

More Choice for Parents Has Not Reduced MPS Aid

Although it has been argued that the Milwaukee Public School district (MPS) is harmed financially by new options available to Milwaukee parents (see box), our analysis finds that the negative fiscal effect on state aid to MPS is slight. The hardship to MPS lies in its budgeting *process*, not in loss of funds, because the district cannot control or predict which schools or classrooms will lose children, and therefore, cannot efficiently make budget decisions. In addition, students transferring out of MPS have varying impact on the district, due to the different funding schemes of the four parental option programs.

Key Findings

- **State Budget:** Lawmakers accounted for the implementation of the parental option programs, adjusting the statewide equalization aid formula accordingly.
- **MPS Budget:** State aid to the private school choice, charter, and open enrollment programs is small compared to aid to MPS. The overall effect of these three programs on MPS in 1998-1999 is a loss of \$18,268, or less than one hundredth of one percent of the MPS budget.
- **Milwaukee Parental Choice Program (MPCP):** 6,050 students participate in MPCP. Each private choice school receives \$4,894 per pupil, resulting in a total payment to MPCP schools of \$28.4 million (more than state aid to 96% of Wisconsin school districts).
- **City Charter Schools:** The City of Milwaukee currently sponsors two charter schools with a total enrollment of 55 students. The schools receive \$6,052 per student, resulting in a total state aid payment of \$286,865 to charter schools for the 1998-1999 school year.

- **Open Enrollment:** In the first year of public school choice, MPS lost 94 students to other districts and gained one student. Because each student brings a \$4,551 payment with him or her to the new district, students transferring out of MPS provided a total of \$420,968 to other districts.
- **Chapter 220:** Almost 25% of MPS students were bused within the district as part of the intra-district Chapter 220 program. Each of these students provided an extra \$1,224 in aid to MPS for a total intra-district Chapter 220 payment of \$32,964,630. Almost 5,000 students were bused from MPS to suburban districts and about 550 suburban students attended MPS schools under the inter-district Chapter 220 program. MPS received a total of \$3,314,967 for the incoming students and also received an additional \$23,936,554 for the students now attending suburban schools.

In the 1998-1999 school year, three new parental option programs—the expanded private school voucher program, the public school choice program, and city-sponsored charter schools—were implemented in Milwaukee. They joined the long-standing Chapter 220 integration program as enrollment choices. How do these programs interact with each other and impact the Milwaukee Public Schools? What does the aid for these programs mean for the rest of the state's school districts? The Public Policy Forum looked at enrollment and state aid as indicators of how increased parental choice in Milwaukee affects public schooling in Wisconsin.

Research for this In Fact was funded by grants from the Joyce Foundation of Chicago and the Richard and Ethel Herzfeld Foundation of Milwaukee, as the first in a series of reports constituting a three-year evaluation of the various parental option programs and their effect on public schooling in Wisconsin.

Funding the Programs: Aid per Pupil Differs Among Programs

The four parental option programs examined by the Forum were not created equal. Each program was created separately by the state legislature and per pupil funding for each program was based on different criteria, as illustrated in *Table 1*. Our comprehensive examination of the fiscal impact of increased parental options on MPS considered all four programs in their entirety.

Program Snapshots

- In the first year of religious school participation in the **Milwaukee Parental Choice Program**, the number of participating schools increased from 23 to 86. Thirty schools are nonsectarian and the remaining 56 are of various denominations. A total of 6,050 students participated, up from 1,497 in 1997-1998. The program payment per pupil is \$4,894. Choice program participants in religious schools made up almost two-thirds of the program enrollment, or 3,849 students. The total payment to choice schools will be \$28.4 million dollars, a four-fold increase from last year, with religious schools receiving over \$18 million. The state calculates this payment when it calculates MPS equalization aid; the MPCP payment is not included in the aid amount certified by the state to MPS.
- In addition to private school choice, parents now have options within the public school system. Under the new program known as **open enrollment**, a public school student may attend any public school located outside the student's district of residence, if space is available. In 1998-1999 MPS had one student transfer into the district under open enrollment and 94 students transfer out of the district. The program payment per pupil is \$4,551. The state pays the receiving districts' payment of \$420,968 in tuition on behalf of MPS by subtracting the amount from MPS equalization aid.
- New parental options for Milwaukee parents in 1998-1999 also included city **charter schools**. State law provides that the City of Milwaukee, the University of Wisconsin-Milwaukee (UWM), and the Milwaukee Area Technical College may sponsor charter schools. MPS, like any other

Table 1: State Aid 1998-1999

Parental Option Program	Enrollment (FTE)*	Payment per Pupil	Total Payment
MPCP	5,803.5	\$4,894	\$28,402,819
City Charter	47.4	\$4,894	\$286,865
Open Enrollment			
Transfers In	1	\$4,551	\$4,551
Transfers Out	93.5	\$4,894	\$425,519
Intra-district			
Inter-district			
Transfers In	547.8	\$6,052	\$3,314,967
Transfers Out	4891	\$4,894	\$23,936,554
TOTAL			\$89,335,905
*Full-time Equivalent (FTE) is based on the percentage of time each student is in school and is used to calculate aid.			

any other district, may grant charters and has chartered one school, which receives funding as negotiated by the school and MPS. In 1998-1999, two City of Milwaukee charter schools are in operation. The per pupil payment is \$6,052. These two schools have a total of 55 charter students and will receive a payment of \$286,865, which is calculated and funded similarly to the MPCP payment.

- **Chapter 220** is not new—this integration program started in the 1976-1977 school year. Chapter 220 has two components: Intra-district, in which students are bused between MPS schools, and inter-district, in which students are bused between MPS and suburban schools. 25% of MPS membership participates in intra-district Chapter 220. Almost 5,000 students, or 4% of MPS membership, left MPS to go to suburban schools via inter-district Chapter 220. About 550 suburban students entered MPS under the inter-district program. MPS received \$32,946,630 in intra-district integration aid and \$3,314,967 in inter-district aid. In addition, MPS retained \$23,936,554 in aid for Chapter 220 students transferring out of the district.

Funding the Programs: The Effect on Public Schooling

The Impact on MPS Aid

Enrollment and aid data from the Wisconsin Department of Public Instruction provide a snapshot of the current financial picture for MPS. Because the current statewide equalization aid appropriation accounts for these programs, the pool of funds from which each district receives aid is affected. As a result, the various parental option programs are supported by state aid.

The programs' state support is initially calculated as MPS equalization aid. This is a result of counting program students as MPS members even though they are not MPS students. Whether this support is retained by MPS or passed on to the programs depends on the payment per pupil each program is to receive. If the program payment exceeds the state support, the difference comes out of MPS state aid.

Milwaukee Parental Choice Program: The MPCP payment per pupil equals MPS equalization aid per member. State support per pupil also equals MPS equalization aid per member. In 1998-1999, \$28.4 million will be paid to choice schools, all of which is state support. *MPS may increase its property tax levy by the full amount of the MPCP payment.*

Open Enrollment: The open enrollment payment per pupil equals the statewide average district cost per pupil, \$4,551, which follows the student from the resident district to district of attendance. State support per pupil equals MPS equalization aid per pupil. Because state support exceeds the program payment by \$343 per pupil, MPS retains a total of \$32,070 this year in open enrollment support. Any district with a net loss of state aid due to a greater number of students transferring out of the district than students transferring in is not allowed to increase

increase its tax levy to recover this loss in state aid. *However, any district that has a net gain in state aid is permitted to use such aid as property tax relief.*

City Charter Schools: These schools receive a payment per pupil equal to the MPS cost (supported by state aid and property taxes) per member. Unlike MPCP, the charter school payment per pupil exceeds the state support per pupil. The net result is a loss of \$54,889 to MPS. *MPS may recover this reduction in state aid by increasing its property tax levy.*

Chapter 220: Chapter 220 aids are completely state supported, and therefore impact MPS positively. For every intra-district Chapter 220 student, MPS's equalization aid per member is increased by one-fourth, totaling \$32,964,630 in 1998-1999. For every incoming inter-district Chapter 220 student, the district receives a payment equal to the actual costs of educating that student, a total of \$3,314,967. In addition, MPS retains the equalization aid of those inter-district Chapter 220 students who transferred out of MPS, equaling \$23,936,554. The total Chapter 220 aid for MPS is \$60,198,151. This aid is used mainly to fund the transportation costs associated with the program. *Inter-district Chapter 220 aid for incoming students is to be used by receiving districts for property tax relief only.*

Table 2: State Integration Aid to MPS

Chapter 220	State Support per Pupil	Total State Support
Intra-district	\$1,224	\$32,964,630
Inter-district		
Transfers In	\$6,052	\$3,314,967
Transfers Out	\$4,894	\$23,936,554
TOTAL		\$89,313,086

Table 3: Parental Option Programs' Impact on MPS

Parental Option Program	State Support	State Support per Pupil	Payment to Program per Pupil	Total Payment to Program	Net MPS Aid (Support-Payment)
MPCP	\$28,402,819	\$4,894	\$4,894	\$28,402,819	\$0 (no impact)
City Charter	\$231,976	\$4,894	\$6,052	\$286,865	\$(54,889)
Open Enrollment					
Transfers In	\$4,551	\$4,551			\$4,551
Transfers Out	\$457,589	\$4,894	\$4,551	\$425,519	\$32,070
TOTAL	\$29,096,935			\$29,115,203	\$(18,268)

Measuring Fiscal Impact: The Method Makes a Difference

Each of the following methodologies may be used to determine the fiscal impact of the parental option programs on MPS. Each has its limitations, and each potentially results in a different finding. The Forum looked at the advantages and limitations of the methods; specifically, what question does each methodology attempt to answer and is that question answered accurately?

How much aid would MPS have received this year if the parental option programs did not exist? Instead of including MPCP, charter, and open enrollment students in the current MPS membership count, this methodology includes only those students who would have been MPS students if these programs did not exist.

Although this method attempts to answer an important question, its limitations result in an unsatisfactory answer. For instance, it is unknown how many program students would have otherwise been MPS students, especially kindergartners. In addition, this method uses the 1998-1999 state equalization aid formula without taking into account that the funding guarantees built into the formula would have been different if these programs did not exist. Finally, it is impossible to accurately recalculate aid for only one district because it is an *equalization* formula—aid for each district affects aid for every other district.

How much are current MPS students actually receiving in state aid per pupil this year? This method attempts to figure actual state aid per actual MPS student by subtracting the program payments from MPS equalization aid, subtracting program enrollment from MPS membership, and then dividing the remaining aid by the remaining MPS enrollment. The result can be compared to previous years' aid per student.

Although this method also attempts to answer a good question, the method is rather complicated unless simplified enrollment counts are used. Unfortunately, using the more simple method results in inaccuracies. MPS membership for any given year is based on the previous year's pupil counts. However, in 1998-1999 MPS membership also included the current year count of some MPCP students. Therefore, simply subtracting the current program enrollment from the MPS membership

does not result in a true count of current MPS pupils. To figure current MPS enrollment accurately, actual pupil counts for both the programs and MPS must be known for several years.

Because of the complexity and limitations of the above two methods, the Forum sought what it believes is a more straight-forward, yet accurate, method for measuring fiscal impact. As an attempt to minimize confusion over the financial issue, the following method was developed based on the current membership and aid calculations used by DPI in distributing equalization aid.

Using the current equalization aid formula and data, has state aid to MPS been affected?

Because the statewide equalization aid appropriation accounts for the existence of the parental option programs, the guaranteed level of funding per district was adjusted by the state in order to support these programs. This methodology allows the Forum to measure whether the state support is adequate, or whether there is a shortfall that must be made up by MPS.

To find the state support for each program, the number of program students (FTE) is multiplied by the current MPS equalization aid per member. To find the MPS contribution to the programs, the number of program students (FTE) is multiplied by the program payment per pupil. This is the amount the state subtracts from the initial MPS equalization aid calculation. If MPS's payment to the program is larger than the state support, then there is a net negative impact on MPS aid.

As illustrated on the preceding two pages, the Forum's method indicates that currently state support for MPCP matches the program payments. Whether there is any future impact depends on MPS's ability to accurately estimate state support for the parental option programs, anticipate any shortfall, and budget accordingly.

Measuring Fiscal Impact: Making Accurate Budget Assumptions

The biggest factor in the parental option programs' impact on MPS is the hardship the programs bring to the district's budgeting process. At this time, MPS cannot take advantage of decreased enrollment to efficiently shift resources or make cuts, because MPS cannot control which students leave the district. However, there are steps MPS can take to budget more efficiently in the face of these programs.

In its 1999-2000 proposed budget, MPS estimates neither the state equalization aid nor the property tax levy, because several necessary factors were unknown when drafting the budget, including enrollment. In addition, the district expects to make substantial revisions to its revenue limit estimate in the fall. Perhaps a solution to this problem lies in a restructuring of the budget timeline. MPS might consider changing its fiscal year so as to make better estimates based on more fully-known variables.

One variable that has sometimes been unknown when budgeting is teacher salaries. This year MPS finalized its contract with the teachers' union before drafting the proposed budget. By doing so, MPS was able to more accurately predict school and program allocations. This success must be expanded to several other variables.

One variable driving the state formulas is membership. MPS states in its proposed budget that the district's Department of Parent and Student Services has the responsibility of compiling and verifying student enrollment data as part of its efforts to ensure fiscal responsibility. Clarifying the linkage between these efforts and the district's budget objectives is a good first step towards building an efficient budget.

The next step must be increased reliability in parental option program enrollment assumptions. Although it is difficult to accurately estimate program enrollment, enrollment should stabilize and demographic patterns will become more predictable as the programs become more established.

Further analysis of the parental option programs' impact on MPS should include the district's costs for data collection, transportation, and administration of these programs.

MPS Budget Snapshots

Chart 1 shows the money MPS has provisionally allocated by type of school for 1999-2000. The majority of school allocations are for the majority of MPS schools, that is, traditional public schools. A total of \$24.5 million goes to non-traditional schools such as alternative and contract schools. As a comparison, this figure is \$3.9 million less than the \$28.4 million MPCP payment.

Chart 1: MPS School Allocations

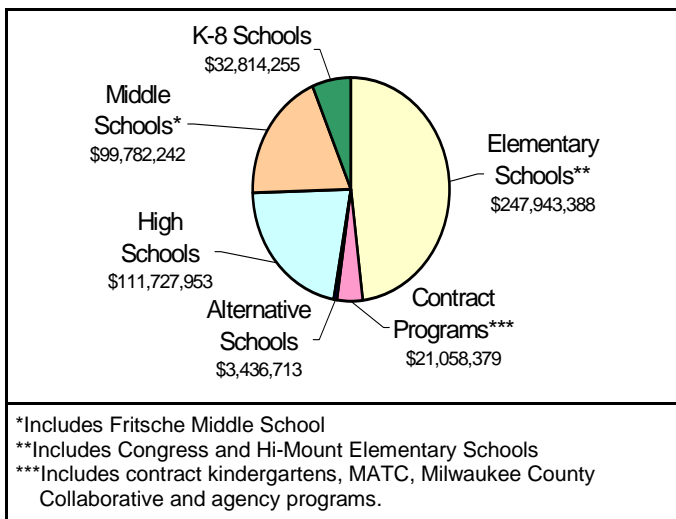
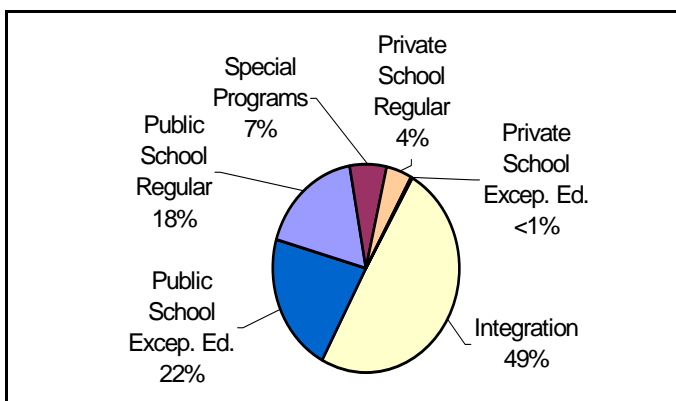


Chart 2 illustrates that of the \$58,415,000 proposed MPS transportation budget for next year, 49%, or \$28,935,000, is earmarked for integration efforts including both intra-district and inter-district Chapter 220. Another \$2,691,000, or about 4%, will go toward busing children to private schools, including children with exceptional education needs.

Chart 2: MPS Transportation Budget



The Enrollment Picture: Program Enrollment is Relatively Small

There is a great deal of excitement surrounding the enrollment options available to students within the City of Milwaukee. Participation in the parental option programs is expected to grow over time. Nonetheless, participation in the 1998-1999 school year is relatively small.

When it comes to determining MPS aid, participants in these various programs are not treated equally. MPS equalization aid is based on MPS student membership. Students leaving MPS through the MPCP, open enrollment, charter, and Chapter 220 programs are counted as MPS members for equalization aid purposes, although they are not MPS students. Some MPCP students who may not have previously attended MPS also are counted as members. Students transferring to MPS schools through either the open enrollment or inter-district Chapter 220 programs are not included in MPS membership calculations.

Chart 3 shows the 1998-1999 enrollment in each of the four programs as a percentage of total MPS membership. Intra-district Chapter 220 enrollment is by far the greatest of the four programs, at 25%, while MPCP, charter school and open enrollment percentages are comparatively small, totaling less than 7% of district membership.

Chart 3: MPS Membership 1998-1999 (%FTE)

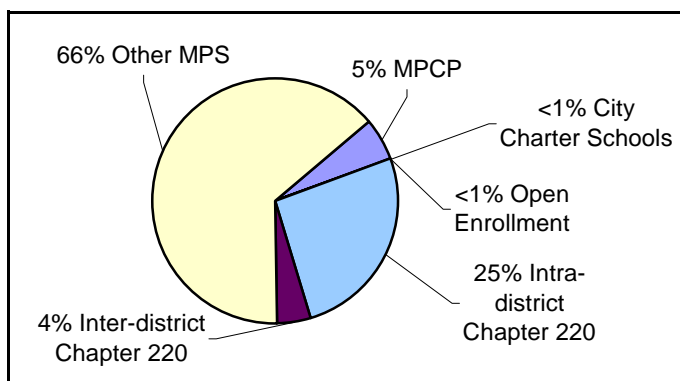


Chart 4 shows the enrollment for each program compared to the true MPS pupil count in 1998-1999, which is the impact of each program on the number of students actually attending MPS schools. The number of students gained by MPS through open enrollment and inter-district Chapter 220 (549 FTE) is negligible. The number of students lost through the city charter school and open enrollment

programs, a total of 141 FTE, is also very small compared to total MPS enrollment.

However, the inter-district Chapter 220 program removes a significant number of children from MPS rosters, almost 4,900 FTE. For MPCP, of the almost 5,800 FTE participating, about 1,400 FTE are students who were enrolled in MPS in the 1997-1998 school year and left the district in the 1998-1999 school year. This 1,400 figure does not include students who may have left MPS to join MPCP in prior years.

Chart 4: Students Leaving MPS 1998-1999 (FTE)

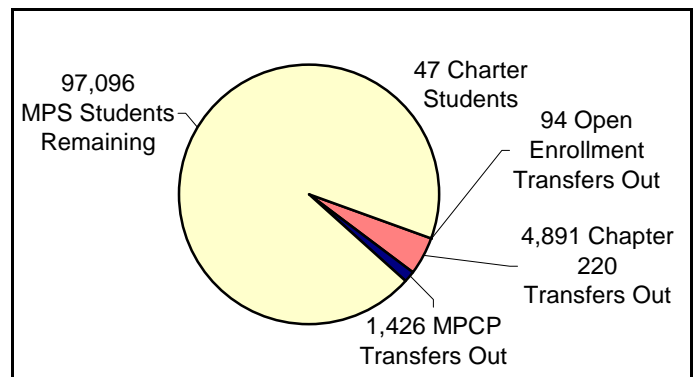
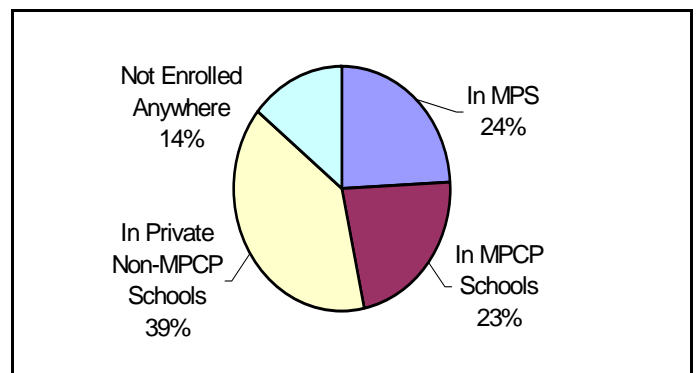


Chart 5 illustrates where current MPCP students were attending school in the 1997-1998 school year. About 2,250 students, or 39% of current MPCP students, were enrolled in private, non-MPCP schools the previous year. Another 1,300, or 23%, were enrolled in MPCP schools last year. An additional 800 students, or 14%, were not enrolled anywhere last year; many of these students are currently kindergartners. Therefore, the majority of current MPCP students were not MPS students in 1997-1998.

Chart 5: MPCP Students' Prior Enrollment



The Enrollment Picture: Future Growth to be Slow

Chart 6: MPCP and City Charter Enrollment by Grade 1998-1999 (FTE)

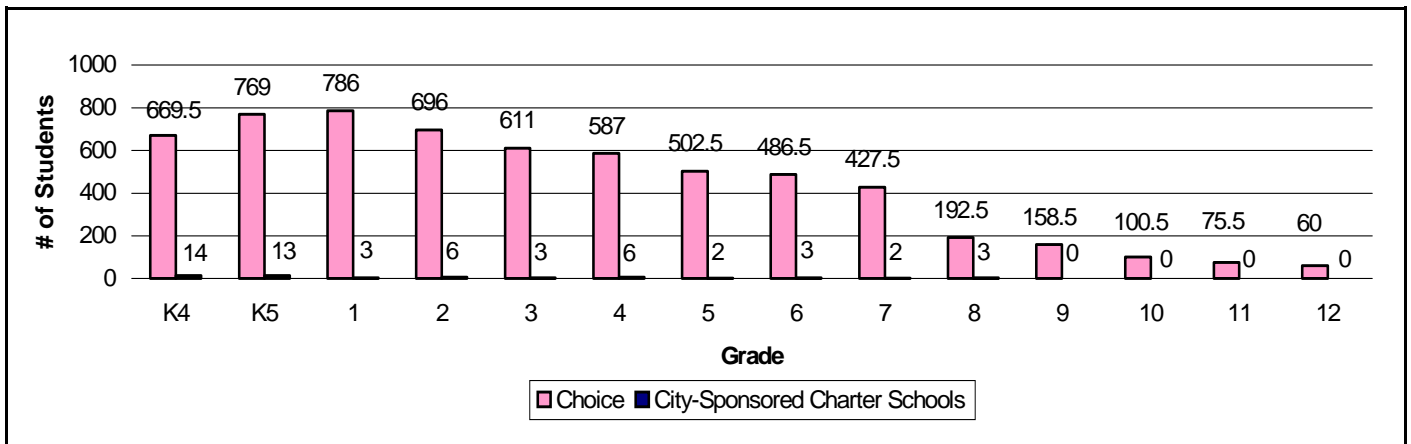


Chart 6 depicts MPCP and charter enrollment by grade level. The number of high school students in these programs is limited because only 7 high schools participate in the programs. Over three times as many kindergarten students participate in the programs than 8th through 12th graders combined.

Chart 7 shows the increase in enrollment of the Milwaukee Parental Choice Program since its inception in 1990-1991. The jump in enrollment this year is due to the addition of 56 sectarian schools to the program, a sharp increase that is not expected to occur again. Enrollment in the program is limited to 15% of MPS membership, or about 15,000 students.

Chart 7: MPCP Enrollment Over Time

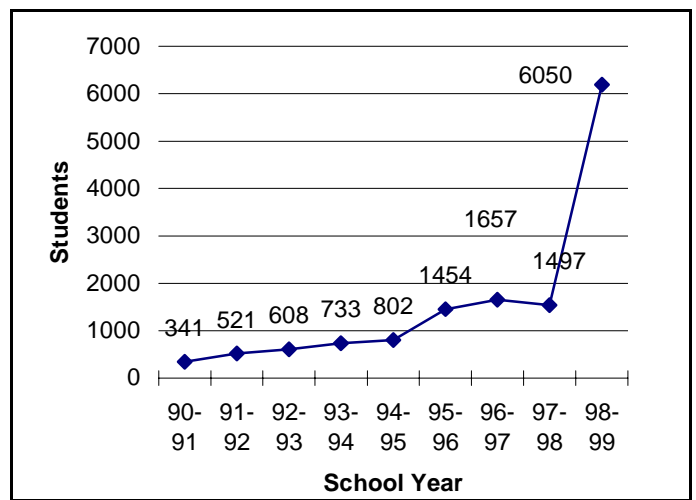
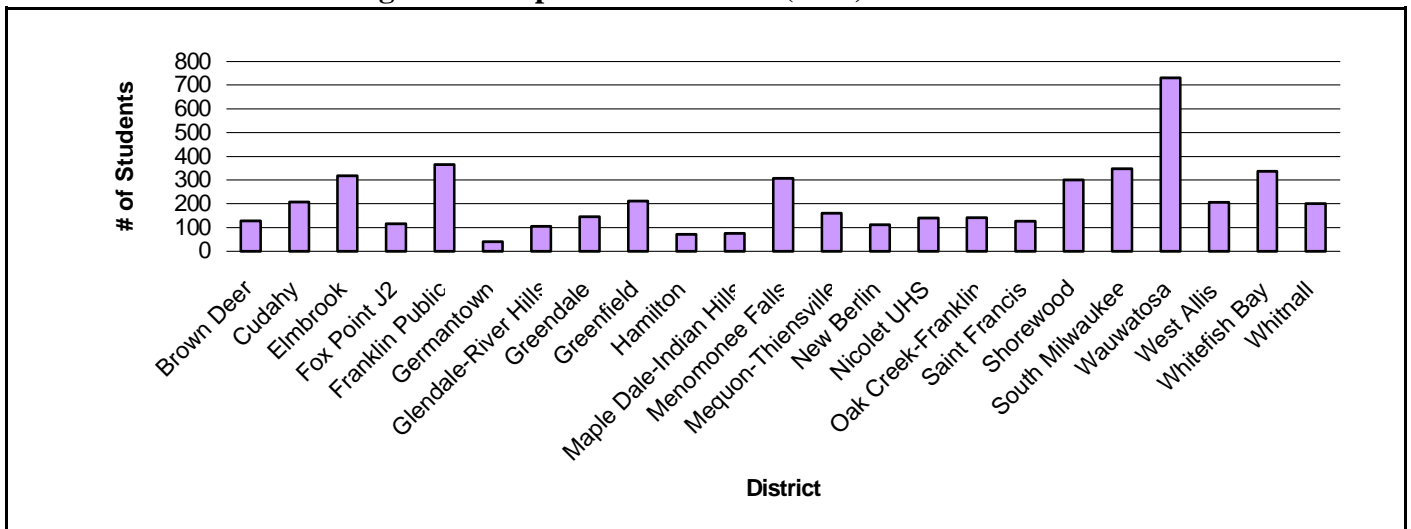


Chart 8: Districts Receiving MPS Chapter 220 Students (FTE)



Districts receiving MPS students through Chapter 220 are shown in Chart 8. On average, each district receives about 213 FTE Chapter 220

students from MPS, with the smallest number in Germantown at 40 FTE students. The largest enrollment is in Wauwatosa, which receives 730 FTE students.

Legislative Proposals: Change is in the Air

The governor recommends in his 1999-2001 state budget (SB 45, AB 133) that the statewide equalization aid allocation should directly fund the MPCP and charter school programs. As a result, support for these programs would be spread among all districts statewide. The governor also proposes that MPS would no longer count MPCP or charter school students as members of the district for equalization aid or revenue limit purposes.

Senators Gary George and Gwen Moore have also introduced a bill (SB 73) requiring the state to pay for the MPCP and charter programs independently from MPS equalization aid. Their bill provides that although choice and charter students would no longer be counted as MPS members for equalization aid purposes, they would be included in MPS membership for revenue limit calculations. This would continue the higher MPS revenue limit currently built into the funding schemes for these programs.

Both of the above proposals address the charge made by choice critics that these programs result in a loss of aid to MPS. By taking MPS aid out of the funding mechanism for the MPCP and charter programs, the perception that these programs penalize MPS is eliminated. However, MPS would pay a share of the programs' costs, as would every other district in the state.

Under either proposal, MPS equalization aid membership would decrease, which would in turn cause a decrease in state aid to the district, but would also result in increased aid per member.

Effects Statewide

Whether the sponsors can garner support for these two proposals from the rest of the state is unclear. While the bills may please Milwaukee taxpayers concerned about the programs' impact on MPS, they may alienate rural legislators and taxpayers, who could see an effect on equalization aid per district statewide and a greater proportion of state education aid going to public and private schools in Milwaukee. The bills have support from MPS, which made changing the programs' funding mechanism a legislative priority in its 1999-2000 proposed budget.

Table 4 indicates that schools in the City of Milwaukee, including MPS, receive 15% of the total education aid for the state. Total enrollment in the city, however, is only 12% of statewide public school enrollment. This inequity results from the unique characteristics of the Milwaukee student population that require more spending, and to a lesser extent, the implementation of the parental option programs.

Table 4: Milwaukee Aid as Percent of Total Statewide Aid 1998-1999

Program	Total Aid Amount
MPCP	\$28,402,818
City Charter	\$286,865
Open Enrollment (net)	\$420,968
MPS	\$552,265,605
TOTAL Milwaukee	\$617,637,853
Statewide General and Categorical Aid	\$3,989,383,900
Percent of State Aid going to Milwaukee schools	15.5%

Another budget proposal affecting the parental option programs is Governor Thompson's recommendation that beginning in the 2000-2001 school year, students participating in the inter-district Chapter 220 program be counted as .5 FTE by their resident districts for equalization aid and revenue limit purposes. This would likely result in an overall reduction in MPS equalization aid, but an increase in equalization aid per member. See Table 5.

Table 5: Governor's Chapter 220 Budget Proposal if in Effect Today

	Inter-district Chapter 220 Students	MPS Members hip (FTE)	MPS Equalization Aid	Aid per Member
Proposa	2,445.5	102,796.5	\$511,880,917	\$4,979.56
1998-1999	4,891	105,242	\$515,134,569	\$ 4,894
Percent Change	-50%	-2.3%	-0.6%	1.7%

Future Scenarios: Enrollment Makes the Difference

Until one or more of the legislative proposals is enacted, predictions for the future of the parental option programs must be made based on current law. The impact of the programs on MPS and the rest of the state will depend on the growth of program enrollment, but as enrollment grows so will program support.

DPI estimated enrollment in 1999-2000. In its 1999-2001 requested budget, the Department of Public Instruction (DPI) made estimates of 1999-2000 enrollment and payment per pupil for the choice and charter programs. DPI estimated 8,000 students will participate in MPCP, with a per pupil payment of \$5,100. The estimated MPCP total payment is \$40,800,000. DPI estimated charter school enrollment to be 1,450 students receiving \$6,300 each. The estimated charter school total payment is \$9,135,000.

Governor Thompson's budget estimates 1999-2000. The governor's office has also estimated 1999-2000 MPCP and charter enrollment as part of the budget process. The governor's estimates differ somewhat from DPI estimates. The governor estimates MPCP enrollment at 7,373 with a per pupil payment of \$5,200. The total MPCP payment is estimated at \$38,339,600. The governor estimates 900 students will enroll in charter schools

and receive \$6,500 each. The governor estimates the total charter school payment at \$5,850,000.

Maximum allowable enrollment in 1999-2000. Both the MPCP and open enrollment programs have statutory limits on participation. MPCP has a maximum participation of 15% of MPS membership. The number of students transferring out of MPS under the open enrollment program in 1999-2000 is limited to 4% of MPS membership. Program payments can be expected to rise greatly if all four programs enroll a maximum number of students. See *Table 6*.

PPF's estimated enrollment in 1999-2000. In *Table 7* the Forum estimates enrollment and payment per pupil for each program, based on early figures from the schools, the city, UWM and DPI. Our estimates are more conservative than either the governor or DPI, based on research indicating that the MPCP and charter programs will add few schools in the 1999-2000 school year. Chapter 220 participation has been decreasing slightly each year over the past few years, a trend that is expected to continue. Open enrollment's second year of existence is more difficult to predict; our conservative estimate is modest growth in the program.

Table 6: Maximum Enrollment Estimate 1999-2000

Program	Membership (FTE)	Payment Per Member	Total Program Payment	
MPCP	15,140	\$5,082	\$76,941,480	
Open Enrollment	4,037	\$4,725	\$19,074,825	(Est. ave. district cost)
Charter	1,862	\$6,300	\$11,730,600	(Max. estimate)
Chapter 220				
Intra	27,100	\$1,270.50	\$34,430,550	(Max. estimate)
Inter	4,900	\$5,082	\$24,901,800	(Max. estimate)
(Based on Equalization Aid Calculation using 102,128 FTE and \$6,300 shared cost.)				

Table 7: PPF Enrollment Estimate 1999-2000

Program	Membership (FTE)	Payment per Member	Total Program Payment
MPCP	7,000	\$5,082	\$35,574,000
Open Enrollment	300	\$4,725	\$1,417,500
Charter	382	\$6,300	\$2,406,600
Chapter 220			
Intra	26,500	\$1,270.50	\$33,668,250
Inter	4,800	\$5,082	\$24,393,600
(Based on Equalization Aid Calculation using 102,128 FTE and \$6,300 shared cost.)			

Conclusions: More Aid, More Changes, More Uncertainty

The various methods used to measure program effects on MPS paint very different pictures of the current reform efforts and their impact on public schools. The Forum found that although the Milwaukee Parental Choice Program, city charter schools, and open enrollment receive much attention, in fact, the number of students currently enrolled is small and the fiscal impact on MPS is negligible. In contrast, the Chapter 220 program, which has been around much longer and now garners less attention, affects a significant number of Milwaukee area students and brings a great deal of state aid to MPS and suburban schools.

However, this landscape could change in the current legislative session. Proposals that would modify the funding mechanisms for the choice, charter, and Chapter 220 programs promise to shift the debate's framework. As the rest of the state's public school districts are requested to contribute to the Milwaukee reforms, they can be expected to ask, "What's in it for us?" Milwaukee already receives more state aid than any other district.

Additionally, in terms of program payments, the value of a student to a school differs depending on which of the programs that student participates in. Milwaukee Parental Choice students are not equal to charter school students in the eyes of the state. In turn, this means that the effect on MPS of losing a student also differs by program. For instance, MPCP tends to hold MPS harmless, while city charter schools are a drain on MPS aid. Today city charter schools have little fiscal effect, but if enrollment grows, the loss to MPS could be significant.

The bottom line is that so long as MPS remains the choice of the vast majority of Milwaukee parents, the district will not be crippled by the slight loss in aid. What may hobble the district, however, is an inability to budget efficiently in an atmosphere of uncertainty. Because MPS cannot currently predict the effects of the parental option programs in any particular school or classroom, its budget relies on uncertain assumptions. To increase certainty, MPS might want to consider making changes to its budgeting methodology.

This *IN FACT* is the first in a series of reports on Milwaukee's educational reform efforts. Over the next few months, please watch for the following informational reports to be released by the

(Public Policy Forum logo)

◆ **Exploring Parents' Educational Choices**

A compilation of information about participating Milwaukee Parental Choice Program schools, aimed at parents wishing to make informed schooling choices.

◆ **Has Chapter 220 Met Its Goals?**

A look at the legislative goals for the Chapter 220 program and an analysis of whether the program has met those goals.