Impact of Private School Vouchers and Public Charters on Wisconsin Public Schools

Sue Schnorr, Director Business Services, Oshkosh Area School District
Mike Gerlach, Director Business Services, Fond du Lac School District
Bob Soldner, Director School Financial Services Team, Department of Public Instruction

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Overview of Session

- Bob Soldner
  - Overview of revenue limits and general school aids
  - Financial impacts of: (a) regular education (effective 2015-16) and special education (effective 2016-17) private school voucher programs; and (b) charter schools (school board and independent authorized).
- Sue Schnorr
  - Discussions by the Oshkosh Area School District and Actions of the School Board related to the regular education private school voucher program (Wisconsin Parental Choice Program).
- Mike Gerlach
  - Discussion by the Fond du Lac School District and Actions of the School Board related to the regular education private school voucher program (Wisconsin Parental Choice Program).

Revenue Limits, State Aids, and Controlled Property Tax Levies

Revenue Limit Overview

- In 1993-94, the State enacted revenue limits to control the amount of revenue a school district can collect through:
  - State General Aids
  - Aid for Exempt Computer Property
  - Local Property Taxes
Why Revenue Limits?
Capped (Controlled) vs Uncapped Revenues

Revenue Limit Overview

• Think of Revenue Limits as a Pie
  – The Limit itself is the outer crust – this defines the size of the pie.
  – There are two fillings: state aids and local taxes.
    • As one increases, the other decreases.

Revenue Limit Pie

• The amount of “filling” from state sources is determined by the state general school aids formula.

• The amount of “filling” from local taxes is based on the space available in the crust of the pie and whether the Board wants to fill the pie.

Revenue Limits

• Controlled (Capped) Revenues do not include other revenues such as:
  – Per Pupil Aid ($450/FTE in 2017-18 and $654/FTE in 2018-19)
  – Categorical Aids (Special Education, Categorical Aid Library aid, Transportation aid, etc.)
  – State and Federal Grants
  – School Fees
  – Open Enrollment Tuition Revenue

• These revenues are in addition to the controlled revenues under the revenue limit.
Revenue Limit Factors

- **Critical factors in the revenue limit calculation include:**
  - Base Revenue (Prior Year Revenue Limit)
  - Membership (Full Time Equivalent Number of Students)
  - Allowable Annual Change Per Member
  - Allowable Exemptions to the Limit

Revenue Limit Membership

- **Membership ≠ Students in Seats**
  - Includes Residents attending School Board authorized charter schools (type of public school)
  - Includes Resident Open Enrollment (OE) students attending elsewhere
  - Excludes Non-Resident OE students being taught in your district
  - Pro-rates for part-time students, such as four year-old Kindergarten

- **Revenue Limit Membership is calculated on a three year average.**
  - A three year average is used to minimize the financial impact of a sharp increase or decrease in membership (FTE students).
  - 2017-18 Revenue Limit Membership = \((\text{Sept 2015} + \text{Sept 2016} + \text{Sept 2017}) / 3\)
Per Member Adjustment & Per Pupil Aid

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue Limit - Allowed Per-Member Change</th>
<th>Categorical Aid - Per Pupil</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-10</td>
<td>$200.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>2010-11</td>
<td>$200.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>2011-12</td>
<td>($528.81)</td>
<td>$0.00</td>
</tr>
<tr>
<td>2012-13</td>
<td>$50.00</td>
<td>$50.00</td>
</tr>
<tr>
<td>2013-14</td>
<td>$75.00</td>
<td>$75.00</td>
</tr>
<tr>
<td>2014-15</td>
<td>$75.00</td>
<td>$150.00</td>
</tr>
<tr>
<td>2015-16</td>
<td>$0.00</td>
<td>$150.00</td>
</tr>
<tr>
<td>2016-17</td>
<td>$0.00</td>
<td>$250.00</td>
</tr>
<tr>
<td>2017-18</td>
<td>$0.00</td>
<td>$450.00</td>
</tr>
<tr>
<td>2018-19</td>
<td>$0.00</td>
<td>$654.00</td>
</tr>
</tbody>
</table>

Impact of Per Member Adjustment

- **Allowable Per Member Adjustment**
  - The amount of the per member adjustment will impact how much or how little the revenue limit increases.
  - A drop in the revenue limit membership may offset any increase, when applicable, generated by the per pupil amount.

Revenue Limit Calculation

If Membership or the Maximum Revenue per Member increase, the “Pie Crust” (Revenue Limit) will get bigger.

Allowable Exemptions to the Limit

- **What are the most common Exemptions to expand the pie crust?**
  - Non-Recurring Exemptions (one time annual)
    - Make this year’s pie crust bigger
    - Declining Enrollment
    - “Hold Harmless”
    - Energy Efficiency
    - Non-Recurring Referendum
  - Recurring Exemptions (ongoing permanent)
    - Makes this + future years’ crusts larger
    - Transfer of Service
    - Recurring Referendum
Allowable Exemptions to the Limit

Important “New” Exemption

• Non-Recurring Exemptions
  – Beginning in 2015-16, adjustment for incoming private school regular education voucher students:
    • In 2017-18, the authority to increase property taxes is equal to the state aid deduction used to pay the private school voucher amounts ($7,530 per K-8 and $8,176 per 9-12 FTE resident student) for the Wisconsin and Racine Parental Choice Programs.
  – Beginning in 2017-18, adjustment for incoming private school special needs scholarship program (SNSP) voucher students:
    • In 2017-18, the authority to increase property taxes is equal to the state aid deduction used to pay the private school voucher amounts ($12,207 per FTE resident student) for the SNSP.
  – Revenue limit exemption (equal to the state aid deduction for these voucher programs) calculated by DPI and shared on October 15.

Top Ten State Programs (General Fund 2017-18)

<table>
<thead>
<tr>
<th>Category</th>
<th>% of GPR Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. K-12 General and Categorical School Aids*</td>
<td>32.6%</td>
</tr>
<tr>
<td>2. Medical Assistance</td>
<td>17.1%</td>
</tr>
<tr>
<td>3. State Correctional Operations</td>
<td>6.5%</td>
</tr>
<tr>
<td>4. University of Wisconsin System</td>
<td>6.3%</td>
</tr>
<tr>
<td>5. School Levy/First Dollar Tax Credits</td>
<td>5.9%</td>
</tr>
<tr>
<td>6. Shared Revenues</td>
<td>5.0%</td>
</tr>
<tr>
<td>7. Technical College System Aids</td>
<td>3.0%</td>
</tr>
<tr>
<td>8. State Debt Obligation Bonds</td>
<td>2.1%</td>
</tr>
<tr>
<td>9. “Private School Choice and Charter Programs (DPI Combined)”</td>
<td>2.0%</td>
</tr>
<tr>
<td>10. Community and Juvenile Correctional Services</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

All Other State Programs 17.7%
Total 100.0%

Source: Legislative Fiscal Bureau [2017 Act 59 (2017-19 State Budget) Summary-Table 12]

State Aids -- Equalization Aid Formula

General school aids primarily composed of Equalization Aids, which is a cost-sharing formula that incorporates:

- Spending = Shared Costs
- Number of Students to Educate = Members
- Property Value

All Prior-Year Data
(2016-17 data is used for 2017-18 aid)

General School Aids Overview

• General School Aids contains three different components:
  – Equalization Aids
  – Integration (Chapter 220) Aids
  – Special Adjustment (85% Hold Harmless) Aids
• General equalization aids are received within school district revenue limits, thus increases or decreases in such state aids directly affect school district property tax levies.
• General equalization aids may be used by school districts for any purpose.
• Changes in any one school district’s “factors” (membership, costs, property value) affect the distribution of general equalization aid in most other school districts.
2017-18 General School Aid Deductions

<table>
<thead>
<tr>
<th>Program</th>
<th>Impact</th>
<th>Amount (In Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Charter Schools - Legacy</td>
<td>417 Districts*</td>
<td>$65.9</td>
</tr>
<tr>
<td>Milwaukee Parental Choice (Vouchers)</td>
<td>Milwaukee</td>
<td>$47.8</td>
</tr>
<tr>
<td>Wisconsin Parental Choice (Vouchers)</td>
<td>255 Districts</td>
<td>$28.8</td>
</tr>
<tr>
<td>Racine Parental Choice (Vouchers)</td>
<td>Racine</td>
<td>$14.0</td>
</tr>
<tr>
<td>Special Needs Scholarship (Vouchers)</td>
<td>25 Districts</td>
<td>$3.0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$159.5</td>
</tr>
</tbody>
</table>

* Five districts receive no state general aid.

$4,584.1 million in general school aids. $159.5 million is 3.5% of total general school aids.

General Fund Shared Cost

- Categorical State Aid: 3%
- Federal Aid: 5%
- Local Property Tax: 43%
- State General Aid: 44%
- Other Misc. Receipts: 4%
- Local Misc. Receipts: 1%

Expenditures that are funded by State General Aid and Local Property Tax.

State Aids Membership – Step 1

Average of
3rd Friday in September – FTE Residents
2nd Friday in January – FTE Residents
FTE = full-time equivalent
2 halftime (.5) kindergarten students = 1 FTE

+ Summer/Interim Courses FTE Residents
Summer/Interim = 48,600 minutes of instruction = 1 FTE

All Prior-Year Data
(2016-17 data is used for 2017-18 aid)

State Aids Membership – Step 2

Also Includes:
- Wisconsin and Racine Private School Voucher Students
- Special Needs Private School Voucher Students
- Challenge Academy Students
- Second Chance Partnership Students
- Part-time Attendance F.T.E. of Resident and Non-Resident Private/Home-Schooled Students
- Foster Group Home Students
- Special Needs Scholarship Program Students

See:

1/16/2018
Private School Voucher (Choice) Programs

- In 2017-18, four separate private school voucher programs exist:
  1. Milwaukee Parental Choice Program
  2. Racine Parental Choice Program
  3. Wisconsin Parental Choice Program
  4. Special Needs Scholarship Program

- A summary table including the:
  - number of participating private schools;
  - number of participating students (enrollment and FTE) by program by school;
  - estimated total annual payment received by the private school;
  - total number of students receiving a state funded voucher (the four programs combined) and the percentage of total private school student enrollment.

- [Link to the summary table](https://dpi.wi.gov/sites/default/files/imce/sms/Choice/Data_and_Estimated_Payment_2017-18_Summary_MPCP_WPCP_RPCP_SNSP.xls)

Private Choice Programs and Per Student Payments

Wisconsin currently has three private school choice programs:

- Milwaukee Parental Choice Program (MPCP)-enacted in 1990-91
- Racine Parental Choice Program (RPCP)-enacted in 2011-12
- Wisconsin Parental Choice Program (WPCP)-enacted in 2013-14

Each program is funded on a current year basis with sum sufficient funds.

- **2017-18 Per FTE Student Payments**
  - Grades K-8: $7,530
  - Grades 9-12: $8,176

- **2018-19 Per FTE Student Payments**
  - Grades K-8: $7,747
  - Grades 9-12: $8,393
Milwaukee Parental Choice Program (MPCP) History

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Number of MPCP Schools</th>
<th>Full-Time Equivalent (FTE) Students</th>
<th>MPCP FTE Student Payment</th>
<th>MPCP Total State Aid Payments/Program Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990-91</td>
<td>6</td>
<td>300</td>
<td>$2,446</td>
<td>$733,300</td>
</tr>
<tr>
<td>1998-99</td>
<td>83</td>
<td>5,761</td>
<td>$4,894</td>
<td>$28,194,300</td>
</tr>
<tr>
<td>2008-09</td>
<td>123</td>
<td>19,428</td>
<td>$6,607</td>
<td>$127,061,900</td>
</tr>
<tr>
<td>2010-11</td>
<td>100</td>
<td>20,256</td>
<td>$6,442</td>
<td>$129,183,100</td>
</tr>
<tr>
<td>2016-17</td>
<td>121</td>
<td>26,913</td>
<td>$7,323/$7,969</td>
<td>$201,918,000</td>
</tr>
<tr>
<td>2017-18 (estimated)</td>
<td>126</td>
<td>27,670</td>
<td>$7,530/$8,176</td>
<td>$213,300,000</td>
</tr>
<tr>
<td>2018-19 (estimated)</td>
<td>TBD</td>
<td>28,170</td>
<td>$7,747/$8,393</td>
<td>$223,600,000</td>
</tr>
</tbody>
</table>

MPCP: State/Local Funding

- In 2017-18, the state directly pays 77.6% of the cost of the MPCP while Milwaukee Public Schools (MPS) pays 22.4% of the cost ($47.8 million this year) through a reduction in its state general school aids.
- MPS can increase its property tax levy to replace this state general aid reduction under its revenue limit; however, MPS cannot count choice students in its membership for state general aid purposes and does not receive a revenue limit adjustment for each MPCP student.
- Under current law, the state General Purpose Revenue (GPR) share increases by 3.2% annually through 2023-24 and MPS’ share decreases by the same figure each year until the MPCP is entirely GPR state-funded in 2024-25.
- MPS also received $6.3 million in High Poverty Aid in 2017-18 to reduce its property tax levy related to the MPCP.

Racine Parental Choice Program (RPCP) History

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Number of RPCP Schools</th>
<th>Total Full-Time Equivalent (FTE) Students</th>
<th>RPCP FTE Student Payment</th>
<th>RPCP Total State Aid Payments/Program Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-12</td>
<td>8</td>
<td>219</td>
<td>$6,442</td>
<td>$1,408,200</td>
</tr>
<tr>
<td>2012-13</td>
<td>11</td>
<td>485</td>
<td>$6,442</td>
<td>$3,125,300</td>
</tr>
<tr>
<td>2013-14</td>
<td>13</td>
<td>1,169</td>
<td>$6,442</td>
<td>$7,529,400</td>
</tr>
<tr>
<td>2014-15</td>
<td>15</td>
<td>1,659</td>
<td>$7,210/$7,856</td>
<td>$12,154,300</td>
</tr>
<tr>
<td>2015-16</td>
<td>19</td>
<td>2,057</td>
<td>$7,214/$7,860</td>
<td>$15,089,900</td>
</tr>
<tr>
<td>2016-17</td>
<td>19</td>
<td>2,420</td>
<td>$7,323/$7,969</td>
<td>$18,022,900</td>
</tr>
<tr>
<td>2017-18 (estimated)</td>
<td>23</td>
<td>2,915</td>
<td>$7,530/$8,176</td>
<td>$22,355,000</td>
</tr>
<tr>
<td>2018-19 (estimated)</td>
<td>TBD</td>
<td>3,300</td>
<td>$7,747/$8,393</td>
<td>$26,131,900</td>
</tr>
</tbody>
</table>

Wisconsin Parental Choice Program (WPCP) History

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Number of WPCP Schools</th>
<th>Total Full-Time Equivalent (FTE) Students</th>
<th>WPCP FTE Student Payment</th>
<th>WPCP Total State Aid Payments/Program Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>25</td>
<td>498</td>
<td>$6,442</td>
<td>$3,212,300</td>
</tr>
<tr>
<td>2014-15</td>
<td>31</td>
<td>994</td>
<td>$7,210/$7,856</td>
<td>$7,345,200</td>
</tr>
<tr>
<td>2015-16</td>
<td>82</td>
<td>2,483</td>
<td>$7,214/$7,860</td>
<td>$18,369,200</td>
</tr>
<tr>
<td>2016-17</td>
<td>121</td>
<td>2,978</td>
<td>$7,323/$7,969</td>
<td>$22,382,500</td>
</tr>
<tr>
<td>2017-18 (estimated)</td>
<td>154</td>
<td>4,403</td>
<td>$7,530/$8,176</td>
<td>$33,925,000</td>
</tr>
<tr>
<td>2018-19 (estimated)</td>
<td>TBD</td>
<td>7,150</td>
<td>$7,747/$8,393</td>
<td>$56,600,000</td>
</tr>
</tbody>
</table>
1. Students enrolled in the RPCP/WPCP prior to 2015-16:
   • Vouchers paid with state GPR funding until student exits program.
   • Students are not counted in a district’s membership for state general aid or revenue limit purposes.

2. Students enrolling in the RPCP/WPCP in 2015-16 or thereafter:
   - State General Aids
     • Resident district pays for RPCP/WPCP students through a reduction in its state general aids.
     • RPCP/WPCP students are counted in their resident district’s membership for state general aid purposes in the following year.
     • In 2015-16 and 2016-17, the total number of pupils residing in the district who could participate in the choice program from each district was limited to no more than 1% of the district’s prior year membership. Beginning in the 2017-18 school year, the enrollment limit will increase by one percentage point in each year until the enrollment limit reaches 10% of the district’s prior year enrollment (2025-26). Beginning in 2026-27, no enrollment limit would apply.

### RPCP/WPCP: State/Local Funding

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>RPCP FTE Students</th>
<th>RPCP Direct State GPR Funding</th>
<th>State General Aid Deduction/Local Property Taxpayer Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-12</td>
<td>219</td>
<td>$1,408,200</td>
<td>$0</td>
</tr>
<tr>
<td>2012-13</td>
<td>485</td>
<td>$3,125,300</td>
<td>$0</td>
</tr>
<tr>
<td>2013-14</td>
<td>1,169</td>
<td>$7,529,400</td>
<td>$0</td>
</tr>
<tr>
<td>2014-15</td>
<td>1,659</td>
<td>$12,154,300</td>
<td>$0</td>
</tr>
<tr>
<td>2015-16</td>
<td>2,057</td>
<td>$10,925,100</td>
<td>$4,164,500</td>
</tr>
<tr>
<td>2016-17</td>
<td>2,420</td>
<td>$9,482,900</td>
<td>$8,540,000</td>
</tr>
<tr>
<td>2017-18 (estimated)</td>
<td>2,915</td>
<td>$8,341,000</td>
<td>$14,015,000</td>
</tr>
<tr>
<td>2018-19 (estimated)</td>
<td>3,300</td>
<td>$7,185,100</td>
<td>$18,946,800</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>WPCP FTE Students</th>
<th># of School Districts with WPCP Student</th>
<th>WPCP Direct State GPR Funding</th>
<th>State General Aid Deduction/Local Property Taxpayer Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>498</td>
<td>N/A</td>
<td>$3,212,300</td>
<td>$0</td>
</tr>
<tr>
<td>2014-15</td>
<td>994</td>
<td>N/A</td>
<td>$7,345,200</td>
<td>$0</td>
</tr>
<tr>
<td>2015-16</td>
<td>2,483</td>
<td>141</td>
<td>$6,535,900</td>
<td>$11,833,200</td>
</tr>
<tr>
<td>2016-17</td>
<td>2,978</td>
<td>182</td>
<td>$5,837,000</td>
<td>$16,545,400</td>
</tr>
<tr>
<td>2017-18 (estimated)</td>
<td>4,403</td>
<td>225</td>
<td>$5,139,000</td>
<td>$28,786,000</td>
</tr>
<tr>
<td>2018-19 (estimated)</td>
<td>7,150</td>
<td>TBD</td>
<td>$4,675,000</td>
<td>$51,925,000</td>
</tr>
</tbody>
</table>
All private schools in Wisconsin are eligible for the following state categorical aid programs:
- School lunch aid;
- School breakfast aid;
- School day milk aid;
- Robotics league participation grants; and
- Personal electronic computing devices grants (new in 2018-19).

Private schools participating in one of the state’s choice programs are also eligible for some additional state categorical aid programs:
- School performance improvement grants (new in 2018-19); and
- School mental health aid (new in 2018-19).

The SNSP is funded on a current year basis with sum sufficient funds.

SNSP Per FTE Student Payments:
- 2017-18: $12,207
- 2018-19: $12,424

State General Aids
- Resident district pays for SNSP students through a reduction in its state general aids.
- SNSP students are counted in their resident district’s membership for state general aid purposes in the following year.

Revenue Limits
- Resident districts receive a revenue limit adjustment equal to the per student payment allowing them to replace the state aid reduction through increased property taxes if the resident school board chooses to do so.

Private (and Private Choice) Schools: State Categorical Aids

2017-18 WPCP/RPCP State General Aid Deductions

Special Needs Scholarship Program (SNSP)
# SNSP State/Local Funding History

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th># of SNSP Private Schools</th>
<th>Full-Time Equivalent (FTE) Students</th>
<th># of Districts with SNSP Student</th>
<th>SNSP Direct State GPR Funding</th>
<th>State General Aid Deduction/Local Property Taxpayer Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016-17</td>
<td>26</td>
<td>215</td>
<td>22</td>
<td>0</td>
<td>$2,580,000</td>
</tr>
<tr>
<td>2017-18 (estimated)</td>
<td>28</td>
<td>244</td>
<td>25</td>
<td>0</td>
<td>$2,962,000</td>
</tr>
<tr>
<td>2018-19 (estimated)</td>
<td>TBD</td>
<td>750</td>
<td>TBD</td>
<td>0</td>
<td>$9,318,000</td>
</tr>
</tbody>
</table>

## Independent Charter School Program (ICSP) Authorizers

<table>
<thead>
<tr>
<th>Authorizer</th>
<th>School Location</th>
<th>Pupil Residency</th>
<th>Number of Charter Schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legacy Authorizers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City of Milwaukee</td>
<td>Statewide</td>
<td>Statewide</td>
<td>Unlimited</td>
</tr>
<tr>
<td>UW-Milwaukee</td>
<td>Statewide</td>
<td>Statewide</td>
<td>Unlimited</td>
</tr>
<tr>
<td>UW-Parkside</td>
<td>Statewide</td>
<td>Statewide</td>
<td>Unlimited</td>
</tr>
<tr>
<td>MATC</td>
<td>Statewide</td>
<td>Statewide</td>
<td>Unlimited</td>
</tr>
<tr>
<td>Any Technical College District Board (other than MATC)</td>
<td>Statewide</td>
<td>Statewide</td>
<td>Unlimited</td>
</tr>
<tr>
<td>Waukesha County Executive</td>
<td>Waukesha County</td>
<td>Statewide</td>
<td>Unlimited</td>
</tr>
<tr>
<td>College of Marinette/Oshkosh</td>
<td>Statewide</td>
<td>Statewide</td>
<td>No more than 6</td>
</tr>
<tr>
<td>Lac Crosse Ojibwa Community College</td>
<td>Statewide</td>
<td>Statewide</td>
<td>No more than 6</td>
</tr>
<tr>
<td>Milwaukee Area Technical College</td>
<td>Statewide</td>
<td>Statewide</td>
<td>Unlimited</td>
</tr>
<tr>
<td>New UW System Chancellors (other than UW-Milwaukee and Parkside)</td>
<td>Statewide</td>
<td>Statewide</td>
<td>Unlimited</td>
</tr>
</tbody>
</table>

## ICSP: State/Local Funding

- The ICSP is funded on a current year basis with sum sufficient funds.
- Per FTE Student Payments: $8,395 in 2017-18 and $8,612 in 2018-19.

1. **Students currently attending existing independent charter schools (ICS):**
   - All districts have their state general aid proportionally reduced (1.4% in 2017-18) to pay for ICSP students.
   - No district counts ICSP students in their membership for state general aid purposes.
   - Districts can increase their property tax levy under their revenue limit to replace the state general aid reduction if their school board chooses to do so.

2. **Students attending ICS authorized by new/other authorizers (none currently in place):**
   - **State General Aid:**
     - Resident district pays for students through a reduction in its state general aids.
     - Students are counted in resident district’s membership for state general aid purposes in the following year.
   - **Revenue Limits:**
     - Resident district counts students in its membership as part of its three-year rolling membership average.
ICSP: Other Funding/Categorical Aids

- Unlike private schools, charter schools may not charge tuition.
- Independent charter schools are treated as Local Educational Agencies (LEA's) for state/federal reporting requirements and directly receive federal aid (IDEA, Title I, etc.) as applicable.
- Independent charter schools are eligible for some state categorical aid programs:
  - Special education aid;
  - School lunch aid;
  - Pupil transportation aid;
  - Special education transition incentive grants;
  - Robotic league participation grants;
  - School performance improvement grants (new in 2018-19);
  - Personal electronic computing devices grants (new in 2018-19);
  - School mental health aid (new in 2018-19);
  - Community & school mental health collaboration grants (new in 2018-19); and
  - Special education transition readiness grants (new in 2018-19).

ICSP State/Local Funding History

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Number of ICSP Schools</th>
<th>ICSP Full-Time Equivalent (FTE) Students</th>
<th>ICSP FTE Payment</th>
<th>ICSP Direct State GPR Funding</th>
<th>State Aid Deduction/Local Property Taxpayer Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998-99</td>
<td>3</td>
<td>55</td>
<td>$6,062</td>
<td>0</td>
<td>$333,400</td>
</tr>
<tr>
<td>2015-16</td>
<td>24</td>
<td>8,807</td>
<td>$8,079</td>
<td>0</td>
<td>$71,151,800</td>
</tr>
<tr>
<td>2016-17</td>
<td>22</td>
<td>7,526</td>
<td>$8,188</td>
<td>0</td>
<td>$61,622,900</td>
</tr>
<tr>
<td>2017-18</td>
<td>23</td>
<td>7,850</td>
<td>$8,395</td>
<td>0</td>
<td>$65,900,700</td>
</tr>
<tr>
<td>2018-19 (estimated)</td>
<td>TBD</td>
<td>8,000</td>
<td>$8,612</td>
<td>0</td>
<td>$68,896,000</td>
</tr>
</tbody>
</table>

Private School Choice/Voucher Summary

Racine and Wisconsin Parental Choice Programs (RPCP/WPCP)

- For choice students enrolled in the RPCP/WPCP PRIOR to 2015-16:
  - These choice students are paid directly with state General Purpose Revenue (GPR) funds until the student exits the RPCP/WPCP. The State pays 100% of the costs of these vouchers.
  - There is no reduction from a school district’s state general aids for these students.
  - These choice students are not counted in a school district’s membership for state general aid or revenue limit purposes.

For choice students enrolled in the RPCP/WPCP in 2015-16 or thereafter, state general aids impacts:

- The choice student’s resident district pays their voucher through a reduction in its state general aids.
- If a district does not receive enough state general aid to cover this reduction, the balance is taken from other state aids (e.g., per pupil aid) received by the district.
- These choice students are counted in their resident district’s membership for state general aid purposes in the following year’s state aid calculation.
- A district may recoup some state general aid depending on its “position” in the state general aid formula, but is very unlikely to fully recover its prior year state aid reduction.
- Most school districts that receive state general aid are negatively affected by adding choice students in those districts eligible to count them for membership purposes.
Private School Voucher Summary

Racine and Wisconsin Parental Choice Programs (RPCP/WPCP)

For choice students enrolled in the RPCP/WPCP in 2015-16 or thereafter, Revenue Limits Impacts:
- These choice students are not counted in the revenue limit membership.
- The choice student’s resident district receives a non-recurring revenue limit adjustment equal to the per FTE choice payment in the current year, allowing a school board to replace the state aid reduction through increased property taxes.
- If a school board chooses to levy less than the private school voucher non-recurring revenue limit exemption, the following year’s revenue limit carry-over total will be reduced dollar for dollar. In other words, this new non-recurring revenue limit exemption is treated the same way as other non-recurring revenue limit exemptions if a school board chooses to levy less than the maximum allowed.

Private School Voucher Takeaways

School District Budgets – Current Year (Year 1)

- For choice students enrolled in the RPCP/WPCP in 2015-16 or thereafter, the law is designed to allow zero impact on the district’s annual budget. However, the school board must decide one of the following three options (or a combination):
  - Option 1: Increase property taxes to replace the loss of state school aids in order to maintain existing student educational programs.
  - Option 2: Use fund balance or some other source of revenues to replace the loss of state school aids to maintain current programs.
  - Option 3: Reduce current district expenditures equal to the state aids deduction.

School District Budgets – Following Year (Year 2)

- These choice students are counted in their resident district’s membership for state general aid purposes in the following year’s state aid calculation.
- A district may recoup some state general aid depending on its “position” in the state general aid formula, but it is very unlikely to fully recover its prior year state aid reduction.
- Most school districts that receive state general aid are negatively affected by adding choice students in those districts eligible to count them for membership purposes.
- These choice students are never counted in the revenue limit membership.

Private School Voucher Takeaways

Wisconsin and Racine Parental Choice Programs:

- Adding private school voucher students to the general aid membership changes one of the factors used to determine state equalization aids. This redistributes the existing level of state general school aids.
- The effect is as though the voucher expansion is funded statewide with property taxes. Although a district may recoup some state general aid depending on its “position” in the state general aid formula, it is very unlikely to fully recover its prior year state aid reduction.
<table>
<thead>
<tr>
<th>District</th>
<th>Incoming K-8 FTE</th>
<th>Incoming 9-12 FTE</th>
<th>Total Incoming FTE</th>
<th>Summer School Payment</th>
<th>School Aid Deduction &amp; Non-Recurring Revenue Limit Exemption (Line 10.H.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fond du Lac</td>
<td>52.1</td>
<td>37.0</td>
<td>89.1</td>
<td>$0</td>
<td>$694,825</td>
</tr>
<tr>
<td>Oshkosh Area</td>
<td>83.0</td>
<td>32.0</td>
<td>115.0</td>
<td>$0</td>
<td>$886,622</td>
</tr>
</tbody>
</table>

- Neither Fond du Lac nor Oshkosh had resident students participate in the Special Needs Scholarship Program (special education vouchers).
- The school aid deduction is the non-recurring revenue limit exemption = Incoming K-8 FTE * $7,530 plus Incoming 9-12 FTE * $8,176 plus Incoming summer school if applicable.
- An incoming voucher pupil (Wisconsin or Racine Choice Programs) is defined as a pupil who first begins participating in the Choice program in the 2015-16 school year or a school year after 2015-16.

**Questions?**

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Or visit our web site at:
[http://dpi.wi.gov/sfs](http://dpi.wi.gov/sfs)