

2003 DRAFTING REQUEST

Appendix
4

Senate Amendment (SA-SSA1-SB44)

Received: 06/13/2003

Received By: mlief

Wanted: As time permits

Identical to LRB:

For: Charles Chvala (608) 266-9170

By/Representing: maribeth

This file may be shown to any legislator: NO

Drafter: mlief

May Contact:

Addl. Drafters:

Subject: Education - charter schools
Education - school finance

Extra Copies: PG

Submit via email: YES

Requester's email: Sen.Chvala@legis.state.wi.us

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Maintain current law relating to Racine charter school and SAGE; keep governor's elimination of hold harmless provision

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
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FE Sent For:

<END>

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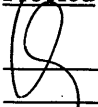
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FE Sent For:

6-16-03
<END>

Budget Amendment Bill Request Form

PG

Legislative Reference Bureau
100 N. Hamilton Street
Legal Section 266-3561

You may use this form or talk directly with the LRB attorney who will draft the bill.

Date 6-12-03
Legislator, agency, or other person requesting this draft Senator Chvala
Person submitting request (name and phone number) Maribeth Witzel-Behl
Persons to contact for questions about this draft (names and phone numbers) 266-9170

Describe the problem, including any helpful examples. How do you want to solve the problem?

Maintain the current limit of 400 pupils for enrollment in the Racine Charter School. Maintain the Governor's Primary Aid Hold Harmless provision (LFB Paper 606). Maintain current law regarding SAGE categorical aids. Increase general school aids by \$50 million annually. Transfer \$50 million annually from the Patients Compensation Fund to the Medical Assistance Trust Fund.

Please attach a copy of any correspondence or other material that may help us. If you know of any statute sections that might be affected, list them or provide a marked-up copy.

Fm 715

You may attach a marked-up copy of any LRB draft or provide its number (e.g., 2001 LRB-2345/1 or 1999AB-67).

Requests are confidential unless stated otherwise. May we tell others that we are working on this for you? YES NO

If yes: Anyone who asks? YES NO
Any legislator? YES NO

Only the following persons _____

Do you consider this request urgent? - we would need it by the time the Senate takes up the budget!
YES NO If yes, please indicate why

Should we give this request priority over any pending request of this legislator, agency, or person?

YES NO

Education



Legislative Fiscal Bureau

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

May 20, 2003

Joint Committee on Finance

Paper #606

Primary Aid Hold Harmless (DPI – General School Aids and Revenue Limits)

[LFB 2003-05 Budget Summary: Page 348, #4]

CURRENT LAW

General school aids include equalization, integration and special adjustment aids. In 2002-03, \$4,200.9 million in general purpose revenue (GPR) is appropriated for general school aids. Of the total amount of funding provided, including adjustments, 422 school districts are eligible for \$4,111.4 million in equalization aid, 28 districts are eligible for \$84.8 million in integration aid and 32 districts are eligible for \$4.7 million in special adjustment aid.

Equalization Aid. The equalization aid formula operates under the principle of equal tax rate for equal per pupil expenditures. In pure form, this means that a school district's property tax rate does not depend on the property tax base of the district, but rather depends on the level of expenditures. The rate at which school costs are aided through the formula is determined by comparing a school district's per pupil tax base to the state's guaranteed tax base. Equalization aids are provided to make up the difference between the district's actual tax base and the state guaranteed tax base. Thus, there is an inverse relationship between equalization aids and property valuations; those districts with low, per pupil property valuations receive a larger share of their costs through the equalization formula than districts with high, per pupil property

The equalization aid formula is calculated using school district data (membership, shared costs and equalized valuations) from the prior school year. There are three guaranteed valuations used in the equalization formula that are applied to three different expenditure levels.

Primary Tier. The first tier is for shared costs up to the primary cost ceiling of \$1,000 per member. State aid on these primary shared costs is calculated using a statutorily guaranteed valuation of \$1,930,000 per member, and is based on a comparison of the school district's equalized valuation per member to the \$1,930,000. State aid equals the amount of costs that would be funded

by the missing portion of the guaranteed tax base. Every district receives at least the primary aid amount; primary aid cannot be reduced by negative aid generated at the secondary or tertiary aid levels. This feature is referred to as the "primary aid hold harmless" provision of the equalization aid formula.

Secondary Tier. The second tier is for shared costs that exceed \$1,000 per member but are less than the secondary cost ceiling, which is equal to \$7,230 in 2002-03. The secondary cost ceiling is set equal to 90% of the prior year statewide shared cost per member. The state's sharing of secondary costs is calculated using the secondary guaranteed valuation. The secondary guarantee is not set statutorily, but is placed at a level that generates equalization aid entitlements that are equal to the total amount of funding available for distribution. In 2002-03, the secondary guaranteed valuation is \$955,663.

Tertiary Tier. The third tier is for shared costs that exceed the secondary cost ceiling of \$7,230 per member in 2002-03. State aid on tertiary shared costs is calculated using the statewide average equalized valuation per member, which is \$353,152 in 2002-03. If a school district's tertiary aid is a negative number, this amount is deducted from its secondary aid. As noted above, if the sum of a district's secondary and tertiary aid is a negative number, this amount is not deducted from its primary aid amount.

Special Adjustment Aid. The state provides special adjustment aid to eligible districts to cushion the effect of reductions in general school aids from one year to the next. Special adjustment aid is fully funded as a first draw from the general school aids appropriation. Special adjustment aid ensures that a district's general school aid payment is no less than 85% of its prior year payment.

GOVERNOR

~~Delete the primary aid hold harmless provision of the equalization aid formula, beginning with aid paid in the 2003-04 school year.~~

DISCUSSION POINTS

1. Prior to 1996-97, equalization aid was distributed using a two-tiered formula that was similar to the secondary and tertiary levels of the current formula. Under the prior formula, minimum aids were provided to school districts which were either not eligible for equalization aid or which received very low payments per pupil. The minimum aid amount varied from \$175 to \$400 per pupil, based on a district's median household income and property tax levy rate.

2. The current three-tiered cost sharing formula was enacted in 1995 Act 27 (the 1995-97 biennial budget) and first applied to equalization aids paid in 1996-97. Under that act, minimum aids were eliminated and the primary tier was added to the formula. The primary guarantee was initially set at \$2,000,000 per member. Under 2001 Act 109 (the 2001-03 budget adjustment act),

the primary guarantee was reduced to \$1,930,000 per member, effective with the 2002-03 equalization aid distribution.

3. The primary tier of the formula was added to ensure that all school districts would receive some portion of equalization aid funding when an increase of over \$850 million was provided in equalization aid between 1995-96 and 1996-97 as the state began funding two-thirds of partial school revenues. Had the prior two-tiered formula remained in effect as the state moved to two-thirds funding, several districts would have remained ineligible for equalization aid under that formula.

4. In 2002-03, 28 school districts were affected by the primary aid hold harmless provision of the equalization aid formula. Under current law, these districts are entitled to the amount of aid generated at the primary level. Under SB 44, they would no longer be guaranteed the amount of aid determined at the primary level. They would, however, remain eligible for 85% of their prior year payment as special adjustment aid

5. Of those 28 districts, 15 received special adjustment aid in addition to the aid generated at the primary level of the equalization aid formula in 2002-03. Thus, these districts' aid amounts would not have been affected by the elimination of the primary aid hold harmless provision had it been effective in 2002-03, because they would still have received 85% of their prior year general school aid payment. Under the bill, however, these districts may eventually lose aid compared with payments they would have received under current law, if the 85% special adjustment aid payment is less than the primary aid entitlement the districts would have been eligible for under the primary aid hold harmless.

6. The other 13 districts did not receive special adjustment aid in 2002-03. Had the primary aid hold harmless been eliminated in 2002-03, these districts would no longer have received equalization aid. Instead, they would have received special adjustment aid equal to 85% of their prior year general school aids amount. For these districts, that special adjustment aid amount would be less than the primary aid generated under the equalization aid formula in 2002-03.

7. The attachment provides further detail on the 28 primary aid only districts. The attachment shows the gross aid entitlements for the three types of general aid for those districts in 2002-03 under current law and the aid the districts would have been eligible for in 2002-03 had the primary aid hold harmless provision not applied in that year. As shown, the 15 districts that received special adjustment aid under current law in 2002-03 would have lost all or nearly all of their equalization aid eligibility, but would have received additional special adjustment aid to compensate for the loss, leaving their overall aid eligibility unchanged. The 13 districts that did not receive special adjustment aid would no longer have been eligible for equalization aid, and the special adjustment aid they would have been eligible for would not have fully compensated for that loss. The equalization aid columns in the attachment show the gross change in aid entitlement attributable to the proposed elimination of the primary aid hold harmless, before consideration of special adjustment aid. The other adjustments column includes the net effect of prior year aid

adjustments and the aid reductions associated with the Milwaukee-Racine charter school program.

8. The Governor recommends deleting the primary aid hold harmless provision to further equalize the distribution of aid under the formula. The administration indicates that eliminating the primary aid hold harmless would redirect limited state school aid dollars from property-rich districts to property-poor districts, and thus better reflect the intent of the equalization aid formula to equalize the tax base among districts.

9. Had there been no primary aid hold harmless provision for the 2002-03 general school aids distribution, approximately \$2.1 million (0.05% of the \$4,200.9 million appropriation) would have been redistributed between school districts. The 13 districts previously mentioned would, in total, have received \$2.1 million less in aid, which would have been redistributed among 380 other districts. Aid payments to 33 districts would have remained unchanged. Among those districts that would have received more aid, the additional aid would have ranged from 0.02% to 0.6% of the districts' current law payments. Among the districts that would have received less aid, the aid reduction would have ranged from -0.2% to -17.3% of the districts' current law payments.

10. One could argue that, while eliminating the primary aid hold harmless provision would further equalize the distribution of aid under the formula, the statewide effect is relatively minor. One alternative for further enhancing the equalization of the distribution of aid under the formula would be to delete the statutory provisions relating to the payment of special adjustment aid in addition to deleting the primary aid hold harmless.

11. Had both the primary aid hold harmless provision and special adjustment aid provisions of the formula been deleted for the 2002-03 general school aids distribution, over \$17.0 million (0.41% of the \$4,200.9 million appropriation) would have been redistributed between school districts. A total of 381 districts would have received more aid compared to current law, while 45 districts would have received less aid. The 28 primary aid only districts identified in the attachment would all have lost aid. In addition, five districts with a per-pupil property value higher than the primary guarantee would have lost aid, while 12 negative tertiary aid districts that do not generate an equalization aid entitlement greater than 85% of their prior year payment would also have lost aid. Among those districts that would have received more aid, the additional aid would have ranged from 0.001% to 5.1% of the districts' current law payments. Among the districts that would have received less aid, the aid reduction would have ranged from -0.2% to -100.0% of the districts' current law payments, with 25 districts losing their entire aid entitlement.

12. It could be argued, however, that special adjustment aid is a feature of the formula that guarantees that all districts receive some funding from general school aids, regardless of the property wealth of the districts. Also, special adjustment aid provides some cushion to districts by guaranteeing them 85% of their prior year payment regardless of changes in conditions in the district. Further, given that 25 districts would completely lose any aid entitlement, removing special adjustment aid could be viewed as too abrupt a change for those districts.

13. When the primary tier was implemented, it was set at a level that provided an

equalization aid entitlement to every school district. Currently, five districts have a per-pupil property valuation greater than the primary guarantee and thus do not generate any equalization aid entitlement. If the primary tier is intended to recognize that every community contributes to the general fund and should thus receive some level of equalization aid, it could be argued that the \$1,930,000 million primary guarantee per pupil is too low.

14. For example, had the primary guarantee been set at \$4,000,000 per pupil for the 2002-03 aid distribution, all districts would have generated an equalization aid entitlement. Nearly \$5.7 million (0.14% of the \$4,200.9 million appropriation) would have been redistributed among school districts, with 33 districts receiving more aid than under current law and 376 districts receiving less. Aid for 17 districts would have remained unchanged. In addition to the districts that currently receive no equalization aid, most of the districts that would have received additional aid are relatively property-rich districts subject to the primary aid hold harmless provision. A few relatively property-poor districts with relatively low shared costs per member would also have received more aid. Among those districts that would have received more aid, the additional aid would have ranged from 0.01% to 726.0% of the districts' current law payments. Among the districts that would have received less aid, the aid reduction would have ranged from -0.01% to -1.7% of the districts' current law payments.

15. To the extent that increasing the primary guarantee would provide more aid to relatively property-rich districts, it could be argued that it runs counter to the intent of the formula to equalize the tax base of school districts in the state. Further, given that the primary guarantee was decreased from \$2,000,000 to \$1,930,000 per member in 2001 Act 109, increasing it would be inconsistent with recent actions of the Legislature to distribute less aid on this level of the formula. Finally, higher value school districts receive funding from state categorical aids and the school levy tax credit, which benefits property taxpayers in school districts. As a result, these school districts receive some measure of support from the state even if they no longer receive equalization aid. For example, the estimated percentage of state support of partial school revenues in 2002-03 for the school district with the lowest value per member is 86.7% while the highest value district still receives 20.9% state support.

16. In his State of the State address in January of 2003, the Governor announced that he would be forming a Governor's task force on education financing to comprehensively examine and make recommendations to reform the way the state funds K-12 education. The change to the primary aid hold harmless is the only bill provision related to the distribution of equalization aid. It could be argued that no change should be made to the primary tier of the formula as part of the budget, and that the issue of tax base equalization should be addressed more comprehensively as part of the task force's efforts.

ALTERNATIVES

1. Adopt the Governor's recommendation to delete the primary aid hold harmless provision of the equalization aid formula, beginning with aid paid in the 2003-04 school year.

2. In addition to the Governor's recommendation, delete the statutory provisions related to special adjustment aid, beginning with aid paid in the 2003-04 school year.

3. Delete provision. Instead, increase the primary guarantee to \$4,000,000 per member for K-12 districts, adjusted proportionately for K-8 and UHS districts, beginning with aid paid in the 2003-04 school year.

4. Delete provision.

Prepared by: Russ Kava
Attachment

ATTACHMENT

**General School Aid Payments for Primary Aid Only Districts
Current Law and Primary Aid Hold Harmless Provision of Budget Bill**

School District	2002-03 General School Aids - Current Law					2002-03 General School Aids - Without Primary Aid Hold Harmless					Bill Provision Change to Current Law Amount Percent
	Gross Equalization Aid	Gross Integration Aid	Gross Special Adjustment Aid	Other Adjustments	Net General School Aids	Gross Equalization Aid	Gross Integration Aid	Gross Special Adjustment Aid	Other Adjustments	Net General School Aids	
Big Foot UHS	\$303,172	\$0	\$0	-\$1,747	\$301,425	\$0	\$250,612	-\$1,444	\$249,168	-\$52,257	-17.3%
Birchwood	169,995	0	207,785	-1,801	375,979	0	377,780	-1,801	375,979	0	0.0
Drummond	223,732	0	34,129	-1,487	256,374	0	257,861	-1,487	256,374	0	0.0
Elcho	193,150	0	0	-1,113	192,037	0	192,800	-1,111	191,689	-348	-0.2
Elmbrook	3,996,327	2,921,489	0	-41,981	6,875,835	2,921,489	3,076,196	-36,678	5,961,007	-914,828	-13.3
Fontana J8	34,149	0	27,782	364	62,295	0	61,931	364	62,295	0	0.0
Fox Point J2	431,493	1,128,630	0	-8,995	1,551,128	1,128,630	187,437	-7,588	1,308,479	-242,649	-15.6
Geneva J4	18,473	0	6,381	-143	24,711	0	24,854	-143	24,711	0	0.0
Glendale-River Hills	517,495	734,233	0	-7,216	1,244,512	734,233	482,461	-7,013	1,209,681	-34,831	-2.8
Green Lake	123,738	0	0	-714	123,024	0	116,989	-676	116,313	-6,711	-5.5
Lac du Flambeau #1	314,521	0	470,809	-6,224	779,106	53,369	731,961	-6,224	779,106	0	0.0
Lake Country	301,744	0	0	252	301,996	0	285,441	346	285,787	-16,209	-5.4
Lakeland UHS	369,687	0	16,376	-2,225	383,838	0	386,063	-2,225	383,838	0	0.0
Maple Dale-Indian Hill	264,555	818,726	0	-1,889	1,081,392	818,726	138,814	-1,164	956,376	-125,016	-11.6
Mequon-Thiensville	2,285,982	1,472,419	0	-26,011	3,732,390	1,472,419	1,849,815	-23,497	3,298,737	-433,653	-11.6
Mercer	95,340	0	76,322	-964	170,698	0	171,662	-964	170,698	0	0.0
Minocqua J1	196,602	0	37,123	-1,346	232,379	0	233,725	-1,346	232,379	0	0.0
Nicolet UHS	729,770	1,388,329	0	-5,372	2,112,727	1,388,329	511,741	-4,116	1,895,954	-216,773	-10.3
Northland Pines	596,035	0	28,332	-3,598	620,769	0	624,367	-3,598	620,769	0	0.0
Northwood	173,401	0	22,949	-1,132	195,218	0	196,350	-1,132	195,218	0	0.0
Phelps	33,346	0	23,367	-327	56,386	0	56,713	-327	56,386	0	0.0
Sevastopol	168,104	0	83,249	-1,450	249,903	69,336	251,353	-1,450	249,903	0	0.0
South Shore	170,243	0	626,668	-4,443	792,468	0	727,575	-4,443	792,468	0	0.0
Stone Bank	188,209	0	0	908	189,117	0	176,513	975	177,488	-11,629	-6.1
Swallow	178,624	0	0	-1,030	177,594	0	156,866	-904	155,962	-21,632	-12.2
Three Lakes	347,943	0	24,270	-2,145	370,068	0	372,213	-2,145	370,068	0	0.0
Webster	334,740	0	347,915	-3,966	678,689	0	682,655	-3,966	678,689	0	0.0
Williams Bay	252,389	0	0	-1,454	250,935	0	234,861	-1,353	233,508	-17,427	-6.9
TOTAL	\$13,012,959	\$8,463,826	\$2,033,457	-\$127,249	\$23,382,993	\$122,705	\$12,817,609	-\$115,110	\$21,289,030	-\$2,093,963	-9.0%

PUBLIC INSTRUCTION

K-12 School Finance and DPI Operations

Motion:

Move to approve the following items:

General School Aids and Revenue Limits

a. *Primary Aid Hold Harmless (LFB Paper #606)*. Delete provision with respect to the primary aid hold harmless. (Alternative 4)

b. *Equalization Aid Adjustment for Districts With Reassessment of Telephone Company Property*. Modify the current law procedure for the adjustment of equalization aid after redetermination of the assessment of manufacturing property to also allow for the adjustment of equalization aid if a redetermination of the assessment of telephone company property is made after June 30, 1995, and if the school district files the request within four years of the date of the redetermination.

c. *Interdistrict Transfer Aid Program*. Make the following changes to the interdistrict transfer aid under the Chapter 220 program: (1) specify that the membership fraction used to calculate sender aid would be reduced from the current law 0.75 to 0.65 in 2004-05 and 0.5 in 2005-06 and each subsequent year; and (2) specify that a receiving district be paid the lesser of the average net cost per pupil (the current law payment) or \$11,000 in 2004-05, \$10,000 in 2005-06, \$9,000 in 2006-07 and \$8,000 in 2007-08 and each subsequent year.

Categorical Aids

d. *Student Achievement Guarantee in Education (SAGE)*. Allow currently participating school districts to choose whether to lower class sizes in grades two or three and continue to receive state aid for low-income pupils in those grades, or to no longer reduce class sizes in those grades and to forego associated state aid. Specify that beginning in 2004-05 and thereafter, the appropriation for special education aids would be increased from the amount otherwise appropriated by an amount equal to any monies that lapse from the SAGE appropriations in the prior fiscal year.

e. *Driver Education (LFB Paper #615)*. Reduce funding by \$500,000 GPR in 2003-04 to reflect estimated declines in claims by school districts and eliminate the state categorical aid for driver education and \$4,304,700 GPR in 2004-05. Reallocate \$4,304,700 GPR to the special education aid appropriation in 2004-05. Provide \$25,000 GPR annually for aid to the Elks and Easter Seals center for respite and recreation, which currently is funded at \$50,000 GPR annually.

Choice and Charter

f. *Choice and Charter Per Pupil Payment Amount (LFB Paper #625)*. Adopt the Governor's recommendation to specify: (a) that the maximum amount paid per pupil under the choice program would be equal to the amount paid per pupil in the prior school year adjusted by the percent change in the general school aids appropriations from the previous school year to the current school year; and (b) that the per pupil payment under the charter program would be equal to the amount paid per pupil in the previous school year and the increase in the maximum per pupil amount paid to private schools under the choice program. (Alternative 1)

g. *Choice Appropriation Reestimate*. Based on the general school aids funding provisions adopted by the Committee in prior action, reestimate the maximum choice payments to be \$5,882 in 2003-04 and \$5,943 in 2004-05 (compared to \$5,838 in 2003-04 and \$5,866 in 2004-05 under SB 44). Based on the four-year-old kindergarten provisions adopted by the Committee in prior action, reestimate choice membership to be 11,421 in 2003-04 and 12,007 in 2004-05 (compared to 11,721 in 2003-04 and 12,307 in 2004-05 under SB 44). Delete \$1,248,900 in 2003-04 and \$835,300 in 2004-05 from the choice program appropriation. Adjust the MPS general school aid reduction by -\$562,000 GPR-Lapse in 2003-04 and -\$375,900 GPR-Lapse in 2004-05. (The net effect of this reestimate would be to decrease GPR expenditures by \$686,900 in 2003-04 and \$459,400 in 2004-05.)

h. *Charter Appropriation Reestimate*. Based on the general school aids funding provisions adopted by the Committee in prior action, reestimate the charter payments to be \$7,050 in 2003-04 and \$7,111 in 2004-05 (compared to \$7,006 in 2003-04 and \$7,034 in 2004-05 under SB 44). Based on the four-year-old kindergarten provisions adopted by the Committee in prior action, reestimate charter membership to be 4,564 in 2003-04 and 5,564 in 2004-05 (compared to 4,644 in 2003-04 and 5,644 in 2004-05 under SB 44). Delete \$2,186,000 in 2003-04 and \$1,665,100 in 2004-05 from the charter program appropriation attributable to these changes as well as a reestimate of the Racine charter school payment. Adjust the statewide general school aid reduction by -\$2,186,000 GPR-Lapse in 2003-04 and -\$1,665,100 GPR-Lapse in 2004-05. (The net effect of this reestimate would be no net change in GPR expenditures.)

i. *Choice Student Eligibility*. Adopt the provisions of Assembly Bill 259, which would, beginning with the 2004-05 school year, make the following modifications to the choice program: (1) delete the limit on the number of pupils who can participate in the program, which is set at 15 percent of MPS membership; (2) specify that a pupil who attends a choice school would remain eligible to participate in the program even if the pupil's family no longer meets the program's income criteria; and (3) delete the prior-year participation requirements for pupils entering the program.

j. *Choice School Eligibility*. Adopt the provisions of Assembly Bill 260, which would specify that schools located in Milwaukee County, rather than only the City of Milwaukee, that meet the eligibility criteria could accept students in the choice program, beginning with the 2004-05 school year.

k. *Milwaukee Charter Schools.* Adopt the provisions of Assembly Bill 261, which would make the following modifications to the charter program: (1) allow pupils who reside outside MPS to attend Milwaukee charter schools; (2) delete the prior-year participation requirements for pupils entering the program; and (3) allow MPS to transport pupils attending charter schools.

l. *Racine Charter School (LFB Paper #626).* Delete the limit on the number of pupils that can enroll in the Racine charter school, which is currently set by law at 400 pupils. Specify that related aid payments to the Racine Unified School District would be capped at a maximum of 400 pupils.

Administrative and Other Funding

m. *Universal Service Fund (LFB Paper #630).* Approve the Governor's recommendation to use USF monies for a portion of public library aids (Alternative A1). However, specify that the USF-funded supplemental public library appropriation would sunset as of June 30, 2005. Also, require telecommunications providers to itemize the total customer assessment relating to non-PSC programs for the state USF on customers' bills for telecommunications services. In addition, modify the Governor's recommendations to provide statutory language that would: (a) include the payment of supplemental public library system aid as an authorized use of the universal service fund; (b) enumerate the SEG appropriations funding supplemental public library system aid, telecommunications access grants to state schools and telecommunications access grants to secured juvenile correctional facilities under the listing of appropriations used by the PSC to set annual universal service fund assessments; and (c) insert correct references to DOA appropriations in various universal service fund-supported TEACH Board appropriations being transferred under the bill to DPI (Alternative B1).

n. *Federal Administrative Funding.* Require that DPI submit for approval under a 14-day passive review by the Joint Committee on Finance, its plans for any use of federal funding that would support DPI operations, effective for proposed use of these monies beginning in 2003-04.

o. *National Teacher Certification Reestimate (LFB Paper #631).* Modify the Governor's recommendation to reestimate funding by -\$40,000 GPR in 2003-04 and -\$22,500 GPR in 2004-05 from the amounts provided in SB 44. [Alternative 2]

p. *Teacher Licensing Fee to Fund Mentoring.* Require DPI to increase fees for initial in-state and renewal teacher and administrator licenses from \$100 to \$150, effective July 1, 2004. Create a separate program revenue appropriation under DPI to receive all revenues generated by the \$50 increase and provide \$1,500,000 PR in 2004-05. Require DPI to distribute from this appropriation grants to all school districts to fund mentoring for initial educators, as required under chapter PI 34, Wisconsin Administrative Code. Require that the grants be distributed based on the number of teachers employed by each district.

q. *DPI State Operations Funding.* Increase the Governor's base budget reductions from 10% to 15% for DPI state operations appropriations, except for residential schools. Decrease

funding by -\$785,500 GPR annually. Reallocate \$785,500 GPR annually to the special education aid appropriation.

r. *Transfer TEACH to DOA.* Transfer the remaining TEACH functions, which would be transferred to DPI under the bill, to DOA, including the telecommunications access program, state administration of the E-rate program, the infrastructure financial assistance program, and the Governor's Wisconsin Educational Technology Conference (GWETC). Also transfer: (a) \$3,065,800 GPR in 2003-04 and \$4,427,300 GPR in 2004-05 for infrastructure financial assistance debt service payments for schools and libraries; (b) \$4,415,000 FED annually and 0.5 FED position for state administration of the E-rate program; (c) \$3,279,500 PR in 2003-04 and \$4,645,200 PR in 2004-05 for infrastructure financial assistance debt service payments by schools and libraries; (d) \$188,900 PR in 2003-04 and \$211,400 PR in 2004-05 and 0.5 PR position for administration of the GWETC; and (e) \$16,524,500 SEG in 2003-04 and \$17,262,000 SEG in 2004-05 and 1.0 SEG position for the telecommunications access program.

s. *School Finance Commission.* Create a 12-member K-12 School Finance Commission. Provide that membership of the Commission would be made up of: (a) three members appointed by the Governor; (b) one member appointed by the State Superintendent of Public Instruction; (c) three by the Senate Majority Leader; (d) three by the Speaker of the Assembly; (e) one by the Minority Leader of the Senate; and (f) one by the Minority Leader of the Assembly. Specify that the Governor would appoint the chairperson. Provide that the Commission consider the system for funding K-12 education in the state, including the following issues: (a) school district revenue limits; (b) the equalization aid formula; (c) school finance equity; (d) the qualified economic offer; (e) school district health insurance costs; and (f) any other issues the Governor, the Senate Majority Leader, the Speaker of the Assembly, the Senate Minority Leader and the Assembly Minority Leader requests the Commission to consider. Provide \$10,000 GPR in 2003-04 for the Commission's expenses, in the annual general program operations appropriation under DOA for the expenses of committees created by law or executive order, under the program for attached divisions and other bodies. Require the Commission to submit a report on K-12 school funding, including any recommendations for modifications to the system, to the Governor, State Superintendent and the Legislature by January 1, 2004.

Note:

The following table shows the fiscal effect of the motion:

<u>Provision</u>	<u>Description</u>	<u>2003-04</u>	<u>2004-05</u>	
Item e.	Reestimate drivers education	-\$500,000	\$0	GPR
	Delete drivers education	0	-4,304,700	GPR
	Elks and Easter Seals respite center	25,000	25,000	GPR
	Transfer to special education aids	0	4,304,700	GPR
	Net Change	-\$475,000	\$25,000	GPR

<u>Provision</u>	<u>Description</u>	<u>2003-04</u>	<u>2004-05</u>	
Item g.	Choice reestimate	-\$1,248,900	-\$835,300	GPR
	Related general school aid reduction	<u>-562,000</u>	<u>-375,900</u>	GPR-Lapse
		-\$686,900	-\$459,400	GPR
Item h.	Charter reestimate	-\$2,186,000	-\$1,665,100	GPR
	Related general school aid reduction	<u>-2,186,000</u>	<u>-1,665,100</u>	GPR-Lapse
		\$0	\$0	GPR
Item o.	National teacher certification estimate	-\$40,000	-\$22,500	GPR
Item p.	Teacher license fee	\$0	\$1,500,000	PR
Item q.	DPI state operations funding	-\$785,500	-\$785,500	GPR
	Transfer to special education aids	<u>785,500</u>	<u>785,500</u>	GPR
		\$0	\$0	
Item s.	School Finance Commission	\$10,000	\$0	GPR
Net Change to SB 44		-\$3,939,900	-\$2,467,100	GPR
		<u>-2,748,000</u>	<u>-2,041,000</u>	GPR-Lapse
Net Change in GPR Spending		-\$1,191,900	-\$456,900	GPR
		\$0	\$1,500,000	PR

[Change to Bill: -\$6,437,800 GPR, -\$4,789,000 GPR-Lapse; net effect -\$1,648,800 GPR spending; \$1,500,000 PR]

2003

Date (time)
needed

TODAY

LRB b 0460 / 1

BUDGET AMENDMENT

[Not for compile]

MSK : KMG :

See form AMENDMENTS — COMPONENTS & ITEMS.

SENATE AMENDMENT
TO SENATE SUBSTITUTE AMENDMENT 1
TO 2003 SENATE BILL 44

At the locations indicated, amend the substitute amendment as follows:

#. Page , line :

#. Page , line :

#. Page , line :

#. Page , line :

#. Page , line :

#. Page , line :

2003

AMENDMENTS

LRB 504601

\$\$\$ INCREASE/DECREASE

In the component bar, for a "regular" amendment item:

For the item text, execute: create -> item: -> m: -> \$inc-dec

✓ #. Page 125, line 13: in(de)crease the dollar amount for fiscal year 2003-04 by \$ 50,000,000 and in(de)crease the dollar amount for fiscal year 2004-05 by \$ 50,000,000 to in(de)crease funding for the [purpose] [purposes] for which the appropriation is made to in(de)crease funding for

20.255
Contact

#. Page, line in(de)crease the dollar amount for fiscal year 2003-04 by \$ and in(de)crease the dollar amount for fiscal year 2004-05 by \$ [to ...crease funding for the [purpose] [purposes] for which the appropriation is made] [to ...crease funding for]*

In the component bar, for a "frozen" amendment item (used in amendments to amendments):

For the item text, execute: create -> item: -> afterline [or the applicable item]

For the "frozen" item text, execute: create -> item: -> frz: -> m: -> \$inc-dec

#. Page, line
..... Page, line in(de)crease the dollar amount for fiscal year 2003-04 by \$ and in(de)crease the dollar amount for fiscal year 2004-05 by \$ [to ...crease funding for the [purpose] [purposes] for which the appropriation is made] [to ...crease funding for]*

* Use the 2nd alternative if the purpose of the increase or decrease is more limited than the purpose or purposes of the appropriation as currently shown in the text of ch. 20, stats.

2003

AMENDMENTS

LRB _____ / _____

_____ : _____ : _____

\$\$\$ INCREASE/DECREASE

In the component bar, for a "regular" amendment item:

For the item text, execute: create -> item: -> m: -> \$inc-dec

✓ #. Page 195, line 13: in(de)crease the dollar amount for fiscal year 2003-04 by \$ 50,000,000 and in(de)crease the dollar amount for fiscal year 2004-05 by \$ 50,000,000 to de. crease funding for the [purpose] [purposes] for which the appropriation is made [to] ... crease funding for]*

✓ #. Page 198, line 17: in(de)crease the dollar amount for fiscal year 2003-04 by \$ 50,000,000 and in(de)crease the dollar amount for fiscal year 2004-05 by \$ 50,000,000 to in. crease funding for the [purpose] [purposes] for which the appropriation is made [to] ... crease funding for]*

In the component bar, for a "frozen" amendment item (used in amendments to amendments):

For the item text, execute: create -> item: -> afterline [or the applicable item]

For the "frozen" item text, execute: create -> item: -> frz: -> m: -> \$inc-dec

#. Page, line : Page, line : in(de)crease the dollar amount for fiscal year 2003-04 by \$,, and in(de)crease the dollar amount for fiscal year 2004-05 by \$,, [to] ... crease funding for the [purpose] [purposes] for which the appropriation is made [to] ... crease funding for]*

* Use the 2nd alternative if the purpose of the increase or decrease is more limited than the purpose or purposes of the appropriation as currently shown in the text of ch. 20, stats.

2003

Date (time) needed Mon 6/16

LRB b 0453 1 1

BUDGET AMENDMENT

MJL : : :

[Not for compile]

See form AMENDMENTS — COMPONENTS & ITEMS.

SENATE AMENDMENT
TO SENATE SUBSTITUTE AMENDMENT 1
TO 2003 SENATE BILL 44

At the locations indicated, amend the substitute amendment as follows:

20. 235 ca 667

✓ #. Page ²⁸⁵....., line ¹⁷!...: delete lines 17 to 21.

→ INS A

✓ #. Page ⁷⁸⁴...., line...4...: delete the material beginning with that line and ending with page 787, line 17.

✓ #. Page ⁷⁸⁸...., line...!...: delete lines 1 to 20.

✓ #. Page ⁷⁸⁹...., line.....: delete the material beginning with that line and ending with page 790, line 7. (13)

✓ #. Page ⁷⁹²...., line ¹⁰!...: delete the material beginning with that line and ending with page 793, line 17.

→ INS B, 2+3

✓ #. Page ¹¹⁴⁹...., line...!9...: delete lines 19 to 21.

✓ #. Page 791, line 21: delete lines 21 ^{to 25} (13)

✓ #. Page 792, line ⁽¹³⁾!...: delete lines 13 to 21

~~11/11~~ # . Page 415, line 22: after that line

insert:

"SEC. 865d CR; 25.77(2m)

25.77^B(2m) All moneys transferred from the
patients ^{com} compensation fund."

INSA ✓

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

Amend #. Page 797, line 12; after that line insert:

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" SECTION 1. 121.08 (2) of the statutes is amended to read:

2034r

121.08 (2) The aid computed under sub. (1) shall be reduced by the sum of the amount by which the school district equalized valuation exceeds the secondary guaranteed valuation, multiplied by the secondary required levy rate, and the amount by which the school district equalized valuation exceeds the tertiary guaranteed valuation, multiplied by the tertiary required levy rate. In no case may the aid under this section be less than ~~the amount under sub. (1) (a)~~ zero.

INS ✓
B1

~~SECTION 9341. Initial applicability; public instruction.~~

Amend #. Page 1138, line 6; after that line insert;

" (2) GENERAL SCHOOL AID. The treatment of section 121.08 (2) of the statutes first ~~applies~~ *→ 2x* applies to the distribution of state aid in the 2003-04 school year.

~~END~~

INS
B3

INS B2

end of cont'd

Bill #. Page 1123, line 14 : after that line insert:

"(~~(a)~~) ^{CTS} (Patients compensation fund transfer.) Notwithstanding
→ IX

section 655.27(6) of the statutes, there is transferred
from the patients compensation fund to the Medical

Assistance trust fund ^{\$50} ~~\$~~ 1,000,000 in fiscal year

² 2003-04 and ^{\$50} ~~\$~~ 1,000,000 in fiscal year 2004-05.")



State of Wisconsin
2003 - 2004 LEGISLATURE

LRBb0460/1
MJL:kmg:rs

**SENATE AMENDMENT ,
TO SENATE SUBSTITUTE AMENDMENT 1,
TO 2003 SENATE BILL 44**

1 At the locations indicated, amend the substitute amendment as follows:

2 **1.** Page 125, line 13: increase the dollar amount for fiscal year 2003-04 by
3 \$50,000,000 and increase the dollar amount for fiscal year 2004-05 by \$50,000,000
4 to increase funding for the purpose for which the appropriation is made.

5 **2.** Page 195, line 13: decrease the dollar amount for fiscal year 2003-04 by
6 \$50,000,000 and decrease the dollar amount for fiscal year 2004-05 by \$50,000,000
7 to decrease funding for the purposes for which the appropriation is made.

8 **3.** Page 198, line 17: increase the dollar amount for fiscal year 2003-04 by
9 \$50,000,000 and increase the dollar amount for fiscal year 2004-05 by \$50,000,000
10 to increase funding for the purposes for which the appropriation is made.

11 **4.** Page 285, line 17: delete lines 17 to 21.

12 **5.** Page 415, line 22: after that line insert:

1 “SECTION 865d. 25.77 (2m) of the statutes is created to read:

2 25.77 (2m) All moneys transferred from the patients compensation fund.”.

3 **6.** Page 784, line 4: delete the material beginning with that line and ending
4 with page 787, line 17.

5 **7.** Page 788, line 1: delete lines 1 to 20.

6 **8.** Page 789, line 22: delete the material beginning with that line and ending
7 with page 790, line 7.

8 **9.** Page 791, line 21: delete lines 21 to 25.

9 **10.** Page 792, line 13: delete the material beginning with that line and ending
10 with page 793, line 17.

11 **11.** Page 797, line 12: after that line insert:

12 “SECTION 2034r. 121.08 (2) of the statutes is amended to read:

13 121.08 (2) The aid computed under sub. (1) shall be reduced by the sum of the
14 amount by which the school district equalized valuation exceeds the secondary
15 guaranteed valuation, multiplied by the secondary required levy rate, and the
16 amount by which the school district equalized valuation exceeds the tertiary
17 guaranteed valuation, multiplied by the tertiary required levy rate. In no case may
18 the aid under this section be less than ~~the amount under sub. (1) (a)~~ zero.”.

19 **12.** Page 1123, line 14: after that line insert:

20 “(1x) PATIENTS COMPENSATION FUND TRANSFER. Notwithstanding section 655.27
21 (6) of the statutes, there is transferred from the patients compensation fund to the
22 Medical Assistance trust fund \$50,000,000 in fiscal year 2003–04 and \$50,000,000
23 in fiscal year 2004–05.”.

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13. Page 1138, line 6: after that line insert:

“(2x) GENERAL SCHOOL AID. The treatment of section 121.08 (2) of the statutes first applies to the distribution of state aid in the 2003–04 school year.”.

14. Page 1149, line 19: delete lines 19 to 21.

(END)