



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

October 15, 2013

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Special Session Assembly Bill LRB-3402/1: General School Aids Funding

Special Session Assembly Bill LRB-3402/1 is scheduled for a public hearing and executive session on October 15, 2013, as part of the special session call under Executive Order #117.

CURRENT LAW

Under revenue limits, the amount of revenue a school district can raise from general school aids, computer aid, and property taxes is restricted. The general school aids appropriation funds equalization, integration, and special adjustment aid, with almost all of the funding in the appropriation distributed through the equalization aid formula. Under 2013 Act 20 (the 2013-15 biennial budget act), funding in the general school aids appropriation increases from \$4,293,658,000 GPR in the 2012-13 base year to \$4,341,594,600 GPR in 2013-14 and \$4,415,960,500 GPR in 2014-15. Compared to the base, under Act 20, the general aids appropriation increases by \$47,936,600 in 2013-14 and \$122,302,500 in 2014-15.

The Department of Public Instruction (DPI) is required to prepare general aid distributions by July 1 and October 15 of each year, using the most accurate data available. The July 1 distribution is an estimate that uses budgeted shared cost information rather than audited data. The October 15 distribution uses audited cost data, and districts use this amount to set their levies under revenue limits. DPI also recalculates aid at the end of each year using final data to determine if any adjustments need to be made to the October 15 calculation. By law, these adjustments are made by increasing or decreasing the payment made in September of the following school year.

A school board is required to determine, by November 1, the property tax levy necessary for the district's operations, maintenance, and debt retirement. School district clerks are required to certify those levy amounts to municipal clerks on or before November 10. Under the provisions governing school districts in cities of the first class, the Milwaukee Public Schools (MPS) must transmit its completed budget to the Common Council by first Monday in August.

SUMMARY OF BILL

The bill would provide an additional \$40 million GPR in 2013-14 and \$60 million GPR in 2014-15 for general school aids. The bill would require DPI to prepare a general aid distribution for the 2013-14 aid year by October 31, 2013, instead of on October 15, 2013, and specify that school districts would use the aid amount from that October 31 distribution to set their levies for 2013-14 under revenue limits. The bill would also specify that, for 2013, the date by which school boards are required to determine their property tax levy would be November 6, rather than November 1. The date by which MPS must transmit its completed budget to the Common Council for 2013 would be changed under the bill from the first Monday in August to November 6. (The November 10 date by which school district clerks must certify tax amounts to municipal clerks would not be changed under the bill for 2013.)

FISCAL EFFECT

The bill would increase general school aids funding by \$40 million GPR in 2013-14 and \$60 million GPR in 2014-15. Under the bill, general school aids funding would increase from \$4,293,658,000 in the 2012-13 base year to \$4,381,594,600 in 2013-14 and \$4,475,960,500 in 2014-15. Compared to the base, the general aids appropriation would increase by \$87,936,600 in 2013-14 and \$182,302,500 in 2014-15 under the bill.

Because the additional general aid funding under the bill would be subject to revenue limits, it is estimated that the statewide school district levy would be reduced under the bill by \$40 million in 2013-14 and \$60 million in 2014-15 from current law. As a result, the projected school district levy would be reduced by an estimated 0.8% in 2013-14 from the level projected at the time Act 20 was enacted (from an estimated \$4,735 million under Act 20 to an estimated \$4,695 million under the bill), and by an estimated 1.2% in 2014-15 (from an estimated \$4,797 million under Act 20 to an estimated \$4,737 million under the bill). The actual school levy in 2012-13 was \$4,656.1 million.

Prepared by: Russ Kava