



Legislative Fiscal Bureau

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February 27, 2019

TO: Representative Robin Vos
Room 217 West, State Capitol

FROM: Dave Loppnow, Assistant Director

SUBJECT: Potential Effect on Overall Costs of K-12 Education of Elimination of Private School Choice Programs

At your request, I am providing information relating to the potential effect on the overall costs of K-12 education if the private school choice programs were eliminated.

Background

Under the Milwaukee, Racine, and statewide private school choice programs, the state pays a statutorily-determined per pupil amount for children from eligible families to attend participating private schools. In 2018-19, the per pupil payment was equal to \$7,754 for a pupil in grades K-8 and \$8,400 for pupil in grades 9-12. Estimated payments for the Milwaukee program total \$221.8 million in 2018-19 and payments for the Racine and statewide programs total \$80.2 million. Although the amount of state GPR funding and related state aid reductions and resulting local school property taxes vary by program, the total amount of state and local tax dollars supporting these programs is \$302.0 million. With 38,187 FTE choice pupils attending participating private schools in 2018-19, the average payment per pupil is \$7,908 in 2018-19.

In 2018-19, the average current year revenue limit per pupil for school districts, excluding adjustments, is \$10,077. In addition, school districts receive \$654 per pupil in per pupil aid in 2018-19. In total, the average amount of revenue limit authority plus per pupil aid is \$10,731.

Cost Implications if the Choice Programs were Eliminated

You asked what the potential cost or savings to state and local taxpayers would be if the choice programs were eliminated. Under this scenario, the answer depends on where the pupil would attend school in the absence of the choice programs. If the pupil would continue to attend a private school, the result would be a savings to state and local taxpayers on average of \$7,908 per pupil. If the pupil would attend the local school district, the result would be a cost on average of \$2,823 per pupil

(\$10,731 - \$7,908) once the pupil is fully incorporated in the three-year rolling average used for enrollment under revenue limits. This cost would be incurred if the school district fully used its revenue limit authority, which most do.

The following table illustrates the range of potential net state and local costs depending on what percentage of choice pupils attend public schools if the choice programs would be eliminated. The table shows the potential increase in state and local costs attributable to increases in revenue limits and state per pupil aid, which vary by the percentage of pupils attending public schools. The table also shows the potential reduction of \$302.0 million in state and local costs from the elimination of the choice programs.

**Example of Range of Net State and Local Costs
if Varying Percentages of Choice Pupils Shift to Public Schools
(\$ in Millions)**

Percent Attending Public Schools	Potential State and Local Costs			Potential Reduction in State and Local Choice Program Costs	Net State and Local Costs
	Revenue Limits	Per Pupil Aid	Total		
0	\$0.0	\$0.0	\$0.0	-\$302.0	-\$302.0
25	96.1	6.3	102.4	-302.0	-199.6
50	192.2	12.5	204.7	-302.0	-97.3
75	288.4	18.8	307.2	-302.0	5.2
90	346.1	22.5	368.6	-302.0	66.6
100	384.6	25.0	409.6	-302.0	107.6

As shown in the table, the potential effect of eliminating the choice programs on net state and local costs ranges from a reduction in net costs of \$302.0 million if no choice pupils attend public schools to an increase in net costs of \$107.6 million if 100% of choice pupils attend public schools. Based on the payment and revenue amounts in 2018-19, it is estimated that the breakeven point occurs at 73.7% of the choice pupils. If more than 73.7% of current choice pupils attend public schools, then net state and local costs would increase as a result of eliminating the choice programs, while if less than that percentage attend public schools, then net state and local costs would decrease as a result of eliminating the choice programs. These estimates used the full annualized amount for revenue limits, so the costs would be less in the first two years of the three-year rolling average under revenue limits.

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

DL/lb



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March 7, 2019

TO: Representative Robin Vos
Room 217 West, State Capitol

FROM: Dave Loppnow, Assistant Director

SUBJECT: Potential Effect on Overall Costs of K-12 Education of Elimination of Racine Private School Choice Program

At your request, I am providing information relating to the potential effect on the overall costs of K-12 education if the Racine private school choice program was eliminated.

Background

Under the Milwaukee, Racine, and statewide private school choice programs, the state pays a statutorily-determined per pupil amount for children from eligible families to attend participating private schools. In 2018-19, the per pupil payment was equal to \$7,754 for a pupil in grades K-8 and \$8,400 for pupil in grades 9-12. Estimated payments for the Milwaukee program total \$221.8 million in 2018-19 and payments for the Racine and statewide programs total \$80.2 million. Although the amount of state GPR funding and related state aid reductions and resulting local school property taxes vary by program, the total amount of state and local tax dollars supporting these programs is \$302.0 million. With 3,242 FTE choice pupils attending participating private schools in RUSD in 2018-19, the average payment per pupil is \$7,881 in 2018-19.

In 2018-19, the current year revenue limit per pupil for the Racine Unified School District (RUSD), excluding adjustments, is \$10,056. In addition, school districts receive \$654 per pupil in per pupil aid in 2018-19. In total, the amount of revenue limit authority plus per pupil aid for RUSD is \$10,710.

Cost Implications if the Racine Choice Program were Eliminated

You asked what the potential cost or savings to state and local taxpayers would be if the Racine choice program was eliminated. Under this scenario, the answer depends on where the pupil would attend school in the absence of the choice program. If the pupil would continue to attend a private school, the result would be a savings to state and local taxpayers on average of \$7,881 per pupil. If

the pupil would attend RUSD, the result would be a cost on average of \$2,829 per pupil (\$10,710 - \$7,881) once the pupil is fully incorporated in the three-year rolling average used for enrollment under revenue limits. This cost would be incurred if the school district fully used its revenue limit authority, which most do.

The following table illustrates the range of potential net state and local costs depending on what percentage of choice pupils attend RUSD if the choice programs would be eliminated. The table shows the potential increase in state and local costs attributable to increases in revenue limits and state per pupil aid, which vary by the percentage of pupils attending RUSD. The table also shows the potential reduction of \$25.6 million in state and local costs from the elimination of the Racine choice program.

**Example of Range of Net State and Local Costs
if Varying Percentages of Choice Pupils Shift to RUSD
(\$ in Millions)**

Percent Attending RUSD	Potential State and Local Costs			Potential Reduction in State and Local Choice Program Costs	Net State and Local Costs
	Revenue Limits	Per Pupil Aid	Total		
0	\$0.0	\$0.0	\$0.0	-\$25.6	-\$25.6
25	8.1	0.5	8.6	-25.6	-17.0
50	16.3	1.1	17.4	-25.6	-8.2
75	24.4	1.6	26.0	-25.6	0.4
90	29.3	1.9	31.2	-25.6	5.6
100	32.6	2.1	34.7	-25.6	9.1

As shown in the table, the potential effect of eliminating the Racine choice program on net state and local costs ranges from a reduction in net costs of \$25.6 million if no choice pupils attend RUSD to an increase in net costs of \$9.1 million if 100% of choice pupils attend RUSD. Based on the payment and revenue amounts in 2018-19, it is estimated that the breakeven point occurs at 73.7% of the choice pupils. If more than 73.7% of current choice pupils attend RUSD, then net state and local costs would increase as a result of eliminating the Racine choice program, while if less than that percentage attend RUSD, then net state and local costs would decrease as a result of eliminating the Racine choice program. These estimates used the full annualized amount for revenue limits, so the costs would be less in the first two years of the three-year rolling average under revenue limits.

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

DL/lb