



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May 29, 2013

Joint Committee on Finance

Paper #507

Revenue Limit Adjustment for Uncounted Open Enrollment Pupils (DPI -- General School Aids and Revenue Limits)

CURRENT LAW

Under the full-time open enrollment program, a pupil may attend a public school outside his or her school district of residence, provided the pupil's parent complies with certain application dates and procedures and the applicable acceptance criteria are met. The period of time during which any parent can apply under the regular application procedure for the program is an approximately three-month period from February to April. Under 2011 Act 114, an alternative procedure was created under which the parent of a pupil could apply to open enroll at any point in the school year, if the pupil meets certain criteria. These criteria include if the pupil has moved into the state, if the place of residence of the pupil's parent and of the pupil has changed as a result of military orders or a court order, and if the pupil has been the victim of a violent criminal offense or of repeated bullying or harassment.

The resident district counts a pupil transferring to another district under open enrollment in its pupil membership for revenue limits and general aids. A specified amount of state aid is then transferred from the resident district to the nonresident district for each open enrollment pupil. The per pupil transfer amount is equal to the statewide average per pupil school district costs for regular instruction, co-curricular activities, instructional support services, and pupil support services for the prior school year. The 2012-13 per pupil transfer amount is \$6,335. A district's general aid is increased or decreased by an amount equal to the per pupil transfer amount multiplied by the district's net gain or loss of pupils under open enrollment.

State aid adjustments are not considered in determining a district's revenue limit. In other words, the positive aid transfer that a district with a net gain of pupils under open enrollment receives is outside of its revenue limit. A district with a net loss of pupils cannot increase its property tax levy to cover the negative aid transfer.

Act 114 created a revenue limit adjustment related to certain pupils who open enroll

under the alternative procedure. This adjustment is equal to the amount of any aid transfer in the previous year for an open enrollment pupil who was not included in the district's revenue limit enrollment count on the third Friday of September in the previous school year.

GOVERNOR

No provision.

DISCUSSION POINTS

1. If a pupil begins attending a nonresident district under open enrollment through the alternative procedure after the third Friday in September, that pupil would not be included in the resident district's enrollment count for revenue limits in that year, but the district would still be subject to an aid adjustment related to that pupil in that year. The revenue limit adjustment for uncounted open enrollment pupils is designed to provide districts a way to recoup an amount of revenue limit authority equal to that aid adjustment in the subsequent year.

2. This adjustment first affected the revenue limit calculation in 2012-13, with 50 districts receiving adjustments totaling \$318,800.

3. As enacted under Act 114, this adjustment is recurring. This means that the adjustment amount would permanently remain in the resident district's base in future years, even as the pupil would begin to be included in the district's September enrollment counts, if he or she continues to open enroll. Thus, a permanent adjustment is being given to address a one-time issue.

4. The Committee could choose to modify the bill to make this adjustment nonrecurring, beginning with the calculation of revenue limits in 2012-13. This would not affect an eligible district's 2012-13 revenue limit amount, but it would specify that the 2012-13 adjustment amount would not be included in the district's base for the 2013-14 calculation. Under this alternative, districts would be eligible for the adjustment every year, but the adjustment would be temporary rather than permanent.

ALTERNATIVES

1. Specify that the revenue limit adjustment for uncounted open enrollment pupils be nonrecurring, including adjustments received by school districts in 2012-13.

2. Take no action.

Prepared by: Russ Kava