



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

March 4, 2002

Joint Committee on Finance

Paper #1222

General School Aids Funding Determination (DPI)

[LFB Summary of the Governor's Budget Reform Bill: Page 72, #3]

CURRENT LAW

For purposes of the two-thirds funding goal, state funding is defined as the sum of state general and categorical school aids, the school levy tax credit and the general program operations appropriation for the Wisconsin School for the Deaf and the Wisconsin Center for the Blind and Visually Impaired. With certain exceptions, partial school revenues is defined as the sum of state school aids and property taxes levied for school districts. Under current law, each year by May 15, the Departments of Public Instruction and Administration and the Legislative Fiscal Bureau must jointly certify to the Joint Committee on Finance an estimate of the amount of funding necessary to appropriate for general school aids which, in combination with the amounts provided in the other state aid, levy credit and operations appropriations, would achieve the two-thirds funding level in the following school year. Annually, by June 30 the Joint Committee on Finance must determine the amount to be appropriated for general school aids in the following school year. The statutory language for the general school aids appropriation states that the amount appropriated is a sum sufficient equal to the amount determined by Joint Finance under the certification process.

GOVERNOR

Specify that, by June 30, 2004, and biennially by June 30 thereafter, the Joint Committee on Finance determine the amount of funding appropriated for general school aids for the following year. Specify that the general school aids appropriation for the 2004-05 fiscal year would be a sum sufficient equal to the amount determined by Joint Finance.

The bill would specifically set the general school aids funding level for 2002-03 statutorily and state that the funding for 2004-05 would be set under the current law process. DOA staff indicate that the intent for 2003-04 and subsequent even-numbered fiscal years would

be to have the Legislature establish the funding level in the budget bill, while funding for 2004-05 and subsequent odd-numbered fiscal years would be established under the current law determination process.

DISCUSSION POINTS

1. In a biennial budget year, legislative consideration of statutory changes to general and categorical school aid funding, revenue limits and other K-12 school finance provisions can complicate the current law process for setting the general school aids funding level. In 1997, the Joint Committee on Finance determined a general school aids funding amount prior to the statutory June 30 deadline, but the appropriation was subsequently set at a different amount statutorily to reflect the actions of the Legislature in the budget bill. In 1999, the Committee determined a general school aids funding amount after the June 30 deadline based on the actions of each house on the budget bill, and that amount was subsequently set in statute in the budget bill. In 2001, the Committee determined a general school aids funding amount after the June 30 deadline based on the amount appropriated in the budget bill, as affected by the Governor's vetoes.

2. The Governor's recommendation is intended to address the complications of setting the general school aids funding level in a budget year. To clarify the administration's intent, the Committee could specify that, beginning in 2003-04 and in every even-numbered fiscal year thereafter, the amount appropriated for general school aids would be the amount set by law. Under this alternative, DPI, DOA and LFB would still be required to certify to the Committee an estimate of the amount needed in general school aids for the following school year to achieve two-thirds funding. This estimate could then be used in the Legislature's deliberations on the budget bill, with the final amount appropriated for general school aids equal to the amount set in the budget bill. This approach would also allow the amount to be set by separate legislation, if necessary.

3. Under the bill, the general school aids amount for 2002-03 would be set statutorily and Joint Finance would not have to determine the general school aids amount for that year by June 30, 2002. As drafted, however, the bill would still require DPI, DOA and LFB to certify a general school aids amount by May 15, 2002. If the Committee adopts the provision to set the 2002-03 funding in statute, it could also specify that the three agencies would not be required to make the joint certification this year.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation to specify that, by June 30, 2004, and biennially by June 30 thereafter, the Joint Committee on Finance determine the amount of funding appropriated for general school aids for the following year, and that the general school aids appropriation for the 2004-05 fiscal year would be a sum sufficient equal to the amount determined by Joint Finance.

2. Modify Alternative 1 to also specify that:

- a. The general school aids appropriation for the 2003-04 fiscal year, and every even-numbered fiscal year thereafter, would be a sum sufficient equal to the amount set by law, and clarify that the 2004-05 process would apply to that year and every odd-numbered fiscal year thereafter.
- b. The May 15 certification requirement for DPI, DOA and LFB would not apply in 2002.
3. Maintain current law.

Prepared by: Russ Kava