



**Fiscal Estimate Narratives**  
**DPI 3/18/2005**

LRB Number	05-1039/1	Introduction Number	SB-96	Estimate Type	Original
<b>Subject</b>					
Charter schools established by UW institutions					

**Assumptions Used in Arriving at Fiscal Estimate**

Under current law, school boards may enter into contracts with individuals, groups, businesses, or governmental bodies to establish charter schools. Additionally, under the Milwaukee-Racine Charter School Program, the University of Wisconsin-Milwaukee, the University of Wisconsin-Parkside, the Milwaukee Area Technical College, and the City of Milwaukee are permitted to operate charter schools directly or to contract for the operation of charter schools. These charter schools are administratively and financially independent of public school boards. Presently, only pupils who reside in the school district in which an independent charter school is located may attend that charter school.

Currently, 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 for which each of the 426 school districts, including MPS, is eligible to be paid by an amount totaling the charter lapse. A school district's revenue limit calculation is not affected by the charter 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 \$7,111 per pupil in the 2004-05 school year. Statewide local property taxpayers' share of this cost is \$7,111 or 100 percent of the per pupil cost. For any additional eligible pupil enrolling in a charter school under this bill, if it were in effect in 2004-05, the charter school state aid amount would increase by \$7,111.

This bill allows any baccalaureate or graduate degree granting institution within the University of Wisconsin System to operate or to contract for the operation of a charter school with the approval of the Board of Regents. Under the bill, generally, the chancellor of any such University of Wisconsin System institution may request the state superintendent of public instruction for approval to establish or contract for the establishment of up to five charter schools.

**State fiscal effect:**

The DPI's administrative costs of the charter approval process could be absorbed within the agency's budget. This bill has no net state fiscal effect as any increase in the GPR sum sufficient appropriation due to the addition of charter schools under this bill would be offset by an equal reduction in general school aids.

**Local fiscal effect:**

It is likely that this bill would increase the number of independent charter schools and the overall independent charter schools' enrollment and program costs. As a result of these increased program costs and the charter school appropriation's sum sufficient status, the DPI would need to proportionally increase the amount of each school district's charter school reduction to offset these increased costs.

A school district's revenue limit calculation would not be affected by the likely increase in charter aid reduction under this bill. Thus, a school district could choose to increase its property tax levy to offset any increased aid reduction.

The number of new independent charter schools and pupils that would be created under this bill is indeterminate. Therefore, the amount of school districts' general school aid reduced under this bill is unknown. Furthermore, the extent to which pupils would leave school districts to attend independent charters and, thus, reduce public school district membership for general school aid and revenue limits would also be unknown.

**Long-Range Fiscal Implications**