



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #518

### **Milwaukee and Racine Charter School Program Reestimate (DPI -- Choice, Charter, and Open Enrollment)**

[LFB 2013-15 Budget Summary: Page 380, #7]

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#### **CURRENT LAW**

Independent "2r" charter schools [called "2r" because of the statutory cite--s. 118.40 (2r)] in Milwaukee and Racine receive direct state funding, with an offsetting reduction to general school aids. Under the Milwaukee and Racine charter school program, the Common Council of the City of Milwaukee, the Chancellor of the University of Wisconsin-Milwaukee (UW-M), and the Milwaukee Area Technical College Board are authorized to operate or contract to operate charter schools located within the boundaries of MPS. There is no limit on the number of charter schools that may be established by these entities, nor on the number of pupils that may be enrolled. In 2012-13, 20 charter schools (11 from UW-M and nine from the City) are operating in Milwaukee, with an enrollment of 6,989 full-time equivalent (FTE) students. In general only pupils who reside in MPS are eligible to attend these charter schools. In addition, the Chancellor of the University of Wisconsin-Parkside is authorized to establish one charter school operating grades kindergarten through eight and enrolling a maximum of 480 pupils, located within the Racine Unified School District (RUSD). Only pupils who reside within RUSD may attend the school. In 2012-13, 469 FTE pupils are attending the school.

The Department of Public Instruction (DPI) is required to pay the operators of Milwaukee and Racine charter schools a statutorily-determined amount per pupil each year. In 2012-13, the per pupil payment amount is \$7,775. These payments are made from a separate GPR sum sufficient appropriation. By law DPI is required to proportionally reduce the general school aids for which each school district is eligible by an amount totaling the estimated payments under the charter school program. Based on the October 15, 2012, general school aids estimate prepared by DPI, using estimated charter school enrollment figures, the charter school program aid reduction will total \$59.84 million in 2012-13. Each district's general school aids will be reduced proportionally by 1.39% to generate the \$59.84 million.

Pupils attending schools participating in the Milwaukee and Racine charter school program are not counted by any school district for purposes of revenue limits and equalization aid, and costs associated with the program are excluded from cost sharing under equalization aid. However, school district revenue limits are not affected by the charter school program reduction in general school aid, so that a school district may levy property taxes to offset the amount of revenue lost due to the reduction.

Appropriated base level funding for the program is \$62,172,500 GPR.

**GOVERNOR**

Provide \$4,692,500 GPR in 2013-14 and \$12,467,500 GPR in 2014-15 above base level funding of \$62,172,500 to reestimate sum sufficient funding for the current law Milwaukee/Racine independent "2r" charter school program, at the current law per pupil payment of \$7,775. These payments were calculated using projected enrollments of 8,600 in 2013-14 and 9,600 in 2014-15.

**MODIFICATION**

Reduce funding by \$3,887,500 GPR in 2013-14 and \$6,997,500 GPR in 2014-15 to reflect projected enrollment in the program under current law, using the current law payment of \$7,775 per pupil. These reestimates are based on projected enrollments of 8,100 pupils in 2013-14 and 8,700 pupils in 2014-15. Reduce the related proportional aid reduction by corresponding amounts.

**Explanation:** Based on the enrollment history of other "2r" charter schools in their initial year of operation and actual enrollment in 2012-13, as well as the stated capacities of currently operating schools, 640 additional students are projected to enroll in independent charter schools in 2013-14, for a total of 8,100 pupils. Assuming an additional two to three new schools would open in 2014-15, a similar rate of growth could also be seen for 2014-15. In that case, enrollments could rise to an estimated 8,700 pupils.

Change to Bill Funding	
GPR	- \$10,885,000
GPR-Lapse	<u>- 10,885,000</u>
Net Change	\$0

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