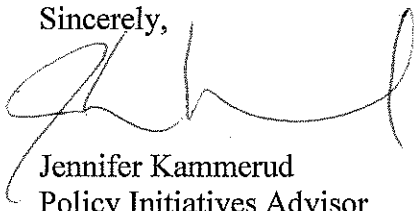
David Lovell
October 8, 2014
Page 2

The Wisconsin Parental Choice program is funded by the state with a GPR appropriation. There are finite state dollars. Money that is provided for the choice program by the state is money that may have otherwise been made available for public education.

The fiscal impact on the Hayward School District would depend on how many students leave the district to enroll with a voucher in the LCO school. Hayward's general equalization aid and categorical aid could be affected as well as their transportation costs as public school districts are required to transport students to private schools in their attendance area.

If you have any further questions, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jennifer Kammerud', written over a light blue horizontal line.

Jennifer Kammerud
Policy Initiatives Advisor

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