



Legislative Fiscal Bureau

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

May 5, 2009

Joint Committee on Finance

Paper #632

School Library Aids (DPI -- Categorical Aids)

[LFB 2009-11 Budget Summary: Page 524, #3]

CURRENT LAW

School library aids are provided to school districts for the purchase of library books, instructional materials from the Wisconsin Historical Society, and other instructional materials for the school library. The funding source is income generated from the state's common school fund, administered by the Board of Commissioners of Public Lands. Each school district receives a per capita payment based on its proportionate share of the total number of children in the state between the ages of four and 20 residing in each district, according to an annual school census. Budgeted funding is \$40,000,000 SEG in 2008-09.

GOVERNOR

As part of the across-the-board 1% reductions, reduce school library aids by \$400,000 annually from the base level appropriation of \$40,000,000 SEG.

DISCUSSION POINTS

1. Funding for school library aids is segregated funding generated from the common school fund, created as a permanent fund in the state Constitution. The common school fund originated with a grant of land from the federal government at the time of Wisconsin's statehood, which included nearly one million acres of land. The state also dedicated an additional half million acres to the school fund. The proceeds from the sale of these lands were deposited into the common school fund. Approximately 4,300 acres remain in state ownership. Income from the fund is primarily derived from interest payments on loans made from the common school fund to municipalities and school districts by the Board of Commissioners of Public Lands. Under the state

Constitution, revenues from civil and criminal fines, fees, and forfeitures and sales of public lands are deposited in the common school fund, and add to its principal. In addition, the fund receives the proceeds from the sales of unclaimed property, which also increase the fund's principal. Sales of timber from the lands remaining in state ownership also generate a small amount of income for the fund each year. The principal balance of the common school fund was \$738.8 million as of June 30, 2008.

2. Under current law, proceeds from the common school fund are distributed as school library aids. Aids are provided to school districts for the purchase of library books, audiovisual materials, digital or web-based library resources, and other instructional materials for school libraries and for the purchase of materials from the Historical Society for use in teaching Wisconsin history. Under 2007 Act 20, up to 25% of this aid may be used to purchase library-related computers and software to be housed in the school library, if the district consults with the library media coordinator.

3. Aid payments are made to all public school districts in the state. Each district receives a per capita amount based on its proportionate share of the total number of children in the state between the ages of 4 and 20 residing in the district. The Board of Commissioners of Public Lands announced in March, 2009, that the actual distribution to school libraries would total \$35.3 million in 2008-09, or approximately \$28 per capita.

4. Income from the common school fund is distributed through an all moneys received appropriation under the Department of Public Instruction. Therefore, the amount in the schedule is not controlling. However, because the common school fund is a constitutional fund, its income cannot be lapsed to the general fund, nor can it be used for any purpose other than that which is specified in the state Constitution. Under Article X, Section 5, the income of the fund must be distributed "among the several towns and cities of the state for the support of common schools therein, in some just proportion to the number of children and youth resident therein between the ages of four and twenty years." Because of this restriction, the Committee could choose to delete the Governor's 1% reduction in the school library aids appropriation.

ALTERNATIVES

1. Approve the Governor's recommendation to reduce the school library aids appropriation by \$400,000 annually from the base level appropriation of \$40,000,000 SEG.

2. Delete provision.

ALT 2	Change to Bill
	Funding
SEG	\$800,000

Prepared by: Layla Merrifield