



Legislative Fiscal Bureau

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TO: Senator Paul Farrow
Room 323 South, State Capitol

FROM: Russ Kava, Fiscal Analyst

SUBJECT: Milwaukee and Racine Parental Choice Program Payments

At your request, I am providing you with information on the funding for payments under the Milwaukee and Racine parental choice programs.

The Milwaukee and Racine parental choice programs are funded from separate sum sufficient appropriations from the general fund established for each of the programs. The state pays up to a statutorily-determined maximum per pupil amount for children from eligible families to attend participating private schools. The maximum per pupil payment for 2012-13 is \$6,442.

For the Milwaukee program, DPI is required by law to reduce the general aid for which MPS is eligible by 45% of the estimated total cost of the program. The October 15, 2012, general aid calculation uses an estimate of \$154.6 million for the total cost of the Milwaukee program in 2012-13. Thus, MPS's general aid will initially be reduced by a total of \$69.6 million.

In 2012-13, DPI is required to pay the City of Milwaukee an amount equal to 6.6% of the estimated total cost of the program, for the purpose of defraying the choice program levy it raises on behalf of MPS. As a result, the net choice aid reduction for MPS in 2012-13 is equal to 38.4% of the estimated total cost of the Milwaukee program. In 2012-13, the City will be paid \$10.2 million for the purpose of reducing the choice levy. The net reduction for MPS is thus \$59.4 million.

Under revenue limits, MPS can levy to make up for the aid reduction. Under 2007 Act 20, a separate aid program was created to provide aid to districts with high poverty. By law, any high poverty aid MPS receives must be used to offset the choice levy attributable to the general aid reduction. In 2012-13, MPS will receive \$5.8 million in high poverty aid. After consideration of high poverty aid, the effective aid reduction for MPS related to the choice program is \$53.6

million, which is 34.7% of the estimated cost of the program in 2012-13. The state thus funds 65.3% of the cost of the Milwaukee program. Applying the overall net percentages to the maximum per pupil payment, \$4,207 of the payment under the Milwaukee program is funded by the state, while the MPS levy funds \$2,235.

For the Racine program, DPI is required by law to reduce the general aid for which the Racine Unified School District (RUSD) is eligible by 38.4% of the estimated total cost of the Racine program. The state thus funds 61.6% of the Racine program. The October 15, 2012, general aid calculation uses an estimate of \$3.2 million for the cost of the Racine program in 2012-13. Thus, RUSD's general aid will be reduced by \$1.2 million. Under revenue limits, RUSD can levy to make up for the aid reduction. Applying the overall net percentages to the maximum per pupil payment, \$3,968 of the payment under the Racine program is funded by the state, while the RUSD levy funds \$2,474.

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

RK/lb