



Legislative Fiscal Bureau

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October 15, 2003

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Assembly Bill 503: Milwaukee and Racine Charter School Program -- Changes to the Racine Charter School

Assembly Bill 503 was referred to the Assembly Committee on Education Reform, which recommended the bill for passage on an 8 to 5 vote on September 24, 2003. The Assembly passed the bill on a 59 to 39 vote on October 1, 2003, and the bill was immediately messaged to the Senate. The Senate referred the bill to the Joint Committee on Finance on October 2, 2003.

BACKGROUND

Under the 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 Milwaukee Public Schools. 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 attend. In 2003-04, 10 charter schools (five each from the City and UW-M) are operating with an estimated enrollment of 4,640 students. In addition, the Chancellor of the University of Wisconsin-Parkside is authorized to operate or contract to operate one charter school operating grades kindergarten through eight and enrolling a maximum of 400 pupils, located within the Racine Unified School District (RUSD). Only pupils who reside in RUSD may attend the charter school.

The Department of Public Instruction is required to pay the operator of Milwaukee and Racine charter schools an amount equal to the sum of the amount paid per pupil in the previous school year and the increase in the per pupil amount paid to private schools under the Milwaukee parental choice program, multiplied by the number of pupils attending the charter school. There is an additional aid payment to RUSD related to the Racine charter school, for pupils who were

previously enrolled in RUSD. Payments for the charter school are fully offset by a proportionate reduction in the general school aids of all 426 public school districts. In 2004-05, the per pupil payment amount is \$7,111, and it is estimated that a total of approximately \$40.2 million will be paid to the Milwaukee and Racine charter schools combined under current law. Of that amount, approximately \$2.5 million would be attributable to the Racine charter payments, and another \$961,000 would be attributable to the additional aid payment to RUSD related to the Racine charter school.

School district revenue limits are not affected by the charter school program reduction in aid. Thus, a school district may levy property taxes to offset the amount of revenue lost due to these aid reductions. Pupils under the Milwaukee and Racine charter school program are not counted by any school district for the purposes of revenue limits or general equalization aid.

SUMMARY OF BILL

Under AB 503, the maximum number of pupils that would be allowed to enroll in the Racine charter school would be increased to 480 beginning in the 2004-05 school year.

FISCAL EFFECT

AB 503 would increase by 80 the number of pupils that could enroll in the Racine charter school beginning in 2004-05. The maximum possible increase in state funding related to this change would be \$568,900, for increased per pupil payments to the Racine charter school.

Any increase in state payments for this program would be offset by a proportionate reduction in general school aids for all 426 school districts. Because revenue limits would not be affected, school districts could levy property taxes to offset this aid loss.

However, according to staff from the Racine charter school, it is their intention to add only 51 additional pupils per year until the school is fully operational in grades kindergarten through eight. In 2003-04, the school is operating grades kindergarten through five, with the intention of adding sixth grade in 2004-05 for a total of approximately 357 pupils enrolled. Based on these stated intentions, it appears that enrollment would first exceed 400 pupils under the bill in 2005-06 (projected enrollment of 408), and the school would reach its planned total enrollment of 459 in 2006-07. Therefore, it is unlikely that this change will affect the costs to the state during the 2003-05 biennium.

Prepared by: Layla Merrifield