

Fiscal Estimate - 2005 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-4391/1		Introduction Number SB-521	
Description The Milwaukee Parental Choice Program			
Fiscal Effect			
State:			
<input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate			
<input checked="" type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations		<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Decrease Costs	
Local:			
<input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		3. <input checked="" type="checkbox"/> Increase Revenue <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input checked="" type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input checked="" type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts			
Fund Sources Affected		Affected Ch. 20 Appropriations	
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.255(2)(fu)			
Agency/Prepared By		Authorized Signature	Date
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Fiscal Estimate Narratives

DPI 2/2/2006

LRB Number	05-4391/1	Introduction Number	SB-521	Estimate Type	Original
Description The Milwaukee Parental Choice Program					

Assumptions Used in Arriving at Fiscal Estimate

Current law student eligibility for the Milwaukee Parental Choice Program (MPCP) is based on three criteria: (1) residency in the city of Milwaukee; (2) household income that does not exceed 175% of the federal poverty level; and (3) prior year school enrollment. Specifically, s. 119.23 (2)(a)2. Stats., provides that in the prior school year the student must have either been enrolled in: (a) the Milwaukee Public Schools (MPS); (b) participated in the MPCP; (c) enrolled in one of grades kindergarten through 3 in a private school in the city of Milwaukee but not in the MPCP; or (d) not enrolled in school anywhere. Current law also limits student participation in the MPCP to 15% of MPS membership (roughly 14,532 FTE for the 2006-07 school year).

This bill would modify current law by:

1. Eliminating the current MPCP enrollment cap entirely, beginning in 2006-07;
2. Eliminating the prior year school enrollment requirement; and
3. Increasing the household income threshold for the parents/guardians of pupils in the program from 175% of the federal poverty level to 220% of the federal poverty level.

The following assumptions would be made to estimate the state and local fiscal impact of this bill in the 2006-07 fiscal year:

1. The per pupil payment for the 2006-07 school year would be \$6,501.
2. The 2005-06 MPCP membership cap is 14,751 FTE
3. The 2006-07 MPCP membership cap under current law (15% of MPS membership) would be 14,532 FTE.

Under current law, aid for the MPCP is paid on a sum sufficient basis from the appropriation s. 20.255 (2) (fu), Wis. Stats. The MPCP has two funding sources:

- The general equalization aid otherwise received by the Milwaukee Public Schools (MPS) is reduced by an amount equal to 45 percent of the estimated cost of the MPCP. MPS is allowed to increase its property tax levy under their revenue limit to replace the loss of this state aid.
- The remaining 55 percent of the estimated cost of the MPCP is funded directly from the state's general fund.

Per Student MPCP Cost

Effective for the 2006-07 school year, the cost of one additional student to participate in the program above what is allowed under current law would be as follows:

2005-06 MPCP State Aid Amount \$6,501*
55% funded by GPR \$3,576
45% funded by MPS \$2,925

The \$3,576 is funded from a sum sufficient general purpose revenue (GPR) appropriation. The remaining \$2,925 is funded by reducing MPS' general aid. MPS is allowed to replace the \$2,925 reduction in state general aid with an increase in its property tax levy.

* The total per pupil figure may be less if a school's per pupil cost as determined in the school's financial

information report is lower than the state aid amount.

State Fiscal Effect

Under current law, MPCP has grown by over 1,000 pupils annually in most years. As indicated above, this bill would also eliminate prior year enrollment requirements and allow currently participating pupils and their siblings who may no longer remain eligible for the program to possibly continue should their parent/guardian (s) household income increase.

While the department believes the number of new students that would participate in the program due to these provisions is indeterminable, Partners Advancing Values in Education (PAVE), a private organization providing scholarships to students at private schools in the Milwaukee area, estimates that roughly 800-1,000 students would be newly eligible for the MPCP if the provisions related to prior year eligibility and household income became law.

However, since it is not possible to estimate the exact number of new students that may enroll in the MPCP in 2006-07 if this bill were enacted, the following table provides three possible enrollment scenarios:

2,000 Additional Pupils:

Total Fiscal Effect: \$13,002,000
55% State GPR Effect: \$7,151,100
45% MPS Aid Reduction and Amount of Permissive Property Tax Increase: \$5,850,900

2,500 Additional Pupils:

Total Fiscal Effect: \$16,252,500
55% State GPR Effect: \$8,938,900
45% MPS Aid Reduction and Amount of Permissive Property Tax Increase: \$7,313,600

3,000 Additional Pupils:

Total Fiscal Effect: \$19,503,000
55% State GPR Effect: \$10,726,700
45% MPS Aid Reduction and Amount of Permissive Property Tax Increase: \$8,776,300

Also, additional pupils will result in increased agency program administrative costs (more applications and parents checks to process).

The bill also requires the Legislative Audit Bureau (LAB) to review and analyze standardized test score data developed during a longitudinal study of the program. The bill also requires the LAB reports to include the scores of a representative sample of students taking the state's own Wisconsin Knowledge and Concepts Exams. Since the bill does not clarify whether or not the department would be responsible for purchasing, administering and scoring these exams, the department is assuming this would not be its responsibility and is therefore not including a state fiscal estimate for this portion of the bill. If the department were ultimately responsible for paying the costs of purchasing, administering and scoring there would be an indeterminate state fiscal effect related to these provisions.

Local Fiscal Effect

The bill would likely result in a reduction of the MPS' general equalization aid in 2006-07 compared to what it would otherwise receive under current law. Since the bill would not directly affect the MPS revenue limit calculation, the MPS school board would have to determine whether it would increase its property tax levy to replace the additional reduction in state aid. These effects are dependent on the number of additional pupils that would participate in the MPCP, and therefore the fiscal effect is indeterminate.

Long-Range Fiscal Implications

To the extent that the increased students allowed to participate in the MPCP as a result of this bill would have otherwise attended MPS, MPS' revenue would be decreased under current law.

Long-Range Fiscal Implications