

Fiscal Estimate Narratives

DPI 3/6/2006

LRB Number	05-4727/1	Introduction Number	SB-628	Estimate Type	Original
Description Virtual charter schools					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, any person who teaches in a public school, including a charter school, must hold a teaching license or permit issued by the Department of Public Instruction (DPI). This bill specifies that in a virtual charter school, "teaching" means assigning grades or credits for the pupils. The bill defines a virtual charter school as a charter school in which instruction is provided primarily through means of the Internet and the pupils and teachers are geographically remote.

Current law provides that a charter school established by a school board must be located in the school district; an independent charter school established by the city of Milwaukee, the University of Wisconsin-Milwaukee, or the Milwaukee Area Technical College must be located in the city of Milwaukee; and an independent charter school established by the University of Wisconsin – Parkside must be located in a unified school district that is located in the county in which the University of Wisconsin-Parkside is situated or in an adjacent county. This bill provides that these restrictions do not apply to virtual charter schools.

In general, current law provides that only pupils who reside in the school district in which a charter school is located may attend the charter school. This bill exempts virtual charter schools from this restriction.

Current law provides that if the University of Wisconsin – Parkside establishes a charter school, the state must pay a sum to the unified school district in which it is located to reimburse the school district for the reduction in state aid resulting from the loss of pupils to the charter school. This bill provides that this payment does not apply if the charter school established is a virtual charter school.

Currently, there are 183 operating charter schools in the state. School boards are the primary charter school authorizers. However, the University of Wisconsin-Milwaukee, the University of Wisconsin-Parkside, the Milwaukee Area Technical College (MATC), and the city of Milwaukee also have authority to operate charter schools (independent 2r charter schools) directly or to contract for the operation of charter schools.

In schools chartered by a school district, the contract or charter determines the amount of funding. In some cases, the district's per-pupil expenditure follows the student as he or she moves from a regular public school to a charter school. In other cases, the charter school functions with less money. This is made possible by locating the charter school within an existing district facility, sharing management costs with the school district, and participating in district services such as transportation, operation, cocurricular activities, psychological services, and food service. The charter school students are included in the school district's count for state aid and revenue limit purposes.

In schools chartered by University of Wisconsin-Milwaukee, the University of Wisconsin-Parkside, the Milwaukee Area Technical College (MATC), and the city of Milwaukee, the charter program is funded from a separate, GPR sum sufficient appropriation established for that purpose. The cost of the payments from the appropriation is offset by a lapse from the general school aids appropriation to the general fund in an amount equal to the estimated payments under the program. The Department of Public Instruction (DPI) is required to proportionately reduce the general school aids from which each of the 426 school districts is eligible to be paid by an amount totaling the 2r charter lapse. A school district's revenue limit calculation is not affected by the charter school aid reduction. Thus, a school district can increase its property tax levy to offset any aid reduction made related to the charter program. Furthermore, independent charter schools receive \$7,519 per pupil in the 2005-06 school year. Statewide local property taxpayers' share of this cost is \$7,519, or 100 percent, of the per pupil cost. For any additional eligible pupil enrolling in an independent 2r charter school, the charter school state aid amount would increase by \$7,519.

In addition, a student may already attend school in a virtual charter school authorized by a school district under the open enrollment program. The open enrollment program allows parents to apply for their children to attend school districts other than the one in which they reside.

State Fiscal Effect:

This bill could increase the number of 2r charter schools and could therefore increase the number of pupils eligible to enroll in charter schools. These numbers, however, are indeterminate. By increasing the number of schools and pupils eligible to enroll in these virtual 2r charter schools and allowing these schools to receive state aid for their attendance, the bill could increase the state's costs of funding 2r charter schools by \$7,519 per eligible pupil enrolled.

Local Fiscal Effect:

The number of new virtual charter schools that would be created under this bill is indeterminate, as is the number of pupils who would transfer to virtual charter schools from other school districts, private schools, and home-based private education programs. Therefore, the effect on revenue limit authority, both statewide and in individual school districts, is indeterminate.

Long-Range Fiscal Implications