

Fiscal Estimate Narratives

DPI 11/5/2015

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| LRB Number | 15-3316/1 | Introduction Number | AB-0461 | Estimate Type | Original |
| Description Ending the statewide parental choice program | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

This bill phases out the statewide parental choice program.

Under this bill, beginning in the 2016–17 school year, no pupil may attend a private school under the statewide parental choice program unless the pupil was attending the private school under the statewide parental choice program in the 2015–16 school year. Also under the bill, beginning in the 2016–17 school year, no private school participating in the statewide parental choice program or the Racine parental choice program may accept a pupil who resides in a school district other than the Racine Unified School District or the Milwaukee Public School District (respectively), unless the pupil attended that private school under the statewide parental choice program in the 2015–16 school year. In other words, no pupil may enter the statewide parental choice program after the 2015–16 school year. This limitation effectively ends the statewide parental choice program when all of the pupils who attended a private school under the statewide parental choice program during the 2015–16 school year have exited the program.

Under current law, the cost of the per pupil payments for pupils who enrolled in the statewide parental choice program prior to the 2015-16 school year - "continuing pupils" - is borne directly by the state's general fund. However, the cost to the state of the per pupil payments for pupils that began attending a private school under the statewide choice program in the 2015-16 school year (and thereafter) is completely offset by a reduction to the general aid payment of the pupil's resident public school district. Under current law, the incoming pupils in the statewide parental choice program are included in the resident school district's membership for general aid purposes; and districts receive a non-recurring revenue limit exemption that can be used when setting the school district tax levy.

Local:

"Continuing Pupils"

Because the costs of payments for continuing choice pupils are borne directly by the state's general fund, there would be no fiscal impact on a school district as the continuing pupils exit the program.

"Incoming Pupils"

The bill does not alter the funding mechanism for incoming choice pupils (revenue limit exemption, general aid reduction). Thus, under the bill, school districts would experience a gradual decrease in the reduction to their general aid payments, as the "incoming" choice pupils exit the program. School districts' general aid payments may be further affected by the "loss" of membership, because the incoming pupils would no longer be included in the districts' pupil counts for general aid. Additionally, the amount a school district would receive in the form of a non-recurring revenue limit exemption that can be used in setting the tax levy will also decrease, eventually to zero. Because the rate in which the incoming pupils will exit the statewide choice program is unknown, the local fiscal impact as a result of this bill is indeterminate.

State:

"Continuing Pupils"

Because "continuing" pupils would continue to be funded through a separate general purpose revenue appropriation, the exit of the continuing pupils from the choice program will result in lower costs to the state over time. The rate at which continuing choice pupils exit the statewide choice program is unknown, thus, the rate at which the state's expenditures will decrease is indeterminate.

"Incoming Pupils"

The cost to the state for pupils who enrolled in the statewide parental choice program in 2015-16 (incoming pupils) is completely offset by a reduction to the general aid payment of the public school districts in which

the incoming choice pupils reside. Therefore, the exit of incoming pupils from the statewide program will have no net effect on the state's general fund.

Long-Range Fiscal Implications