

WISCONSIN STATE
LEGISLATURE
COMMITTEE HEARING
RECORDS

1997-98

(session year)

Senate

(Assembly, Senate or Joint)

Committee on
Education
(SC-Ed)

(Form Updated: 11/20/2008)

COMMITTEE NOTICES ...

➤ Committee Reports ... CR
**

➤ Executive Sessions ... ES
**

➤ Public Hearings ... PH
**

➤ Record of Comm. Proceedings ... RCP
**

**INFORMATION COLLECTED BY COMMITTEE
FOR AND AGAINST PROPOSAL ...**

➤ Appointments ... Appt
**

Name:

➤ Clearinghouse Rules ... CRule
**

➤ Hearing Records ... HR (bills and resolutions)

****97hr_sb0025_SC-Ed_pt01**

➤ Miscellaneous ... Misc
**

SB25

Vote Record

Senate Committee on Education

(Sub)

Date: April 23
 Moved by: Shib Seconded by: Grobschmidt
 AB: _____ Clearinghouse Rule: _____
 AB: _____ SB: _____ Appointment: _____
 AJR: _____ SJR: _____ Other: _____
 A: _____ SR: _____

A/S Amdt: _____
 A/S Amdt: _____ to A/S Amdt: _____
 A/S Sub Amdt: _____
 A/S Amdt: _____ to A/S Sub Amdt: _____
 A/S Amdt: _____ to A/S Amdt: _____ to A/S Sub Amdt: _____

Be recommended for:

- Passage
- Introduction
- Adoption
- Rejection

- Indefinite Postponement
- Tabling
- Concurrence
- Nonconcurrence
- Confirmation

Committee Member

- Sen. Calvin Potter, Chair
- Sen. Robert Jauch
- Sen. Kevin Shibilski
- Sen. Richard Grobschmidt
- Sen. Alberta Darling
- Sen. Joanne Huelsman
- Sen. Carol Buettner

Aye	No	Absent	Not Voting
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Totals: 7 0 _____

Motion Carried

Motion Failed

SB 25

Vote Record

Senate Committee on Education

Final

Date: April 23
 Moved by: Sh. Bilski Seconded by: Grobschmidt
 AB: _____ Clearinghouse Rule: _____
 AJR: _____ Appointment: _____
 A: _____ SR: _____ Other: _____

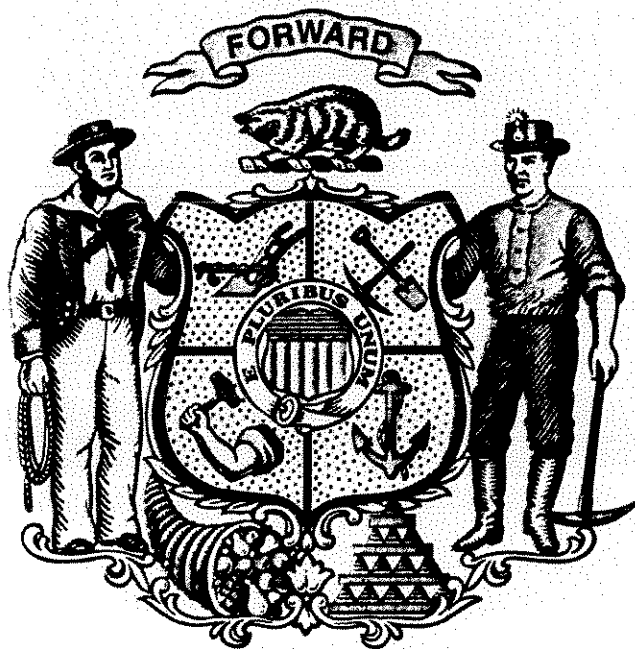
A/S Amdt: _____ to A/S Amdt: _____
 A/S Sub Amdt: _____ to A/S Sub Amdt: _____
 A/S Amdt: _____ to A/S Amdt: _____ to A/S Sub Amdt: _____

- Be recommended for:
- Passage
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Committee Member	Aye	No	Absent	Not Voting
Sen. Calvin Potter, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Robert Jauch	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Kevin Shibilski	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Richard Grobschmidt	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Alberta Darling	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Joanne Huelsman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Carol Buettner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Totals: _____



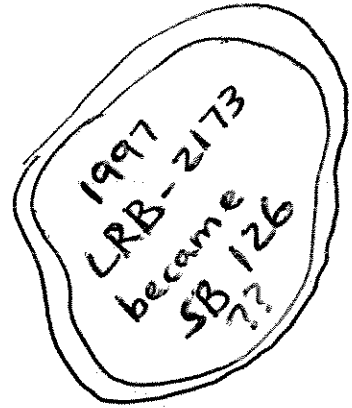
CALVIN J. POTTER
State Senator



Wisconsin State Senate

March 13, 1997

Dr. Rolf Wogenke
Wisconsin Association of Independent Colleges and Universities
16 N. Carroll Street, Suite 200
Madison, Wisconsin 53703-3329



Dear Dr. Wogenke:

I would like to take this opportunity to invite you to speak before the Senate Education Committee on the HEAB section of the Governor's proposed 1997-99 biennial budget. The committee is in the process of having a series of budget briefings on state functions pertaining to education.

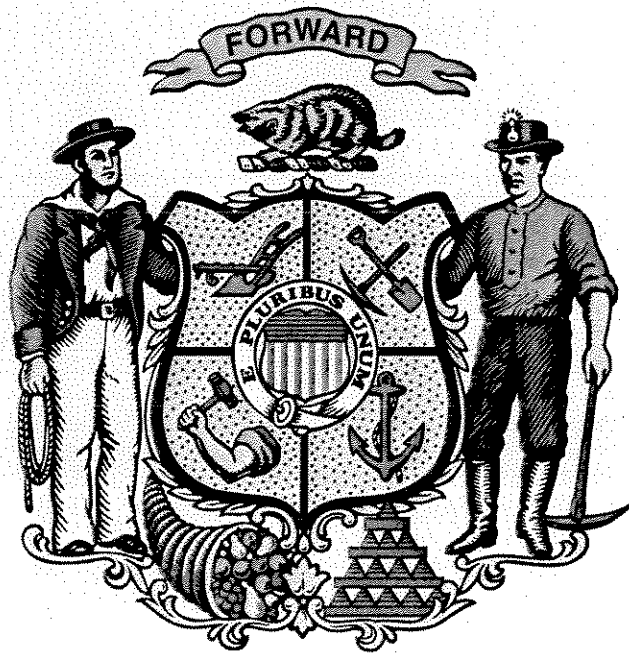
A public hearing has been scheduled to begin at 9:30 a.m. on Wednesday, March 26, for SB 25, LRB 2173 (very similar to SB 25), SB 102, and SB 107. This hearing should take about an hour and a half. We will begin our budget briefing with overviews presented by the Department of Administration and the Legislative Fiscal Bureau at approximately 11:30 a.m. We will then hear from the agencies in the following order: the Higher Educational Aids Board, Educational Communications Board, and the Educational Approval Board. Representatives from the Wisconsin Association of Independent Colleges and the United Council of University of Wisconsin Students have been invited to comment on the HEAB portion of the budget.

The hearing will be in our regular hearing room, LL 106 in the lower level of I East Main, just beyond the document room. We would appreciate initial comments in the five to seven minute range so that we allow time for questions. We will be working through the lunch hour.

I would appreciate confirmation of your participation with Committee Clerk Paul Rusk of my staff. We look forward to seeing you on March 26. Please let us know if you have any questions.

Sincerely,

SENATOR CALVIN POTTER
Chair, Committee on Education





KIMBERLY M. PLACHE

STATE SENATOR • TWENTY FIRST SENATE DISTRICT

April 22, 1997

To: Senator Cal Potter
Senator Bob Jauch
Senator Kevin Shibilski
Senator Rick Grobschmidt
Senator Alberta Darling
Senator Joanne Huelsman
Senator Carol Buettner

From: Senator Kim Plache

Re: Senate Bill 25, which relates to the school aid distribution schedule.

Thank you for holding an executive session on Senate Bill 25. In response to concerns raised at the public hearing on SB 25 on March 26, 1997, I requested a substitute amendment be drafted to address the concerns.

The substitute amendment changes SB 25 in the following manner:

- 1) It changes the date by which school boards must submit a request to DPI for a change in their payment schedule from July 1 to May 1.
- 2) It provides that the school district will not receive a decrease in its aid, but the district must pay DPI an amount equal to the earnings that the school district's aid entitlement would have accrued under the four payment schedule. The purpose of this provision is to maintain the school's revenue limit, otherwise the district may have been faced with a decrease in its revenue limit which would affect their future state school aid.

I ask that you vote to approve the substitute amendment and vote to recommend Senate Bill 25 as amended.

Thank you for acting on Senate Bill 25.

1996-1997

TENTATIVE SCHEDULE FOR PAYMENT OF VARIOUS DIRECT STATE AIDS
DURING FISCAL YEAR 1996-97

Revised 2/12/96

NOTE: Some of these dates are statutory; others are traditional patterns for payment.

AUGUST: -----

SEPTEMBER 16: State Equalization Aid (1) (15% of the amount due for the previous year)
(ss. 121.01 - 121.08, 121.15); 3rd Monday

OCTOBER: -----

NOVEMBER 18: State Handicapped Aid (1,4) (15% of amount due) (ss. 115.88); 3rd Monday

DECEMBER 2: State Equalization Aid (1,2) (40% minus September payment); 1st Monday
DECEMBER 16: State Handicapped Aid (1,4) (15% of amount due) (ss. 115.88); 3rd Monday

JANUARY 20: State Handicapped Aid (1,4) (15% of amount due) (ss. 115.88); 3rd Monday
JANUARY 20: Common School Fund (library) Aid (ss. 43.70)
JANUARY 27: General Transportation Aid (ss. 121.58); 4th Monday

FEBRUARY 17: State Handicapped Aid (1,4) (15% of amount due) (ss. 115.88); 3rd Monday

MARCH 10: Driver Education Aid (ss.121.41)
March 17: State Handicapped Aid (1,4) (15% of amount due) (ss. 115.88); 3rd Monday
March 24: State Equalization Aid (1,2) (25% of amount due) (ss. 115.88); 4th Monday

APRIL: -----

MAY 19: Children At Risk Aid (100%) (ss. 118.153)

JUNE 2: State Tuition Payments (3) (ss. 121.79); 1st Monday
JUNE 9: State Handicapped Aid (1,3,4) (25% of amount due) (ss. 115.88); 2nd Monday
JUNE 16: State Equalization Aid (3) (35% of current year aid); 3rd Monday
JUNE 16: Special Transfer Aid (3) (ss. 212.85) 3rd Monday
JUNE 16: Special Adjustment Aid (3) (ss. 121.105); 3rd Monday

- (1) Payable provided previous year annual report has been received by the DPI.
- (2) Payable provided current year budget report has been received by the DPI.
- (3) Payable provided all correction problems have been answered and all audit statements and reports have been received.
- (4) Payable provided all EEN program forms have been received.

... From WASB
3/26/97

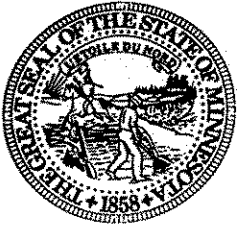
1984-1985

TENTATIVE SCHEDULE FOR PAYMENT OF VARIOUS STATE AIDS DURING FISCAL
YEAR 1984-85

NOTE: Some of these dates are statutory; others are traditional patterns for payment.

- August: State Equalization Aid¹ (first payment for current year based on an amount equal to 10% of aid eligibility for the previous year) (s. 121.15)
- September: State Equalization Aid (10% of aid eligibility for the previous year)
- October: State Equalization Aid (10% of aid eligibility for the previous year)
- November: State Equalization Aid² (an amount equal to 10% of the estimated current year aid eligibility)
State Handicapped Aid (30% of amount due) (s. 115.88)
- December: State Equalization Aid (10% of the estimated current year aid eligibility)
General Transportation Aid (s. 121.58)
State Handicapped Aid (20% of the estimated amount due)
- January: State Equalization Aid (10% of the estimated current year aid eligibility)
Common School Fund (Library) Aid (s. 43.70)
- February: State Equalization Aid (10% of the estimated current year aid eligibility)
State Handicapped Aid (30% of the estimated amount due)
- March: Driver Education Aid (s. 121.41)
- April:
- May:
- June: State Equalization Aid (30% of the current year aid)
State Handicapped Aid (remainder of the amount due)
Supplemental Aid (TIF Districts) (s. 121.085)
Special Transfer Aid (s. 121.85)
State Tuition Payments (s. 121.79)

¹ Payable provided previous year Annual Report has been received by the DPI.
² Payable provided current year Budget Report has been received by the DPI.



**DEPARTMENT OF CHILDREN,
FAMILIES AND LEARNING**

550 CEDAR STREET
ST. PAUL, MINNESOTA 55101

October 18, 1995

Mr. Senn Brown
Wisconsin Association of School Boards
122 West Washington Avenue
Madison, WI 53703

Dear Mr. Brown:

Enclosed is the information we discussed about the Minnesota Credit Enhancement Program. Included in the packet are: the narrative explanation; the forms we use; and a copy of our law. After you have reviewed this, I will be glad to answer any questions you may have.

The person in our department of Finance who works with this program is Peter Sausen. His phone number is 612-296-8372.

You also asked for some statistical information which is summarized below.

The first year of our program was fiscal year 1994. Our fiscal year runs from July 1 through June 30. Our program covers both short term borrowing for cash flow (aid and tax anticipation certificates) and long term building bond borrowing. Estimates of savings are made for only the long term debt. Estimates are made by the school district financial advisors, based on the improvement in the bond ratings as a result of the program. The savings amounts are based on net present value of the issue.

Mr. Senn Brown
October 18, 1995

Page 2

CREDIT ENHANCEMENT PROGRAM INFORMATION

	FY 94	FY 95
Number of Issues	258	196
Total Dollar Amount	\$ 1,233,968,971	\$ 742,047,423
Long Term Debt	\$ 956,852,869	\$ 428,787,312
% Long Term of Total	78%	58%
Estimated Savings on long term debt	\$ 26,076,728	\$ 11,792,825

During fiscal year 1994, we had substantial refunding of long term bonds so that school districts could get the improved rating resulting from the program. For FY 94, 48% of the long term debt covered by the program was from refunding of general obligation long term debt.

Please feel free to call me if you need further information or explanation of the Minnesota program.

Sincerely yours,



Joyce E. Krüpey
Financial Management

CREDIT ENHANCEMENT PROGRAM GENERAL INFORMATION

The Credit Enhancement Program was established to allow Minnesota School Districts to borrow funds at a lower interest rate by extending the State's credit rating to the districts. The details of the program are found in Minnesota Statutes, Section 124.755.

To be eligible for the program a school district must covenant and obligate itself to the conditions of the program. These conditions are found below.

The State guarantees that any obligation (both short and long term) included in the program will be paid when due, either by the district or by the State. Payments may be available from the State for debt issued prior to the beginning of the program or otherwise not included in the program. The availability of payments for debt not included in the program will be dependent on the determined effect on the State's credit rating.

CONDITIONS OF THE CREDIT ENHANCEMENT PROGRAM

- ▶ The district will notify the commissioner not less than 15 working days before payment is due if the district believes it may be unable to make a payment of principal or interest on any debt obligation
- ▶ If the state has paid all or part of a school district's debt obligation, the amounts paid by the state less any repayment shall bear taxable interest from the date paid until the date of repayment at the state treasurer's invested cash rate.
- ▶ If the state has paid all or part of a school district's debt obligation, the pledge of full faith and credit and unlimited taxing powers of the school district to repay the principal and interest due on the debt obligations shall also, without an election become a pledge of the full faith and credit and unlimited taxing powers of the school district to repay to the state the amount paid, plus interest.
- ▶ The amount paid by the state, plus interest shall be reduced from state aid payable to the district, except that if a total reduction of the aids would cause an undue hardship, the commissioner may establish a different schedule for reduction of aids.

General Information (Continued)

- ▶ With the approval of the commissioner, a school district may levy in the year the state makes a payment an amount up to the amount necessary to repay the state.
- ▶ If the state is not repaid in full by November 30 of the calendar year following the year in which the state makes the payment, the commissioner will require the school district to certify a property tax in the amount necessary to repay the state. To prevent undue hardship, the commissioner may allow the district to certify the levy over a five year period.
- ▶ The district will include a provision in its agreement with the paying agent that requires the paying agent to inform the commissioner if it becomes aware of a potential default on the day two business days prior to the date a payment is due on the issue.
- ▶ If the state makes payments on behalf of a district or if the district defaults in the payment, it shall submit a plan to the commissioner for approval specifying the measures it intends to implement to resolve the issues which led to its inability to make the payment and to prevent further defaults.

State Credit Enhancement Programs On the Rise

KATHLEEN QUAIL
212-208-1377

STEVEN J. MURPHY
212-208-1806

PETER D'ERCHIA
212-208-1762

As municipal governments attempt to deliver cost-effective services in an increasingly difficult revenue-raising environment, they are eagerly seeking savings and efficiencies. One example of increased efficiency is the leveraging of school districts' state aid to enhance the credit quality of their debt. Such leveraging can free up much-needed revenues or taxing capacity for other purposes.

Standard & Poor's rates credit enhancement programs in 19 states, most of which are designed to benefit school bond issues (*see table*). While Standard & Poor's began rating these types of debt programs over 25 years ago, the past 12 months have seen a dramatic increase in new programs, as a number of states have developed their own programs. States with newly rated programs are Ohio, Missouri, Oklahoma, and Wyoming. Standard & Poor's now rates approximately \$11 billion of outstanding debt that carries state enhancement programs as an additional source of security.

Issuers and bondholders benefit from the use of these programs, which have ratings ranging from 'A-' to 'AAA'. Issuers can:

- Receive higher ratings than if they had issued debt without the program security,
- Achieve greater market access and increased demand for their debt from out-of-state investors due to the higher credit quality reflected in the Standard & Poor's program rating,
- Realize interest rate savings based on the higher degree of credit quality derived from the enhancement, and
- Receive discounted Standard & Poor's ratings fees on program debt issues.

Investors also can rely on the strong program criteria and experience of Standard & Poor's analysts in developing, rating, and monitoring state programs. These program structures, which act as credit substitutions, allow a greater volume of bonds to be sold with higher ratings, permitting buyers to purchase stronger credits for their portfolios.

The extent of the enhancement depends on the exact nature of the state program. Standard & Poor's evaluates the programs' legal strength, structure, and mechanisms to cover participants' debt service obligations in full and on a timely basis.

While each state program is unique and, therefore, requires different analytical approaches to assess credit quality, the following general characteristics are taken into account before Standard & Poor's will rate a state program:

- The liquidity of the funds pledged for debt service,
- Fund investment and management policy,
- Fund leverage or debt service coverage factors,
- Independent paying agent and notification responsibilities,
- Adequate notification and timing of guarantee mechanism, and
- Good state oversight and monitoring capabilities for program participants.

Upon request, Standard & Poor's will assign the program rating to a bond issue using a state credit enhancement program as security if all criteria is met. Once a state program is used, Standard & Poor's ongoing surveillance of the program's credit quality will begin. This will include monitoring any changes in statutes or state rules affecting the program, keeping abreast of investment policy changes, and annually reviewing the program and its participants.

S&P Rated State Credit Enhancement Programs

State	Debt type covered	S&P Rating	Enhancement
California	Eligible city and county bonds and leases	A	Motor Vehicle license fee
Colorado	Local school bonds	A	State aid withholding law
Georgia	Eligible local school bonds	A	State aid withholding law
Indiana	Local school bonds, leases	A	State aid withholding law
Kentucky	Local school bonds, leases issued with participation by School Facilities Construction Commission	A	State aid withholding law, debt service paid by Commission
Michigan	Qualified local school bonds	AA	Constitutional School Bond Loan Fund; state general fund support
Minnesota	Local school bonds	AA	State standing appropriation law
Missouri	Eligible local school bonds	AA	State direct deposit of state aid
New Jersey	Local school bonds	AA	State bond insurance fund through Constitutional Fund for the Support of Free Public Schools
	Additional state aid bonds	AA	State appropriations and the Constitutional Fund for the Support of Free Public Schools
	Local qualified municipal debt	A	State aid withholding law
New York	Local school bonds	A-	State aid withholding law
Ohio	Eligible local school bonds	AA-	State aid withholding law
Oklahoma	Eligible school bonds	AAA	Constitutional Common School Trust fund
Pennsylvania	Local school bonds	A	State aid withholding law
S. Carolina	Local school bonds	A	State aid withholding law
South Dakota	Local school bonds	A	State aid withholding law
Texas	Approved local school bonds	AAA	Constitutional Texas Permanent School Fund
	Higher education bonds	AA	Direct and continuing state appropriations
Virginia	All local G.O. debt	A	State aid withholding law
W. Virginia	All local G.O. debt	A	Continuing state appropriations to cover deficiencies
Wyoming	Eligible local school bonds	AAA	Constitutional Common School Account Fund