



## Legislative Fiscal Bureau

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TO: Senator John Lehman  
Room 310 South, State Capitol

FROM: Russ Kava, Fiscal Analyst

SUBJECT: Proposal to Create Racine County Parental Choice Program

At your request, I am providing you with information on a proposal in the Assembly's version of the 2007-09 biennial budget that would create a parental choice program in Racine County.

### **Assembly Proposal**

The Assembly version of the budget would create a Racine County parental choice program, beginning in 2009-10. A sum sufficient appropriation would be created for payments under the program. The Department of Public Instruction (DPI) would pay the parent or guardian of a pupil enrolled in a school in the program an amount equal to the lesser of: (a) the amount equal to the private school's operating and debt service cost per pupil related to educational programming; or (b) an amount (which would be adjusted annually based on the percent change in the general school aids appropriation) determined by a sliding scale based on family income, as follows:

1. \$6,500 per pupil for a pupil with family income no more than 175% of the poverty line;
2. \$5,000 per pupil for a pupil with family income more than 175% and less than 225% of the poverty line;
3. \$3,500 per pupil for a pupil with family income more than 225% and less than 250% of the poverty line;
4. \$2,000 per pupil for a pupil with family income more than 250% and less than 275% of the poverty line; and

5. \$1,000 per pupil for a pupil with family income more than 275% of the poverty line.

The general school aid payment for which a district located in whole or in part in Racine County would be eligible would be reduced by 45% of the sum of the amounts paid from the sum sufficient for pupils who reside in the district and attend a school in the program.

There would be no statutory limit on the number of pupils who could participate in the program.

Statutory language for the program would be created that would be similar to the Milwaukee parental choice program with respect to the conditions that schools must meet to participate, the pupil application process, the responsibilities of the State Superintendent to inform parents in Racine County of the schools participating in the program, the requirements that schools meet one of four standards related to pupil achievement or attendance, the fiscal requirements of participating schools, the tests that must be administered, and the conditions under which the State Superintendent can prohibit schools from participating in the program.

### **Potential Fiscal Effect**

Cost estimates for the proposed program are speculative. The cost of the proposed program would be determined by a number of factors for which information is not available, including the number of private schools currently operating in the County that would choose to participate in the program, whether additional schools would be established in the County as a result of the program, the number of pupils that would enroll in any new schools that would be established, and the family income of the pupils that would participate in the program. Using available information, a range of possibilities can be determined.

Based on information from DPI, there were 31 private schools in Racine County in 2006-07 that reported a total enrollment of nearly 5,500 pupils. Two schools did not submit enrollment figures to DPI. If all 31 of these schools would participate in the proposed choice program and all of the enrolled students were eligible for the minimum \$1,000 payment, the estimated cost of the program would be nearly \$5.5 million annually. Of this amount, 55% of the cost would be borne by the state (\$3.0 million), and 45% by the affected school districts (\$2.5 million) in the form of reduced general school aids, which could be replaced with property taxes by those school districts.

While income data for the families currently enrolled in the schools is not available, free and reduced price lunch eligibility can provide some possible indication of how many pupils might be eligible for a higher payment. If the percentage of pupils in each school district eligible for a free and reduced price lunch (families at or below 185% of the federal poverty level) is applied to the enrollment of each private school in the district, an estimate of the number of pupils eligible for the \$6,500 payment (families at or below 175% of the federal poverty level) can be made. Using this methodology, which would assume a \$1,000 payment for all other pupils, the estimated cost of the

program would be nearly \$16.2 million annually.

While it is unknown how many new schools would be established and how many new pupils would participate under the program, the experience with the Milwaukee parental choice program could provide some possible indication of future growth in a Racine County choice program. According to enrollment data from DPI, in 2006-07, 24 percent of the 117,600 pupils enrolled in public and private schools in Milwaukee were enrolled in private schools. For the districts in Racine County, 16 percent of the 36,400 pupils enrolled in public and private schools in the County were enrolled in private schools. If the establishment of a Racine County choice program would result in a similar percentage of pupils enrolled in private schools in Racine County, approximately 3,000 additional pupils would be enrolled in private schools. Assuming these children were all eligible for the \$1,000 payment, this would represent an additional cost of \$3.0 million annually in addition to the \$5.5 million identified earlier, or an \$8.5 million annual cost. However, if these additional children are drawn proportionately from the school districts in the County and the proportion of pupils eligible for a free and reduced price lunch in those districts is used to estimate the number of pupils eligible for the \$6,500 payment, this would represent an additional cost of \$8.8 million annually in addition to the \$16.2 million identified earlier, or a \$25.0 million annual cost.

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

RK/bh