



WISCONSIN CATHOLIC CONFERENCE

TO: Representative Sondy Pope-Roberts, Chair
Members, Assembly Committee on Education

FROM: Kim Wadas, Associate Director, Education and Health Care

DATE: April 14, 2010

RE: Assembly Bill 915, Milwaukee Parental Choice Program School Contracts

All educational institutions must be good stewards of the resources and revenues they attain. However, the Wisconsin Catholic Conference seeks clarification on the manner in which AB 915 promotes such stewardship.

Under current law, schools participating in the Milwaukee Parental Choice Program receive payment from the Department of Public Instruction (DPI) on behalf of each eligible MPCP pupil attending the school. AB 915 would permit the State Superintendent to withhold these payments when a vendor, lender, or lessor can demonstrate, to the Superintendent's satisfaction, that a private school owes, and has owed for over 60 days, a contractual payment of \$5,000 or more to the complaining party.

Wisconsin Administrative Code, PI 35.048, regulates what evidence MPCP participating schools must provide to demonstrate sound fiscal practices and financial viability (Wis. Stat. s. 119.23(7)(am)2 and s. 119.23(2)). Under PI 35.048, a vendor may report to DPI, by written communication, that a school has failed to make a payment within 90 days of an invoicing or payment request, and therefore, failed to comply with its statutory obligations. DPI then has the authority to investigate compliance and obtain documentation from the school.

Under Wisconsin Statutes s. 119.23(10), DPI may withhold disbursements to a school for any violation under that section, including a failure to provide evidence of sound fiscal practices or financial viability. Therefore, a mechanism is already in place that allows action similar to what is required under AB 915.

However, under current code provisions, DPI investigation allows the private school to explain its inaction. An educational institution may have a valid reason for not complying with a contract, just like any other entity. A vendor may deliver a product earlier than requested and then automatically bill a school at the time of delivery, an act that would trigger the tolling of the 60 days under AB 915. A school may also dispute the quality of a product, the cost, the manner in which it was provided, or other considerations measured in a breach of contract action. Billing notices are sometimes improperly provided to the purchaser through mail or email. Through the current process, a school is at least given the opportunity to inform DPI of these considerations, something that is not specifically provided under AB 915.

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Current code provisions also allow a greater period of time in which a school may provide payments. This recognizes that schools have varying accounting practices. It also acknowledges that the ability of schools to meet their fiscal obligations is directly tied to the ability of other entities, such as the State and local school districts, to timely dispense funds to schools.

Students and families need the certainty of knowing schools in their community are fiscally responsible and financially sound institutions. However, sound fiscal management includes the proper enforcement of contract rights. AB 915, as currently drafted, calls into question whether schools will continue to have the opportunity to provide DPI with the school's perspective in a matter concerning contractual payments. We ask that such clarification be provided.

Thank you.