



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #515

Statewide Private School Choice Program Reestimates (Public Instruction -- Choice, Charter, and Open Enrollment)

[LFB 2017-19 Budget Summary: Page 355, #2]

CURRENT LAW

Under the statewide private school choice program, the state pays a statutorily-determined maximum per pupil amount for children from eligible families to attend participating private schools. In 2016-17, the maximum payment for a K-8 pupil is \$7,323 and for a 9-12 pupil is \$7,969. In subsequent years, these amounts will be adjusted by any increase in the per pupil adjustment under revenue limits and change, if positive, in categorical aid funding per pupil. State payments are made from a GPR sum sufficient appropriation established for this purpose, which is shared with the Racine private school choice program.

The cost of payments for continuing pupils (pupils who first participated in the programs in the 2014-15 school year or earlier) are fully funded through GPR. Payments for incoming pupils (those who first participated in the 2015-16 school year or later) are fully funded through an aid reduction in the general school aids that would otherwise be paid to those pupils school districts of residence. School districts receive a revenue limit adjustment equal to the aid reduction in the current year, and can count incoming choice pupils for general aid purposes on a prior year basis.

GOVERNOR

Provide \$5,563,900 GPR in 2017-18 and \$15,681,300 GPR in 2018-19 over the base year funding of \$44,951,500 GPR for the Racine and statewide private school choice programs to reflect changes in pupil participation and per pupil payments under current law. This would reflect an increase in pupil participation from 5,500 pupils in 2016-17 to an estimated 6,600 pupils in 2017-18 and 7,700 pupils in 2018-19.

Under the bill, the aid reduction for the programs would total \$37,031,200 in 2017-18 and \$47,054,000 in 2018-19 from the base choice aid reduction of \$27,450,000 as a result of this reestimate. The net general fund fiscal effect for the Racine and statewide programs would be decreased expenditures of \$4,017,300 GPR in 2017-18 and \$3,922,700 GPR in 2018-19.

Table 1 shows estimates for the number of incoming and continuing pupils in the bill, as well as the total GPR cost of the payments from the sum sufficient appropriation, the aid reduction, and the net GPR cost.

TABLE 1

**Statewide and Racine Private School Choice Program Reestimates in AB 64/SB 30
2017-18 and 2018-19 (\$ in Millions)**

	Statewide		Racine		Total	
	<u>2017-18</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2018-19</u>
Participation						
Incoming	3,000	3,600	1,800	2,400	4,800	6,000
Continuing	<u>700</u>	<u>800</u>	<u>1,100</u>	<u>900</u>	<u>1,800</u>	<u>1,700</u>
Total	3,700	4,400	2,900	3,300	6,600	7,700
Cost						
Total GPR	\$28.5	\$34.9	\$22.0	\$25.7	\$50.5	\$60.6
Aid Reduction	<u>23.4</u>	<u>28.3</u>	<u>13.6</u>	<u>18.8</u>	<u>37.0</u>	<u>47.1</u>
Net GPR	\$5.1	\$6.6	\$8.4	\$6.9	\$13.5	\$13.5

EXPLANATION OF THE MODIFICATION

1. The statewide private school choice program was created under 2013 Act 20. Act 20 restricted enrollment in the program to 500 pupils in 2013-14 and 1,000 pupils in 2014-15 and thereafter, and no more than 1% of any district's total enrollment in either year. The program also limited participation to the 25 private schools that received the greatest number of pupil applications in 2013-14 and 2014-15, with schools that participated in 2013-14 guaranteed the same number of slots in 2014-15. The income threshold for the statewide program was set at 185% of the federal poverty level.

2. Under 2015 Act 55, the 1,000 pupil limit on the statewide choice program was eliminated. Instead, the total number of pupils residing in a school district who can participate in the program is limited to no more than 1% of that school district's prior year membership in 2015-16 and 2016-17. Beginning in 2017-18, the participation limit will increase by one percentage point in each year until the limit reaches 10% in 2025-26. Beginning in 2026-27, no limit will apply. Act 55 also eliminated the restriction on the number of private schools that can participate in the statewide choice program.

3. Additionally, Act 55 modified the funding mechanism for the statewide and Racine choice programs. Prior to 2015-16, payments for pupils in both programs were fully funded with

state GPR. Under Act 55, per pupil payments for continuing pupils (pupils who first participated in the 2014-15 school year or prior) continue to be fully funded through state GPR. Payments for incoming pupils (pupils who first participated in the 2015-16 school year or later) are funded through a reduction in the state aid that would otherwise be paid to those pupils' school districts of residence. To make up for the aid reduction for incoming pupils, school districts receive a revenue limit adjustment for each pupil in the current year equal to the amount of the aid reduction. If a school district chooses to levy to the maximum, its total resources are unaffected by the choice aid reduction, because it replaced the aid reduction with local levy. School districts can also count incoming pupils in their pupil count for membership in calculating state general aid in the following aid year.

4. Under current law, choice payments increase each year by the revenue limit per pupil adjustment, if positive, provided to school districts in the current year plus the change in total categorical aid funding per pupil, if positive, from the prior year to the current year. In the 2016-17 school year, per pupil payments are equal to \$7,323 for a pupil enrolled in a grade from kindergarten to eight and \$7,969 for a pupil enrolled in a grade from nine to 12. Based on the increase in general school aids and categorical aids provided in the bill, the per pupil payment under the program would increase to \$7,540 in 2017-18 and \$7,757 in 2018-19 for pupils in grades K-8, and to \$8,186 in 2017-18 and \$8,403 in 2018-19 for pupils in grades 9-12.

5. Current law allows private schools to accept applications from pupils who wish to participate in the statewide choice program between February 1 and April 20 for the following school year. Under the Racine program, applicants are accepted beginning February 1 and continuing through mid-September. Table 2 shows updated estimates for Racine and statewide program participation in 2017-18 and 2018-19 based on preliminary application data for the 2017-18 school year provided by DPI.

TABLE 2

**Estimated Statewide and Racine Private School Choice Program Participation and Funding
2017-18 and 2018-19 (\$ in Millions)**

	Statewide		Racine		Total	
	<u>2017-18</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2018-19</u>
Participation						
Incoming	3,800	5,000	1,800	2,400	5,600	7,400
Continuing	<u>700</u>	<u>600</u>	<u>1,100</u>	<u>900</u>	<u>1,800</u>	<u>1,500</u>
Total	4,500	5,600	2,900	3,300	7,400	8,900
Cost						
Total GPR	\$34.7	\$44.4	\$22.0	\$25.7	\$56.7	\$70.1
Aid Reduction	<u>29.4</u>	<u>39.7</u>	<u>13.6</u>	<u>18.8</u>	<u>43.0</u>	<u>58.5</u>
Net GPR	\$5.3	\$4.7	\$8.4	\$6.9	\$13.7	\$11.6

6. Under the Racine program, the bill estimates that the number of incoming pupils will increase from approximately 1,200 in 2016-17 to 1,800 in 2017-18 and 2,400 in 2018-19, and the

number of continuing pupils will decrease from approximately 1,300 in 2016-17 to 1,100 in 2017-18 and 900 in 2018-19. Based on preliminary application data, no revisions to these estimates would be made for the Racine program.

7. For the statewide program, preliminary application data indicates that participation in 2017-18 and 2018-19 will be higher than was estimated under the bill, as shown in Table 2. Based on the above estimates, total GPR required for the program would increase by \$6,170,200 GPR in 2017-18 and \$9,523,200 GPR in 2018-19 relative to the amount provided in the bill. The aid reduction would increase by \$5,976,300 in 2017-18 and \$11,473,100 in 2018-19. As a result, the net general fund fiscal effect for the Racine and statewide programs relative to the bill would be increased expenditures of \$193,900 GPR in 2017-18 and decreased expenditures of \$1,949,900 GPR in 2018-19.

MODIFICATION

Reestimate the sum sufficient appropriations for the statewide private school choice program as follows:

	<u>2017-18</u>	<u>2018-19</u>	
Statewide Private School Choice Program	\$6,170,200	\$9,523,200	GPR
Modification	<u>-5,976,300</u>	<u>-11,473,100</u>	Aid Reduction
	\$193,900	-\$1,949,900	Net GPR

	Change to	
	Base	Bill
GPR	\$36,938,600	\$15,693,400
Aid Reduction	<u>46,634,700</u>	<u>17,449,400</u>
Net GPR	- \$9,697,100	- \$1,756,000

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