



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

January 13, 2015

TO: Representative Sony Pope
Room 118 North, State Capitol

FROM: Christa Pugh, Fiscal Analyst

SUBJECT: Assembly Bill 1: K-12 Public School and Private School Choice Program
Accountability

At your request, I am providing information about Assembly Bill 1. The bill was introduced on January 7, 2015, and referred to the Committee on Education.

Background

In 2013-14, approximately 865,100 pupils attended public schools in Wisconsin. An estimated 27,500 additional pupils attended a private school under the private school choice program, in which state funds are used to pay the cost of children from eligible families who attend a private school participating in the program. An additional 8,400 pupils attended one of 23 independent "2r" charter schools, which are charter schools established and operated by the Common Council of the City of Milwaukee, the Chancellor of the University of Wisconsin-Milwaukee, Milwaukee Area Technical College, or the University of Wisconsin-Parkside. Current law specifies assessment and accountability requirements for each type of school. Table 1 shows enrollment data for 2013-14 from the Department of Public Instruction (DPI).

TABLE 1

Data on Headcount Enrollment in 2013-14

Public Schools		
School Districts	865,100	85.4%
Independent "2r" Charter Schools	8,400	0.8
Departments of Corrections and Health	900	0.1
Private Schools		
Non-Choice Pupils	92,300	9.1
Pupils in State Choice Programs	27,500	2.7
Home-Based	<u>19,100</u>	<u>1.9</u>
Total	1,013,300	100.0%

Under current state and federal law, DPI is required to publish annual school and school district report cards that include the following components: (a) multiple measures to determine a school or school district's performance, including pupil achievement and growth in reading and mathematics, measures of college and career readiness for high school pupils, measures indicative of being on track for college and career readiness for elementary school pupils, and gaps in pupil achievement and graduation rates based on race, English language proficiency, disability, and income level; and (b) an index system to identify a school's level of performance and place it into one of five performance categories. DPI currently provides a numerical accountability rating of between 0-100 for each school. Current law requires DPI to prepare school accountability reports for all public schools and school districts, as well as for independent "2r" charter schools and private schools participating in a private school choice program beginning one year after the charter school or private school begins participating in the statewide student information system. Independent "2r" charter schools and private choice schools are required to begin using the student information system or an alternative system by the 2015-16 school year. The report card system was included in Wisconsin's Elementary and Secondary Education Act (ESEA) flexibility waiver, approved by the U.S. Department of Education in July, 2012.

School accountability scores are based, in part, on pupil performance on standardized assessments, which are required to be administered to pupils in certain grades under state and federal law. State law requires public schools, including independent "2r" charter schools, and private schools participating in a private school choice program to administer an assessment approved by the State Superintendent to pupils in grades four and eight through 11 in addition to all assessments required under federal law. Private schools are required to administer assessments only to those pupils attending the school under a private school choice program. Federal law requires pupils to be assessed in reading and mathematics annually in grades three through eight and once high school, as well as science once each in elementary, middle, and high school. Under federal law, states may select or design their own assessment, but the assessment must be aligned with the state's academic standards. Beginning in 2014-15, Wisconsin pupils in grades three through eight will take assessments designed by the Smarter Balanced Assessment Consortium, while pupils in grades nine through 11 will take assessments that are part of the ACT suite. State law allows a school board or independent "2r" charter school to develop or adopt its own alternative assessment.

Current law requires that if a school district has been identified as in need of improvement for four consecutive school years, the school board must do the following: (a) implement a research-based curriculum aligned with the state's academic standards; (b) use performance data to differentiate instruction to meet individual pupil needs; (c) implement academic and behavioral supports and early intervention; and (d) provide additional learning time, such as an extended school day or school year or summer school. Additionally, the State Superintendent may direct a school board to implement a new or modified instructional design, professional development, changes to administrative or personnel structures, or measures to monitor the district's finances.

If a public school located in a district that has been in need of improvement for four years is identified as being in the lowest performing five percent of all public schools in the state in the previous school year, the school board must do the following: (a) implement a performance

evaluation system for teachers and principals that includes annual performance evaluations with multiple rating criteria and a method of identifying mitigating factors that could affect a teacher's or principal's performance; (b) determine whether the distribution of teachers and principals in the affected schools relative to the remainder of the school district is equitable; and (c) establish teacher and principal improvement programs, including mentoring, opportunities to pursue professional certifications, and professional development. In addition, the State Superintendent may direct a school board to implement a new or modified instructional design or create a school improvement council to make recommendations regarding improving the school.

Under the terms of Wisconsin's ESEA flexibility waiver, Title I schools with low achievement are subject to additional requirements. DPI identified 10% of Title I schools as focus schools based on the performance of student subgroups or the achievement gaps between subgroups at the school. These schools are required to implement at least one of the following programs with the assistance of DPI: (a) response to intervention (RtI); (b) positive behavioral supports (PBIS); or (c) early warning systems. Priority schools are the five percent of Title I schools with the lowest academic performance. These schools are required to contract with a DPI-approved partner to implement state-directed reforms, including participating in a school diagnostic review of the reading and mathematics core instruction and implementing a school reform plan based on the review that includes RtI, PBIS, extended learning time, professional development for educators and principals, priority in the distribution of pupil services staff such as school social workers and guidance counselors, and family engagement.

Summary of Bill

Assembly Bill 1 would create an academic review board under DPI that would be responsible for establishing, by rule, a comprehensive school review system within 24 months of the effective date of the bill. The Board would meet at least twice each year and would consist of thirteen members appointed for staggered four-year terms, as shown in Table 2. Nominations would be subject to advice of the Senate Education Committee and consent of the Senate for appointment. The Board could appoint additional nonvoting members to serve on the Board in an advisory capacity.

TABLE 2

Membership of the Academic Review Board

The State Superintendent or designee

Nominated by the State Superintendent:

- One principal of a public school
- One representative of an institution in the University of Wisconsin (UW) System
- One instructional staff person from an independent "2r" charter school
- One administrator of a school participating in a private school choice program
- One teacher employed by a school participating in a private school choice program
- One representative of a Wisconsin technical college

Nominated by the Governor:

- One individual
- One representative of a Wisconsin private college or university

Nominated by the Speaker of the Assembly

- One individual

Nominated by the Minority Leader of the Assembly

- One principal of an independent "2r" charter school

Nominated by the Majority Leader of the Senate

- One individual

Nominated by the Minority Leader of the Senate

- One teacher employed by a public school district

DPI would be required to implement the school review system beginning in the 2017-18 school year. The review system would be required to include multiple measures to determine a school's performance, including each of the following categorized by race or ethnicity, English language proficiency, disability, and income level: (a) pupil achievement in reading and mathematics; (b) growth in pupil achievement in reading and mathematics, calculated using a value-added methodology that includes demographic controls; (c) gap closure in growth in pupil achievement in reading, mathematics, and, when available, graduation rates; and (d) rates of attendance or of high school graduation, including both a measure of improvement and a measure of attainment. Additionally, the review system would be required to include measures to ensure that all applicable data elements collected and calculations performed were done consistently and in a uniform manner for all schools. Further, the review system would have to include a grading system to assign a letter grade between A and F to rate a school's level of performance, with DPI determining the appropriate weight to be given each school performance measure. Beginning four years after the effective date of the bill, and once every two years thereafter, the Board would be required to review the measures of school performance and prepare a report for the Governor, the Speaker of the Assembly, the Senate Majority Leader, and DPI, assessing whether the measures accurately and adequately measure school performance.

Based on the school review system designed by the Board, DPI would be required to annually grade the performance of each school and issue a review report describing the results. Performance grades would be based on data from the previous school year, except with regard to pupil achievement, attendance, and high school graduation status. At least 30 days before issuing a review report for a school, DPI would be required to provide the school with the opportunity to review a preliminary version of the report and correct errors. DPI would also be required to provide copies of review reports to the review board annually. Additionally, DPI would be required to collect and disseminate best practices from schools, except from private choice schools unless the school consented to the collection of information for this purpose.

DPI would annually grade performance and issue review reports beginning with data collected in 2015-16 for public schools and in 2016-17 for independent "2r" charter schools and private choice schools. The review report for private choice schools would specify the percentage of pupils attending the school under a private school choice program and either: (a) identify the school's grade as a choice pupil grade, if the school submitted achievement data only for those pupils attending under a choice program; or (b) provide a grade for choice pupils only, identified as a choice pupil grade, as well as a private school grade derived from data about all pupils attending the school. DPI would be required to use only the choice pupil grade to determine when a sanction could be applied to the school. DPI could only include a data component in a school review report if the component included data from at least 20 pupils in a given school year.

Assembly Bill 1 would specify the data that DPI could use for each measure of school performance. For measuring pupil achievement in reading and mathematics, growth in pupil achievement in reading and mathematics, gap closure in pupil achievement growth and graduation rates, and attendance and high school graduation rates, DPI could use scores on reading and mathematics assessments, including alternative assessments administered to pupils with significant cognitive disabilities and the disability status, grade level, race or ethnicity, English proficiency, and economic status of pupils taking the assessment. When measuring gap closure, DPI would be required to ensure that a subgroup with a sufficient number of pupils within a school was compared to the statewide performance of pupils who are not in that subgroup. Additionally, for measuring gap closure and attendance and high school graduation rates, DPI could use attendance data, data about pupils who graduate with a regular high school diploma within four, five, and six school years, and data about pupils who graduate within six years who have been identified as at risk, who have an individualized education plan in place, or who have provided the school with a letter from a physician, licensed psychologist, or professional counselor specifying the pupil's special needs and accommodations necessary to enable the pupil to participate in standardized assessments. If a school administered an alternative assessment approved under the provisions of the bill, DPI could use achievement data derived from that assessment after the scores have been statistically equated to the scores of the statewide assessment by the UW-Madison Value-Added Research Center (VARC).

The bill would require DPI to use data obtained through the state student information system to the extent practicable, and to develop data submittal and collection procedures that would reduce the administrative burden and cost to private schools participating in a private school choice program. Additionally, for private choice schools, DPI could use only information pertaining to

pupils attending the school under a choice program, unless the private school would choose to submit achievement data for pupils attending the private school other than under the private school choice program.

Under the provisions of the bill, DPI would issue a review report without a letter grade for a school for which there was insufficient data to grade performance, or for which a grade would be inappropriate because the mission of the school is to serve primarily or exclusively pupils in any of the following categories; (a) a child at risk; (b) a pupil with an individualized education program or family service plan in place; or (c) a pupil who has provided the school with a letter from a physician, licensed psychologist, or professional counselor specifying the pupil's special needs and accommodations necessary to enable the pupil to participate in standardized assessments. In these cases, DPI would report the school's grade as "satisfactory" or "needs improvement." If a private school participating in the private school choice program had fewer than 20 choice pupils and elected to use an alternative assessment, the private school would be permitted to direct DPI to display the percentile rank of pupil scores on the assessment rather than a grade on the school's review report. If DPI determined that the percentage of pupils in a school who participated in the statewide standardized assessment was inadequate, DPI could use that as a factor in determining the school's grade.

The bill would establish two levels of sanctions for low-performing schools. The first step of the sanctions would begin with an accountability report received in 2015-16 for a public school or a review report received in 2016-17 for an independent "2r" charter school. For this step, if a school received a grade of "D" in the third school year of any three consecutive years, the State Superintendent would require the school board or operator of the charter school to immediately undertake one of the following school improvement measures: (a) develop goals, implement a reform plan, and comply for four school years with the requirements of a Title I focus school (if a public school is already a focus or priority school, it would be required to comply with any remaining unsatisfied federal requirements in effect at the end of the four years); or (b) implement an alternative improvement plan approved by the Board for four school years.

Beginning with a review report received in 2016-17, if a private school with 20 or more pupils participating in a private school choice program received a grade of "D" in the third school year of any three consecutive years, the State Superintendent would require the private school to immediately undertake one of the following school improvement measures as a condition for continued participation in the program: (a) develop goals, implement a reform plan, and comply for four years with the requirements of a Title I focus school; (b) implement an alternative improvement plan approved by the Board for four school years; (c) accept no additional choice pupils for the next two consecutive school years, after which the school could reapply to participate in the private school choice program but would have to comply with the requirements of (a) or (b); or (d) withdraw from the private school choice program and fulfill any remaining contractual requirements with DPI as soon as practicable. If the private school would choose to withdraw from the private school choice program, it could not reapply to participate in the program for four school years. If the school would elect to reapply to participate in the private school choice program at the end of the four years, it would have to comply with the requirements of (a) or (b).

Beginning with an accountability report received in 2015-16 for a public school or a review report received in 2016-17 for an independent "2r" charter school, if a school received a grade of "F" in the third school year of any three consecutive years, the State Superintendent would require the school board or operator of the charter school to immediately undertake one of the following school improvement measures: (a) develop goals, implement a reform plan, and comply for four years with the requirements of a Title I priority school (if a public school is already a focus or priority school, it would be required to comply with any remaining unsatisfied federal requirements in effect at the end of the four years); or (b) implement an alternative improvement plan approved by the Board for four school years.

Beginning with a review report received in 2016-17, if a private school with 20 or more pupils participating in a private school choice program received a grade of "F" in the third school year of any three consecutive years, the State Superintendent would require the private school to immediately undertake one of the following school improvement measures as a condition of continued participation in the choice program: (a) develop goals, implement a reform plan, and comply for four years with the requirements of a Title I priority school, with the option of applying choice payments towards the cost of the reform plan; (b) implement an alternative improvement plan approved by the Board for four school years, with the option of applying choice payments towards the cost of the reform plan; (c) accept no additional choice pupils for the next two consecutive school years, after which the school could reapply to participate in the private school choice program but would have to comply with the requirements of (a); or (d) withdraw from the private school choice program and fulfill any remaining contractual requirements with DPI as soon as practicable. If the private school would choose to withdraw from the private school choice program, it could not reapply to participate in the program for four school years. If the school elected to reapply to participate in the private school choice program, it would have to comply with the requirements of (a).

Under the provisions of AB 1, if the Board determined that a public school subject to step one of the sanctions had failed to make adequate progress towards its goals or had failed to improve its performance consistent with its alternative improvement plan, the school would be subject to step two of the sanctions. For a public school other than an independent "2r" charter school, DPI would publish a request for proposals that would direct interested applicants to submit a proposal to convert the public school to an independent "2r" charter school under the authority of the Board. DPI would submit any proposal to the Board for consideration, and if the Board found a proposal acceptable, it would convert the school to an independent "2r" charter school. If no acceptable proposal was received, the school board would be required to convert the school to a school board operated charter school. Under step two of the sanctions, payments to a public school already operating as an independent "2r" charter school would be discontinued by DPI as soon as practicable under the contract.

Similarly, under step two of the sanctions, if the Board would determine that a private school subject to sanctions had failed to make adequate progress towards its goals or had failed to improve its performance consistent with its alternative improvement plan, DPI would discontinue payments to the private school and the school would fulfill any remaining contractual or other requirements with DPI as soon as practicable. The private school could not accept any new pupils under the

private school choice program for four years. After that time, if the school elected to reapply to participate in the choice program, the school would be required to implement the goals and reform plan or alternative improvement plan required under the first step of the sanctions.

Under the bill, the Board would be required to annually review the review report of each school subject to sanctions to determine whether the school was making progress towards its goals or, for a school that implemented an alternative improvement plan, if the school was improving its performance consistent with that plan. The State Superintendent, with the advice of the Board, could release a school from sanctions if: (a) the Board would determine that the school had demonstrated measurable progress towards its goals within the 48 months immediately following the imposition of the sanctions; or (b) if the Board determined that the school was on a trajectory to meet its goals within the 72 months immediately following the imposition of the sanctions.

Additional duties of the Board would include: (a) develop, by rule, incentives to be given to exceptional schools; (b) develop, by rule, incentives to be given to schools with a significant population of children at risk or of pupils receiving curriculum modifications requested by the pupil's parents and to schools offering technical education programming or eligible for career and technical education grants; (c) develop, by rule, consequences for failing schools; (d) develop, by rule, methods for evaluating and improving the collection of data from schools and develop and modify, when appropriate, the criteria used to grade schools; (e) develop alternative improvement plans to be used by schools subject to sanctions; (f) within 30 days of the bill's effective date, request from VARC a list of assessments acceptable for statistical comparison with the statewide standardized assessment and then evaluate and approve three standardized assessments from that list and provide the list of approved assessments to DPI to be published on DPI's website; (g) establish a procedure, in consultation with DPI and VARC, for the review and approval of applications by an individual school seeking to administer an alternative assessment not on the list of three standardized assessments already approved by the Board; and (h) develop, by rule, the qualifying score for each letter grade assigned to a school on its review report. Under (g), approved assessments would be required to be sufficiently aligned with content standards established for the statewide assessment, contain a variety of testing methodologies including multiple choice and short answer, include accommodations or alternatives for pupils enrolled in a special education program, include translations made available from the test provider for pupils with limited English proficiency, offer options for assessment administration including paper and pencil, an online format, a fixed form format, and an adaptive format, and have internal consistency reliability coefficients of at least 0.8.

The bill would also require the Board to develop recommendations for DPI in each odd-numbered year, beginning in 2017, within 60 days after DPI issues review reports for schools, including recommendations on: (a) how the grade of a school should be affected when a pupil is excused from taking an assessment at the request of the pupil's parent or guardian; (b) policies addressing appropriate accommodations on statewide assessments for a pupil attending a private school under a private school choice program who has a disability, limited English proficiency, or is economically disadvantaged, as defined by federal law, that are similar to the accommodations made by public schools; (c) refining the data elements used by DPI to measure school performance; (d) the methodology for measuring school performance; (e) the appropriate weight to

be given to each of the data elements when calculating school grades; (f) the qualifying score for each school grade; (g) a list of nationally recognized, norm-referenced assessments appropriate for approval by the Board; (h) sanctions imposed upon or lifted from schools by the State Superintendent; and (i) actions to be taken, if any, by the State Superintendent based on the Board's recommendation to impose or lift sanctions on any school. Copies of the Board's recommendations would also have to be provided to the appropriate standing committees of the Legislature, and the Board would be required to be prepared to present to a hearing or joint hearing of the committees.

Under the bill, VARC would be required to provide to the Board a list of alternative assessments determined to be acceptable for statistical comparison with the statewide assessment within 90 days after the effective date of the bill. DPI would also contract with VARC for other services, including statistically equating alternative assessment scores with scores on the statewide assessment, and working with the Board and DPI to review alternative assessments proposed for administration by individual schools. AB 1 would create a new annual GPR appropriation for payment to VARC, but does not provide funding in the appropriation.

Additionally, the bill would require the State Superintendent to annually, in January, inform the parents or guardians of each child who is between the ages of three and 18 of the available educational options in the school district, including public schools, private schools participating in a private school choice program, charter schools, full-time open enrollment, youth options, and course options.

The bill would modify current law references to statewide assessments to include alternative assessments approved by the Board, for the following statutory provisions: (a) the definition of children at risk, which includes eighth grade pupils who failed the assessment or whose score in each subject area of the assessment was below the basic level; (b) the ability of a pupil's parent or guardian to excuse the pupil from a standardized assessment; and (c) the requirement of a school board, operator of a charter school, or the governing body of a private school participating in the private school choice program to develop criteria for promoting a pupil from fourth grade to fifth grade and from eighth grade to ninth grade, including the pupil's score on a standardized assessment.

The bill would also exempt a school board, an operator of a charter school, or the governing body of a private school participating in the private school choice program from administering the statewide assessment, if the school elected to administer an alternative assessment approved by the Board. School boards, operators, or governing bodies would be responsible for the costs of procuring and administering alternative assessments. The bill also removes statutory references requiring charter and private choice program schools to assess pupils only in certain grades under state law.

The bill would add the Board to the list of entities that would be permitted to establish or enter into a contract to establish an independent "2r" charter school. The Board would only be permitted to establish an independent "2r" charter school for a public school subject to sanctions.

The bill would delete current law that establishes sanctions for low-performing schools. The bill would also eliminate a current law requirement that private choice schools meet at least one of four performance standards, and the requirement that the State Superintendent remove any private choice schools that do not meet the performance standard requirement from the private school choice program. Additionally, the bill would specify that current school and school district accountability report requirements would no longer apply after September 30, 2017.

The bill would establish staggered initial terms for members of the Board. The terms of two members nominated by the State Superintendent, including the principal of a public school and the instructional staff from an independent "2r" charter school, and the member nominated by the Senate Majority Leader would expire on May 1, 2017. The terms of two members nominated by the State Superintendent, including the representative of the UW System and the representative of a technical college, and one individual nominated by the Governor would expire on May 1, 2018. The terms of the private choice school teacher nominated by the State Superintendent, the private college or university representative nominated by the Governor, and the independent "2r" charter school principal nominated by the Minority Leader of the Assembly would expire on May 1, 2019. The terms of the administrator of a private choice school nominated by the State Superintendent, the individual nominated by the Speaker of the Assembly, and the public school teacher nominated by the Senate Minority Leader would expire on May 1, 2020. All members would have to be appointed within 180 days after the bill's effective date.

AB 1 would also define requirements for the rules required to be developed by the Board. The Board would be required to submit rules in proposed form to the Legislative Council no later than the first day of the 13th month beginning after the effective date of the bill. The Board would not be required to present the statement of the scope of its rules to the Governor or the State Superintendent for approval. The Board would be permitted to promulgate emergency rules to take effect before the effective date of the proposed rules submitted to the Legislative Council without providing evidence that the rule is necessary for the preservation of public peace, health, safety, or welfare, or providing a finding of emergency.

Finally, the effective date of the bill would be the day after publication or the second day after the publication of the 2015-17 biennial budget act, whichever is later.

Fiscal Effect

Under the bill, a process is created under which certain public schools could be converted to either independent "2r" charters or to district-authorized charters. To the extent that additional "2r" charters would be authorized by the Academic Review Board, expenditures for per pupil payments to those schools from the "2r" appropriation would increase. As a result, the aid reduction for all school districts related to the "2r" program would also increase, potentially resulting in an increase in the statewide school levy. Because the students in any newly-authorized "2r" charter would phase out of the enrollment of the district in which the charter is located, it could affect the levy and general aid for that district. To the extent that public schools would be converted to district-authorized charters, however, the pupils in those schools would continue to be counted in the enrollment of that district, resulting in no change to revenue limits, levies, or general aid.

Using revenue limit and payment data from 2014-15, an example of the potential effect of shifting a public school to an independent "2r" charter school can be presented. In 2014-15, the statewide average allowable revenue per pupil under revenue limits is approximately \$10,200. The per pupil payment for independent "2r" charter schools is set at \$8,075 per pupil in 2014-15. By law, DPI is required to proportionally reduce general aid for each school district in an amount equal to payments under the independent "2r" charter school program. Under revenue limits, school districts may levy property taxes to offset this aid reduction.

As an example, it is assumed that the Board authorizes the conversion of a public school with 500 pupils to be an independent "2r" charter school. In the first year the school is converted, the school district's revenue limit calculation would reflect the loss of one-third of these pupils, for an estimated reduction of \$1.7 million (166.67 pupils x \$10,200 per pupil). State payments to the new independent "2r" charter school would total \$4.0 million GPR (500 pupils x \$8,075 per pupil), and an offsetting proportional reduction in general school aids to each school district would reduce state school aid expenditures by \$4.0 million. In total, there would be no net effect on the state's general fund, as the aid reduction would offset the increased "2r" charter school payments. If school districts would choose to levy property taxes to offset the aid reduction, then school property taxes statewide could increase by an estimated \$2.3 million (\$4.0 million backfill less \$1.7 million revenue limit reduction).

In the second year the school is converted, again using data from 2014-15, the only difference from the first year is that the school district's revenue limit calculation would reflect the loss of two-thirds of these pupils, for an estimated reduction of \$3.4 million (333.33 pupils x \$10,200 per pupil). State payments and the related aid reduction and potential backfill levy for the new independent "2r" charter school would be the same as in the first year described above. As a result, if school districts would choose to levy property taxes to offset the aid reduction, then school property taxes statewide could increase by an estimated \$0.6 million (\$4.0 million backfill less \$3.4 million revenue limit reduction).

In the third year the school is converted, again using data from 2014-15, the only difference from the first year is that the school district's revenue limit calculation would reflect the loss of all of these pupils, for an estimated reduction of \$5.1 million (500 pupils x \$10,200 per pupil). State payments and the related aid reduction and potential backfill levy for the new independent "2r" charter school would be the same as in the first year described above. As a result, if school districts would choose to levy property taxes to offset the aid reduction, then school property taxes statewide could decrease by an estimated \$1.1 million (\$4.0 million backfill less \$5.1 million revenue limit reduction).

In this hypothetical example, the potential changes to property taxes are calculated on a statewide basis. For individual school districts, the effects would depend on the actual revenue limit and aid characteristics of the school district subject to the proposed sanction, as well as how much each district's aid would be reduced by the proportional aid reduction. Also, to the extent the reduction in students resulting from the conversion of a school to a "2r" charter results in the district becoming eligible for the declining enrollment adjustment, the revenue limit reduction in any year would not be as large as described above.

Additional costs would arise from the services that would be required to be provided by VARC under the bill. The GPR appropriation that would be created under DPI would be used to fund these costs. However, no moneys are provided for this purpose in AB 1, since the appropriation would be created with \$0 in the appropriation schedule. VARC staff indicate that an estimate of its cost of the services is not available at this time and would vary depending on the number and types of alternative assessments proposed by districts, and the characteristics of the individual schools to be assessed.

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

CP/lb