



Legislative Fiscal Bureau

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

June 7, 1999

Joint Committee on Finance

Paper #724

Municipal and County Recycling Grant Formula (DNR -- Air, Waste and Contaminated Land)

[LFB 1999-01 Budget Summary: Page 456, #6 (part)]

CURRENT LAW

The municipal and county basic recycling grant is determined by first calculating 66% of the difference between eligible expenses and avoided disposal costs or \$8 per capita, whichever is less. If the amount calculated is less than 33% of eligible expenses, the grant equals 33% of eligible expenses. Counties that are responsible units for at least 75% of the population of the county are guaranteed a minimum annual grant of \$100,000 if they had eligible expenses equal to or greater than that amount, which means that some counties are eligible for grants equaling most or all eligible expenses. Under administrative rule NR 542, DNR administers a proration formula that maintains the minimum \$100,000 grant for eligible counties and prorates all other grants by an equal percentage. In addition to the basic recycling grant, 10% of grant funds are allocated to responsible units of local government that impose volume-based fees for residential solid waste collection. The total basic plus supplemental grant may not exceed the responsible unit's eligible expenses.

GOVERNOR

Change the municipal and county recycling grant formula to reduce the maximum grant amount to \$8 per capita.

DISCUSSION POINTS

In 1999, the \$24.0 million in state funding for municipal and county recycling programs provided basic plus supplemental grants averaging approximately 30% of net eligible recycling costs, or approximately \$4.61 per capita. Of the total grant funding, \$21.6 million in basic

grants was awarded to 1,011 responsible units, representing approximately 28% of net eligible recycling costs, or approximately \$4.15 per capita. Another \$2.4 million was provided through a supplemental formula for responsible units that use volume-based fees for residential solid waste collection, and provided \$4.04 per capita to the 306 of 1,011 responsible units receiving grants. The population receiving volume-based grants represented about 12% of the state's population. Net eligible costs average approximately \$15 per capita, but range widely from \$2 per capita to over \$100 per capita.

2. Under AB 133, the grant award of approximately 80 responsible units would be capped at \$8 per capita and the proration factor for all other grantees would increase slightly. The 80 responsible units currently receive a minimum grant of 33% because the 33% calculation exceeds \$8 per capita. Examples of reasons that some responsible units have higher per capita costs are: (a) some programs provide many services beyond collection of the materials banned from landfills; (b) sparsely populated rural programs may have high collection and transportation costs; and (c) costs of local government contracts with haulers vary among communities.

3. The grant formula change is intended to limit the amount of decreasing state funds that is allocated to higher cost programs. Under this rationale, if local programs cost significantly more than average program costs, the local government rather than the state should pay for the additional cost.

4. Some suggest that as total municipal and county recycling grant funding is decreased from the current \$24 million in 1999 to \$20 million in 2000 and \$15 million in 2001 under the bill, and as grant administration staff is decreased from approximately 6.0 DNR staff to 1.0, a simplified grant formula would be preferable to the more complex formula that has been used for 1992 through 1999. One option would be to distribute the available grant funds on a per capita basis to all eligible local governments. However, this could result in a grant that exceeds the local government's net eligible recycling costs. For example, if 1999 grant awards had been distributed on a per capita basis, approximately 120 responsible units would have received grants that exceeded net eligible expenses. Another option would be to distribute grants on a per capita basis, but to cap the grant amount at a local government's net eligible expenses (actual costs before subtraction of avoided disposal costs). This would simplify DNR administration and could increase the incentive for some communities to operate cost effective programs. However, this would involve greater staff effort than a pure per capita grant distribution.

5. The existing supplemental grant allocates 10% of funds for responsible units that impose a system of volume-based fees for residential solid waste collection. The supplemental grant is calculated by dividing the available funds by the population subject to volume-based fees. The population of the responsible unit that is subject to volume-based fees may be smaller than the population of the responsible unit. AB 133 would retain the supplemental grant. Under an option of distributing program grant funds on a per capita basis, the supplemental grant could be retained or eliminated. If it is retained, it would increase the incentive for some communities to establish or retain volume-based fees for residential solid waste collection. However, it would also result in maintaining a greater DNR administrative effort. If the supplemental grant would be eliminated, a

per capita grant formula would distribute all available grant funds on an equal per capita basis.

ALTERNATIVES

1. Approve the Governor's recommendation to change the municipal and county recycling grant formula to reduce the maximum grant amount to \$8 per capita.

2. Instead of approving the Governor's recommendation, approve one of the following changes in the recycling grant formula:

a. Provide grants on a per capita basis, cap the grant at the local government's net eligible recycling expenses, and eliminate the supplemental grant for use of volume-based fees.

b. Provide grants on a per capita basis, with no cap at the local government's net eligible recycling expenses, and eliminate the supplemental grant for use of volume-based fees.

c. Provide grants on a per capita basis, cap the grant at the local government's net eligible recycling expenses, and retain 10% of grant funds for per capita supplemental grants for responsible units that use volume-based fees.

d. Provide grants on a per capita basis, with no cap at the local government's net eligible recycling expenses, and retain 10% of grant funds for per capita supplemental grants for responsible units that use volume-based fees.

3. Maintain the current grant formula.

Prepared by: Kendra Bonderud

(Gov) Agency: DNR - Air, Waste & Contaminated Land
Repeal Volume-Based Fee Requirement

Recommendations:

Paper No. 725: Decker Motion
(possibly followed by a Panzer motion)

Comments: This issue should also be included as part of an omnibus motion.

But, if it's not, I guess I would go with Alternative 1 (no action needed) and repeal the requirement that local governments must use a volume-based fee if they aren't recycling at least 25% of their solid waste by 2000.

There are good arguments for keeping the requirement (and only providing grants to communities that recycle the most), but most people seem to want to eliminate the requirement for now.

prepared by: Barry



Legislative Fiscal Bureau

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

June 7, 1999

Joint Committee on Finance

Paper #725

Recycling -- Repeal Volume-Based Fee Requirement (DNR -- Air, Waste and Contaminated Land)

[LFB 1999-01 Budget Summary: Page 457, #8]

CURRENT LAW

Current law prohibits the disposal of certain recyclable materials in a landfill (for example, yard waste, aluminum containers, glass containers and newspapers). However, a responsible unit that operates an "effective recycling program" that meets certain criteria may landfill banned recyclable materials if they are "residuals" (materials remaining after other like materials have been separated for recycling). In addition, a responsible unit must operate an effective recycling program in order to be eligible for a grant under the municipal and county recycling grant program. Responsible units must meet several criteria to receive approval by DNR as operating an effective program. For example a responsible unit must have an ordinance that requires recycling of the banned materials, a method to collect and process recyclable materials from single-family and two-to-four unit residences, curbside or dropoff collection and the necessary equipment and staff to administer the program.

GOVERNOR

Repeal the requirement that, beginning in the year 2000, the recycling program administered by a responsible unit of local government is an effective recycling program only if the responsible unit has in place a system of volume-based fees to generate revenue equal to the responsible unit's costs for solid waste management other than those reimbursed by the state, unless the responsible unit is achieving a 25% recycling rate or if it provides solid waste to specific waste-to-energy facilities and incinerators.

DISCUSSION POINTS

1. Under a volume-based fee system, a direct user fee is charged for solid waste disposal service based on the volume or weight of the waste disposed of. Under current law, municipalities that would not achieve the required 25% minimum recycling rate in calendar year 2000 would no longer have an effective recycling program and would no longer be eligible to dispose of solid waste in Wisconsin landfills and to receive a local recycling grant. The rationale for the requirement is that if local programs can not achieve at least a 25% recycling rate, they should be required to take additional actions to increase the recycling rate. A volume-based fee is expected to increase recycling by imposing a direct cost on solid waste being landfilled. Residences or commercial customers served by the responsible unit would be subject to the fee.

2. Based on 1997 annual reports by responsible units to DNR, between 170 and 220 local governments may be recycling less than 25% of their solid waste. It is unknown how many of those communities have volume-based fee systems in place. Under current law, beginning in 2000, DNR would have to determine whether these responsible units could continue to dispose of solid waste in Wisconsin landfills and receive a local recycling grant.

3. Some would argue that local recycling programs that do not reach a 25% recycling rate should not be penalized for financing the local recycling program with a method other than volume-based fees. In addition, local programs that have been in effect for a number of years may be approaching the maximum recycling rate possible in the particular community without being able to reach a recycling rate of 25%.

4. Repeal of the volume-based fee requirement could provide local governments with flexibility to decide how to finance their recycling programs. Alternatively, maintenance of the requirement would provide an incentive for local governments with recycling rates below 25% to find methods of increasing the recycling rate if they do not want to impose volume-based fees.

ALTERNATIVES

1. Approve the Governor's recommendation to repeal the requirement that, beginning in calendar year 2000, the recycling program administered by a responsible unit of local government is an effective recycling program only if the responsible unit has in place a system of volume-based fees unless it is achieving a 25% recycling rate or if it provides solid waste to specific waste-to-energy facilities and incinerators.

2. Maintain current law.

Prepared by: Kendra Bonderud

Personnel Commission

(LFB Budget Summary Document: Page 473)

LFB Summary Item for Which an Issue Paper Has Been Prepared

Item #

Title

1(a)

Minor Policy and Technical Changes -- Standard Budget Adjustments
(Paper #730)

Gov Agency: Personnel Commission

Recommendations:

Paper No.: 730 **Alternative:** Approve the modification to the Bill

Comments: Compensation increases are already included in the Comp. & Reserve budget item, therefore, no need to include it here. For future hires, it's impossible to predict what they will be paid or when they'll be hired, so it's not practical to budget money for increases here. Also, as with the current employees, raises are paid from the Comp & Reserve budget line & it's not necessary to place it here.

For the 27th biweekly payroll, this is being taken care of for all state agencies under a separate appropriation. No need to set it aside here.

Prepared by: Cindy



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April 20, 1999

Joint Committee on Finance

Paper #730

Minor Policy and Technical Changes -- Standard Budget Adjustments (Personnel Commission)

[LFB 1999-01 Budget Summary: Page 473, #1(a)]

CURRENT LAW

The Personnel Commission has base level funding of \$733,000 GPR annually to support the salaries and fringe benefits costs of 3.0 GPR unclassified commissioners and 7.0 GPR classified professional and support staff.

GOVERNOR

Provide \$37,800 GPR in 1999-00 and \$73,800 GPR in 2000-01 for full funding of continuing salaries and fringe benefits costs of current staff. Included in these amounts are: (1) \$4,600 GPR in 1999-00 and \$7,400 GPR in 2000-01 for scheduled salary and fringe benefits increases for current commissioners; (2) \$10,800 GPR in 1999-00 and \$17,000 GPR in 2000-01 for projected salary and fringe benefits increases for commissioners to be appointed or reappointed to new terms commencing during the next biennium; and (3) \$27,000 GPR in 2000-01 to fund salary and fringe benefits costs associated with a 27th biweekly payroll period during that fiscal year.

MODIFICATION TO BILL *approve*

Delete a total of \$15,400 GPR in 1999-00 and \$51,400 GPR in 2000-01 included in the Governor's budget for: (1) salary and fringe benefits adjustments for scheduled compensation increases for current commissioners; (2) projected compensation increases for new commissioner appointments; and (3) the costs of a 27th biweekly payroll period in 2000-01.

Explanation: Commissioners currently serving fixed terms may receive scheduled compensation increases when these interim adjustments have been specifically enumerated in a commissioner's initial letter of appointment. All such scheduled salary (and associated fringe benefits) increases are eligible for supplementation from the separately budgeted compensation reserves also provided in the bill. Consequently, including funding for these salary and fringe benefits costs should not be provided as a full funding adjustment in the agency's budget.

Funding has also been recommended for projected compensation increases for future commissioners appointed to new terms commencing during the next biennium. It is not possible to determine at this time the actual compensation levels that will be set for these future appointees. Further, any such increase in salary and fringe benefits cost would similarly be eligible for supplementation from the separately budgeted compensation reserves. As a result, additional funding for these projected salary and fringe benefits costs increased should not be provided as a full funding adjustment in the agency's budget.

Finally, including funding for a 27th biweekly payroll period during the 2000-01 fiscal year should not be provided as an agency standard budget adjustment since a new Program Supplements appropriation, funded at \$30,000,000 GPR in 2000-01, would be created under the bill to provide one-time supplemental funding to state agencies for any such costs which are funded from GPR.

Modification	GPR
1999-01 FUNDING (Change to Bill)	-\$66,800

Prepared by: Tony Mason

MO# approve

1	BURKE	Y	N	A
	DECKER	Y	N	A
	JAUCH	Y	N	A
	MOORE	Y	N	A
	PLACHE	Y	N	A
	WIRCH	Y	N	A
	COWLES	Y	N	A
	PANZER	Y	N	A
2	GARD	Y	N	A
	PORTER	Y	N	A
	KAUFERT	Y	N	A
	ALBERS	Y	N	A
	DUFF	Y	N	A
	WARD	Y	N	A
	HUBER	Y	N	A
	RILEY	Y	N	A

AYE 16 NO 0 ABS 0

Gov Agency: Personnel Commission

Recommendations:

Paper No.: LFB Summary Items for Which No Issue Paper Has Been Prepared

Comments: These are ok. Since it's a Gov. agency, no action is necessary.

Prepared by: Cindy

PERSONNEL COMMISSION

LFB Summary Items for Which No Issue Paper Has Been Prepared

<u>Item #</u>	<u>Title</u>
1(b),(c)&(d)	Standard Budget Adjustments
2	Required State Operations Funding Lapse
3	Supplies and Services Cost Increases

MO# _____

BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

AYE _____ NO _____ ABS _____

Program Supplements

(LFB Budget Summary Document: Page 474)

No Papers Have Been Prepared

Base Agency: Program Supplements

Items for which no LFB papers have been prepared:

Joint Finance Committee Appropriation
Funds for 27th Biweekly Payroll Period
Correctional Officer and Related Position Pay Increases
Capitol and Executive Residence Operational Costs
State-Owned Space Rent Supplements
Private Lease Space Supplements

Comments:

Require affirmative action since this is a base agency. These look okay.

Prepared by: Deb

PROGRAM SUPPLEMENTS

LFB Summary Items for Which No Issue Paper Has Been Prepared

<u>Item #</u>	<u>Title</u>
1	Joint Finance Committee Appropriation
2	Funds for 27 th Biweekly Payroll Period
3	Correctional Officer and Related Position Pay Increases
4	Capitol and Executive Residence Operational Costs
5	State-Owned Space Rent Supplements
6	Private Lease Space Supplements

MO# approve

2	BURKE	(Y)	N	A
	DECKER	(Y)	N	A
	JAUCH	(Y)	N	A
	MOORE	(Y)	N	A
	SHIBILSKI	(Y)	N	A
	PLACHE	(Y)	N	A
	COWLES	(Y)	N	A
	PANZER	(Y)	N	A
	GARD	(Y)	N	A
1	PORTER	(Y)	N	A
	KAUFERT	(Y)	N	A
	ALBERS	(Y)	N	A
	DUFF	(Y)	N	A
	WARD	(Y)	N	A
	HUBER	(Y)	N	A
	RILEY	(Y)	N	A

AYE 15 NO _____ ABS _____

Public Defender

(LFB Budget Summary Document: Page 477)

LFB Summary Items for Which Issue Papers Have Been Prepared

<u>Item #</u>	<u>Title</u>
2	Supervisory Caseload Relief (Paper #745)
3	Information Technology Maintenance and Support (Paper #746)
8	Penalty Assessment Funding for Conferences and Training (see Paper #187-- Penalty Assessment)
-	Minor Policy and Technical Changes -- Repeal Sunset Provision for Sexually Violent Person Commitment Caseload (Paper #747)

Gov Agency: Public Defender—Supervisory Caseload Relief

Recommendations:

Paper No. 745 Alternative 2

Comments: The State Public Defender (SPD) has requested that its 10 attorney supervisor positions be exempt from statutory caseload requirements in order to put more time into their supervisory duties. SPD has indicated that this exemption is one of their top priorities this session. Currently, the caseload requirements limit the time available to managers to supervise and train staff. Alternative 2 approves the governor's recommendation for the exemption with a minor modification. LFB says the costs for the exemption are lower than initially anticipated. As a result, at this time, SPD could exempt 15 attorneys from the caseload requirements. This would be okay for SPD, as they plan to reduce the supervisor to staff ratio even further in the coming months. Therefore, Alternative 2 seems like the best choice. SPD says their preference is Alt. 1, but they would be okay with Alt. 2.

Prepared by: Julie



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

May 27, 1999

Joint Committee on Finance

Paper #745

Supervisory Caseload Relief (Public Defender)

[LFB 1999-01 Budget Summary: Page 477, #2]

CURRENT LAW

Currently there are 52.25 attorney supervisors in the State Public Defender (SPD) trial division. These supervisors are required by statute to carry full attorney caseloads for budgeting purposes.

GOVERNOR

Provide \$1,033,400 GPR in 2000-01 in private bar funding and statutory authorization to exempt 10.0 attorney supervisor positions from statutory caseload requirements based on their need to perform other assigned duties, effective July 1, 2000.

DISCUSSION POINTS

1. The State Public Defender (SPD) Trial Division has 460.35 FTE, including 228.75 represented staff attorneys and 52.25 non-represented attorney supervisors. The Trial Division is located in 37 offices serving all 72 counties. The Trial Division has one attorney administrator; all other attorney positions in the Division are required by statute to carry, for budgeting purposes, a caseload. The statutory annual caseload for Trial Division attorneys is: 15.0 homicides or sexually violent person commitment cases, 184.5 other felonies, 492 misdemeanors, or 246 other cases.

2. The Trial Division also has 6.0 regional office administrators (ROAs), who are responsible for certain administrative and supervisory functions for six of the Division's 13 regions. However, ROAs do not have legal training and, therefore, are not able to supervise attorney performance. As a result, the supervising attorneys are responsible for monitoring and evaluating the performance of 228.75 staff attorneys and approximately 1,400 private bar attorneys statewide.

Supervision of attorney staff includes: (a) annual performance evaluations; (b) observation of attorneys in court; (c) review of the staff attorneys' client interactions and written work products; and (d) investigation of complaints about staff and private bar attorneys and any other possible work rule violations. If one includes the 6.0 ROAs and 1.0 attorney administrator, the current supervisor to staff ratio is 1:65. In regions without an ROA, in addition to supervising the staff and private bar attorneys, the supervising attorneys have supervisory responsibilities for all SPD staff in their region, including investigators, client service specialists, and clerical staff.

3. The SPD indicates that the statutory caseload requirements limit the time available for SPD managers to supervise and train SPD staff, plan and develop innovative means of reducing costs in the criminal justice system, and monitor inquiries and complaints about private attorneys who accept appointments from the SPD.

4. In 1994, the Legislative Audit Bureau (LAB) evaluated the SPD office and stated that "current management efforts...do not ensure that the quality of representation is uniform between staff and private attorneys and that it is delivered in an efficient and economical manner." The LAB identified four management areas that required improvement: (a) quality of representation; (b) efficiency of representation; (c) review for billing fraud; and (d) institution of an effective case management system. Although the SPD has made improvements in all of these areas (in particular the case management system), SPD officials indicate that in order to continue to improve in the areas identified by the LAB evaluation, the SPD needs additional time devoted to managerial duties. Due to the demonstrated need for the attorney supervisors to devote more time to management duties, the SPD indicates that obtaining supervisory caseload relief is one of its highest priorities.

5. Under AB 133, the SPD would receive \$1,033,400 GPR in 2000-01 in private bar funding and statutory authorization to exempt 10.0 attorney supervisor positions from statutory caseload requirements, effective July 1, 2000. This exemption would not be applied to ten specific supervisors; rather, all supervisors would be relieved of approximately 20% of their caseload responsibilities. This would reduce the SPD's supervisor to staff ratio to 1:26.

6. The Committee may, therefore, wish to approve the Governor's recommendation to statutorily exempt 10.0 attorney supervisor positions from statutory caseload requirements based on their need to perform supervisory duties, effective July 1, 2000. The cost of the Governor's recommendation is \$1,033,400 GPR in 2000-01.

7. However, it is possible to approve the Governor's proposal to exempt the equivalent of 10.0 attorney supervisors from the statutory caseload at a reduced cost because of reestimates in private bar costs. According to these reestimates, the SPD could exempt the equivalent of 10.0 attorney supervisors from a statutory caseload at a cost of \$512,700 GPR in 2000-01.

8. SPD officials note that relieving the equivalent of ten supervisors of caseload is the minimum amount the SPD needs to begin to address the lack of time supervisors can devote to management duties. Over the next two biennia, the SPD hopes to address this problem by reducing

its supervisor to staff ratio to 1:11.5. As a result of the private bar cost reestimates, the Committee may wish to provide statutory authorization to exempt 15.0, rather than 10.0, attorney supervisor positions from statutory caseload requirements, effective July 1, 2000, without providing additional funding. This would reduce the SPD's supervisor to staff ratio to 1:20.

9. The Committee may also wish to maintain current law. Under this alternative, the supervisor to staff ratio would be 1:65; and all supervising attorneys would be budgeted to handle a full attorney caseload, in addition to their supervision duties.

ALTERNATIVES

1. Approve the Governor's recommendation to provide \$1,033,400 GPR in 2000-01 in private bar funding and statutory authorization to exempt 10.0 attorney supervisor positions from statutory caseload requirements based on their need to perform other assigned duties, effective July 1, 2000.

2. Approve the Governor's recommendation to provide \$1,033,400 GPR in 2000-01 in private bar funding but provide statutory authorization to exempt 15.0, rather than 10.0, attorney supervisor positions from statutory caseload requirements, effective July 1, 2000.

3. Approve the Governor's recommendation to provide statutory authorization to exempt 10.0 attorney supervisor positions from statutory caseload requirements, effective July 1, 2000, but delete \$520,700 GPR in 2000-01 to reflect reestimated private bar costs.

Alternative 3	GPR
1999-01 FUNDING (Change to Bill)	-\$520,700

4. Maintain current law. In addition, delete \$520,700 in 2000-01 based on reestimated private bar costs.

MO# Alt 3

BURKE	Y	(N)	A
DECKER	Y	(N)	A
JAUCH	Y	(N)	A
MOORE	Y	(N)	A
SHIBILSKI	Y	(N)	A
PLACHE	Y	(N)	A
COWLES	(Y)	N	A
PANZER	(Y)	N	A
2 GARD	(Y)	N	A
PORTER	(Y)	N	A
1 KAUFERT	(Y)	N	A
ALBERS	(Y)	N	A
DUFF	(Y)	N	A
WARD	(Y)	N	A
HUBER	(Y)	N	A
RILEY	Y	(N)	A

Alternative 4	GPR
1999-01 FUNDING (Change to Bill)	-\$1,554,100

Zabawa

MO# Alt 2

BURKE	(Y)	N	A
DECKER	(Y)	N	A
JAUCH	(Y)	N	A
MOORE	(Y)	N	A
SHIBILSKI	(Y)	N	A
PLACHE	(Y)	N	A
COWLES	Y	(N)	A
PANZER	Y	(N)	A
GARD	Y	(N)	A
PORTER	Y	(N)	A
KAUFERT	Y	(N)	A
ALBERS	Y	(N)	A
DUFF	Y	(N)	A
WARD	Y	(N)	A
HUBER	(Y)	N	A
RILEY	(Y)	N	A

AYE 9 NO 7 ABS _____

AYE 8 NO 8 ABS _____

Gov Agency: Public Defender—Information Technology Maintenance and Support

Recommendations:

Paper No. 746 Alternative 1 (no action necessary)

Comments: SPD needs funding to support its information technology infrastructure. The governor actually provided more funding in his bill than is necessary for the maintenance effort, but fewer positions than SPD requested. During the conversion process, SPD actually saved money over the projected costs. Now, they say, they should get the full funding amount to reward them for their hard work.

LFB makes a fairly good case for Alternative 2. It is actually my personal choice. LFB says that the governor's provision provides \$60,000 over what SPD requested. They make a good case for Alt. 2 in point 6. However, Marla Stephens says they have to have Alternative 1. I doubt Alt. 1 will pass, but you could express your support for it. If Rep. Gard wants to move Alt. 2, however, you should vote for it.

Prepared by: Julie



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

May 27, 1999

Joint Committee on Finance

Paper #746

Information Technology Maintenance and Support (Public Defender)

[LFB 1999-01 Budget Summary: Page 478, #3]

CURRENT LAW

The State Public Defender (SPD) has 530.55 FTE positions (550 headcount) in 41 offices throughout the state. Currently, the SPD has 1.0 information technology (IT) position, a chief information officer, which was provided in 1997 Act 27.

GOVERNOR

Provide \$415,700 GPR in 1999-00 and \$404,700 GPR in 2000-01 and 6.0 GPR positions annually for maintenance and support of the agency's information technology infrastructure. The bill provides \$277,200 in 1999-00 and \$285,200 in 2000-01 for 6.0 IT professionals to maintain, support and improve the SPD's IT infrastructure. These include one position each to support the network, databases and the help desk and three local area network (LAN) coordinators. An additional \$138,500 in 1999-00 and \$119,500 in 2000-01 is provided for software licenses and equipment maintenance agreements and parts.

DISCUSSION POINTS

1. Under 1995 Act 27 (the 1995-97 budget act), the SPD's 4.5 GPR information technology (IT) positions and associated funding were transferred to the Department of Administration's (DOA) Bureau of Justice Information Systems (BJIS), with funding converted from GPR to PR, funded by a justice information fee assessed on forfeitures and certain civil court filings. The BJIS staff and funding were to be used, in part, to begin converting the SPD from an outdated Macintosh platform to state standard IBM-compatible PCs.
2. Delays in BJIS work on the SPD conversion resulted in BJIS granting SPD authority

in 1997 to update its own information technology (IT) system. BJIS provided \$783,300 in 1997-98 and \$2,347,600 in 1998-99 to SPD for the system update. In addition, BJIS loaned 1.0 FTE to SPD to help with the conversion project. Since the SPD is authorized for only 1.0 IT position, the SPD has relied on, at any one time, approximately 6.0 staff consisting of the position borrowed from BJIS, contractors and limited term employees (LTE) to complete its conversion project. The conversion was completed in November, 1998. The SPD indicates that it completed the conversion faster and at less cost than called for in the BJIS plan.

3. Now that the standard IBM PC-compatible system is operational, SPD needs to maintain and support the new computers and software. The BJIS budget for 1999-01 under AB 133 includes no funding for SPD IT. Maintenance and support would include troubleshooting desktop connectivity issues, adding users to the network, maintaining inventories of computer equipment, configuring email software and the calling schedule for statistics downloads, and training and assisting the 550 staff in the 41 statewide offices with the equipment and software. According to DOA, the standard IT staff to user ratio is 1:55. Currently, the SPD's IT staff to user ratio is 1:550.

4. In its budget request, the SPD requested \$314,500 GPR and 4.5 GPR positions annually and \$235,500 PR and 4.5 PR positions annually to establish a base level of maintenance and support for the SPD's new information technology infrastructure. (The proposed program revenue source was a portion of the \$7 justice information fee now deposited to BJIS). The requested positions included: (a) 4.0 local area network (LAN) coordinators; (b) 1.0 wide area network (WAN) support professional; (c) 1.0 database professional; (d) 1.0 programmer/analyst; and (e) 2.0 help desk professionals. The amount also included funding for rent, computer equipment, travel and other expenses, as well as \$138,500 in 1999-00 and \$102,800 in 2000-01 for software licenses and equipment maintenance agreements and parts. This request would have provided an IT staff to user ratio of 1:79.

5. The bill provides \$277,200 in 1999-00 and \$285,200 in 2000-01 for 6.0 IT professionals to maintain, support and improve the SPD's IT infrastructure. The positions include 1.0 network professional, 1.0 database programmer, 1.0 help desk professional, and 3.0 local area network (LAN) coordinators. An additional \$138,500 in 1999-00 and \$119,500 in 2000-01 is provided for software licenses and equipment maintenance agreements and parts. The Governor's recommendation would provide an IT staff to user ratio of 1:110 (this excludes the chief information officer and the database programmer), or double the DOA standard of 1:55. According to SPD officials, the 6.0 positions that the Governor's bill provides is the minimum IT staff the SPD needs to maintain and support its new IT system.

6. The Governor's recommendation provides \$16,700 in 2000-01 more than the SPD requested for software licenses and equipment maintenance agreements and parts. In addition, the Governor's recommendation provides one-time funding of \$24,600 in 1999-00 to allow SPD to purchase workstations for the 6.0 IT staff. However, the SPD has already purchased workstations for the contractor and LTE staff. In addition, the Governor's recommendation provides an additional \$9,100 annually above the DOA standard for supplies and services funding associated with staffing. Consequently, the Committee may wish to modify the Governor's recommendation

by deleting \$33,700 GPR in 1999-00 and \$25,800 GPR in 2000-01 to reflect these changes.

7. According to SPD officials, if the SPD does not receive funding and position authority to maintain and support its IT system, the SPD would either need an increase in supplies and services to purchase contracting staff, or seek help from BJIS. SPD officials indicate that the minimum hourly amount for contract IT support would be \$50. To receive the level of IT support equivalent to 6.0 IT positions, an additional \$192,600 GPR in 1999-00 and \$341,200 GPR in 2000-01, or \$533,800 GPR more than provided under the bill, would be needed

8. If the Committee chooses to maintain current law, the SPD would have no funding for IT support, except for its 1.0 chief information officer position. This alternative does not appear to be tenable at this time.

ALTERNATIVES

1. Approve the Governor's recommendation to provide \$415,700 in 1999-00 and \$404,700 in 2000-01 and 6.0 positions annually for maintenance and support of the agency's information technology infrastructure. This includes \$277,200 in 1999-00 and \$285,200 in 2000-01 for 6.0 IT professionals, consisting of one position each to support the network, databases and the help desk and three local area network (LAN) coordinators, as well as \$138,500 in 1999-00 and \$119,500 in 2000-01 for software licenses and equipment maintenance agreements and parts.

2. Modify the Governor's recommendation by deleting \$33,700 GPR in 1999-00 and \$25,800 GPR in 2000-01 to account for the existence of 6.0 workstations for the 6.0 IT staff, and to reflect the SPD's request and DOA budget standards for supplies and services funding.

3. Maintain current law.

Alternative 2	GPR
1999-01 FUNDING (Change to Bill)	- \$59,500

Alternative 3	GPR
1999-01 FUNDING (Change to Bill)	- \$820,400
2000-01 POSITIONS (Change to Bill)	- 6.00

MO# Alt 2

BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

Prepared by: Barbara Zabawa

AYE _____ NO _____ ABS _____

Gov Agency: Public Defender—Minor Technical and Policy Changes

Recommendations:

Paper No. 747 Modification

Comments: This modification repeals the June 30, 1999, sunset provision for the caseload standard for assistant public defenders representing at trial sexually violent persons. The sunset was part of last year's budget, but since the Supreme Court ruled that Kansas' sexual predator law is constitutional, the sunset provision should be repealed.

Prepared by: Julie



Legislative Fiscal Bureau

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

May 27, 1999

Joint Committee on Finance

Paper #747

Minor Policy and Technical Changes -- Repeal Sunset Provision for Sexually Violent Person Commitment Caseload (Public Defender)

CURRENT LAW

Under current law, the annual state public defender caseload standard for trial representation of sexually violent persons under Chapter 980 is 15 cases. This statutory provision will sunset on June 30, 1999.

GOVERNOR

No provision.

MODIFICATION

Repeal the June 30, 1999, sunset provision relating to an assistant state public defender's annual caseload standard for representing at trial sexually violent persons under Chapter 980.

Explanation: The sunset of the caseload standard was established in 1997 Act 27 because of the uncertainty concerning the constitutionality of the sexually violent person (sex predator) law. Subsequently, the U.S. Supreme Court ruled that a similar sexual predator law in Kansas is constitutional. Therefore, the sunset provision for the caseload standard for sexually violent person cases should be repealed to make permanent the attorney caseload of 15 cases for sexually violent person commitment cases under Chapter 980. Funding provided under the bill assumes this caseload standard.

Prepared by: Barbara Zabawa

MO# modification

BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
2 GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

AYE _____ NO _____ ABS _____

PUBLIC DEFENDER

Paralegal Positions

Motion:

Move to provide \$195,600 GPR in 1999-00 and \$252,600 GPR in 2000-01 and 6.0 GPR paralegal positions annually.

Note:

In the 1995-97 biennial budget, the SPD was authorized 12.0 two-year paralegal project positions, with the assumption that each position would handle the equivalent of 100% of an attorney caseload. The 12.0 project positions were extended for an additional two years in the 1997-99 biennial budget, with the assumption that each paralegal would handle the equivalent of 75% of an attorney caseload. The project positions will terminate on June 30, 1999, and funding and position authority are deleted as non-continuing elements under standard budget adjustments. In its 1999-01 budget request, the SPD requested that the 12.0 paralegal positions be made permanent, with no caseload assumed, since paralegals are prohibited from representing clients in court. The request was not included in AB 133. This motion would provide the SPD with funding (\$195,600 GPR in 1999-00 and \$252,600 GPR in 2000-01) and position authority for 6.0 GPR paralegal positions.

[Change to Bill: \$448,200 GPR and 6.0 GPR positions]

MO#

BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

AYE 8 NO 8 ABS _____

PUBLIC DEFENDER

State Public Defender Funding for Representing Parents in CHIPS Cases

Motion:

Move to provide \$1,168,500 GPR in 1999-00 and \$1,558,000 GPR in 2000-01 to the State Public Defender's private bar appropriation and authorize the State Public Defender to represent parents in Children in Need of Protection or Services (CHIPS) cases filed on or after the effective date of the bill.

Note:

In 1993-94, the SPD represented parents in an estimated 5,422 CHIPS cases. In the 1995-97 budget (1995 Act 27), the Legislature eliminated statutory authority regarding a parent's right to counsel in CHIPS proceedings. Subsequently, a Wisconsin Supreme Court ruling indicated that courts have the power to appoint counsel for parents in CHIPS cases. Since the SPD is no longer authorized to represent parents in CHIPS cases, when a court determines that public representation is required, such counsel is paid for by counties. This motion would authorize the SPD to represent parents in CHIPS cases and would provide \$1,168,500 GPR in 1999-00 and \$1,558,000 GPR in 2000-01 in private bar funding. This motion assumes an annual caseload of 5,422 CHIPS cases in which parents receive SPD representation.

[Change to Bill: \$2,726,500 GPR]

MO#

BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

AYE 8 NO 8 ABS 0

Gov Agency: Public Defender

Recommendations:

Items for Which No LFB Papers Were Prepared

Comments: This all look okay. You do not need to approve these items, since it's a bill agency.

Prepared by: Julie

PUBLIC DEFENDER

LFB Summary Items for Which No Issue Paper Has Been Prepared

<u>Item #</u>	<u>Title</u>
1	Standard Budget Adjustments
4	Integrated Justice Information System Interconnectivity
5	Transcript Costs
6	Milwaukee County Sunday Intake
7	Discovery and Interpreter Costs

Public Instruction

(LFB Budget Summary Document: Page 480)

LFB Summary Items for Which Issue Papers Have Been Prepared

<u>Item #</u>	<u>Title</u>
	General School Aid and School District Operations
1&2	General School Aid -- General School Aid Funding Level (Paper #760)
4	General School Aid -- Special Adjustment Aid (Paper #761)
-	General School Aid -- Negative Tertiary Equalization Aid (Paper #762)
-	General School Aid -- School District Debt Levies and Debt Service Costs (Paper #763)
1	School District Operations -- School District Referenda Scheduling (Paper #764)
5	General School Aid -- Interdistrict Transfer Program -- Sender Aid (Paper #765)
6	General School Aid -- Neighborhood Schools and MPS Intradistrict Transfer Aid (Paper #766)
	Revenue Limits
2	Per Pupil Annual Revenue Increase (Paper #770)
1	Declining Enrollment Hold Harmless (Paper #771)
-	School District Revenue Limits -- Low Revenue Adjustment (Paper #772)
	Choice and Charter Schools
1&4	Milwaukee Parental Choice Program and Milwaukee Charter Schools Funding (Paper #785)
2&5	Milwaukee Parental Choice Program and Milwaukee Charter Schools State Aid and Revenue Limit Calculations (Paper #786)
6	Milwaukee Charter Schools Special Education Aid (Paper #787)
	Categorical Aids
1	Special Education Program Aid (Paper #775)
-	County Children with Disabilities Education Boards (Paper #776)
7	Open Enrollment Transportation Aid (Paper #777)
2	Student Achievement Guarantee in Education (Paper #778)
-	School Library Aids Reestimate (Paper #779)
5	Staff Development (Paper #780)
8	Peer Review and Mentoring Program (Paper #781)

(over)

Assessments and Licensing

- 4 National Teacher Certification Incentive Program (Paper #790)
- 1 High School Graduation Test (Paper #791)
- 2 Knowledge and Concepts Examinations (Paper #792)

Administrative, Funding and Transfers

- Library System Aids (Paper #800)
- BadgerLink (Paper #801)
- 9 School Accountability Report (Paper #802)
- 6 Program Revenue Reestimates (Paper #803)
- 3 Positions and Funding for Wisconsin School for the Visually Handicapped (Paper #804)

MO# _____

BURKE	(Y)	N	A
DECKER	Y	(N)	A
JAUCH	(Y)	N	A
MOORE	(Y)	N	A
SHIBILSKI	(Y)	N	A
PLACHE	(Y)	N	A
COWLES	(Y)	N	A
PANZER	(Y)	N	A
GARD	(Y)	N	A
PORTER	(Y)	N	A
KAUFERT	(Y)	N	A
ALBERS	(Y)	N	A
DUFF	(Y)	N	A
WARD	(Y)	N	A
HUBER	Y	(N)	A
RILEY	(Y)	N	A

Representative Gard
 Senator Jauch
 Senator Shibilski
 Senator Moore
 Representative Duff
 Representative Riley

PUBLIC INSTRUCTION

School Finance

AYE 14 NO 2 ABS _____

M

Move to:

- a. Beginning in 2000-01, limit the amount of referenda-approved school district debt levy included in the definition of partial school revenues to the actual referenda-approved school district debt levy or \$420 million. Provide that beginning in 2001-02, this limit would be indexed using the same March over March adjustment that is used for the per pupil adjustment for revenue limits. Delete \$13,333,300 GPR from general school aids in 2000-01 to adjust two-thirds funding of partial school revenues (LFB Paper #763, Alt.2);
- b. Increase funding for special education aid by \$10,000,000 GPR in 1999-00 and by \$25,000,000 GPR in 2000-01 and delete \$3,333,300 GPR in 1999-00 and \$8,333,300 GPR from general school aids in 2000-01 to adjust two-thirds funding of partial school revenues;
- c. LFB Paper #776, Alt. 2, which would provide \$683,700 GPR in 1999-00 and \$1,683,700 GPR in 2000-01 in general aid to CCDEBs. Delete \$227,900 GPR in 1999-00 and \$561,200 GPR in 2000-01 from general school aids to adjust two-thirds funding of partial school of revenues.
- d. Provide \$950,000 GPR annually for the minority pre-college scholarship program in DPI;
- e. Maintain the current law inflationary adjustment to the \$208.88 per pupil amount for revenue limits. Provide \$2,000,000 GPR in 1999-00 and \$4,500,000 GPR in 2000-01 to maintain two-thirds funding of partial school revenues (LFB Paper #770, Alt.2);
- f. LFB Paper #761 Alt. A2 and B2, to clarify that the Governor's proposed change would apply to 1998-99 and then eliminate the \$1,000,000 rule beginning in 1999-00;

g. Modify the Governor's recommendation relating to declining enrollment to establish a nonrecurring limit for increasing enrollment districts so that for the first year of an increase to the three-year rolling average membership count used for revenue limit purposes, the increase would count as 75% of what it otherwise would be. Delete \$7,800,000 GPR in 1999-00 and \$6,600,000 GPR in 2000-01 from general school aids, to adjust two-thirds funding of partial school revenues;

h. LFB Paper #772, Alt.1 relating to the low revenue ceiling. Provide \$300,000 GPR in 1999-00 and \$1,200,000 GPR in 2000-01 to maintain two-thirds funding of partial school revenues;

i. LFB Paper #786, modify Alt.2 relating to the determination of the lapse for the MPC and MCS programs, to reflect a change in the method of calculation of payment for these schools, as outlined below. Require DPI to: (1) determine the total amount of funding necessary to fund the MPC and MCS programs, as outlined below; (2) run the general school aid formula and set the secondary guarantee utilizing the full amount appropriated; (3) based on the amount of aid required for the programs, proportionately reduce the general school aids for each school district in the state; (4) ensure that the gross amount of these aid reductions would be lapsed to the general fund;

j. Specify that the per pupil payment amount received by the parent of a child participating in the MPCP would equal the actual 1998-99 MPS equalization aid per pupil, as the base year per pupil payment, adjusted annually in 1999-00 and thereafter by the per pupil amount received by public school districts. Specify that the per pupil payment amount received by a school participating in the MCSP would equal the actual 1998-99 MPS shared cost per pupil, as the base year per pupil level, adjusted annually in 1999-00 and thereafter by the per pupil amount received by public school districts. Delete \$1,700,000 GPR in 1999-00 and \$2,300,000 GPR from general school aids in order to adjust two-thirds funding of partial school revenues to reflect the lesser lapse requirements for these programs compared to the bill. Reestimate funding in the sum sufficient appropriations and related lapses for these programs by -\$1,681,000 GPR and -\$1,681,000 GPR-Lapse in 1999-00, -\$2,577,200 GPR and -\$2,577,200 GPR-Lapse in 2000-01;

k. LFB Paper #779, Alt.1, which reestimates the amount of common school fund income available for school library aid by \$8,900,000 SEG in 1999-00 and \$2,400,000 SEG in 2000-01. Delete \$2,966,700 GPR in 1999-00 and \$800,000 GPR in 2000-01 to adjust two-thirds funding of partial school revenues;

l. LFB Paper #778, Alt. 5a, which would fund all eligible schools including comparison schools, excluding currently participating SAGE schools and P-5 schools, with a poverty rate of 65% or more. Provide \$6,121,200 GPR in 2000-01 for SAGE and delete \$2,040,400 GPR in 2000-01 to adjust two-thirds funding of partial school revenues;

m. Provide \$350,200 GPR annually for P-5 program categorical aids. Delete \$116,700 GPR annually from general school aids to adjust two-thirds funding for partial school revenues.

[Change to Bill: -\$398,700 GPR, -\$4,258,200 GPR-Lapse and \$11,300,000 SEG]

(Gov) Agency: DPI – General School Aid Funding Level

Recommendations:

Paper #760: Alternative 1

Comments: Fiscal Bureau estimates that another \$15 million in general school aid is needed cover the governor's estimate to meet the state's two-thirds goal.

Might be an opportunity to grouse about the governor low-balling one more estimate.

Point 3 notes that under revenue limits, any increase in the amount of general school aids will produce a direct decrease in property taxes.

Prepared by: Bob



Legislative Fiscal Bureau

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

May 20, 1999

Joint Committee on Finance

Paper #760

General School Aid Funding Level (DPI -- General School Aid)

[LFB 1999-01 Budget Summary: Page 483, #1 and #2]

CURRENT LAW

Under the provisions of 1995 Act 27, state support for elementary and secondary (K-12) education increased from \$3.032 billion in 1995-96 to \$4.035 billion in 1996-97. The purpose of this increase in state funding was to fulfill the commitment established in 1993 Act 437 to raise the state's average share of K-12 revenues to 66.7%, thereby significantly reducing the reliance on local property taxes to fund K-12 education. The state's share of partial school revenues ranged from 48.4% in 1993-94 to 52.7% in 1995-96. In 1997 Act 27, the funding goal was modified to be two-thirds funding, rather than 66.7%. The state provided \$4.274 billion in 1997-98 and \$4.459 billion in 1998-99 to meet two-thirds funding of partial school revenues.

The two-thirds funding commitment is calculated on a statewide basis; the level of state aid received by an individual district may be higher or lower than two-thirds, depending on the district's per member shared costs and equalized value.

The statutes define both the numerator and denominator of the two-thirds funding calculation. The numerator is the sum of state school aids, composed of 31 separate general and categorical aid appropriations, and the school levy tax credit. The denominator, which is called "partial school revenues," is the sum of state school aids and property taxes levied for school districts, with certain limited exceptions.

The 1995-97 budget established a process for annually determining the amount necessary in the general equalization aid appropriation to meet the statutorily defined two-thirds funding level. The timing of this process was modified in 1997 Act 237. 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 necessary in the general equalization aid appropriation which, in combination with the amounts provided in the other state aid and levy credit appropriations, would achieve the two-thirds funding level in the

following school year. Annually, by June 30 the Committee must determine the amount to be appropriated in the following school year.

For 1996-97, the Committee met on June 27, 1996, and approved an additional \$30 million over the funding level contained in the 1995-97 budget, which was the amount estimated in June that was needed to achieve the 66.7% funding goal. In the 1997-99 biennium, the funding level in the equalization aid appropriation was established statutorily in the biennial and budget adjustment acts.

GOVERNOR

Increase the total amount appropriated for general and categorical school aids from \$3,989,383,900 in 1998-99 to \$4,203,200,000 in 1999-00 and \$4,399,513,600 in 2000-01. Compared to the 1998-99 base year, school aids would increase by \$213,816,100 in 1999-00 and \$410,129,700 in 2000-01 (or \$196,313,600 in 2000-01 over the 1999-00 recommended level). These proposed funding levels would represent annual increases over the prior year of 5.4% in 1999-00 and 4.7% in 2000-01.

These amounts include increases of \$196,134,500 in 1999-00 and \$378,090,400 in 2000-01 for general school aids. Total funding for general school aids would increase from an adjusted base of \$3,560,133,800 in 1998-99 to \$3,756,268,300 (5.5%) in 1999-00 and \$3,938,224,200 (4.8%) in 2000-01. General school aids include equalization aid, integration (Chapter 220) aids and special adjustment aid. In the 1998-99 base year, \$3,474.0 million is used for equalization aid, \$79.9 million for integration aids and \$6.2 million for special adjustment aid.

The administration estimates that the bill would provide two-thirds state funding of partial school revenues in the 1999-01 biennium. The bill would increase state funding from the base amount of \$4,458,688,900 in 1998-99 to \$4,672,505,000 in 1999-00 and \$4,868,818,600 in 2000-01. These funding increases would represent annual increases over the prior year of 4.8% in 1999-00 and 4.2% in 2000-01. The following table summarizes these funding amounts with the administration's estimates of partial school revenues.

**State Support for K-12 Education
(\$ in Millions)**

	1998-99	Governor's Proposal	
		1999-00	2000-01
State Funding:			
State School Aid	\$3,989.4	\$4,203.2	\$4,399.5
School Levy Tax Credit	469.3	469.3	469.3
Total	\$4,458.7	\$4,672.5	\$4,868.8
Partial School Revenues	\$6,714.5	\$7,008.8	\$7,303.2
State Share	66.40%	66.67%	66.67%

DISCUSSION POINTS

1. Based on current estimates of projected K-12 partial school revenues, it is estimated that an additional \$10.0 million GPR in 1999-00 and \$5.0 million GPR in 2000-01 of general equalization aid funding would be needed to meet the two-thirds goal, for a total of \$15.0 million in the 2000-01 biennium. The following table shows the calculation of two-thirds funding if these additional amounts along with revised estimates of partial school revenues.

**State Support for K-12 Education if Additional Funding Provided
(\$ in Millions)**

	<u>1998-99</u>	<u>Reestimated Funding</u>	
		<u>1999-00</u>	<u>2000-01</u>
State Funding:			
State School Aid	\$3,989.4	\$4,213.2	\$4,404.5
School Levy Tax Credit	<u>469.3</u>	<u>469.3</u>	<u>469.3</u>
Total	\$4,458.7	\$4,682.5	\$4,873.8
Partial School Revenues	\$6,714.5	\$7,023.8	\$7,310.7
State Share	66.40%	66.67%	66.67%

2. As an alternative to providing additional GPR funding for general equalization aid, the Committee could repeal the current law two-thirds funding goal and appropriate, on a sum certain basis, the amounts in AB 133, which would provide an estimated 66.52% in 1999-00 and 66.60% in 2000-01 of partial school revenues.

3. School district revenue limits restrict the amount of revenue obtained through the combination of general school aids and the property tax levy. Under revenue limits, any increase in the amount of general school aids would be offset with a decrease in the property tax levy.

4. If the Finance Committee modifies the Governor's budget recommendations relating to school aids or revenue limits, the amount of funding needed to attain the two-thirds funding goal will change. Although each alternative or motion before the Committee identifies the estimated change to two-thirds funding, there can be interaction effects that would require an additional adjustment to general school aids to properly meet the two-thirds goal.

ALTERNATIVES

1. Provide \$10.0 million GPR in 1999-00 and \$5.0 million GPR in 2000-01 for equalization aid to meet the goal of two-thirds funding of K-12 partial school revenues.

Alternative 1	GPR
1999-01 FUNDING (Change to Bill)	\$15,000,000

2. Delete the current law requirement that the state fund two-thirds of partial school revenue and instead appropriate the amount of funding provided in the bill for equalization aid on an annual sum certain basis.

Prepared by: Ruth Hardy

MO# Att. 1

BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

AYE 16 NO 0 ABS 0

(Gov) Agency: DPI -- Special Adjustment Aid

Recommendations:

Paper #761: Alternative A2

Comments: The state provides special adjustment (hold harmless) aid to school districts to cushion the effects of reduction in general school aid from one year to the next.

Alternative A2 clarifies current law and addresses an error in the 93-95 budget. It is favored by WEAC. The DPI suggests the motion should be A1+A2.

Point 5, however, makes the case that special adjustment aid is disequalizing. If special adjustment aid ended (except for consolidating school districts) that money could be redistributed as equalization aid. Alternative B1 provides this option.

Prepared by: Bob



Legislative Fiscal Bureau

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

May 20, 1999

Joint Committee on Finance

Paper #761

Special Adjustment Aid (DPI -- General School Aid)

[LFB 1999-01 Budget Summary: Page 483, #4]

CURRENT LAW

General school aids consist of: (a) equalization aid; (b) integration (Chapter 220) aid; and (c) special adjustment or hold harmless aid. In total, these aids represent nearly 90% of the funds provided as state aid to school districts. In 1998-99, approximately \$3,560.1 million is provided for general school aids, of which \$79.9 million is utilized for integration aid and \$6.2 million for special adjustment aid. As a result, a net amount of \$3,474.0 million is available to fund the equalization aid formula. For most school districts, equalization aid is the only form of general school aids that is received.

The state provides special adjustment aid to school districts to cushion the effect of reductions in general school aid from one year to the next, which is commonly referred to as a "hold harmless" payment. In addition, consolidated school districts are guaranteed no less than the total amount of general school aid received by the separate school districts in the year prior to consolidation, which is paid as special adjustment aid. These types of special adjustment aid are fully funded from the equalization aid appropriation.

Under the special adjustment aid provided as a "hold harmless," a school district is guaranteed a specific percentage of its prior year's payment of general school aid, including equalization, integration and special adjustment aid, thus limiting a school district's annual decline in general school aid. The hold harmless aid insures that a district's general school aid payment is either: (a) no less than 85% of its prior year level; or (b) the prior year payment minus \$1,000,000. In the case of districts qualifying for aid under both hold harmless levels, the statute specifies that such districts are only eligible for the percentage-based hold harmless. In 1998-99, 13 school districts are eligible for special adjustment aid in the amount of \$6.18 million.

GOVERNOR

Provide that if a school district qualifies for special adjustment aid under each of the current law methods of calculation, then the school district would receive the greater of the two amounts, rather than the percentage based amount as under current law. Specify that this provision would first apply to the distribution of school aid in the 1999-00 school year.

DISCUSSION POINTS

1. The Governor's budget recommendation is intended to address an error that occurred in the 1993-95 budget bill, which has remained uncorrected since that time. In the 1993-95 budget bill, it was intended that school districts would receive the greater of the special adjustment aid calculated using the 85% rule or the \$1,000,000 rule. However, as passed by the Legislature, the budget bill provision would have specified that school districts receive the lesser of those two amounts. At the request of the members of the Conference Committee that negotiated the final form of the budget bill, the Governor vetoed parts of this provision to its current form. As a result, under the 1993-95 budget, as vetoed, if a school district qualifies for aid under both the 85% rule and the \$1,000,000 rule, it would receive the amount calculated using the 85% rule. By giving precedence to the 85% rule, odd results can occur. For example, a school district could actually qualify for much more special adjustment aid if its equalization aid had been slightly higher, creating the opposite effect of what one would expect.

2. In administering special adjustment aid, the Department of Public Instruction has calculated aid as intended by the 1993 Legislature, rather than using the law established as a result of the error and partially corrective veto. The Department's program for calculating special adjustment aid would give school districts the greater of the amount generated under the two rules and would not use the 85% rule if it would generate a lesser aid amount than the \$1,000,000 rule. Although many school districts have received special adjustment aid over the last six years, there is only one instance where a school district qualified under both rules and the \$1,000,000 rule generated more aid than the 85% rule. This occurred in 1998-99, when the Waukesha School District received significantly less general school aids (\$32.4 million) than the \$38.3 million it received in 1997-98. The 85% rule generates approximately \$160,000 in special adjustment aid for Waukesha, while the \$1,000,000 rule generates \$4.9 million of aid. The 1998-99 aid run prepared by DPI reflects \$4.9 million of special adjustment aid for the Waukesha School District.

3. If the modification recommended by the Governor is adopted by the Legislature, it may be desirable to specify that this provision would apply retroactively to 1998-99, so that the change would be fully effective in codifying the original legislative intent. If the provision would have a 1999-00 effective date as proposed by the Governor, the status of the special adjustment aid payment made to the Waukesha School District in 1998-99 could be open to question. In this case, DPI would have to make a determination as to whether to make a prior year aid adjustment to the 1999-00 general school aid received by the Waukesha School District.

4. The argument made in support of special adjustment aid is that a sudden drop in equalization aid can have a significant impact on the property tax levy of a school district. By cushioning this effect over a period of years, a hold harmless payment allows a school district to adjust to the lower level of state support. School districts that continue to need hold harmless aid will eventually receive their actual aid entitlement because state aid payments are allowed to decline by 15% or \$1,000,000 per year, unless the district's value per member is so high that it no longer qualifies for equalization aid.

5. Opponents would argue that special adjustment aid is disequalizing. In many cases, the reason for a decline in a school district's equalization aid is that the school district has a much higher property tax base per pupil than the year before; therefore, the school district has increased its local taxing capacity and can either levy taxes at a lower rate to raise the same amount of revenue or levy at the same rate to raise more revenue. In addition, if special adjustment aid were eliminated, funding now dedicated for this purpose would be redistributed under the equalization aid formula and could benefit lower-value, lower-cost school districts.

6. The \$1,000,000 rule serves to protect larger school districts that receive greater dollar amounts of general school aids, where a large amount of aid would have to be lost before the 15% threshold would be reached. As an example, a school district that receives \$50 million of general school aids for a school year, would have to lose more than \$8.75 million of aid in the following year before the 15% hold harmless provision would benefit the school district. Arguably, one could question the policy of allowing the general school aids of larger school districts to increase by \$10 or \$15 million between years, but to limit any reduction in aid between years to at most \$1 million. Under the \$1,000,000 rule, a larger school district that for example receives \$40 million in general school aids in 1999-00, would still qualify for \$30 million in special adjustment aid in 2009-10, even if its equalized value per member had increased to the point that it no longer qualified for equalization aid beginning in 2000-01.

ALTERNATIVES

A. Clarify Current Law

1. Approve the Governor's recommendation.
2. Modify the Governor's recommendation to specify that it would first apply to the 1998-99 school year.
3. Maintain current law and specify that DPI make an aid adjustment in 1999-00 to reverse the special adjustment aid provided in 1998-99 in a case where both of the current law 85% and \$1,000,000 rules applied.
4. Maintain current law.

B. Delete or Modify Special Adjustment Aid

1. Delete special adjustment aid beginning with the 1999-00 school year, except current law that provides that consolidated school districts are guaranteed no less than the total amount of general school aids received by the separate school districts in the year prior to consolidation.

2. Modify special adjustment aid to delete the provision that limits any reduction in general school aids to the prior year payment minus \$1,000,000 beginning with the 1999-00 school year.

3. Maintain current law as modified under A.

Prepared by: Dave Loppnow

✓
(Gov) Agency: DPI -- Negative Tertiary Aid

Recommendations:

Paper #762: Alternative 3 (maintain current law)

NOTE: Shibilski may have motion to remove third tier.

Comments: WEAC and DPI argue that this option best maintains tax base equalization goals. Other options are disequalizing.

Prepared by: Bob