

Decoupling Substitute Amendment — Q & A

What is decoupling?

Decoupling eliminates the current law impact on property taxes of financing school choice and independent charter schools (hereafter “charter”).

What school districts are affected by current law?

Those outside Milwaukee with resident students who attend choice and charter schools.

Why is Milwaukee not affected?

Effective in FY 24–25 Milwaukee will be fully decoupled. The Milwaukee Parental Choice Program began phasing in decoupling after the 2015–17 biennial budget. Its property taxpayers will be unaffected by the proposed choice and charter financing.

So are property taxpayers outside of Milwaukee affected? How?

Yes. State aid to non-Milwaukee districts is reduced to pay tuition for choice and charter students. Districts that lose aid are allowed to make up the difference by raising property taxes.

What are the fiscal effects of the substitute amendment on school districts, assuming implementation in FY 23–24?

There are three effects: (1) state aid available to districts would increase by about \$293 million; (2) property taxes would decline by about \$220 million; and (3) per pupil revenue limits would increase by about \$73 million.

How many districts are affected?

404 of 421 districts would receive more aid, have lower property taxes, and have increased spending authority.

Would any district lose?

No. 17 districts would see no change. These are districts with no resident students in choice or charter programs.

How would the increased funding be distributed?

Districts would be affected based on the current share of resident students in choice and charter programs. Those with a larger than average share would benefit most.

Are there administrative benefits to districts from decoupling?

Yes. Districts outside Milwaukee effectively have enrollment counts for state aid and local spending calculations. It's an administrative hassle.

What's the fiscal impact on the state budget?

GPR spending would increase by about \$293 million because the state would be fully funding choice and independent charters out-side Milwaukee with no state aid reduction. This mirrors the system in effect in Milwaukee as of FY 24–25.

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Would choice or charter schools receive more money?

No. Per pupil payments would not change.

Would school districts continue to include choice and charter students in state aid enrollment counts?

No.

How would decoupling affect charter school finance?

Under current law, 2r (pre-2015 authorizers) are fully funded from GPR. 2x charters (OEO, tribal, Waukesha County authorizers) are funded through state aid reductions. Decoupling makes charter funding uniform between 2r and 2x charters.