



## Legislative Fiscal Bureau

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TO: Members  
Wisconsin Legislature

FROM: Bob Lang, Director

SUBJECT: ASA 1 to March 2008 SS AB 1: 2007-09 Budget Adjustment

This memorandum summarizes the provisions of ASA 1 to March 2008 SS AB 1.

On February 13, 2008, this office estimated the state's closing net balance at the end of the 2007-09 biennium to be -\$416 million. Under the substitute amendment, the general fund would realize an additional \$425 million for the biennium and the -\$416 million would become \$9 million.

Following is an identification of the items of the substitute amendment.

**Budget Stabilization Fund.** \$55 million of the amount in the budget stabilization fund (currently at \$57.5 million) would transfer to the general fund in 2007-08.

**Statutory Balance.** Under 2007 Act 20 (the 2007-09 budget), the required statutory balance is \$65 million. ASA 1 would reduce it to \$20 million.

**Lapses to the General Fund.** Act 20 requires the Secretary of the Department of Administration (DOA) to lapse or transfer \$200 million biennially to the general fund from the unencumbered balances of appropriations of executive branch agencies, other than sum sufficient appropriations and federal appropriations, during each of the 2007-09 and 2009-11 biennia. The \$200 million does not apply to the UW System (UWS) or Wisconsin Technical College System (WTCS). (The UWS is required to lapse \$25 million and the WTCS \$1 million in each of the 2007-09 and 2009-11 biennia.)

The substitute amendment would modify the Act 20 provision as follows: (1) reduce the biennial lapse to \$150 million; and (2) exempt the Department of Transportation (any amounts

already lapsed would be returned) and general equalization school aids from the lapse requirement.

In addition, ASA 1 would require, for the 2007-09 and 2009-11 biennia, the DOA Secretary to lapse or transfer \$250 million from general purpose revenue appropriations (other than sum sufficient appropriations and general equalization school aids) of executive branch agencies and GPR compensation reserves.

**General School Aid Payment Date.** Currently, general school aid payments are made as follows: 15% in September, 25% in December, 25% in March, and 35% in June. The June payment is made on the third Monday. Since 1998, \$75 million of the payment is made on the fourth Monday of July in the following fiscal year and counted as a receipt in the previous year. For example, the \$75 million aid payment in July, 2007 (the 2007-08 fiscal year), was counted by school districts as being received in the 2006-07 fiscal year.

The substitute amendment would make three changes to the current school aid payment provisions. First, the \$75 million July, 2008, payment would increase by \$125 million to \$200 million. Second, the \$200 million July payment would be made on the first Monday of July, rather than the fourth Monday of July. Finally, any increase in state tax revenue for each year over the projection published in the statutes would be used to buy back the \$200 million payment delay. Currently, one-half of any additional general fund tax revenues above projected amounts are transferred to the budget stabilization fund. Under ASA 1, the buy back of the delayed school aid payment would occur before any transfer to the budget stabilization fund.

Following is the general fund condition statement under the substitute amendment.

**2007-09 General Fund Condition Statement  
(In Millions)**

	<u>2007-08</u>	<u>2008-09</u>
Opening Balance, July 1	\$66	\$203
Estimated Taxes	12,868	13,272
Departmental Revenues		
Tribal Gaming Revenues	97	46
Other	<u>622</u>	<u>572</u>
Total Available	\$13,653	\$14,093
Gross Appropriations	\$13,656	\$14,172
Compensation Reserves	62	156
Less Lapses	<u>-268</u>	<u>-264</u>
Net Appropriations	\$13,450	\$14,064
Gross Balance	\$203	\$29
Less Required Statutory Balance	<u>-20</u>	<u>-20</u>
Net Balance, June 30	\$183	\$9