



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #750

Milwaukee Parental Choice Program Student Eligibility (DPI -- Choice, Charter and Open Enrollment)

[LFB 2001-03 Budget Summary: Page 545, #2]

CURRENT LAW

Since 1990-91, state funds have been used to pay for the cost of children from low-income families to attend private nonsectarian schools located in Milwaukee. After resolution of litigation relating to the program, private sectarian schools began participating in the program in 1998-99. Pupil participation is limited to pupils in grades K-12 with family incomes less than 175 percent of the federal poverty level (FPL) who reside in the City of Milwaukee. The limit on the number of pupils who can participate in the program is 15 percent of the MPS membership. If the total number of available spaces in the private schools is greater than the maximum number of pupils allowed to participate, the Department of Public Instruction (DPI) must prorate the number of spaces available at each participating private school. If a private school rejects an applicant due to lack of space, the pupil may transfer his or her application to another participating private school that has space available.

GOVERNOR

Provide that a pupil who is a member of a family that has a total family income that does not exceed 185 percent of the FPL, rather than the current law 175 percent, would be eligible to participate in the Milwaukee parental choice program.

Provide that a pupil who attends a choice school is eligible to attend a choice school in succeeding school years even if the pupil's family no longer meets the family income criteria.

Specify that these changes would first apply to pupils who apply to participate in the program in the 2002-03 school year.

DISCUSSION POINTS

1. Administration officials indicate that the provision changing the participation threshold for the choice program from 175 to 185 percent of the FPL is intended to make the eligibility criteria for the choice program consistent with the criteria for other programs intended to assist low-income families. Under the federal free or reduced-price lunch program, for example, a student is eligible for a reduced price lunch if he or she is a member of a household that has an income at or below 185 percent of the FPL. Eligibility for a free or reduced-price lunch is also the criteria for state school nutrition programs, such as the school breakfast, school lunch and morning milk programs. Under the full-time open enrollment program, parents of pupils who are eligible for the free or reduced-price lunch program may apply to DPI for reimbursement of transportation costs, while under the part-time open enrollment and youth options programs, DPI must give these parents preference in reimbursing for transportation costs. Table 1 shows the income amounts associated with 175 and 185 percent of the FPL for various household sizes as calculated for the choice program for the 2001-02 school year.

TABLE 1

Selected Percentages of the Federal Poverty Level

<u>Household Size</u>	<u>Percent of the FPL</u>		
	<u>175</u>	<u>185</u>	<u>200</u>
1	\$15,139	\$16,004	\$17,301
2	20,396	21,562	23,310
3	25,654	27,120	29,319
4	30,912	32,678	35,328
5	36,169	38,236	41,336
6	41,427	43,794	47,345
7	46,685	49,352	53,354
8	51,942	54,911	59,363

2. While the receipt of benefits in other non-education related state programs, such as BadgerCare, WIC and the child care subsidy program, is also set initially at 185 percent of the FPL, the eligibility criteria for other state programs are not set at that level. Examples of such programs include subsidized employment benefits, job access loans and community reinvestment programs under the Wisconsin Works (W-2) program, food stamps, the early childhood excellence program and the workforce attachment and advancement program. The eligibility criteria for these programs range from 115 to 200 percent of the FPL. Given that other programs designed to assist low-income families have a range of eligibility thresholds, it could be argued that it is unnecessary to alter the threshold for participation in the choice program.

3. Administration officials indicate that the provision allowing a pupil who attends a choice school to remain eligible to attend a choice school even if the pupil's family no longer meets

the family income criteria in subsequent school years is intended to allow for greater educational continuity for children that participate in the program. Under current law, for example, a choice student's family could make enough additional income in a particular year to lose eligibility under the choice program but not enough to cover the private school's tuition charge for non-choice pupils. This could prove disruptive to a child's educational experience, especially if the student's family's income does not consistently remain either above or below 175% of the poverty threshold.

4. Administration officials also indicate that allowing a pupil to remain eligible under the choice program regardless of current income would help simplify administration of the program for DPI and families participating in the choice program. Under the bill, the Department would not have to redetermine eligibility on an annual basis.

5. This bill provision, however, would allow a child in a household to remain in the choice program regardless of the family's income, no matter how far above 175 percent of the FPL that income may be. To the extent that families with income above the 175 percent threshold would participate in the program under this provision, it could weaken the intent of the program to provide access to private education for students from low-income families.

6. In September, 1999, 7,996 pupils participated in the choice program. Of these pupils, 5,790 were participating in the choice program in September, 2000. It is not clear how many of the 2,206 pupils who were in the program in September, 1999, but not September, 2000, left the program because their family household income exceeded the poverty threshold and how many left because of other reasons.

7. While initial eligibility for BadgerCare and the child care subsidy program is set at 185 percent of the FPL, recipients retain eligibility until income reaches 200 percent of the FPL. A similar criterion for continuing eligibility could be established for the choice program. This would allow a pupil to remain in a choice school even if his or her family's income went somewhat over the threshold, but still maintain the focus of the program to serve low-income children. Table 1 shows the income amounts associated with 185 and 200 percent of the FPL for various household sizes as calculated for the choice program for the 2001-02 school year.

8. Sufficient data is not available to estimate the effect of each of these individual changes on the choice program. Administration officials indicate that they did not estimate the individual effect of each of the choice eligibility provisions in the bill on program participation. Rather, in estimating the total amount of payments from the sum sufficient choice appropriation for the 2001-03 biennium, DOA estimated that program participation would be somewhat higher than it would have been without the eligibility provisions. Under the provisions of the bill, DOA staff estimate that 10,580 students in 2001-02 and 11,850 students in 2002-03 will participate in the choice program, with \$58.7 million in 2001-02 and \$68.3 million in 2002-03 appropriated under the bill for choice program payments.

9. One could view the various changes to the choice eligibility provisions in the bill in the overall context of program participation. The limit on the number of pupils who can participate

in the choice program is 15 percent of the MPS membership, which in 2000-01 resulted in a limit of approximately 15,100 pupils. If the anticipated growth in program participation in this biennium continues, the program could reach the participation limit sometime in the middle of the decade. Assuming continued growth in the program, it could be argued that eligibility should be maintained at current law standards to delay the point at which space under the program would be prorated, which could prove disruptive to future students' educational experiences.

10. However, DOA staff estimate that the cumulative results of the changes proposed in the bill are relatively minor given the increases in the program that would still result under current law provisions. Thus, the changes might not have an appreciable effect on the rate of growth in the program and the point at which the number of spaces available under the program would be prorated.

ALTERNATIVES TO BASE

A. Poverty Threshold

1. Approve the Governor's recommendation to specify that a pupil who is a member of a family that has a total family income that does not exceed 185 percent of the federal poverty level would be eligible to participate in the Milwaukee parental choice program.

2. Take no action.

B. Continuing Eligibility

1. Approve the Governor's recommendation to specify that a pupil who attends a choice school would be eligible to attend a choice school in succeeding school years even if the pupil's family no longer meets the family income criteria.

2. Specify that a pupil who attends a choice school would be eligible to attend a choice school in succeeding school years even if the pupil's family no longer meets the family income criteria, as long as total family income does not exceed 200 percent of the federal poverty level.

3. Take no action.

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