



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #516

Expansion of Parental Choice Program for Eligible School Districts (DPI -- Choice, Charter, and Open Enrollment)

[LFB 2013-15 Budget Summary: Page 372, #3]

CURRENT LAW

Under the Milwaukee and Racine parental choice programs, state funds are used to pay for the cost of children from eligible families in the City of Milwaukee and the Racine Unified School District (RUSD) to attend private schools participating in the program. To be eligible to attend a choice school for the first time, a pupil's total family income must not exceed 300% of the federal poverty level (\$70,947 for a family of four), with a \$7,000 offset (to \$77,947 for a family of four) if the pupil's parents are married. A pupil attending a choice school whose family income increases may continue to attend a choice school. Only choice pupils in grades 9-12 whose family income is greater than 220% (\$52,029 in a family of four) of the federal poverty level may be charged tuition by a choice school.

A number of legal requirements are placed on schools that participate in the choice program, including, but not limited to:

- Participating schools must meet all state health and safety laws or codes applicable to public schools and a number of federal laws and regulations that apply to both public and private schools, as well as federal law that prohibits discrimination on the basis of race, color, or national origin.
- Prior to participating in the program, a school must submit to DPI a copy of the school's current certificate of occupancy issued by the municipality within which the school is located, evidence of financial viability, and proof that the school's administrator has participated in a fiscal management training program approved by DPI.
- Annually, participating schools must submit to DPI an independent financial audit

of the school conducted by an independent certified public accountant as well as evidence of sound fiscal and internal control practices.

- With certain exceptions, all teachers and administrators in a school participating in the choice program are required to have a bachelor's degree from an accredited institution of higher education.

- A first-time school that is not accredited must obtain preaccreditation prior to participating in the choice program. A choice school must achieve accreditation by December 31 of the third school year following the first school year in which it participates in the program.

- Choice schools must administer the 4th, 8th, and 10th grade knowledge and concepts examination, as well as all tests in reading, mathematics, and science that are required for public school pupils under the federal No Child Left Behind Act, to all choice pupils in the relevant grades.

The State Superintendent can issue an order immediately terminating a school's participation in the choice program if he or she determines that conditions at the school present an imminent threat to the health or safety of pupils. The State Superintendent may issue an order barring a school from participating in the program in the current school year if he or she determines that the school has failed to meet certain program requirements.

The per pupil payment for the choice programs in 2012-13 is equal to the lesser of \$6,442 or the private school's operating and debt service cost per pupil related to educational programming, as determined by DPI. DPI pays the school in which a pupil is enrolled, on behalf of the pupil's parent or guardian, from separate sum sufficient appropriations from the general fund established for each program. The estimated cost of the payments from each choice program appropriation is partially offset by a net reduction (after consideration of aid paid to the City of Milwaukee to defray the choice levy) in the general school aids otherwise paid to the Milwaukee Public Schools (MPS) and RUSD by an amount equal to 38.4% of the total cost of each choice program. Under revenue limits, MPS and RUSD may levy property taxes to make up for the amount of general aid lost due to this reduction (less the amount of high poverty aid paid to MPS).

GOVERNOR

Modify the current law statutory language for the parental choice program for eligible school districts (under which the Racine parental choice program currently operates) to create a two-step process under which choice programs substantially similar to the Racine program could be created in additional school districts.

The first step would involve a district being identified as an eligible school district. Specify that a district would be identified as an eligible school district if it satisfies both of the following criteria: (a) the number of pupils enrolled in the district, as counted on a full-time equivalency basis, is at least 4,000; and (b) two or more public schools in the district in the same school year were placed in a performance category of either "fails to meet expectations" or

"meets few expectations," or the equivalent lowest performance categories, on an accountability report issued by the Department, under another provision of the bill.

Require the Department, within ten days after it publishes accountability reports, to publish a notice on its website that lists the districts that meet the two criteria to be identified as eligible school districts for a choice program for the immediately following school year. Require the Department to notify the school district clerk of an identified district, in writing, of this identification. Specify that pupils who reside in a district identified as an eligible school district may not attend a private school through a choice program until that district qualifies as an eligible school district.

The second step would involve a district qualifying as an eligible school district. Specify that a district qualifies as an eligible school district if, no later than August 15 immediately following the date on which the Department identified the district as an eligible school district, at least 20 pupils who reside in the district apply to attend a choice school under the program and simultaneously notify the Department that they have applied to attend a choice school. Specify that pupils applying to attend a choice school that is a first-time participant in the program and that has not obtained preaccreditation could not be counted towards the 20 pupils required for a district to qualify as an eligible school district.

Require the Department, no later than five days after receiving notice from private schools regarding acceptance of pupils in a first-year program, to determine whether an identified district qualifies as an eligible school district. Require the Department to publish on its website a list of qualifying eligible school districts. Specify that a district that qualifies as an eligible school district would remain qualified in subsequent school years.

If fewer than 20 pupils who reside in the district apply to attend a choice school under the program in a given year, a district would still remain identified as an eligible school district, even though a choice program would not be operating in the district. Specify that such a district would no longer be identified as an eligible school district if, at the time at which any subsequent accountability reports are published by the Department, fewer than two schools in the district are placed in a performance category of "fails to meet expectations" or "meets few expectations," or the equivalent lowest performance categories. Require the Department to remove such a district from the list of identified districts on its website within ten days after the Department publishes the subsequent accountability reports. Require the Department to notify the school district clerk in writing of the change in eligibility status. Specify that a change in eligibility status does not preclude a district from being identified as an eligible school district in a subsequent school year.

Specify that no more than a total of 500 pupils in 2013-14 and 1,000 pupils in 2014-15, counted on a full-time equivalency basis, residing in school districts that qualify as eligible school districts may attend choice schools under the program. Under the bill, there would be no limit on the number of pupils who could participate in the expanded program beginning in 2015-16. Based on the maximum per pupil payments and the participation limits under the bill, provide \$3,221,000 in 2013-14 and \$7,195,000 in 2014-15 in the appropriation for payments under the parental choice program for eligible school districts. Under the net 38.4% general aid reduction that is currently made to the aid otherwise paid to eligible districts, the total aid

reduction for eligible school districts would be \$1,236,900 in 2013-14 and \$2,762,900 in 2014-15. The net general fund fiscal effect would be \$1,984,100 in 2013-14 and \$4,432,100 in 2014-15.

Require participating schools to give priority in the 2013-14 school year to pupils who were eligible for a free or reduced-price lunch in the federal school lunch program in the immediately preceding school year. Require participating schools to give priority in the 2014-15 school year to pupils who attended a school through the program in the prior school year. Require that, whenever the State Superintendent determines that the limit has been reached in either year, he or she issue an order prohibiting participating schools from accepting additional pupils under the program until he or she determines that the number of pupils attending participating schools under the program has fallen below the limit. If the number of pupils attending schools under the program falls below the limit, require the State Superintendent to issue an order notifying participating schools that they can begin accepting additional pupils. After an order had been issued, require that: (a) first priority for accepting new pupils be given to pupils attending participating schools under the program; (b) second priority be given to the siblings of choice pupils attending a choice school; and (c) third priority be given to pupils selected at random under a procedure established by DPI in administrative rule.

Require a participating school, or a school that is a first-time participant in the program that intends to participate in the program in the first school year in which a district is identified as an eligible school district, to notify the State Superintendent of its intent to participate in the program and pay the auditor fee by August 1 of the school year in which the school intends to participate. Require the notice to specify the number of pupils participating in the program for which the school has space.

Require a choice school that has notified the Department of its intent to participate in the program in the first school year in which a school district is identified as an eligible school district to notify each applicant, in writing, whether his or her application has been accepted within seven days after receiving the application. Require the school to simultaneously notify the Department whether the pupil has been accepted.

Specify that a school that is a first-time participant in the parental choice program for eligible school districts and that is not accredited by one of the statutorily-authorized accrediting agencies obtain preaccreditation by August 1 before the first term of participation (consistent with the Milwaukee program) or by August 15 before the first term of participation in the program that begins in the first school year that begins after a district is identified as an eligible school district.

Repeal the statutory language under which pupil participation in the Racine program was limited to 250 pupils in 2011-12 and 500 pupils in 2012-13. Under current law, there is no limit on the number of pupils who may participate in the Racine program beginning in 2013-14.

DISCUSSION POINTS

1. The Milwaukee parental choice program was enacted in 1989 Act 336. The

program was open to pupils in the City with a family income less than 175% of the federal poverty level (currently \$41,386 for a family of four). Private schools in the choice program were required to be nonsectarian and located in the City of Milwaukee. No more than 1% of the enrollment in MPS could participate in the program. The program expanded in 1995 Act 27, which allowed sectarian schools to participate in the program and increased the participation limit to 15% of MPS enrollment. Additional requirements on choice schools were enacted under 2003 Act 155 (related to financial operations), 2005 Act 125 (related to accreditation and testing, as well as increasing the enrollment limit and family income requirements), and 2009 Act 28 (related to various accountability requirements). The program was expanded again under 2011 Act 32, which deleted the enrollment limit on the program, raised the income threshold to 300% of the federal poverty level, and deleted the geographic requirement for schools in the program.

2. Act 32 also created a process under which a parental choice program could be created in eligible school districts other than MPS. Under that act, pupils in a district were eligible to participate in a choice program substantially similar to the Milwaukee program if the district was located, in whole or in part, in a city of the second class and met criteria related to value and cost per pupil and free and reduced-price lunch enrollment. RUSD was the only district to meet these criteria.

3. The bill uses the enrollment and performance of individual schools in a district to determine whether that district is identified as an eligible district, and then requires that a certain number of children apply to private schools for the district to then qualify as an eligible district. Based on membership data used in calculating general school aids in 2012-13 and accountability data for 2011-12, nine districts would meet the criteria for being identified (Beloit, Fond du Lac, Green Bay, Kenosha, Madison, Sheboygan, Superior, Waukesha, and West Allis). If more recent membership or accountability data would become available later this year, the list of identified eligible school districts could differ.

4. Among the arguments cited by proponents of expanding the choice program are:

- Parents have the best interests of their child at heart and know better the needs of their child, and thus are able to choose the appropriate school from among the available options.
- Choice schools have greater flexibility to innovate and provide educational programming desired by a greater number of parents, and are at risk of closing if they cannot attract enough pupils.
- Competition from private schools spurs innovation at public schools, which are at risk of losing pupils to the private schools.
- A series of reports by the School Choice Demonstration Project (SCDP) examined numerous aspects of the Milwaukee choice program (including testing and attainment), with researchers concluding that the results ranged from neutral with respect to the differences between choice and MPS to a positive benefit from the choice program.
- The choice program is a less expensive way of providing education to eligible students than the public school system.

5. Among the arguments cited by opponents of expanding the choice program are:

- To the extent that taxpayer funding for the choice program constrains the amount of funding available for public schools, the choice program weakens the system of public education that the state is constitutionally required to provide.

- Choice schools are not subject to the same statutory requirements and accountability measures as public schools.

- Under the bill, choice programs would be imposed on districts regardless of whether the taxpayers in the district desire it or not.

- Under the bill, choice programs would be created in districts based in part on the accountability reports for individual schools, but pupils would be eligible for the program regardless of the quality of their particular neighborhood school.

- The results of pupil testing in the choice program do not show a level of improvement relative to public schools that would justify program expansion.

6. Other considerations can be taken into account in a discussion of the choice program, including the connection between education funding and outcomes, the external factors affecting the educational readiness of children, the funding structure for the choice program, the adequacy of other educational options in the state such as open enrollment and charter schools, the sources of funding for public and choice schools, and the relative allocation of resources between public and choice, both in terms of base funding and changes under the bill.

7. One of the criteria for the expansion of the choice program under the bill is the performance of schools on DPI accountability reports. These reports include multiple measures to determine a school's performance, including: (a) pupil achievement and growth in reading and mathematics; (b) measures of college and career readiness for high school pupils and measures indicative of being on track for college and career readiness in the elementary grades; and (c) gaps in pupil achievement and rates of graduation by race, English language proficiency, disability, and income level. The reports include an index system to identify a school's level of performance and place each school into one of five performance categories.

8. Concerns have been raised about the use of the DPI accountability reports to determine the districts in which a choice program would be created. These concerns include:

- The first accountability reports were just issued last fall and are expected to be refined in the future with additional measures of educational performance.

- The reports were designed for informative and comparative purposes and were not intended to be used for "high stakes" decisions such as expansion of the choice program.

- The performance of schools on the reports is sensitive to factors beyond a district's control, such as the pupil mobility and the socioeconomic background of the school's students.

- The data currently available is limited in its ability to evaluate high schools and relatively small schools.

9. Proponents of using the accountability reports, however, have argued:

- The indicators used for the reports are directly linked to the factors that parents should be using to make educational decisions for their children.

- If there is some indication that public schools in a district are not performing adequately, the children who would be affected should not have to wait for the state to refine the accountability reports to be able to take advantage of other educational options.

10. Attachment 1 provides information on the number of schools in each of the five performance categories for school districts with more than 4,000 pupils. The attachment classifies the districts by those where there is already a choice program operating, those anticipated to be identified as eligible under the provisions of the bill based on the most recent data available, and those that are not anticipated to be identified as eligible. There are currently 30 districts in the latter category.

11. On April 19, this office distributed a memorandum to the Legislature on the potential fiscal effect of the expanded choice programs on public school districts. The memorandum noted that the effect of the expanded program on the revenue limits and general school aids of the nine districts anticipated to be identified and the other districts in the state depends on how many pupils in each district would participate and whether the children would have attended public or private schools in the absence of the expanded program.

12. If the pupils would have otherwise attended private schools, the effect on the nine districts would be limited to the 38.4% general aid reduction, which could produce a corresponding increase in the district's levy, depending on the decisions of those school boards in setting their levies. Under this scenario, there would be no redistribution of general aid between those nine districts and the other districts in the state.

13. If the pupils would have otherwise attended public schools, the revenue limits and equalization aid formula entitlements for the nine districts would be reduced in generally offsetting amounts once the changes in cost and enrollment in those districts fully work through those formulas. Under this scenario, the reduction in equalization aid for those nine districts would result in a redistribution of aid to other districts in the state, with most districts receiving a relatively small increase in aid.

14. A number of options can be considered by the Committee if it chooses to expand the choice program to additional districts. Each of the thresholds established in the bill could be modified to increase or decrease the potential number of districts in which a choice program could operate compared to the bill. Additional issues related to choice program expansion, such as the ongoing eligibility of districts and participation by out-of-state schools, could also be considered.

Enrollment Threshold

15. The Committee could choose to modify the enrollment threshold. Raising the threshold to 9,000 pupils (Alternative A2), for example, would arguably maintain the focus of the choice program on larger urban districts. While the boundaries between school districts and municipalities do not generally overlap, a 9,000 pupil threshold would limit eligibility for the program to districts with a second-class city, although not all such districts would be included.

16. If the enrollment threshold were set at 9,000 pupils and the school performance threshold under the bill were maintained, it would be anticipated that five districts (Green Bay, Kenosha, Madison, Sheboygan, and Waukesha) would be identified as eligible districts based on the most recent data available.

17. The Committee could also choose to delete the enrollment criteria (Alternative A3). One could argue that the main reasons to provide additional private school options for students is the quality of public schools in the district, the quality and availability of private school options, and the decision of the student's parents as to which option is best for their child. Under this line of reasoning, it would be inconsistent to limit a student's options based on the size of the district in which he or she lives.

18. If the enrollment criteria were removed and the school performance threshold under the bill were maintained, 19 districts would meet the criteria of having two or more schools in the district in one of the two lowest performance categories in the most recent DPI accountability reports. These districts are shown in Attachment 2, with additional detail provided on the number of schools in the districts in each of the five performance categories. Given the more rural nature of some of the districts shown in the attachment, the number of private school options available to pupils in those districts under the alternative could be more limited.

School Performance Threshold

19. The Committee could also choose to modify the school performance criteria under the bill. One option would be to specify that a certain percentage of schools be in one of the two lowest categories on an accountability report. The two-school threshold under the bill means that a differing proportion of schools would need to be in one of the two lowest categories to be identified as an eligible district. Based on the number of schools for which accountability reports were issued for 2011-12 (including the schools that were not rated), the threshold ranges from 4% of schools in Madison to 25% of the schools in Superior.

20. Over half of the schools in MPS and RUSD that were rated in the 2011-12 accountability reports were in one of the two lowest categories. Given that those districts currently have choice programs, it could be argued that a similar performance threshold be used as a performance criteria for program expansion. If the school performance criteria is set at a threshold of at least half of the schools in a district being rated in one of the two lowest categories (Alternative B2), and the pupil enrollment threshold under the bill were maintained, it would be anticipated that two districts (Beloit and Green Bay) would be identified as eligible school districts.

21. The Committee could also choose to delete the performance criteria (Alternative

B3). If one argues that additional private school options for students should be provided so that parents can best judge the quality and availability of public and private school options and make the decision as to which option is best for their child, it would be inconsistent to limit a student's options based on an arbitrary threshold of quality for schools in the district that the pupil might not otherwise attend.

22. If the performance criteria were removed, but the enrollment criteria under the bill were maintained, the 39 districts identified in Attachment 1 in which choice program does not currently operate would be anticipated to be identified as eligible districts based on membership data used in calculating general school aids in 2012-13.

Pupil Application Threshold

23. The pupil application threshold for qualifying as an eligible district could also be modified by the Committee. A twenty-pupil threshold would represent 0.5% of the enrollment of a district with the minimum of 4,000 pupils needed to be identified as an eligible district, while it would represent 0.07% of the enrollment of Madison, the largest district in which a choice program is not currently operating. To require the same proportion of initial interest across all identified districts, the application threshold could instead be set at 0.5% of the district's enrollment (Alternative C2). It is not known at this time whether this threshold would result in fewer districts qualifying as eligible.

24. Given that the pupil application threshold would be set at such a relatively low level, it could be argued that it does not provide a particularly meaningful indication of interest in a choice program in a particular district. One could also argue that the ability of a pupil to take advantage of a choice program should not be contingent upon the willingness of a particular number of other pupils to do the same. The Committee could thus choose to delete the pupil application threshold and the associated statutory language related to the process by which a district qualifies as an eligible district (Alternative C3). Under this alternative, a choice program would begin to operate in a district if it meets the two criteria for being identified as an eligible district.

Pupil Participation Limit

25. The fiscal effect of the expansion of the choice program under the bill is directly linked to the number of pupils allowed to participate in the expanded program. If the Committee chooses to increase or decrease the number of districts anticipated to be identified as eligible, it could also choose to increase or decrease the pupil participation limit under the bill for the expanded program.

26. If thresholds are modified in such a way that more districts are anticipated to be identified as eligible, the Committee could choose to increase the limit to 1,000 pupils in 2013-14 and 2,000 pupils in 2014-15 (Alternative D2).

27. Under this alternative, the appropriation for the parental choice program for eligible school districts would increase by \$3,221,000 in 2013-14 and \$7,195,000 in 2014-15. The total general aid reduction for eligible districts would increase by \$1,236,900 in 2013-14 and \$2,762,900 in 2014-15. The net general fund fiscal effect of this alternative would be increased expenditures of

\$1,984,100 in 2013-14 and \$4,432,100 in 2014-15.

28. If the thresholds are modified in such a way that fewer districts are anticipated to be identified as eligible, the Committee could choose to decrease the limit to 250 pupils in 2013-14 and 500 pupils in 2014-15 (Alternative D3).

29. Under this alternative, the appropriation for the parental choice program for eligible school districts would be reduced by \$1,610,500 in 2013-14 and \$3,597,500 in 2014-15. The total general aid reduction for eligible districts would decrease by \$618,500 in 2013-14 and \$1,381,500 in 2014-15. The net general fund fiscal effect of this alternative would be reduced expenditures of \$992,000 in 2013-14 and \$2,216,000 in 2014-15.

30. If the Committee chooses to not expand the choice program, the associated fiscal effect would also be deleted (Alternative D4). Specifically, the appropriation for the parental choice program for eligible school districts would be reduced by \$3,221,000 in 2013-14 and \$7,195,000 in 2014-15. The net general aid reduction for eligible school districts would be reduced by \$1,236,900 in 2013-14 and \$2,762,900 in 2014-15. The net general fund fiscal effect of not expanding the choice program as provided for under the bill would be \$1,984,100 in 2013-14 and \$4,432,100 in 2014-15.

31. The maximum per pupil payments for the Milwaukee and Racine choice programs would also be used for the expanded choice program. If the Committee chooses to modify the maximum choice payment per pupil, which is addressed in a separate issue paper, it would also affect the cost of the expanded program.

Ongoing Eligibility of School Districts

32. Under the bill, a district that is identified as an eligible district (because it meets the enrollment and school performance thresholds) but does not qualify as an eligible school district (because fewer than 20 apply to attend a choice school) would remain identified in subsequent years. Such a district would no longer be identified as an eligible district if, in subsequent accountability reports, it no longer meets the school performance criteria under the bill. This change in eligibility status would not preclude a district from being identified as an eligible district in subsequent years.

33. If a district qualifies as an eligible district, however, it would remain qualified in subsequent school years, regardless of the performance of the schools in the district on subsequent accountability reports. As a result, at some point, a district could theoretically have no schools in either of the two lowest performance categories and still have a choice program operating in it.

34. The Committee could choose to modify the bill to specify that a district would no longer be qualified as an eligible district if it no longer meets the school performance criteria over a period of time (such a three years), and that ongoing enrollment in private schools in that district under the choice program be subsequently limited to currently-enrolled pupils and their siblings (Alternative E2). To the extent that choice programs are intended to spur improvement in the public schools and to provide additional educational options if public schools are deemed inadequate, it would arguably make sense to limit choice programs if public schools have improved.

35. The bill provision would, however, maintain the competitive pressure on a district to ensure that any improvement in its educational offerings would persist. Further, there is no current law provision under which the Milwaukee or Racine choice programs would be limited if MPS or RUSD showed a certain measure of improvement. Also, if additional educational options are extended to parents and students, it could be viewed as inconsistent to subsequently limit them.

Participation by Out-of-State Schools

36. When the choice program began, schools had to be located in the City of Milwaukee to be eligible to participate in the program. That provision was deleted in the 2011-13 budget act, and currently there is no geographic requirement for schools participating in the program. Pupils must still reside in either MPS or RUSD to be eligible to participate, however.

37. Under the bill, the program is anticipated to be expanded to three districts (Beloit, Kenosha, and Superior) that border other states. As such, it may be desirable for the Legislature to modify current law to specify whether or not a school must be located in Wisconsin to participate in the program.

38. Staff from the Legislative Reference Bureau indicate that the statutes do not either explicitly require a private school to be located in this state or explicitly prohibit participation by out-of-state private schools that otherwise meet all program requirements. DPI staff indicate that the Department's interpretation is that Wisconsin laws apply to Wisconsin schools and pupils. In addition, as it relates to the choice program, DPI cites the requirements for a certificate of occupancy from the local municipality as indicating that a private school must be located in Wisconsin.

39. The Committee could choose to specify that a school must be located in the state of Wisconsin to be eligible to participate in the choice program (Alternative F1). Given that the pupils must live in the state and that they would qualify for the program as a result of Wisconsin school districts meeting certain criteria, it could be appropriate to specify that state tax dollars be used to support Wisconsin schools, as opposed to schools in other states.

40. It may be deemed appropriate to allow out-of-state schools to participate in the choice program (Alternative F2) and allow the parent of the child to make the determination if that educational option is best for the pupil. State law currently outlines the procedures under which, in certain circumstances, a pupil may attend an out-of-state public school. This can be done either by agreement between the districts of residence and attendance, by provision of the district of residence, or by parental request. The district of residence generally would pay the tuition and, in some cases, transportation for such a pupil.

Technical Correction -- District Aid Lapse

41. The estimated cost of the payments from the choice program appropriation for eligible school districts is partially offset by a net reduction in the general school aids otherwise paid to those eligible districts by an amount equal to 38.4% of the total cost of the program for eligible districts.

42. The current law statutory language for the aid lapse provision is adequate when there is only one eligible district's aid to reduce (RUSD). Under an expanded program, the statutory language could be interpreted to read that aid for each eligible district be reduced by 38.4% of the total payments under the expanded program for choice pupils in all eligible districts, not just for the choice payments for pupils in each district. To remain consistent with current law and the administration's intent, the Committee could choose to clarify this provision (Alternative G1).

ALTERNATIVES

A. Enrollment Threshold (4,000 Pupils)

1. Approve the Governor's recommendation.
2. Modify the Governor's recommendation to set the enrollment criteria to be at least 9,000 pupils.
3. Delete provision. Under this alternative, there would be no district enrollment criteria.

B. School Performance Threshold (Two Schools)

1. Approve the Governor's recommendation.
2. Modify the Governor's recommendation to set the school performance criteria to be that at least half of the schools in the district that are rated are in one of the two lowest performance categories.
3. Delete provision. Under this alternative, there would be no district performance criteria.

C. Pupil Application Threshold (20 Pupils)

1. Approve the Governor's recommendation.
2. Modify the Governor's recommendation to specify that a district qualifies as an eligible district if the number of pupils equal to at least 0.5% of the district's enrollment applies for the program.
3. Delete provision. Under this alternative, there would not be a process for a district to qualify as eligible, and the associated statutory language would be deleted.

D. Pupil Participation Limit (500 in 2013-14, 1,000 in 2014-15)

1. Approve the Governor's recommendation.

2. Modify the Governor's recommendation to specify that no more than a total of 1,000 pupils in 2013-14 and 2,000 pupils in 2014-15 residing in school districts that qualify as eligible school districts may attend choice schools under the program.

Under this alternative, the appropriation for the parental choice program for eligible school districts would be increased by \$3,221,000 in 2013-14 and \$7,195,000 in 2014-15. The total general aid reduction for eligible districts would increase by \$1,236,900 in 2013-14 and \$2,762,900 in 2014-15. The net general fund fiscal effect of this alternative would be increased expenditures of \$1,984,100 in 2013-14 and \$4,432,100 in 2014-15.

ALT D2	Change to Bill Funding
GPR	\$10,416,000
Aid Reductions	<u>3,999,800</u>
Net GPR	\$6,416,200

3. Modify the Governor's recommendation to specify that no more than a total of 250 pupils in 2013-14 and 500 pupils in 2014-15 residing in school districts that qualify as eligible school districts may attend choice schools under the program.

Under this alternative, the appropriation for the parental choice program for eligible school districts would be reduced by \$1,610,500 in 2013-14 and \$3,597,500 in 2014-15. The total general aid reduction for eligible districts would decrease by \$618,500 in 2013-14 and \$1,381,500 in 2014-15. The net general fund fiscal effect of this alternative would be reduced expenditures of \$992,000 in 2013-14 and \$2,216,000 in 2014-15.

ALT D3	Change to Bill Funding
GPR	- \$5,208,000
Aid Reductions	<u>- 2,000,000</u>
Net GPR	- \$3,208,000

4. Delete provision, as a result of not expanding the choice program as provided in the bill. Under this alternative, the appropriation for the parental choice program for eligible school districts would be reduced by \$3,221,000 in 2013-14 and \$7,195,000 in 2014-15. The total general aid reduction for eligible districts would decrease by \$1,236,900 in 2013-14 and \$2,762,900 in 2014-15. The net general fund fiscal effect of this alternative would be decreased expenditures of \$1,984,100 in 2013-14 and \$4,432,100 in 2014-15.

ALT D4	Change to Bill Funding
GPR	- \$10,416,000
Aid Reductions	<u>- 3,999,800</u>
Net GPR	- \$6,416,200

E. Ongoing Eligibility of School Districts -- Once In Always In

1. Approve the Governor's recommendation.
2. Modify the Governor's recommendation to specify that a district would no longer be qualified as an eligible district if it does not meet the school performance criteria over a period of three years, and that ongoing enrollment in private schools in that district under the choice program be would then be limited to pupils already enrolled in the program and their siblings.
3. Delete provision.

F. Participation by Out-of-State Schools

1. Specify that a private school must be located in the state of Wisconsin to be able to participate in the parental choice program.
2. Specify that a private school can participate in the parental choice program regardless of location.
3. Take no action.

G. Technical Correction -- District Aid Lapse

1. Specify that the general school aids otherwise paid to an eligible district be reduced by an amount equal to 38.4% of the estimated cost of the program for pupils residing in that district (not by the total cost of the programs in all eligible districts).
2. Take no action.

Prepared by: Russ Kava
Attachments

ATTACHMENT 1

Performance Data by Number of Schools for Districts with More than 4,000 Pupils

	Significantly Exceeds <u>Expectations</u>	Exceeds <u>Expectations</u>	Meets <u>Expectations</u>	Meets Few <u>Expectations</u>	Fails to Meet <u>Expectations</u>	Not <u>Rated</u>	<u>Total</u>
Districts Currently with Choice Program							
Milwaukee	0	6	23	49	60	34	172
Racine	0	3	13	11	5	0	32
Districts Anticipated to Be Identified as Eligible							
Beloit	0	1	6	7	0	3	17
Fond du Lac	0	0	10	3	0	0	13
Green Bay Area	1	7	9	14	4	2	37
Kenosha	0	10	17	10	0	5	42
Madison Metropolitan	5	9	21	12	0	7	54
Sheboygan Area	2	6	8	4	0	6	26
Superior	0	1	5	2	0	0	8
Waukesha	0	6	11	6	0	3	26
West Allis	0	11	3	2	0	1	17
Other Districts with Enrollment Over 4,000							
Appleton Area	3	9	18	1	0	7	38
Chippewa Falls Area	0	2	5	1	0	0	8
D C Everest Area	0	4	5	0	0	1	10
Eau Claire Area	0	7	10	1	0	3	21
Elmbrook	1	9	0	0	0	1	11
Hamilton	2	4	0	0	0	0	6
Howard-Suamico	1	3	4	0	0	0	8
Hudson	2	4	2	0	0	0	8
Janesville	3	6	7	1	0	4	21
Kaukauna Area	0	2	4	0	0	1	7
Kettle Moraine	1	5	0	0	0	2	8
Kimberly Area	0	5	2	0	0	3	10
LaCrosse	0	2	13	1	0	3	19
Manitowoc	0	2	7	0	0	3	12
Marshfield	0	4	3	0	0	0	7
Middleton-Cross Plains	1	8	0	0	0	2	11
Mukwonago	0	7	1	0	0	0	8
Muskego-Norway	1	6	1	0	0	0	8
Neenah	3	6	3	0	0	0	12
New Berlin	0	6	1	0	0	0	7
Oak Creek-Franklin	0	3	6	0	0	0	9
Oconomowoc Area	1	6	1	0	0	0	8
Oshkosh Area	1	6	14	1	0	2	24
Stevens Point Area	0	8	5	0	0	3	16
Sun Prairie Area	1	6	4	0	0	1	12
Verona Area	1	4	4	0	0	1	10
Wausau	1	5	11	1	0	2	20
Wauwatosa	4	9	1	0	0	3	17
West Bend	0	5	5	0	0	1	11
Wisconsin Rapids	1	4	6	0	0	2	13

ATTACHMENT 2

Performance Data by Number of Schools for Districts Anticipated to be Identified as Eligible Under Alternative A3

	<u>Significantly Exceeds Expectations</u>	<u>Exceeds Expectations</u>	<u>Meets Expectations</u>	<u>Meets Few Expectations</u>	<u>Fails to Meet Expectations</u>	<u>Not Rated</u>	<u>Total</u>
Adams-Friendship Area	0	1	2	2	0	0	5
Antigo	0	0	7	2	0	0	9
Bayfield	0	0	0	2	1	1	4
Beloit	0	1	6	7	0	3	17
Birchwood	0	1	0	2	0	2	5
Bowler	0	0	0	2	0	0	2
Delavan-Darien	0	0	3	2	0	0	5
Fond du Lac	0	0	10	3	0	0	13
Green Bay Area	1	7	9	14	4	2	37
Kenosha	0	10	17	10	0	5	42
Laona	0	0	0	1	1	0	2
Madison Metropolitan	5	9	21	12	0	7	54
Menasha	0	0	5	2	0	0	7
Menominee Indian	0	0	1	1	1	0	3
Rhineland	0	0	5	2	0	1	8
Sheboygan Area	2	6	8	4	0	6	26
Superior	0	1	5	2	0	0	8
Waukesha	0	6	11	6	0	3	26
West Allis	0	11	3	2	0	1	17