

AN EVALUATION

Open Enrollment Program

Department of Public Instruction

02-15

August 2002

2001-2002 Joint Legislative Audit Committee Members

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August 29, 2002

Senator Gary R. George and
Representative Joseph K. Leibham, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator George and Representative Leibham:

We have completed an evaluation of the full-time open enrollment program, as directed by s. 13.94(11), Wis. Stats. Under the program, students may apply to attend school in any K-12 public school district in the state, regardless of whether they live in that district. Families of students who transfer from their local district do not pay tuition. However, a local district loses state aid for each student who transfers to another district and gains state aid for each student who transfers from another district.

In the 2001-02 school year 9,457 students, or 1.1 percent of all public school students, participated in the program. Although participation increased significantly during the first four years of the program, it is still too early to determine whether public schools have improved as a result of district competition to retain and attract students. Few districts report developing new or innovative programs in response to the program, perhaps because most school districts gained or lost 20 students or less. Similarly, fiscal effects of the program have been limited to those districts that experienced significant participation. In 2001-02, 308 of 426 school districts in Wisconsin had net gains or losses of less than \$75,000.

Although parental satisfaction with the program appears to be high, several issues related to open enrollment pose challenges for the program's future. First, the Legislature may wish to carefully consider the costs associated with funding the education of home-schooled students under proposals for on-line virtual schools that accept students from across the state. In addition, school district staff are concerned about the increasing administrative burden of processing open enrollment transfer applications, and program rules related to special education are under federal review.

We appreciate the cooperation and courtesy extended to us by the Department of Public Instruction management and staff. The response from the Superintendent of Public Instruction is Appendix 4.

Respectfully submitted,

A handwritten signature in cursive script that reads 'Janice Mueller'.

Janice Mueller
State Auditor

JM/DB/ss

Under the full-time interdistrict open enrollment program created by 1997 Wisconsin Act 27, Wisconsin students may apply to attend a school in any K-12 public school district in the state, regardless of whether or not they live in the district. Families do not pay tuition; however, the “resident,” or sending, district loses state aid for each student who leaves it to enroll in another public school district, and the “nonresident,” or receiving, district that gains a transfer receives additional state aid at the end of the school year. The program took effect in the 1998-99 school year. In the 2001-02 school year, 9,457 students participated.

Open enrollment is designed to encourage competition among districts as a means of fostering improvement in public schools, and to provide families with increased flexibility in their educational choices. To limit the fiscal effect of outgoing transfers on resident districts while providing a financial incentive for the nonresident district, state aid transferred from the resident district to the nonresident district is the estimated statewide average direct instructional cost per student, which was \$5,059 in the 2001-02 school year. As a further incentive, nonresident districts receiving students under the program are allowed to exclude from their revenue cap limits the \$5,059 they received for each open enrollment transfer. Statutes limit the criteria upon which applications may be denied, but reasons for denial include lack of space, percentage limits on outgoing transfers, racial imbalance, undue financial burden for special education transfers, and other reasons.

Because the open enrollment program is largely funded by transferring existing state aid from resident to nonresident districts, it is revenue neutral from the State’s perspective. State expenditures to operate the program began when 1997 Wisconsin Act 27 increased the Department of Public Instruction’s general purpose revenue funding base by \$64,600 and created 1.0 full-time equivalent (FTE) position to administer the program. The Department subsequently reallocated \$77,700 to fund a total of 1.97 FTE positions. In fiscal year (FY) 2001-02, total program administration costs were \$142,300.

Additionally, 1997 Wisconsin Act 27 created a separate appropriation for transportation assistance to low-income families participating in open enrollment that is currently set at \$500,000. Estimated FY 2001-02 open enrollment transportation assistance costs are \$304,000. School district costs to process transfer applications are not reported to the Department,

but staff at each of 11 districts we visited indicated that as participation has grown, administrative costs to process applications have also increased.

Participation in most districts has been low during the first four years of the program, although all but one of the state's 426 districts had at least one student participating in the 2001-02 school year. Wisconsin's participation rates to date are comparable to initial participation rates in the other midwestern states with open enrollment programs, and it appears reasonable to assume that they will continue to be comparable in the future. District staff report that parents are generally satisfied with the program, and most students continue to participate after their first year. Parents participate in the program for reasons that include academic reputation, school climate, the desire to keep students enrolled in a school after a family move, and convenience factors. In districts with the highest participation, we found that students tend to transfer to the school district with higher performances in statewide achievement tests.

Nonresident districts typically receive open enrollment transfers from several resident, or sending, districts. For example, the 49.0 FTE students who transferred to the Madison Metropolitan School District in 2001-02 came from 14 other districts. Similarly, the 128.8 FTE students who left the Madison district transferred to 11 districts. Nevertheless, families are, in practice, constrained by the distance required to drive their children to schools in nonresident districts, so that the open enrollment program effectively presents parents with a choice of only nearby districts.

Most applications are approved. When they are denied, the most frequently cited reason is no available space, which was cited 1,537 times, or in 86.5 percent of 1,776 nonresident denials. Because the aid amount transferred under the open enrollment program is less than the total cost to educate a student in almost all districts, it seems unlikely that school districts will expand their facilities in order to accommodate open enrollment transfers. Therefore, as program participation increases, lack of space may act as a barrier to transfers. For example, although 64 students transferred from the Menominee Indian School District to the Shawano-Gresham School District in 2000-01, lack of space in the Shawano-Gresham district denied approximately 40 additional transfers from the Menominee Indian district.

The rate at which parents appeal district denials has not increased, despite a steady increase in open enrollment applications, denials, and participation. The number of appeals made by parents since 1998-99 has decreased from 246 to 221, or 10.2 percent, although the decrease was largely caused by a significant reduction in denials by Milwaukee Public

Schools (MPS) during this period. The number of appeals in the rest of the state has not shown any consistent pattern of annual increases during this period.

Limited participation in the open enrollment program has had a limited fiscal effect on most school districts. In 2001-02, 308 of Wisconsin's 426 school districts, or 72.3 percent, had a net fiscal gain or loss of less than \$75,000. Because statutes prohibit school districts from compensating for state aid lost under the open enrollment program by increasing local tax levies to raise revenue, net losses from transfers have the effect of reducing the total funds a district has available to spend under revenue limits. Districts with net gains, however, are allowed by statutes to use these gains to exceed their revenue limits. In 2001-02, a total of 50 districts lost at least \$75,000, while 68 districts gained this amount or more. MPS lost \$6.0 million, which was the most state aid lost by any district in the 2001-02 school year.

In 2001-02, enrollment in 237 school districts declined compared to 2000-01 membership levels. Declining enrollment reduces the amount a district may spend on educational programs because it reduces the revenue limit and therefore the amount that a district may take in through general state aid and local property taxes. For most of these districts, total shared costs—and therefore the amount of district expenditures eligible for general state aid—still grew. However, a total of 18 school districts had net decreases in their shared costs, and declining enrollment from 2000-01 to 2001-02. Of these, eight were able to offset the reduction in shared costs partially or completely through open enrollment gains; two had no open enrollment aid transfer adjustment; and eight had even greater reductions because of net transfer losses under the open enrollment program.

Among school district administrators who responded to a survey we conducted in winter 2001, 90.4 percent reported that open enrollment has not led directly to the creation of new or innovative programs. The reason for this large percentage may be that few districts have experienced significant gains or losses during the first four years of the program. In addition, some administrators may be hesitant to ascribe program changes to a single cause. While the open enrollment program has not led to widespread implementation of marketing programs in school districts, some districts have attempted to better market themselves to resident and nonresident families. Increased marketing efforts because of the open enrollment program were reported by 15.6 percent of survey respondents.

Minority students participate in the open enrollment program at lower rates than their representation in school districts: 19.9 percent of all public school students belonged to one or more minority groups in 2001-02, but demographic data from the open enrollment program indicate that minority students accounted for 11.6 percent of transfers in

that year. In contrast, 80.1 percent of all public school students in 2001-02 were white, but white students accounted for 84.7 percent of open enrollment transfers. It is unclear why minority students, particularly African-American and Hispanic students, are participating in open enrollment at lower rates. However, one reason minority participation might be lower in the Milwaukee area is that minority students from MPS have other public school choice options that are not available to minority students elsewhere, including Chapter 220 and the Milwaukee Parental Choice Program.

Recent efforts by two Wisconsin school districts to establish on-line virtual schools under the open enrollment program and the State's charter school law have created a situation that may not have been anticipated under enabling legislation for either the open enrollment program or charter schools: the possibility of the State funding the cost of education for students who are home schooled. We suggest the Legislature carefully consider the costs associated with funding the education of home-schooled students. In addition, school district staff are concerned about the increasing administrative burden of processing open enrollment transfer applications, and open enrollment program rules related to special education are under federal review.

Introduction

9,457 students participated in the open enrollment program in 2001-02.

Under the full-time interdistrict open enrollment program created by 1997 Wisconsin Act 27, Wisconsin students may apply to attend school in any K-12 public school district in the state, regardless of whether or not they live in the district. Families do not pay tuition; however, the “resident,” or sending, district loses state aid for each student who leaves it to enroll in another public school district, and the “nonresident,” or receiving, district that gains a transfer receives additional state aid at the end of the school year. The program took effect in the 1998-99 school year. In the 2001-02 school year, 9,457 students participated.

Open enrollment is designed to increase competition among school districts and offer greater options to parents.

Open enrollment is designed to encourage competition among districts as a means of fostering improvement in public schools, and to provide families with increased flexibility in their educational choices. Students may apply to up to three nonresident districts each school year. Statutes establish limited criteria upon which applications may be denied, but reasons for denial include lack of space, a percentage limit on outgoing transfers, racial imbalance issues, undue financial burden for special education transfers, and other reasons. Most applications, however, are approved.

State costs to administer the program were \$142,300 in FY 2001-02.

Because the open enrollment program is largely funded by transferring existing state aid from resident to nonresident districts, it is revenue neutral from the State’s perspective. State expenditures to operate the program began when 1997 Wisconsin Act 27 increased the Department of Public Instruction’s (DPI’s) general purpose revenue funding base by \$64,600 and created 1.0 full-time equivalent (FTE) position to administer the program. The Department subsequently reallocated \$77,700 to fund a total of 1.97 FTE positions. In fiscal year (FY) 2001-02, total program administration costs were \$142,300.

Additionally, 1997 Wisconsin Act 27 created a separate appropriation for transportation assistance to low-income families participating in open enrollment that is currently set at \$500,000. Estimated FY 2001-02 open enrollment transportation assistance costs are \$304,000. School district costs to process transfer applications are not reported to DPI, but staff at each of 11 districts we visited indicated that as participation has grown, their administrative costs to process applications have also increased.

**DPI transferred \$5,059
in state aid from resident
to nonresident districts
for each student
participating in 2001-02.**

To limit the fiscal effect of outgoing transfers on resident districts while providing a financial incentive for nonresident districts to accept students, state aid transferred from the resident district to the nonresident district is the previous year's statewide average direct instructional cost per student, which was \$5,059 in the 2001-02 school year. The estimated direct instructional cost is determined annually by DPI and consists of the previous school year's statewide average per student school district costs for regular instruction, co-curricular activities, instructional support services, and student support services. It excludes expenditures for capital improvements, transportation, and salaries and fringe benefits of school district administrative staff. In several other states with similar programs, all state education funding follows the student, including aid for indirect costs such as capital improvements. As a further incentive, nonresident districts receiving students under the program are allowed to exclude from their revenue cap limits the \$5,059 they received for each open enrollment transfer.

1997 Wisconsin Act 27 directed the Legislative Audit Bureau to evaluate the program through its first four years of operation and to assess:

- the extent to which school districts have created new or innovative programs as a result of the program;
- parents' satisfaction with the program;
- the program's fiscal effects on school districts;
- the program's socioeconomic effects on school districts; and
- other issues affecting the quality of education.

To address these issues, we surveyed administrators in all 426 Wisconsin school districts; visited 11 school districts in different areas of the state; analyzed public school enrollment, fiscal, and performance data provided by DPI and interviewed DPI staff; analyzed income data maintained by the Department of Revenue; reviewed other reports and surveys regarding Wisconsin's open enrollment program; and collected program information from ten other states with similar programs.

Program Policies and Procedures

Both resident and nonresident districts may limit student participation in the program.

Applications for open enrollment must be submitted during a statutorily prescribed three-week period in February for the following school year. Both resident and nonresident school districts must complete their reviews and notify students of their decisions on or before the first Friday following the first Monday in April. All districts are required to establish policies governing acceptance or rejection criteria, re-application requirements, transfer limitations, and whether transportation is provided to all open enrollment students. As noted, statutes limit the criteria upon which school districts may deny applications. Statutes allow resident districts to limit the number of transfers out to 3 percent of membership in the 1998-99 school year, and an additional 1 percent in each of the succeeding seven years. Limitations based on membership expire starting in the 2006-2007 school year. Statutes also allow resident districts to deny transfer applications of special education students if they determine that the proposed cost of providing special education services by the nonresident district would pose an undue financial burden in light of the resident district's total economic circumstances. Finally, districts participating in the Chapter 220 program, which is a State program designed to increase school integration in school districts with high levels of minority segregation, may deny transfer applications that increase racial imbalance within the school district.

Nonresident districts must use a lottery system when the number of applicants exceeds available seats.

Nonresident districts may deny transfer applications based on the availability of space for regular instruction or special education programs, or if an individualized education program for a special education student has not been completed by the resident district. Nonresident districts may also deny applications from students expelled during the current or preceding two years for serious disciplinary violations, and those with pending disciplinary proceedings for such violations or whose expulsions would extend into the upcoming school year. Nonresident districts must use a lottery system to determine which students will be accepted when they have fewer spaces available than the number of prospective new applicants. However, preference must be given to students currently attending school in the nonresident district and their siblings.

Program Participation

In 2001-02, 1.1 percent of the state's public school students participated in the program.

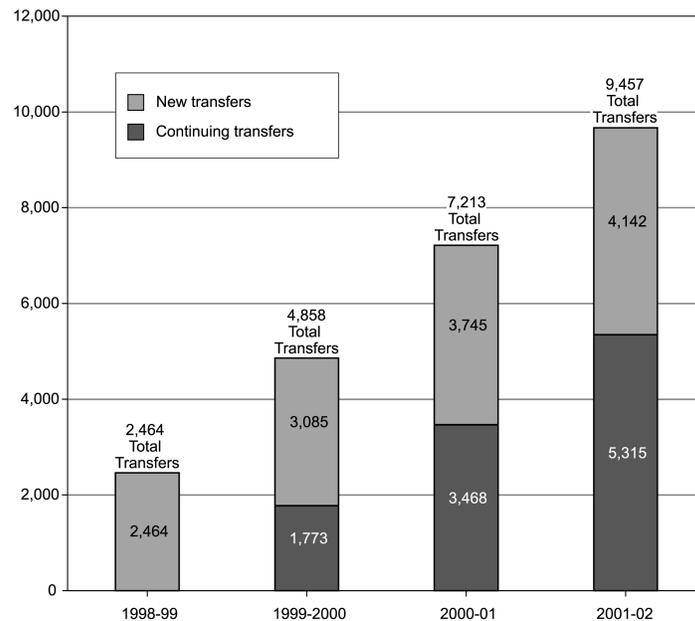
In the 2001-02 school year, 9,457 students, or 1.1 percent of all public school students in Wisconsin, participated in the open enrollment program. Participation in most districts has been low during the first four years of the program, although all but one of the state's 426 districts had at least one student participating in the program in 2001-02. District staff report that parents are generally satisfied with the program, and most students continue to participate after their first year. Parents participate in the program for several reasons, including academic reputation, school climate, and convenience factors. In districts with the highest participation, we found that students tend to transfer to the school district with higher performances in statewide achievement tests. Most applications to participate in the program are approved; lack of space in the nonresident district is the most common reason that applications are rejected.

Participation Trends

As shown in Figure 1, the number of students participating in the open enrollment program has steadily increased each year since the program's implementation, and total transfers nearly quadrupled from the 1998-99 school year through 2001-02. Nevertheless, only 1.1 percent of Wisconsin's 879,361 public school students participated in the program in that year. In 1998-99, the participation rate was 0.3 percent.

Figure 1

Statewide Program Participation
1998-99 through 2001-02



Participation rates in Wisconsin are comparable to those in other midwestern states.

Table 1 compares participation rates for the first four years of open enrollment in Wisconsin and three other midwestern states that have had mandatory statewide open enrollment programs in place for a number of years. Wisconsin's participation rates to date are comparable to initial participation rates in the other midwestern states, and it appears reasonable to assume that they will continue to be comparable in the future.

After 13 years, 3.3 percent of Minnesota's public school students participated in that state's open enrollment program. In Iowa, 3.7 percent of public school students participated in open enrollment after 11 years, and 4.9 percent of Nebraska's public school students participated in that state's option enrollment program eight years after it was implemented statewide. Other midwestern states, including Michigan, Illinois, Indiana, Ohio, and Missouri either do not have open enrollment programs, or have programs in which school district participation is voluntary.

Table 1

Participation Rates in the First Four Years of Open Enrollment
Midwestern States with Statewide Mandatory Open Enrollment

	Implementation Year	Percentage of Statewide Student Membership			
		First Year	Second Year	Third Year	Fourth Year
Wisconsin	1998-99	0.3%	0.6%	0.8%	1.1%
Minnesota	1989-90 ¹	0.4	0.7	1.3	1.7 ²
Iowa	1990-91	0.6	1.0	1.5	1.9
Nebraska	1993-94 ³	2.0	2.5	3.0	3.4

¹ Statewide implementation in Minnesota began in 1989-90; open enrollment began in some districts in 1988-89.

² Includes a small number of charter school students.

³ Statewide implementation in Nebraska began in 1993-94; open enrollment began in some districts in 1990-91.

Some small districts have very significant participation rates.

Although 1.1 percent of Wisconsin public school students statewide participated in the open enrollment program in the 2001-02 school year, participation rates in some districts were considerably higher. Table 2 shows the 20 districts with the highest participation rates, which reflect total transfers as a percentage of membership. A district's membership is the official count of students used by DPI to determine state aid for the district. Participation rates for these districts, which had some of the smallest membership counts in the state, ranged from 10.9 percent in the Randolph School District, which had a membership of 456, to 41.1 percent in the Linn J4 district, which had a membership of 70. In districts with larger membership, rates of participation were lower but the number of students participating was frequently greater.

Table 2

School Districts with Highest Open Enrollment Participation Rates
Top 20 Districts, 2001-02

<u>District</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Total Transfers</u>	<u>Membership</u>	<u>Transfers as a Percentage of Membership</u>
Linn J4	28.2	0.6	28.8	70	41.1%
Dover #1	19.0	4.0	23.0	84	27.4
Norway J7	24.0	5.0	29.0	116	25.0
Swallow	61.0	2.0	63.0	301	20.9
Geneva J4	20.0	2.0	22.0	110	20.0
Kohler	68.0	5.5	73.5	421	17.5
Linn J6	11.5	6.2	17.7	109	16.2
Saint Francis Public	174.4	9.0	183.4	1,171	15.7
Beloit Turner	126.0	44.0	170.0	1,096	15.5
Yorkville J2	42.5	1.0	43.5	315	13.8
Fontana J8	33.9	1.0	34.9	260	13.4
Ithaca	34.0	11.0	45.0	343	13.1
Herman #22	11.0	2.0	13.0	106	12.3
Granton Area	18.6	20.1	38.7	334	11.6
Brown Deer	163.0	9.0	172.0	1,522	11.3
New Auburn	25.0	10.0	35.0	311	11.3
Wilmot Grade School	6.0	11.0	17.0	153	11.1
Brighton #1	13.0	7.0	20.0	181	11.0
Phelps	12.6	6.0	18.6	169	11.0
Randolph	38.2	11.5	49.7	456	10.9

Table 3 lists the 20 Wisconsin school districts with the largest number (rather than percentage) of students participating in the open enrollment program. In several of these districts, net gains or losses in enrollment are relatively small despite significant transfer activity. For example, the Eau Claire Area School District had a net enrollment loss of 17.6 FTE students, although a total of 123.6 FTE students participated in the program. Students are reported on an FTE basis so that transfer aid payments can be prorated to reflect partial-year enrollments.

In contrast, a large number of students (1,331.2 FTE) left Milwaukee Public Schools (MPS) for nearby suburban districts, which did not lose equal numbers of students to MPS. That led to significant net gains for these suburban districts. For example, Shorewood had 126.0 transfers in, but only 2.0 transfers out. The number of participants shown in the

following two tables represents a duplicated count of students. For example, some students reflected in the MPS “transfers out” column went to suburban districts and are reflected in those districts’ counts as “transfers in.”

Table 3

School Districts with Largest FTE Open Enrollment Participation
Top 20 Districts, 2001-02

<u>District</u>	<u>Total Participants</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
MPS	1,380.2	49.0	1,331.2	-1,282.2
West Allis	244.5	183.0	61.5	121.5
Wauwatosa	225.3	198.8	26.5	172.3
Beloit	187.0	65.0	122.0	-57.0
Saint Francis Public	183.4	174.4	9.0	165.4
Madison Metropolitan	177.8	49.0	128.8	-79.8
Greenfield	176.0	148.0	28.0	120.0
Brown Deer	172.0	163.0	9.0	154.0
Beloit Turner	170.0	126.0	44.0	82.0
Appleton Area	167.0	111.5	55.5	56.0
Green Bay Area	156.0	70.0	86.0	-16.0
Waukesha	150.5	54.5	96.0	-41.5
Elmbrook	142.0	120.0	22.0	98.0
Mukwonago	130.5	90.0	40.5	49.5
Janesville	129.5	78.0	51.5	26.5
Shorewood	128.0	126.0	2.0	124.0
Menasha Joint	126.5	45.0	81.5	-36.5
Eau Claire Area	123.6	53.0	70.6	-17.6
Oak Creek-Franklin	116.0	52.0	64.0	-12.0
Neenah	114.0	63.0	51.0	12.0

Nonresident districts typically receive open enrollment transfers from several resident, or sending, districts. For example, the 49.0 FTE students who transferred to the Madison Metropolitan School District in 2001-02 came from 14 other districts. Similarly, the 128.8 FTE students who left the Madison district transferred to 11 districts. Nevertheless, even when districts provide transportation, families are constrained by the time required to transport their children to schools in nonresident districts, so that the open enrollment program effectively presents parents with a choice of only nearby districts.

We identified 30 pairs of school districts that had a significant number of transfers between them. The top 30 district-to-district transfer pairs are shown in Table 4. We examined transfers that occurred in the 2000-01 school year because information on academic performance was available for that year.

Table 4

District-to-District Transfer Pairs
Top 30 Pairs, 2000-01

<u>Sending or Resident District</u>	<u>Transfers</u>	<u>Receiving or Nonresident District</u>
MPS	111	Wauwatosa
MPS	101	Saint Francis Public
MPS	99	Brown Deer
MPS	91	West Allis
MPS	82	Greenfield
MPS	82	Shorewood
MPS	39	Nicolet UHS
MPS	25	Glendale-River Hills
MPS	23	Cudahy
MPS	21	Greendale
Beloit	90	Beloit Turner
Menominee Indian	64	Shawano-Gresham
Palmyra-Eagle Area	43	Mukwonago
Madison Metropolitan	38	Verona Area
Kewaskum	38	West Bend
Southern Door	34	Sturgeon Bay
Hartland-Lakeside J3	33	Swallow
Sheboygan Area	32	Kohler
Menasha Joint	29	Neenah
Waukesha	28	Elmbrook
Waupun	28	Randolph
Sturgeon Bay	28	Sevastopol
Sturgeon Bay	28	Southern Door
Menasha Joint	27	Appleton Area
Pardeeville Area	27	Portage Community
Unity	27	Saint Croix Falls
Lake Geneva J1	26	Linn J4
Beloit Turner	25	Beloit
Eau Claire Area	23	Altoona
Minocqua J1	22	Woodruff J1

In 2000-01, 10 of the top 30 district transfer pairs involved MPS and a neighboring school district. In all of these pairs, the flow of transfers was from the larger school district, MPS, to a smaller one. Likewise, in 12 of 20 pairs that did not involve MPS, the flow was from a larger to a smaller district. In the case of one pair of districts, the number of transfers was almost identical in both directions: while 34 students from the Southern Door School District transferred to the Sturgeon Bay School District, 28 Sturgeon Bay students transferred to Southern Door. However, in most pairs, transfers were predominately in one direction. For example, 90 students transferred from Beloit to Beloit Turner, while only 25 students moved from Beloit Turner to Beloit. It is unclear whether future growth in program participation will lead to increased activity in the district transfer pairs that have already developed, or to the development of significant transfer activity in new district pairs.

Parental Satisfaction

District staff responding to our survey indicated that parents are generally satisfied with the program.

Available data from the districts suggest that participating parents are, in general, satisfied with the open enrollment program. We surveyed district administrators from all 426 Wisconsin public school districts in December 2001 and received responses from 270, or 63.4 percent. Of these, 135, or 50.0 percent, provided comments related to parental satisfaction with the open enrollment program. Most indicated a positive reaction to the program from parents. For example:

- 81 districts commented that parents are generally satisfied with the open enrollment program;
- 38 districts commented that parents appreciate having a choice regarding where their children attend school;
- 7 districts commented that nonparticipating parents are dissatisfied with the open enrollment program;
- 6 districts commented that parents have mixed responses or feelings regarding the open enrollment program; and
- 3 districts commented that parents are neutral to the program.

80.5 percent of students continued to participate in open enrollment in 2001-02.

Continued participation by students from one year to the next also strongly suggests satisfaction with the program. Once a student enrolls in a nonresident district, that district may require the student to reapply only once, when moving into middle school or high school. The percentage of students continuing in the open enrollment program from

the prior year was 78.4 percent in 2000-01, and 80.5 percent in 2001-02. However if participation continues to increase, parents who do not participate in the program will be more likely to notice decreased resources in losing districts as larger amounts of state aid are transferred between resident and nonresident districts.

Reasons for Participation

Parents are not required to specify their reasons for participating on the application form.

Statutes do not limit or specify the reasons for which families may participate in open enrollment, and application forms do not solicit parents' reasons. The opinions of school district staff about why families participate often vary depending on whether the school district is gaining or losing students.

For example, when we visited 11 school districts from the top 30 district-to-district transfer pairs, staff in the districts that lost students cited reasons including:

- more convenient school locations in neighboring districts;
- parents' perceptions that nonresident, or receiving, districts have safer schools and better academic programs;
- a lack of modern facilities in the resident, or sending, district; and
- marketing efforts by neighboring districts.

Staff in the districts that gained students believed families were motivated by factors such as:

- strong performance on standardized tests;
- smaller class sizes and relatively few discipline problems;
- the availability of athletic or other extracurricular programs; and
- convenience factors related to child care or parents' commutes.

A review of participation patterns in the school districts we visited is included as Appendix 1.

A 1999 survey of 141 households conducted by the Public Policy Forum, a public interest research organization in Milwaukee, suggested that both perceptions of academic quality and convenience issues are factors in families' decisions to participate. Each household surveyed had at least one student participating in the program, and 37 percent of the survey respondents indicated that academic factors such as teaching methods, student achievement, teacher performance, course offerings, class size, and graduation rate were the most important factors in choosing another school district. In comparison, 29 percent indicated that convenience factors were most important; 21 percent focused primarily on school climate issues, such as student discipline and safety; and 12 percent mentioned some other reason as being most important. It should be noted, however, that the Public Policy Forum survey was not scientific, and care should be taken in drawing conclusions from its results.

Academic performance in districts appears to influence participation in the program.

Our analysis of school performance data collected by DPI indicates that academic performance, reflected in standardized test scores and other measures, may play a role in open enrollment transfers. DPI collects data from all school districts on a wide range of performance measures for its annual School Performance Report, in which it attempts to provide indicators of school district performance for parents, educators, and other interested parties. We compared district performance measures presented in the 2000-01 report to transfer patterns for the top 30 district-to-district transfer pairs that were shown in Table 4, in order to identify whether open enrollment transfers within these pairs were more likely to be toward higher- or lower-performing districts. In all 10 of the MPS pairs and in most of the 20 non-MPS pairs, students transferred to districts with higher academic test scores.

Furthermore, as shown in Table 5, in the majority of non-MPS transfer pairs, students transferred to districts with higher scores in other areas of academic performance. For example:

- in 13 of 17 transfer pairs, the nonresident district had higher 10th-grade math and 10th-grade reading scores; and
- in 14 of 17 transfer pairs, the nonresident district had a higher percentage of students taking the ACT college entrance exam.

In 10 of 17 non-MPS transfer pairs, students transferred to a district that offered a smaller number of advanced placement courses than the resident district. Smaller districts may be less likely than larger ones to offer advanced placement courses, and we noted that in 12 of the 20 non-MPS transfer pairs, students moved from larger to smaller districts.

Table 5

Academic Performance and Open Enrollment Transfers
 Top 20 District Transfer Pairs Excluding Milwaukee
 2000-01

<u>Academic Performance Measures</u>	<u>District Transfer Pairs¹</u>	
	<u>To Higher</u>	<u>To Lower</u>
3 rd -grade reading	13	7
4 th -grade reading	15	5
4 th -grade math	16	4
8 th -grade reading	14	5
8 th -grade math	13	6
10 th -grade reading	13	4
10 th -grade math	13	4
Average composite ACT score	10	7
Percentage of students taking ACT	14	3
Number of advanced placement courses	7	10
Percentage of students passing advanced placement tests	10	7

¹The sum of both columns is not always 20 because not all districts are K-12.

Students do not appear to be transferring based on higher spending levels or larger numbers of extracurricular offerings.

Although staff in several of the districts we visited speculated that extracurricular programs such as athletics or music were important to open enrollment participants, spending patterns and extracurricular activities appear to be less important reasons for program participation than academics and district size. For example, movement was evenly divided between districts with higher and lower educational costs per student. Similarly, the nonresident, or receiving, districts had a larger number of students per teacher in exactly half of the district transfer pairs.

Finally, data from the School Performance Report on extracurricular activities and outcome measures—such as attendance rates—do not suggest that these factors played as strong a role in motivating transfers as academic performance factors. For example, in ten of the non-MPS pairs students transferred to districts with a smaller number of grade 6-12 extracurricular offerings than their home districts, and in the other ten pairs they transferred to districts with a larger number of extracurricular offerings. Similarly, in 9 of the pairs students transferred

to the district with a smaller percentage of participants in extracurricular offerings than their home districts, and in the other 11 pairs they transferred to districts with a larger percentage of students participating in extracurricular offerings.

There are no data available to measure such factors as proximity to the workplace or child care, quality of school climate, family residence histories and the desire to keep students enrolled in a school after a family move, or media portrayals of school district performance, all of which could be additional reasons for program participation.

Denials and Appeals

Parents may appeal a denial by a school district to DPI.

As noted, families that wish to participate in the open enrollment program must apply to the nonresident school district during the first three weeks of February and must receive written notice of acceptance or denial by either district on or before the Friday following the first Monday in April. Parents have the option of appealing a denial to DPI. Rulings by DPI may be appealed to a circuit court.

The majority of applications are approved.

The majority of applications are approved. For example, of the 9,525 applications submitted for the 2001-02 school year, nonresident districts reported that they had denied 1,776, and resident districts reported that they had denied 414. Denial information is available for some but not all applications, because statutes do not require resident districts to submit such information and DPI does not attempt to reconcile denial reports from nonresident districts. It should be noted that because students may submit multiple applications, the number of applications received is greater than the number of students who apply. Similarly, the number of applications denied does not reflect the number of students who were denied places under the program because, for example, a student may have two applications denied but may be accepted by a third district. Further, districts occasionally report multiple denial reasons for a single application. Nevertheless, the available application information is useful in providing general information about the major reasons for denials.

The most common denial reason for 2001-02 was lack of space in the nonresident district.

As shown in Table 6, the reason nonresident districts cited most frequently for denials was no available space, which was cited 1,537 times for 2001-02 applications, or in 86.5 percent of 1,776 nonresident denials. Resident districts reported denials for the statutory percentage limit 166 times, and for undue financial burden, as documented by the resident school district, 145 times.

Table 6

Reasons for Denials of Open Enrollment Applications
1998-99 through 2001-02

	<u>1998-99</u>	<u>1999-2000</u>	<u>2000-01</u>	<u>2001-02</u>
Nonresident District Denials	1,163	1,295	1,092	1,776
Reasons Cited:¹				
No available space	937	1,135	931	1,537
Previous expulsion reasons	11	26	19	31
Increase racial imbalance in Chapter 220 districts	53	8	0	0
No available space in special education program	118	64	57	70
Incomplete individualized education program for special education student	12	13	11	18
Other ²	44	56	60	113
No denial reason reported	10	12	18	38
Resident District Denials	639	182	178	414
Reasons Cited:¹				
Transfers exceed statutory percentage limit	90	35	57	166
Increase racial imbalance in Chapter 220 districts	415	5	0	0
Undue financial burden for special education	108	98	94	145
Other ²	27	38	22	82
No denial reason reported	0	6	5	21

¹ Some districts cited multiple reasons for denying a single application. Therefore, the sum of reasons cited will not always equal the number of denials shown in bold.

² Includes early or late applications and applicants who were either too young for the program or whose resident school district did not offer an equivalent 4-year-old or pre-kindergarten program.

Because the aid amount transferred under the open enrollment program is less than the total cost to educate a student in almost all districts, it seems unlikely that school districts will expand their facilities solely to accommodate open enrollment transfers. Therefore, as program participation increases, lack of space can act as a barrier to transfers. For example, although 64 students transferred from the Menominee Indian School District to the Shawano-Gresham School District in 2000-01, lack of space in the Shawano-Gresham district denied approximately 40 additional transfers from the Menominee Indian district.

No transfers have been denied by MPS for racial imbalance reasons since the 1999-2000 school year.

Denials for racial imbalance were the most common type of resident school district denials in 1998-99. Almost all of these denials were made by MPS. Following litigation and a settlement agreement between MPS and DPI, MPS adopted a new policy, effective in the 1999-2000 school year, under which no students were denied for this reason. Since the 2000-01 school year, MPS has not denied any application to leave the district under open enrollment for any reason.

Differences in special education costs have been a leading reason for denials by resident districts.

Undue financial burden for the resident, or sending, district was the reason most often given for resident district denials of special education transfers for both the 1999-2000 and 2000-01 school years, and it was the second most common reason in 2001-02. Some of the district staff with whom we spoke reported that determining the payment amount for special education services provided by the nonresident district was challenging because statutes direct the districts to negotiate the amounts between themselves. Current state law does not require nonresident school districts to follow any specific procedures when estimating special education costs, as long as the procedures used are not arbitrary. Although statewide data regarding fiscal effects are unavailable because DPI does not require districts to report special education aid transfers, we found anecdotal evidence that suggests significant differences among districts in how the cost of special education services are estimated.

Costs to provide special education services can vary significantly among school districts.

Costs to provide special education services can vary significantly among districts depending on the severity of students' disabilities, the availability of space, the size of special education programs, and other factors. As noted, statutes allow resident districts to deny a special education applicant if they determine the nonresident (receiving) district's charges for the child's education would be an undue financial burden to the resident (sending) district. In February 2000, an estimated 981 transfer applications were submitted by special education students for the 2001-02 school year, and 145, or 14.8 percent, were denied by resident districts on the basis of undue financial burden.

On the other hand, some district staff indicated that an even greater number of special education transfers would be denied but for the belief that DPI will reverse on appeal all district denials of special education transfers for undue financial burden. DPI officials indicated to us that denials for undue financial burden must be based on a systematic review process, and they have attempted to communicate this to district staff in annual workshops held in various parts of the state. The resident (sending) district that issues the denial for undue financial burden must demonstrate the specific methodology used to determine that the nonresident (receiving) district's proposed cost of educating the disabled child would have an adverse effect on the sending district's overall school budget as evidenced by its state revenue limit. DPI officials indicated that even if a district can document this calculation, it is still essentially a subjective judgement about whether the costs of the special

education transfer are an undue financial burden. Accordingly, some districts do not deny special education transfers even when the cost to educate the child in the nonresident district is significantly greater than it would be in the resident district, because they believe that DPI will reverse the denial if it is appealed by the parent.

If a district denies an application, statutes require parents who wish to file an appeal to DPI do so within 30 days of the denial. Statutes direct DPI to affirm district denials unless the parent demonstrates that the district's decision was arbitrary or unreasonable. According to DPI, factors that might cause a district denial to be overturned include:

- granting preference to students other than those identified in statutes;
- inconsistently applying denial criteria by, for example, setting a standard for space in a classroom and then exceeding it in some cases and following it in others;
- miscalculating percentage limits allowed by statutes on outgoing transfers;
- providing insufficient documentation that an application would create an undue financial burden on the resident district; and
- failing to submit information in defense of a denial by the school district.

The rate at which parents appeal district denials has not increased, despite a steady increase in open enrollment applications, denials, and participation. As shown in Table 7, total appeals since 1998-99 decreased from 246 to 221, or 10.2 percent. The decrease was largely caused by a significant reduction in denials by MPS during this period. The number of appeals in the rest of the state has not shown any consistent pattern of annual increases during this period.

Three decisions have been appealed to circuit courts by parents since 1998-99.

If DPI does not overturn the denial, parents may appeal to the circuit courts. According to DPI officials, there have been only three appeals filed in circuit courts by parents whose open enrollment applications were denied at both the school district level and by DPI:

Table 7

Appeals of District Denials to DPI
1998-99 through 2000-01

	<u>1998-99</u>	<u>1999-2000</u>	<u>2000-01</u>	<u>2001-02</u>
Milwaukee				
Affirmed	0	0	0	2
Overtured	64	0	0	0
Dismissed ¹	<u>27</u>	<u>321</u>	<u>1</u>	<u>2</u>
Subtotal, Milwaukee	91	321	1	4
Rest of State				
Affirmed	82	112	54	105
Overtured	55	30	53	65
Dismissed ¹	<u>18</u>	<u>84</u>	<u>29</u>	<u>47</u>
Subtotal, rest of state	<u>155</u>	<u>226</u>	<u>136</u>	<u>217</u>
Total appeals	246	547	137	221

¹ Includes appeals that are withdrawn.

- *Michael E. McMorrow v. State Superintendent of Public Instruction John T. Benson*, in which DPI affirmed the Whitefish Bay School District's denial based on lack of space because of preference for students enrolling under the Chapter 220 program, and DPI's decision was then reversed by a circuit court. On appeal to the appellate court, the reversal was upheld, allowing the transfer;
- *Randall & Brenda et. al. v. Elizabeth Burmaster*, where the Mercer School District's denial based on percentage limit was affirmed by DPI, and the parents' appeal to the Iron County Circuit Court was dismissed; and
- *Rick C. et. al. v. Elizabeth Burmaster*, in which the Lodi School District's denial based on undue financial burden of a special education student was affirmed by DPI but overruled by the Columbia County Circuit Court, allowing the transfer.

Fiscal Effects on School Districts

The fiscal effect of open enrollment on most school districts has been limited.

Limited participation in the open enrollment program to date has limited the fiscal effect on most school districts. In 2001-02, 308 of Wisconsin's 426 school districts, or 72.3 percent, had a net fiscal gain or loss of less than \$75,000. Several districts, however, gained or lost significant amounts of state aid, and these changes have had a significant effect on smaller school district budgets. By accepting open enrollment transfers, some school districts have been able to offset reductions in state aid that resulted from declining enrollments. In other districts, fiscal losses from declining enrollments have been exacerbated by students leaving through open enrollment.

As noted, DPI transfers a uniform statewide amount of general state aid per FTE transfer from the resident, or sending, district to the nonresident, or receiving, district at the end of each school year. It adjusts the statewide amount annually, based on the prior year's statewide average costs per student for regular instruction, co-curricular activities, instructional support services, and student support services. This amount has increased from \$4,543 for the 1998-99 school year to \$5,059 for 2001-02.

MPS lost 1,282.2 FTE students in 2001-02 under open enrollment.

As shown in Table 8, most school districts gained or lost 20 students or less under open enrollment in 2001-02. A total of 53 districts had net gains of 21 or more, and 41 districts lost 21 students or more to open enrollment. Among these was MPS, which had a net loss of 1,282.2 FTE students.

Table 8

Net Enrollment Gains and Losses by School Districts
2001-02

<u>Net Gain or Loss</u>	<u>Number of Districts</u>
101 to 172.3	6
51 to 100	9
41 to 50	8
31 to 40	12
21 to 30	18
11 to 20	50
1 to 10	106
0	13
-1 to -10	109
-11 to -20	54
-21 to -30	19
-31 to -40	8
-41 to -50	5
-51 to -100	8
-101 to -1,282.2	<u>1</u>
Total	426

Statutes prohibit losing districts from raising local tax levies to compensate for aid lost under open enrollment.

Because statutes prohibit school districts from compensating for state aid lost under the open enrollment program by increasing local tax levies to raise revenue, net losses from transfers have the effect of reducing the total funds a district has available to spend under revenue limits. Districts with net gains, however, are allowed by statutes to use these gains to exceed their revenue limits. Table 9 shows the top ten gaining and losing districts, including MPS, which lost \$6.0 million. In 2001-02, a total of 50 districts lost at least \$75,000, while 68 districts gained this amount or more.

Table 9

Top Ten Gaining and Losing School Districts
Amount of State Aid Gained or Lost, 2001-02

	<u>Net Aid Transfer</u>
Gaining Districts	
Saint Francis Public	\$821,410
Wauwatosa	763,646
Brown Deer	717,428
Shorewood	587,099
Greenfield	582,854
West Allis	582,198
Elmbrook	462,286
Greendale	353,485
Beloit Turner	339,097
Kohler	301,017
Losing Districts	
MPS	-\$6,040,577
Madison Metropolitan	-365,291
Racine	-313,380
Waupun	-288,927
Menominee Indian	-257,784
Palmyra-Eagle Area	-252,951
Sheboygan Area	-236,461
Beloit	-231,649
Kewaskum	-227,011
Delavan-Darien	-222,767

Although several districts gained or lost significant amounts of state aid in absolute terms, the smaller aid gains or losses have a proportionally greater effect on smaller school district budgets. We measured the relative financial effect of open enrollment transfers by comparing the amount of aid gained or lost to each district's total shared cost, or expenditures eligible for general state aids. The ten school districts with the largest positive and negative open enrollment transfer payments in 2001-02, as a percentage of their shared costs, are shown in Table 10. The ten gaining districts had larger percentage effects because they tended to be smaller than the ten districts with the largest negative effects. Appendix 2 shows state aid gains and losses resulting from open enrollment transfers for all 426 school districts in 2001-02.

Table 10

Top Ten Gaining and Losing Districts
As a Percentage of Shared Costs
2001-02

	<u>Net Aid Transfer</u>	<u>Net Aid Transfer as a Percentage of Shared Costs</u>
Gaining Districts		
Linn J4	\$132,628	15.4%
Dover #1	76,363	12.1
Swallow	298,481	10.5
Yorkville J2	197,442	8.4
Saint Francis Public	821,410	8.4
Kohler	301,017	8.1
Norway J7	70,826	7.7
Geneva J4	86,004	6.6
Fontana J8	151,039	5.3
Brown Deer	717,428	5.2
Losing Districts		
Neosho J3	\$-61,719	3.2%
South Shore	-75,885	2.6
Wonewoc-Union Center	-96,121	2.5
Palmyra-Eagle Area	-252,951	2.5
Menominee Indian	-257,784	2.5
Glidden	-60,708	2.4
Blair-Taylor	-136,593	2.3
White Lake	-55,649	2.2
Bayfield	-94,126	2.2
Gilmanton	-45,531	2.2

Revenue Retained by Resident Districts

Resident districts keep some state aid associated with students who leave under open enrollment.

To limit the negative fiscal effect on resident districts, the state aid transferred with each student is the estimated direct instruction costs, not total expenditures per student. Consequently, resident districts retain some of the state and local revenue associated with students who leave under open enrollment.

As shown in Table 11, all but one school district had a higher shared cost per member than the uniform statewide transfer amount. Shared cost per member reflects, with certain exceptions, the combination of state general school aids and local property tax revenue, and districts are able to retain all revenue that exceeds the transfer amount when students leave under open enrollment. The only school district with a shared cost per member lower than the transfer amount is the Norris School District, which is a unique district that receives nearly all its revenue from state and federal aid.

Table 11

Shared Cost per Member Retained by School Districts
FY 2001-02

	Number of <u>Districts</u>
\$5,000–8,769	24
3,000–4,999	235
2,000–2,999	161
1,634–1,999	5
0	<u>1</u>
Total	426
Open enrollment aid transfer	\$5,059

Table 12 shows the shared costs retained by the ten school districts that had the largest net transfer losses in 2001-02. For example, although MPS had a net transfer loss of \$6.0 million, it was able to retain an estimated \$2.9 million in revenues associated with students who left under open enrollment.

Table 12

Shared Costs Retained by Top Ten Losing Districts
2001-02

<u>District</u>	<u>Net Aid Transfer¹</u>	<u>Shared Costs Generated by Transfer Students</u>	<u>Estimated Shared Costs Retained after Transfer</u>
MPS	-\$6,040,577	\$8,908,521	\$2,867,944
Madison Metropolitan	-365,291	689,861	324,570
Racine	-313,380	461,595	148,215
Waupun	-288,927	463,702	174,775
Menominee Indian	-257,784	519,876	262,092
Palmyra-Eagle Area	-252,951	405,076	152,125
Sheboygan Area	-236,461	403,376	166,915
Beloit	-231,649	442,917	211,268
Kewaskum	-227,011	348,046	121,035
Delavan-Darien	-222,767	331,381	108,614

¹Excludes special education students.

Statutes allow districts to limit the number of students who leave to a percentage of district membership.

To address concerns that large numbers of transfers in the early years of the program could harm a district before it was able to adjust fiscally and programmatically, statutes authorize resident, or sending, school districts to limit the number of transfers that exceed a specified percentage of their membership in each of the first several years of the program. However, few districts have used this authority, in part because of the small number of transfers in most districts thus far. In 2000-01, when the applicable percentage limit was 5.0 percent of membership, eight resident school districts denied a total of 166 applications because the number of transfers out would exceed the percentage limit.

Reducing costs through consolidation of classrooms has proved difficult.

Some have suggested that resident school districts losing students under open enrollment could decrease operating costs by eliminating some class sections. However, staff and officials we interviewed in 11 school districts told us it has been difficult to find savings by consolidating the number of classrooms because open enrollment transfers are not typically concentrated in a particular grade, and in larger districts they come from several schools within the district. As shown in Table 13,

while statewide open enrollment transfer data by grade show the largest numbers of transfers at the 5-year-old kindergarten and high school levels, most transfers are fairly evenly distributed throughout all grade levels.

Table 13

Statewide Transfers by Grade
2001-02

<u>Grade</u>	<u>Open Enrollment Transfers</u>	<u>Statewide Membership</u>	<u>Transfers as a Percentage of Membership</u>
Early childhood education	13	6,363	0.2%
Pre-kindergarten	6	4,113	0.1
4-year-old kindergarten	70	14,197	0.5
5-year-old kindergarten	800	57,469	1.4
1	767	58,174	1.3
2	716	60,059	1.2
3	626	61,655	1.0
4	517	63,509	0.8
5	486	65,101	0.7
6	519	67,208	0.8
7	565	67,398	0.8
8	542	66,558	0.8
9	950	77,802	1.2
10	965	73,512	1.3
11	961	70,297	1.4
12	952	65,946	1.4
Grade unreported	<u>2</u>		
Total	9,457	879,361	1.1

Fiscal Effects in Districts with Declining Enrollment

In 2001-02, enrollment in 237 school districts declined compared to 2000-01 membership levels. Declining enrollment reduces the amount a district may spend on educational programs because it reduces the revenue limit and therefore the amount that a district may take in through general state aid and local property taxes. For most of these

districts, total shared costs—and therefore the amount of district expenditures eligible for general state aid—still grew. However, as shown in Table 14, a total of eight school districts had net decreases in their shared costs and declining enrollment from 2000-01 to 2001-02 but were able to offset the reduction in shared costs partially or completely through aid transfer gains under the open enrollment program.

Table 14

Effect of Open Enrollment Aid Transfers
 Districts with Declining Enrollment that Offset Shared Cost Reductions
 2001-02

<u>District</u>	<u>Reduction in Shared Costs</u>	<u>Net Aid Transfers</u>	<u>Net Effect of Shared Cost Reduction and Open Enrollment Aid</u>
Columbus	\$-24,873	\$56,606	\$31,733
Johnson Creek	-1,922	31,393	29,471
Goodman-Armstrong	-4,305	15,177	10,872
Seneca	-65,452	68,802	3,350
Highland	-11,484	5,059	-6,425
Princeton	-95,665	30,354	-65,311
Royall	-188,421	10,117	-178,304
Birchwood	-281,564	54,131	-277,433

On the other hand, as shown in Table 15, two school districts had decreases in their shared costs and declining enrollment from 2000-01 to 2001-02 but were unable to offset losses in shared costs through open enrollment transfer gains, and eight had net transfer losses under the open enrollment program.

Table 15

Effect of Open Enrollment Aid Transfers
 Districts with Declining Enrollment that Did Not Offset Shared Cost Reductions
 2001-02

<u>District</u>	<u>Reduction in Shared Costs</u>	<u>Net Aid Transfers</u>	<u>Net Effect of Shared Cost Reduction and Open Enrollment Aid</u>
Washington	\$ -89,278	\$ 0	\$ -89,278
Independence	-241,495	0	-241,495
Wauzeka-Steuben	-52,877	-5,059	-57,936
Lena	-16,835	-45,530	-62,365
Prentice	-57,507	-45,531	-103,038
Elmwood	-99,523	-10,118	-109,641
Greenwood	-87,384	-53,823	-141,207
Shullsburg	-120,724	-27,824	-148,548
Unity	-23,867	-177,741	-201,608
Kewaunee	-1,191,209	-63,969	-1,255,178

Program Effects of Open Enrollment Transfers

Most school district administrators who responded to our survey reported that the open enrollment program has not led directly to the creation of new or innovative programs. However, districts that lost students—and state aid—were more likely to report that they had developed new or innovative programs. Similarly, few administrators reported that their districts had increased marketing efforts because of open enrollment, but districts with significant transfer activity were more inclined to do so.

Competition-Driven Program Changes

Few districts reported creating new or innovative programs as a result of open enrollment.

As shown in Table 16, 90.4 percent of school district administrators who responded to our survey reported that open enrollment has not led directly to the creation of new or innovative programs. The reason for this large percentage may be that few districts have experienced significant gains or losses during the first four years of the program. In addition, some administrators may be hesitant to ascribe program changes to a single cause. A number of district administrators who indicated they had not initiated new programs as a direct result of open enrollment also indicated their districts were always looking for ways to improve and expand programs.

Table 16

Creation of New or Innovative Programs 2001 Survey of District Administrators

	<u>Responses</u>	<u>Percentage</u>
New or innovative programs created	24	8.9%
No new or innovative programs created	244	90.4
No answer	<u>2</u>	<u>0.7</u>
Total	270	100.0%

Of the 24 respondents who indicated that open enrollment led to new or innovative programs, 15 mentioned new academic programs or increased academic offerings, 6 mentioned increased efforts to market their districts, and 3 mentioned both. For example:

- the School District of Abbotsford implemented an on-line curriculum to increase the educational offerings available to its students;
- the Burlington Area School District began offering full-day kindergarten and a K-6 Montessori program, and it increased the number of elective courses offered at the high school level;
- the Eau Claire Area School District increased the number of seats at its technology-related charter school;
- the Luck School District increased the number of courses it offers through a BadgerNet video link; and
- the Northern Ozaukee School District increased its number of advanced placement science and math courses and expanded both the talented and gifted program and technology-based programs.

Three survey respondents reported that their districts had implemented new programs and increased marketing efforts because of the open enrollment program. Their districts were:

- the Hartland-Lakeside J3 School District, which passed a referendum to improve facilities and also increased the number of course offerings, hired a part-time marketing person and conducted a survey of district parents;
- the Northwood School District, which added a drama course and increased efforts to publicize the district to parents; and
- the Palmyra-Eagle Area School District, which increased public relations efforts and added full-day kindergarten.

Losing districts were more likely than gaining districts to report new or innovative programs.

Districts that lost students—and state aid—were more likely to report that they had reviewed their programs and curricula and made changes. As shown in Table 17, 13.5 percent of respondents in losing districts reported creating new or innovative programs, while 5.0 percent of respondents in gaining districts did so.

Table 17

New or Innovative Programs in Gaining and Losing Districts¹
 2001 Survey of District Administrators

	Gaining Districts		Losing Districts	
	Responses	Percentage	Responses	Percentage
New or innovative programs created	7	5.0%	17	13.5%
No new or innovative programs created	133	94.3	108	85.7
No answer	<u>1</u>	<u>0.7</u>	<u>1</u>	<u>0.8</u>
Total	141	100.0%	126	100.0%

¹ Three districts that responded to the survey had no net gain or loss under open enrollment. All three districts indicated they had not established new or innovative programs in response to the program.

This tendency was also true in the district transfer pairs that we reviewed. Of the 17 responses from staff in the districts that gained students, only two—Kohler and Eau Claire Area—reported that open enrollment led to the development of new or innovative programs. However, among the 11 responses from the losing districts, 4 districts—Hartland-Lakeside J3, Lake Geneva J1, Menasha Joint, and Palmyra-Eagle Area—reported creating new programs. Although administrators from MPS—the district that has experienced by far the greatest number of outgoing transfers—did not respond to our survey, MPS staff indicated that the district has developed new programs in response to the various school reform programs passed by the Legislature, including the Milwaukee Parental Choice Program, Chapter 220, and non-MPS charter schools, as well as the open enrollment program.

MPS has developed a range of new programs in response to education reform efforts.

As shown in Table 18, an estimated 54.6 percent of public school students in Milwaukee attended MPS in 2000-01, whereas 45.4 percent of publicly funded students were enrolled in non-MPS or MPS educational options. The underlying objective of these options is increased educational choice and flexibility. In addition, the

Chapter 220 program, under which MPS students have been able to transfer to nearby suburban districts since the 1976-77 school year, is designed to increase school integration. The previous MPS superintendent believes reforms such as the Milwaukee Parental Choice Program, charter schools, and open enrollment have motivated MPS to develop new program alternatives, such as magnet schools, MPS-sponsored charter schools, and “immersion” schools, and MPS has begun to highlight these new programs in marketing efforts intended to retain students. Despite these changes, the number of students using the open enrollment program to transfer out of MPS increased by 63.7 percent from 2000-01 to 2001-02, or from 813 to 1,331.

Table 18

MPS Enrollment Comparison
2000-01

	<u>Milwaukee Students</u>	<u>Percentage</u>
Non-MPS Educational Options¹		
Milwaukee Parental Choice	9,619	8.4%
Chapter 220 transfers out	4,329	3.8
Non-MPS charter schools	1,523	1.3
Open enrollment transfers out	<u>813</u>	<u>0.7</u>
Subtotal, Non-MPS options	16,284	14.2
MPS Educational Options²		
MPS specialty schools	23,910	20.9
MPS charter schools	5,885	5.2
MPS contract and alternative schools	4,152	3.6
MPS Montessori schools	<u>1,652</u>	<u>1.5</u>
Subtotal, MPS options	35,599	31.2
Regular MPS Schools²		
Regular MPS schools	<u>62,386</u>	<u>54.6</u>
Total	114,269	100.0%

¹Excludes Milwaukee students enrolled in private schools who did not participate in the Milwaukee Parental Choice Program.

²Estimated, based on count on the third Friday in September 2000.

School District Marketing Initiatives

Increased marketing efforts were reported by 15.6 percent of school districts responding to our survey.

While the open enrollment program has not led to widespread implementation of marketing programs in school districts, some districts have attempted to better market themselves to resident and nonresident families. As shown in Table 19, 15.6 percent of 270 survey respondents reported increased marketing efforts because of the open enrollment program. Among these respondents there did not appear to be any significant differences between districts that had lost students and those that had gained students. However, in site visits we found that districts with higher open enrollment activity were more likely to consider marketing efforts.

Table 19

Marketing Efforts to Attract or Retain Students 2001 Survey of District Administrators

	<u>Responses</u>	<u>Percentage</u>
Marketing efforts	42	15.6%
No marketing efforts	221	81.9
Did not answer	<u>7</u>	<u>2.5</u>
Total	270	100.0%

Districts with higher open enrollment activity were more likely to consider marketing efforts.

As noted, we visited 11 districts with significant transfer activity. We found that six of these districts—including four of the five districts that were losing students under the program—had developed marketing efforts that ranged from formal campaigns to informal changes to preexisting outreach efforts. For example:

- MPS has engaged in a broad marketing campaign that includes direct mailings to parents, brochures identifying educational options offered by MPS, billboard advertising, flyers in Milwaukee fast food restaurants, and radio and television spots;
 - the Palmyra-Eagle Area School District has made presentations to groups of parents and distributed a school year promotional calendar that was printed and designed by volunteers;
-

- the Beloit School District has tried to promote itself informally by providing information about its programs and services on its local access cable television program;
- the Saint Francis Public School District has held “open swim/gym” nights, as well as barbecues and tours for both resident and nonresident families;
- the Kohler School District has developed and updated an open enrollment brochure, held regular open houses for families considering a transfer to the district, and formed a parent committee to identify prospective participants living in neighboring districts and to distribute flyers; and
- the Sheboygan Area School District hired a part-time public relations specialist to provide increased outreach to Sheboygan parents regarding district achievements and educational options.

While some view marketing campaigns as a worthwhile investment because increased enrollment provides long-term financial benefits to school districts, others view increased marketing efforts as an inappropriate use of resources that could be better spent on instruction or school improvement. In either case, incentives to develop marketing efforts exist and may intensify as school districts increasingly feel market pressures to retain or attract students.

Open enrollment has the potential of increasing racial and economic diversity among students in some school districts, much as the Chapter 220 program has increased diversity in Milwaukee-area schools. Conversely, open enrollment also has the potential of decreasing ethnic diversity in school districts. Available data suggest the effects of open enrollment on the ethnic makeup of school districts have been limited thus far, but this may be because the number of students participating has been relatively low. However, in larger school districts, white students are the most frequent participants in the open enrollment program.

Effects on District Ethnicity

Minority students participate in open enrollment at lower rates than their representation in the districts.

As shown in Table 20, minority students participate in the open enrollment program at lower rates than their representation in school districts: 19.9 percent of all public school students belonged to one or more minority groups in 2001-02, but demographic data from the open enrollment program indicate that minority students accounted for only 11.6 percent of transfers in that year. In contrast, 80.1 percent of all public school students in 2001-02 were white, but white students accounted for 84.7 percent of open enrollment transfers. It is unclear why minority students, particularly African-American and Hispanic students, are participating in open enrollment at lower rates. However, one reason minority participation might be lower in the Milwaukee area is that minority students from MPS have other public school choice options that are not available to minority students elsewhere, including Chapter 220 and the Milwaukee Parental Choice Program.

Table 20

Statewide Enrollment Data by Ethnicity
2001-02

	<u>Total Enrollment</u>	<u>Percentage</u>	<u>Open Enrollment Transfers</u>	<u>Open Enrollment Percentage</u>
Black	89,293	10.2%	354	3.7%
Hispanic	43,621	5.0	298	3.2
Asian or Pacific Islander	29,488	3.3	133	1.4
American Indian or Alaskan Native	12,520	1.4	199	2.1
Multiple categories	<u>—</u>	<u>—</u>	<u>111</u>	<u>1.2</u>
Subtotal, minorities	174,922	19.9	1,095	11.6
White	704,439	80.1	8,012	84.7
Ethnicity unreported	<u>—</u>	<u>—</u>	<u>350</u>	<u>3.7</u>
Total	879,361	100.0%	9,457	100.0

Open enrollment transfers have not significantly altered the overall ethnic makeup of any school districts, including MPS and nearby districts. Of the 1,331 transfers out of MPS in 2001-02, 467 were minority students, which did not have a significant effect on the ethnic makeup in either MPS or surrounding districts. Table 21 shows the changes in minority student enrollment because of open enrollment transfers in Milwaukee-area school districts during 2001-02.

Table 21

**Change in Minority Enrollment in Milwaukee-Area Districts
2001-02**

<u>Milwaukee-Area District</u>	Minority Enrollment Before Transfers		Minority Enrollment After Transfers ¹		<u>Difference</u>
	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>	
Brown Deer	561	34.6%	635	35.7%	1.1%
Cudahy	535	18.3	535	18.1	-0.2
Elmbrook	875	11.9	894	12.0	0.1
Fox Point J2	133	15.4	146	16.2	0.8
Franklin Public	655	16.9	652	16.8	-0.1
Germantown	216	5.9	213	5.8	-0.1
Glendale-River Hills	356	33.7	385	35.3	1.6
Greendale	248	11.8	260	11.9	0.1
Greenfield	547	17.4	616	18.9	1.5
Hamilton	282	7.2	283	7.2	0.0
Maple Dale-Indian Hill	143	24.2	151	24.9	0.7
Menomonee Falls	591	14.1	595	14.1	0.0
Mequon-Thiensville	469	11.3	472	11.4	0.1
MPS	80,318	81.1	79,877	81.7	0.6
New Berlin	406	8.8	404	8.8	0.0
Nicolet UHS	299	22.0	338	23.9	1.9
Oak Creek-Franklin	766	15.9	760	15.8	-0.1
Saint Francis Public	312	24.4	351	24.3	-0.1
Shorewood	507	24.4	564	25.6	1.2
South Milwaukee	564	15.9	571	15.9	0.0
Wauwatosa	1,504	21.7	1,558	22.0	0.3
West Allis	1,246	14.3	1,254	14.2	-0.1
Whitefish Bay	514	18.1	533	18.6	0.5
Whitnall	309	12.2	311	12.3	0.1

¹ Reflects both transfers in and transfers out of each district.

White students represented 62.6 percent of the students who transferred out of MPS in 2000-01.

However, whites in the Milwaukee area participate in proportionately larger numbers, as shown in Table 22: 18.3 percent of MPS students in 2001-02 were white, but they accounted for 62.6 percent of open enrollment participants who transferred out of MPS.

Table 22

MPS Open Enrollment Transfers Out, by Ethnicity
2001-02

	<u>Open Enrollment Transfers</u>	<u>Transfers Out Percentage</u>	<u>MPS Enrollment Percentage</u>
Black	247	18.6%	60.3%
Hispanic	136	10.2	16.1
Asian or Pacific Islander	39	2.9	4.3
American Indian or Alaskan Native	17	1.3	1.0
Multiple categories reported	<u>28</u>	<u>2.1</u>	<u>—</u>
Subtotal, minorities	467	35.1	81.7
White	833	62.6	18.3
Ethnicity unreported	<u>31</u>	<u>2.3</u>	<u>—</u>
Total	1,331	100.0%	100.0%

In other large school districts, white students were also the most frequent participants in the open enrollment program, as shown in Table 23. Participation by white students was usually at higher rates than their representation in the school district. For example, the 75 white students who transferred out of the Racine district in 2001-02 were 91.5 percent of transfers, but only 59.5 percent of all students enrolled in that district were white.

Table 23

Open Enrollment Transfers Out, by Ethnicity
 Large School Districts, Excluding MPS, 2001-02

<u>District Name</u>	<u>Total Membership</u>	<u>Minority Transfers Out</u>	<u>White Transfers Out</u>	<u>Ethnicity Unknown</u>
Madison Metropolitan	24,893	23	102	4
Racine	21,265	4	75	3
Kenosha	20,553	5	16	0
Green Bay Area	20,320	14	71	2
Appleton Area	14,800	8	47	2
Waukesha	12,769	12	90	0
Eau Claire Area	11,108	5	67	1
Oshkosh Area	10,638	4	16	0
Sheboygan Area	10,624	7	70	4

Districts with higher average incomes tend to attract more transfers.

Data on the income and education of families participating in the open enrollment program are unavailable, which makes it difficult to draw conclusions regarding the socioeconomic makeup of open enrollment students. However, income data provided by the Department of Revenue suggest that participants are more likely to transfer to a nonresident, or receiving, district with a higher average household income. As shown in Table 24, 13 of 20 district transfer pairs we identified outside of Milwaukee involved transfers to districts with higher average household incomes. In the Milwaukee area, all nine pairs involved students leaving MPS to attend school districts with higher average household incomes.

Table 24

Household Income in District and Open Enrollment Transfers
 Top District Transfer Pairs, 2000-01

	<u>Transfers to Districts with Higher Incomes</u>	<u>Transfers to Districts with Lower Incomes</u>
Transfer pairs excluding Milwaukee	13	7
Transfer pairs involving Milwaukee ¹	9	0

¹Data on only nine of the ten Milwaukee-area district transfer pairs are included in this table because one of the data pairs involves a unified high school district, which draws on several feeder districts.

Chapter 220 and Open Enrollment

In 2000-01, 4,329 students from MPS enrolled in suburban districts as part of the Chapter 220 program, which seeks to improve racial integration in MPS and surrounding districts. To ensure that suburban districts maintain their participation in the Chapter 220 program, statutes require that students applying for nonresident seats under Chapter 220 be given preference over open enrollment transfer applicants. While minority participation in the open enrollment program is limited, overall participation in the Chapter 220 program appears to be declining.

Since it first took effect in the 1976-77 school year, the Chapter 220 program has been modified several times. Currently, the 23 participating suburban school districts each negotiate annually with MPS on the number of Chapter 220 seats they will make available. As shown in Table 25, four suburban districts saw all available Chapter 220 seats filled by MPS transfer students in 2000-01. Considering all suburban Milwaukee districts together, 89.7 percent of the available Chapter 220 seats were filled, which is a slight increase over the 1999-2000 school year. Since the transfer number is based on counts on the third Friday in September, district staff with whom we spoke believe that dropouts or other attendance reasons could explain why not all offered seats are filled.

Table 25

Chapter 220 Seats Filled by MPS Students
Fill Rates for 1999-2000 and 2000-01 School Years

District	1999-2000 School Year			2000-01 School Year		
	Seats Offered	Transfers	Fill Rate	Seats Offered	Transfers	Fill Rate
Wauwatosa	835	753	90.2%	727	671	92.3%
Franklin Public	360	332	92.2	325	320	98.5
Elmbrook	377	325	86.2	337	310	92.0
Whitefish Bay	352	338	96.0	338	294	87.0
Menomonee Falls	345	313	90.7	345	291	84.3
West Allis	343	282	82.2	295	249	84.4
Shorewood	283	272	96.1	259	245	94.6
South Milwaukee	361	279	77.3	291	233	80.1
Saint Francis Public	206	155	75.2	230	174	75.7
Mequon-Thiensville	171	170	99.4	167	167	100.0
Cudahy	185	178	96.2	205	161	78.5
Whitnall	193	177	91.7	168	155	92.3
Greenfield	305	170	55.7	179	146	81.6
Oak Creek-Franklin	117	99	84.6	109	124	113.8
Nicolet UHS	134	131	97.8	118	117	99.2
Brown Deer	147	131	89.1	129	107	82.9
Fox Point J2	127	122	96.1	111	105	94.6
Greendale	121	103	85.1	98	98	100.0
New Berlin	133	104	78.2	116	94	81.0
Hamilton	95	92	96.8	95	94	98.9
Glendale-River Hills	93	93	100.0	75	73	97.3
Maple Dale-Indian Hill	71	67	94.4	68	68	100.0
Germantown	<u>38</u>	<u>35</u>	92.1	<u>39</u>	<u>33</u>	84.6
Total	5,392	4,721	87.6	4,824	4,329	89.7

The number of Chapter 220 seats offered by suburban districts decreased in the 2000-01 school year.

As shown in Table 26, the number of Chapter 220 seats offered by suburban districts decreased by 568, or 10.5 percent, from 1999-2000 to 2000-01. In all, 18 of 23 suburban Milwaukee-area districts reduced the number of available Chapter 220 seats.

Table 26

Change in Chapter 220 Contract Seats and Student Participation
Change between 1999-2000 and 2000-01 School Years

<u>Chapter 220 District</u>	<u>Change in Seats Offered</u>	<u>Percentage Change</u>	<u>Change in Students</u>	<u>Percentage Change</u>
Greenfield	-126	-41.3%	-24	-14.1%
Wauwatosa	-108	-12.9	-82	-10.9
South Milwaukee	-70	-19.4	-46	-16.5
West Allis	-48	-14.0	-33	-11.7
Elmbrook	-40	-10.6	-15	-4.6
Franklin Public	-35	-9.7	-12	-3.6
Whitnall	-25	-13.0	-22	-12.4
Shorewood	-24	-8.5	-27	-9.9
Greendale	-23	-19.0	-5	-4.9
Brown Deer	-18	-12.2	-24	-18.3
Glendale-River Hills	-18	-19.4	-20	-21.5
New Berlin	-17	-12.8	-10	-9.6
Nicolet UHS	-16	-11.9	-14	-10.7
Fox Point J2	-16	-12.6	-17	-13.9
Whitefish Bay	-14	-4.0	-44	-13.0
Oak Creek-Franklin	-8	-6.8	25	25.3
Mequon-Thiensville	-4	-2.3	-3	-1.8
Maple Dale-Indian Hills	-3	-4.2	1	1.5
Menomonee Falls	0	0.0	-22	-7.0
Hamilton	0	0.0	2	2.2
Germantown	1	2.6	-2	-5.7
Cudahy	20	10.8	-17	-9.6
Saint Francis Public	<u>24</u>	11.7	<u>19</u>	12.3
Total	-568	-10.5	-392	-8.3

Reductions in Chapter 220 enrollment may suggest less demand for Chapter 220 transfers among MPS residents. School district and DPI staff have suggested several possible reasons to explain declining student interest in Chapter 220, including:

- recently imposed transportation zones by MPS, which limit students' choices to only some of the participating suburban schools;
- concern among residents that the program will be eliminated by the Legislature;
- growth of other school choice programs, including the Milwaukee Parental Choice Program, charter schools, and open enrollment; and
- marketing efforts and school improvements by MPS to re-attract students.

Aid received for open enrollment transfers does not count against the revenue limit.

Another possible contributing factor may be differences in how financial aid is provided to districts under Chapter 220 and open enrollment. Transfer aid from the State to districts that receive students under Chapter 220 does not increase the districts' revenue limits, and therefore does not increase total resources available to them. In contrast, transfer aid under the open enrollment program is outside the revenue limit, which has the effect of increasing total revenue available to districts that receive students.

Future Considerations

Open enrollment, the Internet, and the charter school law have created a situation that may not have been anticipated.

Recent efforts by two Wisconsin school districts to establish on-line virtual schools under the open enrollment program and the State's charter school law have created a situation that may not have been anticipated under enabling legislation for either the open enrollment program or charter schools: the possibility of the State funding the cost of education for students who are home schooled. In addition, we identified two other emerging issues: school district staff are concerned about the increasing administrative burden of processing open enrollment transfer applications, and open enrollment program rules related to special education are under federal review.

Virtual Schools

In recent years, school districts in Wisconsin and other states have been expanding their traditional offerings to students by making courses available via the Internet, using curricula developed by private companies. During the past year, at least two Wisconsin school districts have considered expanding that practice by creating Internet-based charter schools and attracting home-schooled students and other students from throughout the state through the open enrollment program. Supporters of such efforts believe they are an innovative way to provide services to home-schooled students and note that they can also be an effective means to serve those students who have difficulty succeeding in a traditional classroom setting. However, some question the use of state school aid transfers from the open enrollment program for home-schooled students as a significant policy change that may not have been anticipated when the open enrollment program was established. Independent of any policy questions about this practice, our review of the proposals found they contain insufficient information to adequately determine how their costs were established. We also noted that the costs of the two virtual charter schools exceeded the per pupil cost for ten other private companies and schools we surveyed that offer Internet-based courses.

Two school districts considered establishing virtual schools for the 2002-03 school year.

The Appleton Area and Lake Mills Area school districts recently considered establishing virtual charter schools to offer on-line instruction to resident and nonresident home-schooled students in 2002-03. Appleton Area contracted in May 2002 with Sylvan Learning Systems of Baltimore, Maryland. Lake Mills Area considered contracting with K12, Inc., of McLean, Virginia, but in June 2002 the school board voted not to proceed with a contract. As shown in Table 27, together, the two districts report receiving more than 1,000 open enrollment applications

for their virtual charter schools. An estimated 55 percent of the 270 students expected to enroll in the Appleton Area School District's virtual charter school would come from private schools or have been home schooled, as would an estimated 85 percent of the 420 students originally anticipated to enroll in the Lake Mills Area School District's virtual charter school. Both virtual school proposals anticipated significantly expanded enrollment in the next five years.

Table 27

Planned Virtual Schools in Wisconsin

	<u>Appleton Area School District</u>	<u>Lake Mills Area School District¹</u>
Name of school	Wisconsin Connections	Wisconsin Virtual Academy
Private contractor	Sylvan Learning Systems	K12, Inc.
Grades to be served in 2002-03	K-8	K-5
2002-03 open enrollment applications	495	553
2002-03 planned enrollment	270	420
Estimated enrollment of private or home-based school children	55 percent, or 148 students	85 percent, or 357 students
Planned teacher-student ratio	45 to 1	46.7 to 1
Enrollment expansion plans	2,500 to 4000 by 2007-08	990 by 2004-05

¹As proposed before June 2002.

If both proposals had been approved, contractors could have received up to \$2.1 million.

Although both the Appleton and the Lake Mills proposals would provide some level of teacher support and on-line curriculum materials, the student-teacher ratios of 45 to 1 in the Sylvan program and 46.7 to 1 in the K12 program are significantly greater than the statewide average of 13 to 1. Such high ratios suggest that the programs may remain largely home-school programs in which the parent is the principal instructor or teacher. As shown in Table 28, if both proposals had been approved, the virtual school contractors would have been eligible to receive up to \$2.1 million in open enrollment revenue in the 2002-03 school year.

Table 28

Projected Open Enrollment Funding Distribution
2002-03

	<u>Appleton Virtual Charter School</u>	<u>Lake Mills Virtual Charter School</u> ¹	<u>Both Schools</u>
Estimated 2002-03 enrollment ²	270	420	690
Estimated open enrollment transfer amount for each student ³	\$5,195	\$5,195	\$5,195
Total open enrollment revenue ⁴	\$1,298,750	\$2,181,900	\$3,480,650
Open enrollment revenue transferred to contractor ⁵	\$944,730	\$1,148,280	\$2,093,010
Open enrollment revenue retained by school district	\$354,020	\$1,033,620	\$1,387,640

¹ As proposed before June 2002.

² An estimated 20 of Appleton's 270 enrolled students are currently district residents who will not generate an open enrollment transfer payment.

³ Based on estimated 2002-03 open enrollment general aid transfer amount.

⁴ Based on the assumption that 250 Appleton and all 420 Lake Mills students come from nonresident school districts.

⁵ Assumes per student payments of \$3,499 for the Appleton contractor and \$2,734 for the Lake Mills contractor.

The costs of providing home-based instruction to students may increase because, as noted, both proposals indicated that they anticipate increasing enrollments. Appleton Area anticipates expanding services to high school students and attracting 2,500 students by the 2007-08 school year, although the contract allows up to 4,000 students by that year. The Lake Mills Area proposal anticipated enrolling 990 students in grades K-10 by the 2004-05 school year. Because the on-line students do not physically attend the district, school space limitations, which limit traditional open enrollment transfers, are not applicable.

Because open enrollment is funded by state general school aids, enrolling home-schooled or private school students can also be viewed as a financial windfall for resident, or sending, districts that allow these students to transfer to virtual charter schools, because doing so will increase their total district membership without changing their property tax base. That will have the effect of decreasing their tax base per member, and thereby increasing their percentage of shared costs funded by state general aids. In addition, because total shared costs exceed the amount of the open enrollment transfer, resident (sending) districts will retain the amount of school aids and property tax revenue above the

transfer amount. For these reasons, the number of virtual schools established by districts, and the number of home-schooled and private school students who participate in virtual charter schools under open enrollment, could increase significantly.

DPI estimates there are 20,382 home-schooled students in Wisconsin, and 148,336 private school students. It cannot be estimated how many of such students would eventually participate in the open enrollment program through charter schools. However, because the program allows students currently schooled at home to continue to be schooled at home but offers free curriculum materials and computer access, a significant number may find it attractive. Enrolling 50 percent of the current 20,382 home-schooled students would represent more than \$52.9 million in additional transfer payments and would significantly increase school costs eligible for state general school aids.

Concerns have been raised about the quality of virtual schools in some states.

A national survey conducted by DPI identified 69 virtual schools or on-line programs in 37 states. Few of these programs have been established for more than a few years, and limited information exists to assess their effectiveness. Proponents assert that the technology, curriculum assistance, and other support provided by the virtual schools enhances the quality of students' education. However, a December 2000 audit by the Ohio State Auditor identified \$1.9 million in questionable payments to a school in Columbus, Ohio, for educational services to students with no records of actual electronic instruction. An October 2001 Pennsylvania Department of Education review of six "cyber charter schools" found weaknesses in instructional techniques, such as an over-reliance on multiple choice exams rather than essays, and allowing parents to proctor exams for their own children.

DPI is still assessing the potential effects of the proposed virtual schools.

DPI officials are still assessing the potential effects of the proposed virtual charter schools. Although they indicate support for all districts' efforts to innovate and change if student learning is improved, they believe a number of issues need to be addressed, including:

- whether virtual charter school curricula will follow Wisconsin standards and statutory goals;
- how student performance will be assessed;
- how special education students will receive a free and appropriate education compliant with federal standards;
- how students and their parents will have access to school decision makers and administrators; and
- how the schools will comply with non-discrimination issues.

Enrollment of a significant number of home-schooled students will require additional general purpose revenue funding.

In light of the potentially significant fiscal impact the proposed virtual schools could have on state education funding in Wisconsin, we believe the Legislature may wish to carefully consider the participation of virtual charter schools in the open enrollment program. If the Legislature wishes to maintain its two-thirds commitment to funding public school districts, the enrollment of a significant number of home-schooled students in virtual charter schools will require the appropriation of additional general purpose revenue to support them.

It should be noted that 2001 Assembly Bill 893, introduced in March 2002, would have established a temporary moratorium on allowing open enrollment transfers to virtual charter schools but would not have interfered with districts' ability to offer Internet-based courses to resident students. While 2001 Assembly Bill 893 did not pass, the moratorium issue was debated extensively during the development of 2001 Wisconsin Act 109. Ultimately, the Legislature decided to retain existing statutory language, which allows virtual charter schools to move forward. In July 2002, the Wisconsin Education Association Council (WEAC) issued a notice of intent to file a legal challenge to the Appleton virtual charter school.

We reviewed both virtual school proposals to analyze their cost structures. The estimated 2002-03 open enrollment transfer payment is \$5,195 per student (an increase of \$136 over the \$5,059 paid in 2001-02). The Appleton Area School District proposes paying \$3,499 to Sylvan for each enrolled student, while retaining \$1,696 in state transfer aid to fund its direct costs. For the \$3,499, Sylvan will provide each student:

- a one-year Calvert Curriculum modified for Wisconsin academic standards (At the retail level, an unmodified Calvert Curriculum costs from \$313 for kindergarten materials to \$603 for 8th-grade materials.);
- a leased computer;
- Internet access;
- software to supplement the curriculum; and
- access to Sylvan academic consultants and Appleton-employed teachers on line and by telephone.

All curriculum, software, and hardware will remain property of the Appleton virtual school and will be returned when students leave the school. In addition, Sylvan is reimbursing Appleton Area for the cost of employing the school's principal.

The \$1,696 retained by the Appleton district will be used primarily to fund the additional teachers the district will hire. However, the proposal we reviewed provides insufficient detail for determining how the proposed cost of \$3,499 per student for Sylvan was established. For example, the 6.0 FTE teachers the Appleton district has hired, as well as the home-schooled students and their parents, will have access to an education resource center maintained by Sylvan. However, the proposal contains no information on the number of staff in the center dedicated to the Appleton contract or on their educational qualifications. The proposal also does not specify what service standards will be followed, such as how promptly questions will be responded to, the number of teachers or students the center is able to support at one time, or how much time will be allocated to individual students.

Similar questions can be raised about the contract that had been proposed between the Lake Mills Area School District and K12, Inc. Under that proposal, the Lake Mills Area School District would have retained \$2,461 of the estimated \$5,195 open enrollment transfer payment. It would have directly employed an estimated 4.5 FTE administrative staff and an estimated 9.0 FTE teachers at the virtual school. The district would have paid K12, Inc., \$2,734 per student to provide course materials, student computer services, and some management services. Like the Appleton proposal, the Lake Mills proposal did not contain sufficient information or detail to explain the cost of all services or course materials.

Some home schooling curricula cost much less than open enrollment program transfer payments.

Limited information exists on the costs of home schooling. We reviewed the costs of annual curricula currently available for home schooling based on the Web sites of private schools and publishers that are currently selling services. We found ten different companies and schools that offered home schooling curricula for K-12 students at annual costs of \$195 to \$2,586 per student, as shown in Table 29. The instructional approaches of the ten providers vary greatly, with the more expensive offering services such as individual teacher consultations and lessons on videotape; however, all offer curricula at costs much lower than the estimated 2002-03 open enrollment transfer payment of \$5,195.

Table 29

Costs for Complete Annual Home Schooling Curricula
 May 2002 Survey

<u>Instructional Approach</u>	<u>Grades Levels Offered</u>	<u>Annual Curriculum Costs¹</u>
Primarily On-line Instruction		
Provider 1	9-12	\$850
Provider 2	K-12	\$223
Provider 3	3-12	\$1,100 to \$1,300
Curriculum on Computer Disk		
Provider 4	1-12	\$195
Instruction via Text and Videotape		
Provider 5	K-12	\$655 to \$1,370
Text Instruction with Teacher Consultations		
Provider 6	K-12	\$1,010 to \$2,586
Text Instruction without Teacher Consultation		
Provider 7	K-12	\$314 to \$424
Provider 8	K-12	\$190 to \$325
Provider 9	K-12	\$175 to \$625
Provider 10	K-12	\$214 to \$506

¹ Some schools or publishers charge more for upper grade-level curricula.

Both the Abbotsford and Monroe school districts offer Internet-based classes to their students, primarily as a way of enhancing and expanding the types of courses available to resident students. Abbotsford currently uses on-line curricula to supplement classroom educational opportunities for talented and gifted students. The Monroe district is establishing an alternative high school diploma program that will serve an estimated 30 students in the 2002-03 school year. Under the program, previously home-schooled or credit-deficient district students can use on-line courses, purchased by the school from three outside providers, to earn course credits.

Administrative Burden

Since the open enrollment program's creation in 1997 Wisconsin Act 27, one of its two primary goals—to increase available educational options—has already been achieved. However, if participation continues to increase, school districts will be required to process and establish the enrollment status of more students. As noted, staff at each of the 11 school districts we visited have expressed concern about the increasing administrative burden of processing applications for the open enrollment program.

There are 11 separate steps in the administrative process, most of which require some exchange of paperwork between the resident and nonresident school districts, DPI, and families. Appendix 3 details the process and time line followed for the 2001-02 school year. Although some of the steps, such as estimating special education tuition costs, are not applicable to all students, the process is lengthy and detailed.

Each of the steps in the review process is intended to protect the interests of students and school districts. However, it may be possible to reduce the complexity of the process by reducing the frequency with which paper documents are mailed between districts and between the districts and DPI. DPI has been developing Internet reporting for some administrative interchanges. For example, it has recently developed a process that will allow districts to report their annual school performance data electronically rather than by paper copy, which will be more convenient for both DPI and the districts. In developing Internet-based reporting processes, DPI has addressed issues such as privacy, security of data, and information technology capacity.

A Web-based processing system for the open enrollment program could significantly reduce the administrative burden on local school districts by allowing them to more easily exchange information and track student applications. Further, because some students whose applications are accepted decide not to transfer, or their families move to different districts, Web-based reporting could allow district staff to verify on line which district the student is attending for the third Friday in September count. However, because DPI has already internally reallocated funds to administer the open enrollment program, implementing such a system would require additional resources. Consequently, *we recommend the Department of Public Instruction include an assessment, including initial development and maintenance costs, of implementing an Internet-based open enrollment application process in its next information technology strategic plan.*

Federal Review of Special Education Program Rules

The United States Department of Education's Office of Civil Rights is currently reviewing a complaint from a Wisconsin parent that the State's open enrollment program discriminates against children with disabilities. The federal review began in May 2000 and is based on a complaint filed by the parents of a second-grader who was denied an open enrollment transfer in 1999, after a district denial was upheld by DPI. The parents who filed the complaint believe that denials of transfers for special education students on the basis of undue financial burden is discriminatory because districts cannot deny regular students based on undue financial burden.

Federal civil rights officials will determine whether the open enrollment program discriminates against disabled children.

Upon request of the Office of Civil Rights, DPI provided federal officials with an explanation of the Wisconsin law. DPI noted that the current law does not appear to be discriminatory because:

- disabled children are not being denied a free and appropriate education as required by federal law because the resident school district is required to provide education services to any disabled student denied a transfer;
- many disabled students have transferred under the open enrollment law;
- school districts are not permitted to deny transfers based directly on disabilities, but rather based on the costs of paying for special education services in another school district; and
- other provisions of the open enrollment law allow resident school districts to limit transfers of non-disabled students for economic reasons. Specifically, resident districts can limit the total percentage of their total student population, including non-disabled students, that can transfer under open enrollment.

Although the federal review is ongoing, as of June 2002, DPI had not received any communication from the federal Office of Civil Rights for over one year. If federal officials eventually determine the open enrollment law is discriminatory, federal funding for special education could be withheld unless changes are made to the open enrollment law to bring the Wisconsin program into compliance with federal law.

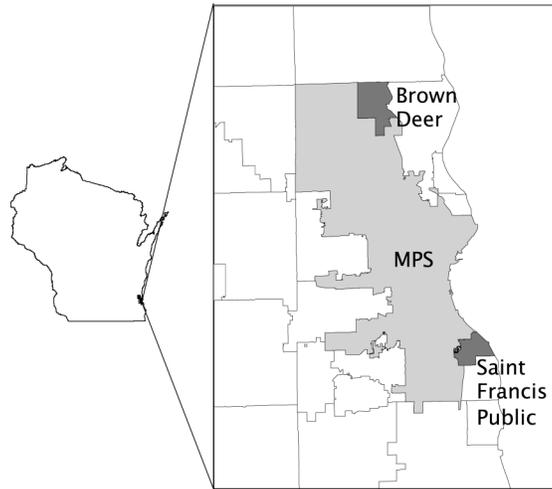
Appendix 1

District Transfer Pair Case Studies

This appendix presents information about transfers between selected districts in the 2001-02 school year. Among the paired districts, the deeper shading marks districts that gained students, such as Brown Deer, Saint Francis Public, and Shawano-Gresham, while the lighter shading marks districts that lost students, such as MPS and the Menominee Indian School District.

The appendix also includes staff perspectives on linked district transfer pairs. Although staff believe that families participate in the program for a number of reasons, in most cases staff in the gaining districts cited perceptions of safety and higher academic performance as reasons for transfers. In contrast, staff in the losing districts often cited factors such as the desire to enroll in a smaller district, or convenience.

MPS—Brown Deer—Saint Francis Public



2001-02 Transfers between Linked Districts

<u>Losing District</u>	<u>Gaining District</u>	<u>2000-01 Transfers</u>	<u>2001-02 Transfers</u>
MPS	Brown Deer	99	161
MPS	Saint Francis Public	101	151

Staff Perspective on Linked District Transfer Pairs

MPS staff indicated that families leave MPS for nearby districts because:

- parents believe that the suburban schools are able to offer stronger academic programs; and
- the families live nearer to schools in neighboring districts.

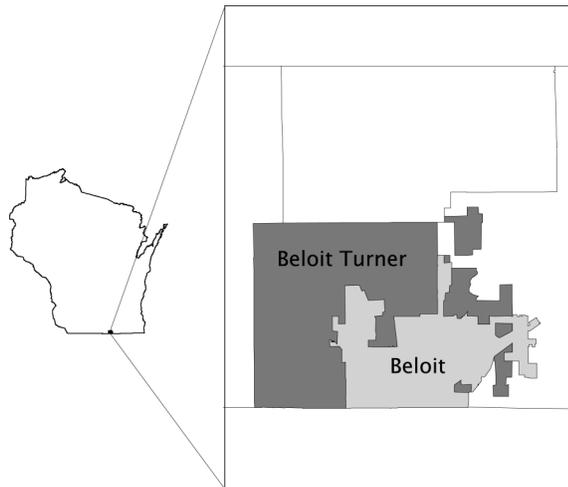
Staff in the Brown Deer School District believe that MPS students enroll in the Brown Deer district because:

- Brown Deer students perform well on statewide tests;
- there is a smaller “minority achievement gap” than in other districts;
- Brown Deer is a more racially integrated community; and
- Brown Deer schools are within walking distance of some MPS attendance areas.

Staff in the Saint Francis Public School District believe that MPS students enroll in the Saint Francis district because:

- Saint Francis has a desirable teacher-student ratio; and
- MPS parents believe that Saint Francis has a good school climate with relatively few discipline problems.

Beloit—Beloit Turner



2001-02 Transfers between Linked Districts

<u>Losing District</u>	<u>Gaining District</u>	<u>2000-01 Transfers</u>	<u>2001-02 Transfers</u>
Beloit	Beloit Turner	90	110

Staff Perspective on Linked District Transfer Pairs

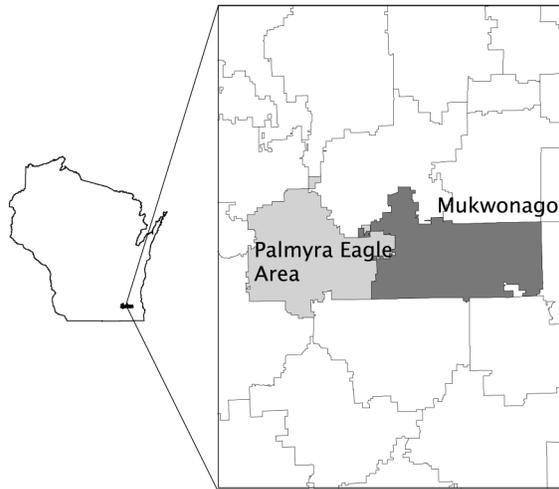
Staff in the Beloit School District believe that families leave the district because:

- they are geographically closer to Beloit Turner schools; and
- they prefer a smaller school district.

Staff in the Beloit Turner School District believe that many of the transfers from Beloit are prompted by:

- a desire for smaller class sizes;
- perceptions of a safe school climate; and
- frequent local media reports of higher test scores for Beloit Turner schools.

Palmyra-Eagle Area—Mukwonago



2001-02 Transfers between Linked Districts

<u>Losing District</u>	<u>Gaining District</u>	<u>2000-01 Transfers</u>	<u>2001-02 Transfers</u>
Palmyra-Eagle Area	Mukwonago	43	42

Staff Perspective on Linked District Transfer Pairs

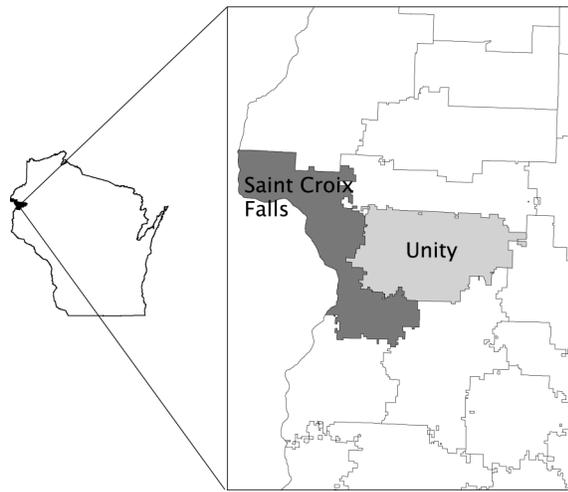
Staff in the Palmyra-Eagle Area School District believe that families leave the district because:

- there is a lack of modern facilities compared to Mukwonago—since 1991, all 12 Palmyra-Eagle Area school finance referendums have failed; and
- many parents want the convenience of dropping children off at Mukwonago on the way to work in Waukesha.

Staff in the Mukwonago School District believe families often participate because of:

- the availability of child care;
- dissatisfaction with failed referendums in their resident school districts;
- substantial residential growth in other nearby school districts; and
- the opportunity to play on the school's hockey team.

Unity—Saint Croix Falls



2001-02 Transfers between Linked Districts

<u>Losing District</u>	<u>Gaining District</u>	<u>2000-01 Transfers</u>	<u>2001-02 Transfers</u>
Unity	Saint Croix Falls	27	28

Staff Perspective on Linked District Transfer Pairs

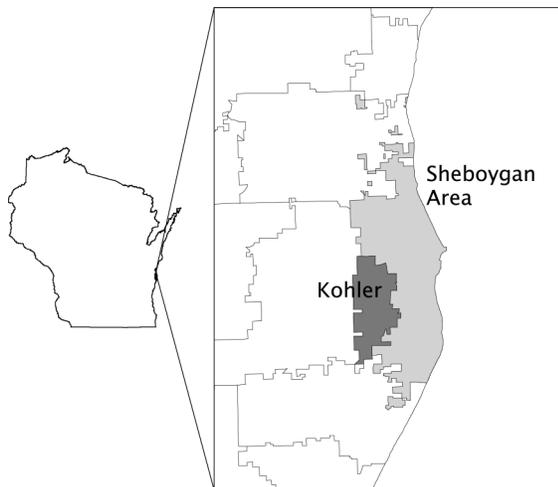
Staff in the Unity School District believe that the most important factors prompting transfers are:

- convenience for parents commuting to the Twin Cities metropolitan area;
- the desire of some families that have moved out of the district to nevertheless keep their children enrolled; and
- that the Unity district has a small athletics program.

Staff in the Saint Croix Falls School District believe that transfers occur because:

- families who moved wished to remain in the Saint Croix Falls district;
- parents desire the convenience of enrolling their children in a district that is on the commuting route to work; and
- the district has high test scores and small class sizes.

Sheboygan Area—Kohler



2001-02 Transfers between Linked Districts

<u>Losing District</u>	<u>Gaining District</u>	<u>2000-01 Transfers</u>	<u>2001-02 Transfers</u>
Sheboygan Area	Kohler	32	41

Staff Perspective on Linked District Transfer Pairs

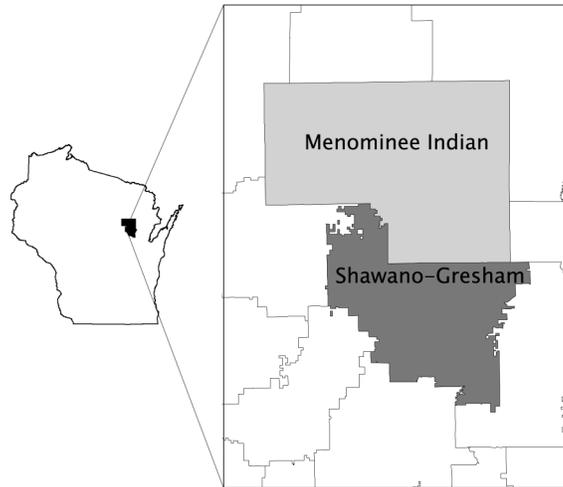
Staff in the Sheboygan Area School District believe families transfer from the district because:

- nearby districts have engaged in aggressive marketing efforts; and
- some parents are looking for a smaller school district.

Staff in the Kohler School District believe that parents enroll their children in the district because:

- they are looking for a small school atmosphere with a safer school climate; and
- many parents have the perception Kohler has stronger academics because it has higher test scores.

Menominee Indian—Shawano-Gresham



2001-02 Transfers between Linked Districts

<u>Losing District</u>	<u>Gaining District</u>	<u>2000-01 Transfers</u>	<u>2001-02 Transfers</u>
Menominee Indian	Shawano-Gresham	64	57

Staff Perspective on Linked District Transfer Pairs

Staff in the Menominee Indian School District believe that families participate in open enrollment because:

- parents are concerned about school climate and safety issues; and
- the Shawano-Gresham district has greater availability of curriculum offerings and extracurricular programs, including athletic programs such as girls volleyball.

Staff in the Shawano-Gresham School District indicated that families participate because:

- parents are concerned about school safety;
- parents believe that the Shawano-Gresham district has better academic programs;
- some parents' desire to improve their children's discipline problems;
- the parents themselves may have attended Shawano-Gresham; and
- the Shawano-Gresham district has greater availability of extracurricular activities such as athletics, music programs, and technical education programs.

Appendix 2

**2001-02 Open Enrollment State Aid Transfers
by School District**

<u>School District</u>	<u>2001-02 Aid Transfer</u>	<u>2001-02 Aid Transfer as a Percentage of Shared Costs</u>
Abbotsford	\$20,236	0.4%
Adams-Friendship Area	-35,161	-0.2
Albany	-61,832	-1.4
Algoma	-75,520	-1.3
Alma	109,274	3.5
Alma Center	72,373	1.4
Almond-Bancroft	50,590	1.2
Altoona	126,419	1.1
Amery	-10,118	-0.1
Antigo	-2,418	<-0.1
Appleton Area	234,652	0.2
Arcadia	-16,188	-0.2
Argyle	-15,177	-0.5
Arrowhead UHS	55,650	0.3
Ashland	75,885	0.4
Ashwaubenon	157,419	0.6
Athens	-7,924	-0.2
Auburndale	88,027	1.3
Augusta	-89,039	-1.5
Baldwin-Woodville Area	95,165	0.9
Bangor	-1,209	<0.1
Baraboo	30,035	0.1
Barneveld	39,796	1.0
Barron Area	-113,210	-0.9
Bayfield	-94,126	-2.2
Beaver Dam	167,678	0.6
Beecher-Dunbar-Pembin	-10,118	-0.3
Belleville	-20,236	-0.2
Belmont Community	32,378	1.0
Beloit	-231,649	-0.4
Beloit Turner	339,097	3.6
Benton	20,236	0.8
Berlin Area	-20,236	-0.1
Big Foot UHS	70,826	1.1
Birchwood	54,131	1.7
Black Hawk	-15,177	-0.3
Black River Falls	-19,759	-0.1
Blair-Taylor	-136,593	-2.3
Bloomer	-25,380	-0.3
Bonduel	-58,713	-0.8

<u>School District</u>	<u>2001-02 Aid Transfer</u>	<u>2001-02 Aid Transfer as a Percentage of Shared Costs</u>
Boscobel Area	\$8,066	0.1%
Boulder Junction J1	40,472	1.4
Bowler	15,738	0.3
Boyceville Community	17,706	0.2
Brighton #1	35,413	2.4
Brillion	10,118	0.1
Bristol #1	126,722	2.9
Brodhead	-8,010	-0.1
Brown Deer	717,428	5.2
Bruce	-96,064	-1.8
Burlington Area	-86,145	-0.3
Butternut	27,769	1.2
Cadott Community	45,531	0.7
Cambria-Friesland	-17,706	-0.5
Cambridge	83,533	0.9
Cameron	177,065	2.6
Campbellsport	-68,802	-0.6
Cashton	18,212	0.4
Cassville	-17,145	-0.6
Cedar Grove-Belgium Area	17,707	0.2
Cedarburg	65,797	0.3
Central/Westosha UHS	123,946	1.3
Chetek	-140,190	-1.7
Chilton	-15,177	-0.2
Chippewa Falls Area	-70,546	-0.2
Clayton	98,031	3.0
Clear Lake	-15,177	-0.3
Clinton Community	-88,336	-0.9
Clintonville	19,083	0.1
Cochrane-Fountain City	18,746	0.3
Colby	4,889	0.1
Coleman	40,472	0.7
Colfax	46,796	0.7
Columbus	56,606	0.6
Cornell	-11,607	-0.3
Crandon	-20,236	-0.2
Crivitz	-14,166	-0.2
Cuba City	15,177	0.3
Cudahy	167,678	0.7
Cumberland	22,932	0.2

<u>School District</u>	<u>2001-02 Aid Transfer</u>	<u>2001-02 Aid Transfer as a Percentage of Shared Costs</u>
D C Everest Area	\$6,801	<0.1%
Darlington Community	25,295	0.4
Deerfield Community	-33,980	-0.5
Deforest Area	-21,050	-0.1
Delavan-Darien	-222,767	-1.1
Denmark	141,034	1.2
Depere	-58,151	-0.2
Desoto Area	-22,260	-0.4
Dodgeland	-116,357	-1.5
Dodgeville	-61,241	-0.6
Dover #1	76,363	12.1
Drummond	0	0.0
Durand	-138,054	-1.3
East Troy Community	-53,119	-0.4
Eau Claire Area	-45,927	<-0.1
Edgar	8,094	0.2
Edgerton	-53,120	-0.3
Elcho	-25,295	-0.7
Eleva-Strum	759	<0.1
Elk Mound Area	74,792	1.2
Elkhart Lake-Glenbeulah	-87,971	-1.7
Elkhorn Area	120,293	0.6
Ellsworth Community	-38,817	-0.3
Elmbrook	462,286	0.7
Elmwood	-10,118	-0.3
Erin	95,109	3.4
Evansville Community	-14,052	-0.1
Fall Creek	27,824	0.4
Fall River	22,204	0.6
Fennimore Community	1,602	<0.1
Flambeau	-43,507	-0.7
Florence	-30,354	-0.4
Fond Du Lac	59,444	0.1
Fontana J8	151,039	5.3
Fort Atkinson	53,204	0.2
Fox Point J2	172,156	2.1
Franklin Public	116,468	0.3
Frederic	-15,177	-0.3
Freedom Area	-32,884	-0.3
Friess Lake	45,531	2.0

<u>School District</u>	<u>2001-02 Aid Transfer</u>	<u>2001-02 Aid Transfer as a Percentage of Shared Costs</u>
Galesville-Ettrick-Trempealeau	\$871	<0.1%
Geneva J4	86,004	6.6
Genoa City J2	-27,825	-0.6
Germantown	-60,709	-0.2
Gibraltar Area	5,059	0.1
Gillett	-24,944	-0.4
Gilman	-17,342	-0.4
Gilmanton	-45,531	-2.2
Glendale-River Hills	152,275	1.6
Glenwood City	2,027	<0.1
Glidden	-60,708	-2.4
Goodman-Armstrong	15,177	0.7
Grafton	118,326	0.7
Granton Area	-15,329	-0.5
Grantsburg	45,531	0.6
Green Bay Area	-67,060	<-0.0
Green Lake	-86,003	-2.2
Greendale	353,485	1.9
Greenfield	582,854	2.3
Greenwood	-53,823	-1.1
Hamilton	81,448	0.2
Hartford J1	-101,180	-0.8
Hartford UHS	-72,484	-0.5
Hartland-Lakeside J3	-222,455	-1.8
Hayward Community	101,180	0.7
Herman #22	50,590	4.3
Highland	5,059	0.2
Hilbert	5,059	0.1
Hillsboro	79,989	1.7
Holmen	-107,644	-0.4
Horicon	-29,511	-0.3
Hortonville	-44,491	-0.2
Howards Grove	25,296	0.3
Howard-Suamico	43,339	0.1
Hudson	20,967	0.1
Hurley	-30,354	-0.5
Hustisford	-5,059	-0.1
Independence	0	0.0
Iola-Scandinavia	-7,335	-0.1
Iowa-Grant	20,432	0.2

<u>School District</u>	<u>2001-02 Aid Transfer</u>	<u>2001-02 Aid Transfer as a Percentage of Shared Costs</u>
Ithaca	\$106,689	3.5%
Janesville	127,429	0.2
Jefferson	17,735	0.1
Johnson Creek	31,393	0.6
Juda	19,928	0.7
Kaukauna Area	-188,984	-0.6
Kenosha	-30,354	<-0.1
Kettle Moraine	230,804	0.6
Kewaskum	-227,011	-1.5
Kewaunee	-63,969	-0.7
Kickapoo Area	-30,299	-0.7
Kiel Area	-7,589	-0.1
Kimberly Area	5,319	<0.1
Kohler	301,017	8.1
Lac du Flambeau #1	195,811	4.2
Lacrosse	22,655	<0.1
Ladysmith-Hawkins	-86,003	-0.8
Lafarge	43,507	1.6
Lake Country	10,118	0.2
Lake Geneva J1	-217,593	-1.7
Lake Geneva-Genoa UHS	-10,877	-0.1
Lake Holcombe	40,472	0.9
Lake Mills Area	-77,094	-0.7
Lakeland UHS	5,059	<0.1
Lancaster Community	23,384	0.3
Laona	-5,059	-0.2
Lena	-45,530	-1.3
Linn J4	132,628	15.4
Linn J6	21,755	1.7
Little Chute Area	125,827	1.1
Lodi	814	<0.1
Lomira	15,317	0.2
Loyal	29,849	0.6
Luck	34,823	0.7
Luxemburg-Casco	-7,954	-0.1
Madison Metropolitan	-365,291	-0.2
Manawa	-45,756	-0.6
Manitowoc	-96,798	-0.2
Maple	82,911	0.8
Maple Dale-Indian Hill	72,175	1.1

<u>School District</u>	<u>2001-02 Aid Transfer</u>	<u>2001-02 Aid Transfer as a Percentage of Shared Costs</u>
Marathon City	\$10,118	0.2%
Marinette	-70,826	-0.3
Marion	8,236	0.2
Markesan	-38,225	-0.5
Marshall	80,944	0.8
Marshfield	-92,525	-0.3
Mauston	43,845	0.3
Mayville	39,348	0.4
McFarland	74,620	0.4
Medford Area	-394	<-0.1
Mellen	-35,413	-1.1
Melrose-Mindoro	-35,413	-0.6
Menasha Joint	-113,605	-0.4
Menominee Indian	-257,784	-2.5
Menomonee Falls	110,386	0.3
Menomonie Area	-181,621	-0.6
Mequon-Thiensville	10,652	<0.1
Mercer	-15,177	-0.8
Merrill Area	35,666	0.1
Merton Community	10,118	0.1
Middleton-Cross Plains	-51,995	-0.1
Milton	-51,993	-0.2
MPS	-6,040,577	-0.8
Mineral Point	-2,024	<-0.1
Minocqua J1	-81,760	-1.5
Mishicot	5,482	0.1
Mondovi	19,702	0.2
Monona Grove	216,892	0.8
Monroe	-5,736	<-0.1
Montello	-31,816	-0.5
Monticello	16,246	0.5
Mosinee	42,271	0.2
Mount Horeb Area	-20,825	-0.1
Mukwonago	236,031	0.6
Muskego-Norway	-80,071	-0.2
Necedah Area	-26,476	-0.4
Neenah	10,821	<0.1
Neillsville	79,662	0.8
Nekoosa	-30,354	-0.3
Neosho J3	-61,719	-3.2

<u>School District</u>	<u>2001-02 Aid Transfer</u>	<u>2001-02 Aid Transfer as a Percentage of Shared Costs</u>
New Auburn	\$27,122	1.0%
New Berlin	-36,312	-0.1
New Glarus	12,507	0.2
New Holstein	-10,118	-0.1
New Lisbon	101,153	1.7
New London	-16,216	-0.1
New Richmond	-8,375	<-0.1
Niagara	0	0.0
Nicolet UHS	273,215	1.9
Norris	-5,059	NA
North Cape	-5,059	-0.4
North Crawford	24,283	0.5
North Fond Du Lac	-62,480	-0.6
North Lake	5,059	0.1
Northern Ozaukee	-74,675	-1.0
Northland Pines	-71,810	-0.5
Northwood	-7,083	-0.2
Norwalk-Ontario-Wilton	-55,425	-1.2
Norway J7	70,826	7.7
Oak Creek-Franklin	-68,379	-0.2
Oakfield	129,371	2.4
Oconomowoc Area	-180,074	-0.5
Oconto	-20,238	-0.2
Oconto Falls	-37,898	-0.3
Omro	50,027	0.5
Onalaska	148,426	0.6
Oostburg	-49,973	-0.7
Oregon	29,033	0.1
Osceola	1,743	<0.1
Oshkosh Area	72,486	0.1
Osseo-Fairchild	32,069	0.4
Owen-Withee	36,652	0.8
Palmyra-Eagle Area	-252,951	-2.5
Pardeeville Area	-59,977	-0.8
Paris J1	68,156	4.4
Park Falls	22,821	0.3
Parkview	-22,119	-0.2
Pecatonica Area	7,645	0.2
Pepin Area	-5,059	-0.2
Peshigo	70,826	0.9

<u>School District</u>	<u>2001-02 Aid Transfer</u>	<u>2001-02 Aid Transfer as a Percentage of Shared Costs</u>
Pewaukee	-\$59,865	-0.3%
Phelps	38,448	1.6
Phillips	30,354	0.3
Pittsville	7,308	0.1
Platteville	-7,589	-0.1
Plum City	106,774	3.2
Plymouth	58,881	0.3
Port Edwards	81,141	1.8
Port Wash-Saukville	-49,945	-0.2
Portage Community	178,583	0.9
Potosi	38,421	1.0
Poynette	-65,767	-0.7
Prairie Du Chien Area	-56,632	-0.6
Prairie Farm	31,058	0.9
Prentice	-45,531	-1.1
Prescott	-20,236	-0.2
Princeton	30,354	0.8
Pulaski Community	40,135	0.1
Racine	-313,380	-0.2
Randall J1	55,652	1.1
Randolph	109,163	2.7
Random Lake	-21,727	-0.3
Raymond #14	27,826	1.1
Reedsburg	12,421	0.1
Reedsville	-25,295	-0.4
Rhineland	-25,295	-0.1
Rib Lake	-5,059	-0.1
Rice Lake Area	23,328	0.1
Richfield J 1	-51,574	-1.4
Richland	-103,709	-0.7
Richmond	40,472	1.1
Rio Community	4,551	0.1
Ripon	133,334	0.9
River Falls	-31,167	-0.1
River Ridge	-19,365	-0.3
River Valley	-144,155	-1.1
Riverdale	-20,685	-0.3
Rosendale-Brandon	-843	<-0.1
Rosholt	-5,059	-0.1
Royall	10,117	0.2

<u>School District</u>	<u>2001-02 Aid Transfer</u>	<u>2001-02 Aid Transfer as a Percentage of Shared Costs</u>
Rubicon J6	\$41,483	3.4%
Saint Croix Central	30,832	0.4
Saint Croix Falls	-9,162	-0.1
Saint Francis Public	821,410	8.4
Salem J2	-57,946	-0.7
Sauk Prairie	51,995	0.2
Seneca	68,802	2.4
Sevastopol	20,995	0.3
Seymour Community	25,295	0.1
Sharon J11	21,501	0.8
Shawano-Gresham	247,301	1.2
Sheboygan Area	-236,461	-0.3
Sheboygan Falls	38,536	0.3
Shell Lake	57,224	1.2
Shiocton	-10,119	-0.2
Shorewood	587,099	3.5
Shullsburg	-27,824	-0.8
Silver Lake J1	13,209	0.3
Siren	-25,295	-0.6
Slinger	47,388	0.2
Solon Springs	-10,118	-0.3
Somerset	62,169	0.6
South Milwaukee	194,180	0.8
South Shore	-75,885	-2.6
Southern Door	-8,376	-0.1
Southwestern Wisconsin	-35,413	-0.7
Sparta Area	-109,274	-0.5
Spencer	14,587	0.2
Spooner	-141,203	-1.1
Spring Valley	30,354	0.5
Stanley-Boyd Area	-13,856	-0.2
Stevens Point Area	-107,110	-0.2
Stockbridge	5,059	0.2
Stone Bank	43,198	1.3
Stoughton Area	-115,263	-0.4
Stratford	11,861	0.2
Sturgeon Bay	30,018	0.3
Sun Prairie Area	-40,135	-0.1
Superior	13,210	<0.1
Suring	30,354	0.6

<u>School District</u>	<u>2001-02 Aid Transfer</u>	<u>2001-02 Aid Transfer as a Percentage of Shared Costs</u>
Swallow	\$298,481	10.5%
Thorp	-12,648	-0.3
Three Lakes	25,042	0.4
Tigerton	-22,457	-0.6
Tomah Area	-34,429	-0.2
Tomahawk	37,689	0.3
Tomorrow River	-14,306	-0.2
Trevor Grade School	-57,813	-1.8
Tri-County Area	-22,962	-0.4
Turtle Lake	-22,032	-0.4
Twin Lakes #4	-58,181	-1.7
Two Rivers	87,099	0.5
Union Grove J1	-63,237	-1.4
Union Grove UHS	35,413	0.6
Unity	-177,741	-1.9
Valders Area	6,746	0.1
Verona Area	267,005	0.7
Viroqua Area	3,036	<0.1
Wabeno Area	5,059	0.1
Walworth J1	-2,164	-0.1
Washburn	58,713	1.0
Washington	0	0.0
Washington-Caldwell	-7,588	-0.4
Waterford Graded J1	-48,904	-0.4
Waterford UHS	-27,544	-0.3
Waterloo	-60,708	-0.8
Watertown	-32,884	-0.1
Waukesha	-215,405	-0.2
Waunakee Community	65,767	0.3
Waupaca	0	0.0
Waupun	-288,927	-1.5
Wausau	22,316	<0.1
Wausaukee	29,343	0.4
Wautoma Area	-19,477	-0.1
Wauwatosa	763,646	1.6
Wauzeka-Steuben	-5,059	-0.2
Webster	-10,118	-0.2
West Allis	582,198	0.9
West Bend	100,365	0.2
West De Pere	18,969	0.1

<u>School District</u>	<u>2001-02 Aid Transfer</u>	<u>2001-02 Aid Transfer as a Percentage of Shared Costs</u>
West Salem	-\$46,037	-0.4%
Westby Area	-14,700	-0.2
Westfield	-73,749	-0.7
Weston	-5,059	-0.2
Weyauwega-Fremont	48,032	0.5
Weyerhaeuser Area	20,236	0.9
Wheatland J1	-47,809	-1.1
White Lake	-55,649	-2.2
Whitefish Bay	151,773	0.7
Whitehall	-31,113	-0.5
Whitewater	-84,682	-0.5
Whitnall	255,031	1.2
Wild Rose	-101,180	-1.6
Williams Bay	-65,823	-1.1
Wilmot Grade School	-14,306	-1.1
Wilmot UHS	-162,225	-1.7
Winneconne Community	-37,184	-0.3
Winter	-52,221	-1.3
Wisconsin Dells	-66,036	-0.5
Wisconsin Heights	42,974	0.4
Wisconsin Rapids	-31,788	-0.1
Wittenberg-Birnamwood	-48,733	-0.5
Wonewoc-Union Center	-96,121	-2.5
Woodruff J1	219,085	4.0
Wrightstown Community	-6,321	-0.1
Yorkville J2	197,442	8.4

Appendix 3

Administrative Tasks Required by the Open Enrollment Law for the 2001-02 School Year

- 1. Application period:** February 5 to February 23, 2001. Parents submit applications to up to three nonresident districts. Applications must be complete and may include a request for transportation assistance if income requirements are met.
- 2. Notification of resident districts and records requests:** February 26, 2001. Nonresident districts notify resident districts that they have received open enrollment applications and request special education and expulsion records. Nonresident districts may not approve or deny applications until after this date.
- 3. Forwarding student records:** February 26 to March 5, 2001. Within five working days, resident districts must forward requested student records to nonresident districts.
- 4. Estimate of special education tuition cost:** March 15, 2001. For each special education applicant, nonresident districts must provide estimated tuition costs to the resident districts.
- 5. Acceptance or denial notification:** April 6, 2001. By this date, nonresident districts must notify applicants, in writing, whether their applications have been accepted or denied. This is also the deadline for resident districts to notify both applicants and nonresident districts whether applications have been denied.
- 6. Parent appeal period:** April and May, 2001. Within 30 days of receiving written notification, parents may appeal denied applications by contacting DPI.
- 7. School assignment and transportation assistance estimate:** May 11, 2001. By this date, nonresident districts must provide to accepted applicants written notification of the specific schools or programs they will attend. DPI must provide applicants who have met income requirements and requested transportation assistance with an estimate of the amounts they will receive.
- 8. Parent confirmation:** June 8, 2001. Accepted applicants must notify nonresident districts of whether they plan to participate in the fall.
- 9. Aid adjustment calculation:** June 2001. DPI calculates how much each district's state aid should be adjusted to account for open enrollment transfers.

10. Year-end reporting: June 30, 2001. Nonresident districts must report information on all new and continuing students accepted for the 2001-02 school year to DPI and to the resident school districts.

11. Third-Friday count: September 21, 2001. Resident and nonresident districts determine the enrollment status of open enrollment participants and exchange information.



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Elizabeth Burmaster
State Superintendent

August 21, 2002

Janice Mueller, State Auditor
Legislative Audit Bureau
22 E. Mifflin Street, Suite 500
Madison, WI 53703

Dear Ms. Mueller:

I have reviewed the recently-completed evaluation of the public school open enrollment program as required by 1997 Wisconsin Act 27. We appreciate the thoughtful and professional approach reflected in this program evaluation as well as the observations and suggestions contained therein.

The Public School Open Enrollment Program

The audit bureau was requested to evaluate the extent to which school districts have created new or innovative programs as a result of open enrollment; parents' satisfaction with the program; the fiscal effects on school districts; the socioeconomic effects on school districts; and other issues affecting the quality of education.

Your report accurately conveys the difficulty in creating new and innovative programs due to parental choice, when only a few students transfer per grade level and when most districts experience a very small net gain or loss of students. Even so, your report shows that school districts are taking open enrollment seriously and have looked both at reasons parents may wish to remain in the district and reasons they may wish to leave. This greater attention to parent and student needs can only improve the educational climate for all students.

There are strong indications of parental satisfaction with the program, as measured by your inferences from school administrators' beliefs about parental satisfaction and reasons for transferring; your analysis of 30 paired districts with high open enrollment activity; the sharp increases in participation from year to year; and the high rate of students' continuing to open enroll from one year to the next. We also agree that as school districts lose resources due to open enrollment, there is likely to be dissatisfaction from non-participating parents as their resident school district loses resources. Finally, we would like to add one more measure of success of the program: the observation that the vast majority of parents in Wisconsin exercise their parental choice by keeping their children enrolled in the resident school district.

We believe your report shows that both the fiscal and socioeconomic effects on school districts bear close watching as the program continues to grow.

Administration

The department is extremely concerned about the workload involved in administering this program, both at the local and state levels. Our highest priority is to make this a "user-friendly" program for parents and to provide as much assistance as possible to school districts and parents to make this program work for the benefit of children. We appreciate your specific suggestions about lessening the administrative burden for both school districts and the department, as well as your recognition of the fiscal commitment the department has made to efficient administration of the program.

The department is eager to make greater and better use of the internet in administering this program, from the ability for parents to apply on-line to on-line reporting and communication between and among school districts and the department. However, as your report indicates, this is an expensive program to administer, and the department has already reallocated considerable resources to its administration. We may need to request additional resources from the legislature to fund the costs of new web applications.

The Future

Your report highlights some continuing and emerging issues:

- The relationship between open enrollment and charter schools, especially statewide virtual schools, and how this fits into the overall education picture.
- Equity concerns for disabled students and ensuring they have an equal opportunity to participate in open enrollment.
- Administrative concerns as described above.

We would add the following concerns:

- The survival of some small school districts as they strive to continue educating the remaining students when large percentages of their resident students transfer to other districts.
- The ability of resident school districts to improve and respond to parents' expectations when resources are lost due to transfers to other school districts.

Department staff members are very appreciative of the professionalism shown by your staff as well as the friendly, cooperative approach followed during the progress of this evaluation.

Sincerely,



Elizabeth Burmaster
State Superintendent

EB:mjc