

Committee Name:
Joint Committee – Finance
(JC–Fi)

Appointments

99hr_JC–Fi_Appt_pt00

Committee Hearings

99hr_JC–Fi_CH_pt00

Committee Reports

99hr_JC–Fi_CR_pt00

Clearinghouse Rules

99hr_JC–Fi_CRule_99–

Executive Sessions

99hr_JC–Fi_ES_pt00

Hearing Records

99hr_ab0000

99hr_sb0000

Misc.

99hr_JC–Fi__Misc__s.13.10_pt09

Record of Committee Proceedings

99hr_JC–Fi_RCP_pt00

IVE NO ABS

URKE	Y	N	A
IECKER	Y	N	A
AUCH	Y	N	A
IOORE	Y	N	A
HIBILSKI	Y	N	A
LACHE	Y	N	A
OWLES	Y	N	A
ANZER	Y	N	A
ARD	Y	N	A
ORTER	Y	N	A
AUFERT	Y	N	A
LBERS	Y	N	A
JUFF	Y	N	A
VARD	Y	N	A
IUBER	Y	N	A
RILEY	Y	N	A

IO#

Senator Moore

RCE DEVELOPMENT

Information Regarding W-2 Participants

Motion:

Move to require the Department of Workforce Development (DWD) to provide monthly reports, beginning October, 1999, and containing data for September, 1999, and each month thereafter, to the Joint Committee on Finance on the following:

- a) For all W-2 participants receiving a cash benefit, the number of months the participant has received the benefit, and in which subsidized employment category the participant is placed. Provide this information for each W-2 agency.
- b) For all individuals who have participated in one subsidized employment position for 20 months or more, information regarding age, race, number of children, past work history and educational level.
- c) The number of requests made by each W-2 agency for extensions for individuals who are approaching the 24-month time limit on participation in a W-2 subsidized employment component. For all individuals for whom extension requests have been made, information regarding age, race, number of children, past work history and educational level.
- d) The number of cases, by W-2 agency, for which extensions of the time limits have been granted. For each case with an approved extension, the subsidized employment category for the individual and the reason the request was granted, and the W-2 agency.
- e) For cases for which an extension was requested but not approved, the reason for denying the extension request, the subsidized employment category in which the individual is enrolled, and the W-2 agency.
- f) For cases for which a request for an extension was not approved, the number that have been appealed, the subsidized employment category in which the individual is enrolled, and the W-2 agency.
- g) For cases that have reached a 24-month time limit for participation in one subsidized employment component and for which an extension was not requested or an extension was denied, the number that have been placed into a different W-2 subsidized employment category. In addition, the employment position the individual was in prior to reaching the 24-month limit, and the subsidized employment component into which the individual has been placed. Provide this information for each W-2 agency.
- h) For cases that have reached the 24-month time limit, the number of cases that are no longer receiving a cash benefit under the W-2 program, the W-2 agency in which the

individual was enrolled and the subsidized employment category.

In addition, require DWD to report to the Joint Committee on Finance by October 15, 1999, the Department's procedures regarding notification to participants that their state-imposed time limit is approaching.

Finally, require DWD to track participants who have reached the 24-month time limit and are no longer receiving a W-2 cash benefit to determine the following: (a) if these former participants have unsubsidized employment; (b) the number of hours of employment; (c) the wage rate; and (d) if these individuals are still receiving food stamps, medical assistance or child care.

Note:

Under state law, participants in each of the W-2 employment positions are subject to time limits on participation in those positions. The time limits are as follows:

Trial Jobs: A W-2 participant may participate in a trial job for a maximum of three months, with an opportunity for a three-month extension under circumstances approved by the W-2 agency. An individual may participate in more than one trial job, but generally may not exceed a total of 24 months of participation in all trial job placements, which need not be consecutive. The Department, or the W-2 agency with the Department's approval, may grant an extension of the 24-month limit on a case-by-case basis if the participant has made all appropriate efforts to find unsubsidized employment and local labor market conditions preclude a reasonable job opportunity for the participant, as determined by the agency and approved by the Department.

Community Service Job: An individual may participate in a CSJ for a maximum of six months, with an opportunity for a three-month extension under circumstances approved by the Department. An individual may participate in more than one CSJ, but generally may not exceed a total of 24 months of participation in all CSJ placements, which need not be consecutive. The Department, or the W-2 agency with the Department's approval may grant an extension of the 24-month limit on a case-by-case basis if the participant has made all appropriate efforts to find unsubsidized employment and local labor market conditions preclude a reasonable job opportunity for that participant.

Transitional Placement: An individual may participate in a transitional placement for a maximum of 24-months, which need not be consecutive. The 24-month period may be extended on a case-by-case basis by the Department, or the W-2 agency with the Department's approval.

This motion requires DWD to provide to the Joint Committee on Finance certain information regarding W-2 participants who are approaching or have reached the 24-month time limits described above.



ROBERT L. COWLES

Wisconsin State Senator • 2nd Senate District

September 24, 1999

Honorable John Gard
Chair, Joint Committee on Finance
315 North State Capitol
Madison, WI 53703

Honorable Brian Burke
Chair, Joint Committee on Finance
316 South State Capitol
Madison, WI 53703

Dear Senator Burke and Representative Gard,

I am writing to urge you to schedule a 13.101 meeting prior to October 1, 1999, to secure \$47 million of federal Temporary Assistance to Needy Family (TANF) funds for the Earned Income Tax Credit (EITC).

As you are aware, the transfer of TANF funds to the EITC must occur before the end of the federal fiscal year. According to an August 6th Fiscal Bureau Memo on "The Potential Fiscal Impact of Delayed Budget Enactment," the Joint Finance Committee can direct the Department of Workforce Development to transfer the TANF funds from its federal TANF appropriation to the general fund as reimbursement for earned income tax credits.

I feel strongly that this issue must be address within the next week and that we should not rely on having a budget passed prior to October 1, 1999 as a means of securing these funds.

Thank you in advance for your attention to this matter.

Sincerely,



ROBERT L. COWLES



Legislative Fiscal Bureau

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

September 30, 1999

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Budget Provision to Use TANF for the Earned Income Tax Credit

The 1999-01 biennial budget bill (1999 Assembly Bill 133) includes a provision that would transfer \$58.0 million from the Department of Workforce Development's appropriation for federal funds under the temporary assistance to needy families (TANF) program to the general fund as reimbursement for earned income tax credit (EITC) payments for tax year 1998. This provision is included in both the Assembly and the Senate versions of the bill. The transfer would occur on the bill's general effective date. However, in order to be considered an appropriate use of TANF dollars, the transfer must occur by September 30, 1999, which is the end of federal fiscal year 1999. It now appears that the transfer of TANF dollars to the general fund would not occur within federal fiscal year 1999 under the budget bill.

In order to transfer the TANF funds to the general fund by September 30, 1999, the Joint Committee on Finance could direct DWD to transfer the appropriate amount out of its appropriation for the TANF federal block grant. The Joint Committee on Finance has the authority under s. 13.101 to transfer funds between appropriations if legislative intent would not be changed as a result of the transfer and if the purposes for which the transfer is requested have been authorized or directed by the Legislature. Under this provision, the Committee could transfer TANF dollars from DWD's appropriation to the Joint Committee on Finance's appropriation for lapse to the general fund effective September 30, 1999, for reimbursement for EITC payments made for tax year 1998. As noted above, a provision to transfer TANF funds to the general fund as reimbursement for this purpose has been included in the versions of the budget bill passed separately by the Assembly and the Senate. This provision was also included in the version of the budget bill passed by the Finance Committee.

One modification to the budget provision, however, would be necessary. Under both the Assembly and Senate versions of the budget bill, \$58.0 million would be transferred from DWD's



Legislative Fiscal Bureau

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

September 30, 1999

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Determination of General School Aids for 1999-00 under s. 121.15(3m)(c)

Under s. 121.15(3m)(c) of the statutes, the Joint Committee on Finance (JFC) is required to annually determine an amount to appropriate for general school aids under s. 20.255(2)(ac) in order to meet the state's commitment to two-thirds funding of partial school revenues. The purpose of this paper is to discuss the level of general school aids for 1999-00.

BACKGROUND

The attached memorandum to the Members of the Committee of Conference for Assembly Bill 133, dated September 23, 1999, provides background information on the process for determining general school aids funding levels and revenue limits for individual school districts, as well as an analysis of the alternatives faced by the Legislature for establishing a statewide funding level for 1999-00 general school aids in the context of the current delay in the passage of the 1999-01 state budget. Additionally, the attached memorandum discusses the implications for failing to establish a general aids funding amount for 1999-00. If no modifications to general school aids are made through one of the alternatives presented in the memorandum, funding for general school aids would be set at the 1998-99 funding level which is approximately \$300 million lower than the amount necessary to meet the state's commitment to fund two-thirds of partial school revenues in 1999-00. School districts could levy property taxes in order to make up for this shortfall in general school aids, which could result in a statewide property tax increase of \$300 million.

Under s. 20.255(2)(ac) of the statutes, the amount appropriated for general school aids is the amount determined by the Joint Committee on Finance (JFC) in each fiscal year. The Committee was required to determine this funding amount for 1999-00 under s. 121.15(3m)(c) of the statutes by June 30, 1999. Although the version of the budget adopted by JFC would establish funding amounts for general school aids if enacted, because both the Assembly and the Senate include

provisions in their versions of the budget that would modify and then statutorily set funding for general school aids for 1999-00, JFC did not offer a motion to separately determine funding for general school aids under s. 121.15(3m)(c) of the statutes. As outlined in the attachment, officials at Department of Public Instruction (DPI) have indicated that in order to meet the statutorily established deadlines for general school aids notifications and property tax levy determinations, the Department will need to know a funding level for general school aids by October 4, 1999, at the latest. While a current determination would occur after the June 30 date required in the statutes, JFC could establish a 1999-00 funding amount for DPI to use in calculating general school aids by October 15th.

GENERAL SCHOOL AIDS FUNDING LEVELS

Under the Assembly version of the budget, \$3,768,344,300 would be provided for general school aids in 1999-00, while the Senate would provide \$3,767,442,600. Although the Senate's general school aids funding would be \$901,700 lower in 1999-00 than the Assembly's, the Senate would provide \$2,705,000 more than the Assembly in funding for categorical aids in that year. The Committee could chose to establish either the Assembly or the Senate funding levels for general school aids in 1999-00. Alternatively, because in the context of the \$4.7 billion state share of two-thirds funding of partial school revenues a \$900,000 difference represents a 0.02% differential, the Committee could set the funding level at \$3,767,893,500, which is the average of the Assembly and Senate funding levels. Finally, the Committee could chose to take no action at this time.

If the Committee would determine a general school aids funding level at this time, significant aid adjustments would still be needed in September, 2000, because DPI could not incorporate the effects of proposed law changes affecting the distribution of general school aids in 1999-00 in its October 15 aid estimates. In addition, DPI and school districts could not address proposed changes to revenue limits or categorical aids that would affect 1999-00. While several of these differences are yet to be determined by members of the Committee of Conference, two major provisions are contained in both the Senate and Assembly versions of the pending budget bill: (a) the determination of revenue limits for declining enrollment school districts; and (b) the funding level, per pupil payments, and school aid and revenue limit determinations for the Milwaukee parental choice and Milwaukee charter school programs. The Committee could advise DPI to incorporate these proposed changes into their general school aids calculations and advise school districts to incorporate them into their calculations of revenue limits for the 1999-00 school year. While such advice would not carry the force of law and would not reflect possible modifications to these provisions in the final 1999-01 budget act, it could result in fewer general school aids and property tax levy adjustments being made during the 2000-01 school year.

ALTERNATIVES

A. General School Aids Funding Level

1. Determine the general school aids funding level under s. 20.255(2)(ac) for 1999-00 to be \$3,768,344,300, which is the amount established in the Assembly version of the pending budget bill.
2. Determine the general school aids funding level under s. 20.255(2)(ac) for 1999-00 to be \$3,767,442,600, which is the amount established in the Senate version of the pending budget bill.
3. Determine the general school aids funding level under s. 20.255(2)(ac) for 1999-00 to be \$3,767,893,500, which is the average of the amounts established in the Assembly and Senate versions of the pending budget bill.
4. Take no action. This would result in the funding level for general school aids under s. 20.255(2)(ac) for 1999-00 being the 1998-99 funding level of \$3,460,133,800, until the 1999-01 budget act would establish a higher amount.

B. Recommendation to DPI and School Districts for Calculating General School Aids and Revenue Limits

1. Advise the Department of Public Instruction and school districts statewide to utilize the statutory language modifications made under both the Assembly and Senate amendments to Assembly Bill 133 for the following areas: (a) the determination of revenue limits for declining enrollment school districts; and (b) the funding level, per pupil payments, and school aids and revenue limit determinations for the Milwaukee parental choice and Milwaukee charter school programs.

2. Take no action.

MO# A-3, B-1

2	BURKE	<input checked="" type="radio"/>	N	A
	DECKER	<input checked="" type="radio"/>	N	A
	JAUCH	<input checked="" type="radio"/>	N	A
	MOORE	<input checked="" type="radio"/>	N	A
	SHIBILSKI	<input checked="" type="radio"/>	N	A
	PLACHE	<input checked="" type="radio"/>	N	A
	COWLES	<input checked="" type="radio"/>	N	A
	PANZER	<input checked="" type="radio"/>	N	A
1	GARD	<input checked="" type="radio"/>	N	A
	PORTER	<input checked="" type="radio"/>	N	A
	KAUFERT	<input checked="" type="radio"/>	N	A
	ALBERS	<input checked="" type="radio"/>	N	A
	DUFF	<input checked="" type="radio"/>	N	A
	WARD	<input checked="" type="radio"/>	N	A
	HUBER	<input checked="" type="radio"/>	N	A
	RILEY	<input checked="" type="radio"/>	N	A

Prepared by: Ruth Hardy
Attachment

AYE 16 NO 0 ABS _____



Legislative Fiscal Bureau

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

September 23, 1999

TO: Members
Committee of Conference
Assembly Bill 133

FROM: Bob Lang, Director

SUBJECT: Effects on School Aids, Revenue Limits and Property Taxes of Delayed Passage of the Budget

A number of legislators have requested information relating to the effect of delays in the passage of the budget bill on the calculation and payment of general school aids as well as on the determination of revenue limits for school districts.

Timing of General School Aids and Revenue Limit Estimates

The Department of Public Instruction (DPI) is required to provide each school district with an estimate on October 15 of the total amount of general school aids that the school district will receive in the current school year. Any adjustments to the October 15th aid estimate are made in September of the following school year. By mid-October, DPI also provides school districts with updated information to use in calculating revenue limits. School districts calculate their revenue limits and subtract the general school aids amount estimated by DPI in the October 15 aid run in order to determine the maximum property tax levy allowed under revenue limits. A school district is not required to levy a property tax equal to the maximum allowed; however, many school districts do levy the maximum amount allowed. Under s. 120.12(3), school districts are required to determine the amount necessary to be raised to operate the school district by November 1st and certify the school property tax levy to each appropriate municipal clerk by November 6th of each year.

Staff at DPI indicate that the Department will need to know the funding amount provided for, and any law changes affecting the distribution of, general school aids in 1999-00 by October 4, at the latest, in order to provide school districts with aid estimates on October 15. Similarly, school districts will need to know any law changes affecting the calculation of revenue limits in 1999-00

by early October, in order to correctly determine the revenue limit that applies to each school district.

Options for Setting General School Aids Funding and Making Changes to Revenue Limits

Under the Assembly version of the budget, \$3,768.3 million would be provided for general school aids in 1999-00, while the Senate would provide \$3,767.4 million. Although the Senate's general school aids funding would be \$0.9 million lower in 1999-00 than the Assembly, the Senate would provide \$2.7 million more than the Assembly in funding for categorical aids in that year.

Under s. 20.255(2)(ac) of the statutes, the amount appropriated for general school aids is the amount determined by the Joint Committee on Finance (JFC) in each fiscal year. JFC was required to determine this funding amount for 1999-00 under s. 121.15(3m)(c) of the statutes by June 30, 1999. Although the version of the budget adopted by JFC would establish funding amounts for general school aids if enacted, because both the Assembly and the Senate include provisions in their versions of the budget that would modify and then statutorily set funding for general school aids for 1999-00, JFC did not offer a motion to separately determine funding for general school aids under s. 121.15(3m)(c) of the statutes.

There are three options that could be considered for determining the funding amount for general school aids in 1999-00. First, as was done in the 1997-99 budget, the funding amount for 1999-00 could be statutorily set as part of the budget bill. This would have the advantage of establishing a funding amount that would be consistent with the law changes in the budget bill. In addition, the law changes affecting revenue limits would be resolved, so that school districts could determine the revenue limit that would apply to the school district. Enactment of the budget would be the most comprehensive and clearly defined option. As noted above, action on the budget bill would have to occur by October 4, at the latest, to be timely.

Second, the funding amount for general school aids and any law changes affecting categorical aids and revenue limits in 1999-00 could be enacted in separate legislation. In order for DPI to accurately estimate the general school aids for school districts, the separate bill should incorporate all of the budget provisions that would affect the distribution of general school aids in 1999-00. This would include provisions relating to the Milwaukee parental choice program (MPCP) and Milwaukee charter school program (MCSP), intradistrict transfer aid, special adjustment aid and categorical aids in 1999-00. In addition, budget provisions affecting revenue limits for 1999-00 should also be included in separate legislation. This would include proposed budget changes relating to the MPCP and MCSP as well as provisions regarding a nonrecurring revenue limit increase for school districts with declining enrollment and an increase in revenue limits for school districts with low base revenues per pupil. However, a bill that includes the declining enrollment revenue limit adjustment and MPCP and MCSP funding changes, which are identical in each house, as well as a general aids funding amount for 1999-00, which is slightly different in each house, would address the most significant provisions related to school finance in 1999-00 until a complete state budget is enacted.

Third, JFC could meet to establish the funding amount under the current law certification procedure, although its action would come after the June 30 date established in the statutes. While the certification process would allow JFC to establish a funding amount for general school aids, a disadvantage of such JFC action would be that significant aid adjustments would be needed in September 2000, because DPI could not incorporate the effects of the proposed law changes that would affect the distribution of general school aids in 1999-00 in its October 15 aid estimates. In addition, JFC could not address proposed changes to revenue limits or categorical aids that would affect 1999-00.

General School Aid Funding Amount if No Action Occurs

It was asked what the funding level for general school aids would be if neither the Legislature nor the Joint Committee on Finance take action. Under s. 20.002(1) of the statutes, if the Legislature does not modify existing appropriations by July 1 of the odd-numbered years, existing appropriations provided for the previous fiscal year remain in effect in the new fiscal year and all subsequent fiscal years until modified by the Legislature. Based on this provision of law, the prior year funding level for general school aids of \$3,560.1 million would appear to apply to 1999-00 in the absence of action by the Legislature or JFC. However, in 1998-99, total funding of \$3,560.1 million was split between two appropriations: (a) \$3,460.1 million GPR was provided in the s. 20.255(2)(ac) appropriation; and (b) \$100 million SEG was provided in the s. 20.255(2)(q) appropriation. Because the SEG funding was drawn from the property tax relief fund, which has a zero balance as of July 1, 1999, and was paid out of an appropriation that statutorily only applies to fiscal year 1998-99, the \$100 million SEG of funding would not be available in 1999-00. As a result, the prior year funding amount that would carry forward into 1999-00 in the absence of action by the Legislature or JFC would be \$3,460.1 million.

Effects on Property Tax Levy and Two-Thirds Funding if No Action Occurs

It was also asked what would happen to the school property tax levy in 1999-00 if neither the Legislature nor the Joint Committee on Finance take action on the budget. Although the property tax increase that would result would depend upon the amount levied by each of the 426 school districts, it appears that school property taxes statewide would be an estimated \$300 million higher in 1999-00 if no action occurs, than if the budget would pass in one of its present forms.

In terms of the state's goal of funding two-thirds of partial school revenues in 1999-00, if no action on the budget would occur and funding for equalization aids would remain at the prior year level of \$3,460.1 million, the state would fall short of the two-thirds goal. Based on this funding level, it is estimated that state aid would equal 62.24% of partial school revenues in 1999-00. Because there are no provisions under current law to adjust funding in the following year if the state either under funds or over funds the two-thirds goal, separate legislation would be needed, if the Legislature wished to provide an offsetting funding increase of \$300 million in 2000-01.

I hope that this information is helpful. Please contact me if you have questions.