



Legislative Fiscal Bureau

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May 26, 2015

TO: Representative Peter Barca
Room 201 West, State Capitol

FROM: Christa Pugh, Fiscal Analyst

SUBJECT: Estimated Per Pupil Payments for Incoming Pupils in the Statewide Private School Choice Program, 2015-16 to 2024-25

At your request, I am providing information related to estimates of total per pupil payments for incoming pupils in the statewide private school choice program from 2015-16 to 2024-25.

Background

On May 19, 2015, the Joint Committee on Finance approved Motion #457, which made changes to the education proposals included in Assembly Bill 21/Senate Bill 21. Under the motion, pupils who begin participating in the Racine or statewide private school choice programs in the 2015-16 school year or thereafter, or "incoming pupils," could be counted by their school district of residence for general aids and revenue limit purposes, with pupils fully counted by their school district of residence under revenue limits in the first year of their participation in the programs. School districts could not levy to backfill the aid reduction.

Each district's equalization aid would be reduced by an amount equal to the total amount paid by the state to Racine or statewide choice schools attributable to incoming pupils residing in that district in each year. If the district did not receive an equalization aid payment sufficient to cover the aid reduction, the balance would be reduced from other state aid received by the district. An amount equal to the per pupil payment for continuing Racine and statewide choice program pupils would be paid from the current GPR sum sufficient appropriation for these programs. These payments will equal \$7,210 for K-8 pupils and \$7,856 for 9-12 pupils in 2014-15. In future years, the payment amounts will increase in each year by the revenue limit per pupil adjustment, if positive, provided to school districts in the current year plus the change in total categorical aid funding per pupil, if positive, from the prior year to the current year, as under current law.

In 2015-16 and 2016-17, the total number of pupils who could participate in the statewide choice program from each district would be limited to no more than 1% of the district's prior year

enrollment in each year. The enrollment limit would increase by one percentage point in each year beginning in 2017-18 until the enrollment limit reaches 10% of the district's prior year enrollment. In the year following the school year in which enrollment is limited to 10% of prior year enrollment, no enrollment limit would apply.

If the total number of choice pupils from a district would exceed the enrollment limit in any year, pupils would be selected by DPI by random draw. Priority would be given to pupils as follows, in order of preference: (a) pupils who attended the private school under the private school choice program during the previous school year; (b) siblings of pupils who attended the private school under the choice program during the previous school year; (c) pupils who attended a different private school under a private school choice program in the previous school year; (d) siblings of pupils who attended a private school under a private school choice program in the previous school year; and (e) siblings of pupils who have been randomly selected to attend a private school under the choice program but who did not attend a private school under a private school choice program in the previous school year.

Beginning in 2016-17, prior year attendance criteria would apply to pupils participating in the statewide choice program that would be equivalent to those that apply to pupils participating in the Racine program under current law. Under these criteria, a pupil would be eligible to participate in the statewide private school choice program if the pupil was: (a) enrolled in a public school in his or her district of residence in the previous school year; (b) not enrolled in school in the previous school year; (c) was enrolled in a private school under the Racine or statewide private school choice programs in the previous school year; or (d) is enrolling in kindergarten, first grade, or ninth grade in the current year.

Based on these provisions, it is estimated that approximately 2,000 incoming pupils will participate in the statewide choice program in 2015-16 and an additional 1,000 incoming pupils will begin participating in the statewide choice program in 2016-17. Payments for these incoming pupils will equal an estimated \$14.7 million GPR in 2015-16 and \$22.4 million GPR in 2016-17, with payments fully offset by aid reductions to the incoming pupils' districts of residence.

Projected Ten-Year Total Payments for Statewide Private School Choice Program

You asked for an estimate of total payments under the proposed expansion of the statewide private school choice program over the next ten years. Payments under the statewide program in future years will depend on the number of pupils and private schools that choose to participate in the program, and it is unknown how many will do so. Factors that could affect the program's payments include the number of public and private school pupils who meet the income eligibility and prior year attendance requirements and choose to attend a private school under the programs; the number of private schools that choose to enroll in the choice program and meet the program's initial and ongoing requirements for private schools; the number of new private schools that begin operating in the state during that time period, particularly in school districts in which no private schools currently operate; and legislative decisions that affect choice program payment amounts, enrollment limits, or pupil or private school eligibility.

Although a long-term estimate of payments for incoming statewide choice program pupils is speculative at this time, total payments from 2015-16 to 2024-25 could range from an estimated

\$600 million to an estimated \$800 million. These estimates are based on the number of current private school pupils, estimates of the number of those pupils with family income below 185% of the federal poverty level, and experience in the Milwaukee private school choice program over the ten years after the expansion of the Milwaukee program to sectarian schools became effective.

I hope this information is helpful. Please contact me if you have additional questions.

CP/sas