



Legislative Fiscal Bureau

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

March 4, 2002

Joint Committee on Finance

Paper #1235

Shared Revenue Modifications -- Distribution of 2002 Payments (Shared Revenue and Tax Relief)

[LFB Summary of the Governor's Budget Reform Bill: Page 77, #1]

CURRENT LAW

The state provides unrestricted state aid to counties and municipalities under four programs: shared revenue; expenditure restraint; county mandate relief; and small municipalities shared revenue. Counties and municipalities budget on a calendar year basis and receive aid under these four programs in the second half of the calendar year, which occurs during the first six months of the state's fiscal year. Aid payments in the first year of the biennium (2001-02) were made during the 2001 calendar year, and the corresponding funding levels were established prior to the beginning of the 2001-03 biennium. Act 16 increased funding for each of the four programs by 1% for 2002 (2002-03) and by an additional 1% for 2003 (2003-04, the first year of the next biennium):

<u>Program</u>	<u>2001 (2001-02)</u>	<u>2002 (2002-03)</u>	<u>2003(2003-04)</u>
Shared Revenue			
Counties	\$168,981,800	\$170,671,600	\$172,378,300
Municipalities	<u>761,478,000</u>	<u>769,092,800</u>	<u>776,783,700</u>
Total	\$930,459,800	\$939,764,400	\$949,162,000
Expenditure Restraint	57,000,000	57,570,000	58,145,700
County Mandate Relief	20,763,800	20,971,400	21,181,100
Small Municipalities			
Shared Revenue	<u>11,000,000</u>	<u>11,110,000</u>	<u>11,221,100</u>
Total	\$1,019,223,600	\$1,029,415,800	\$1,039,709,900

Aid amounts for local governments under each program are determined according to distribution formulas established under state statute. However, Act 16 suspended the shared revenue distribution formula for municipalities for payments in 2002 and 2003. Instead, each municipality's shared revenue payment in 2002 and 2003 will equal 101% of the amount the municipality received in the prior year. This Act 16 provision will not affect county shared revenue payments and payments under the other three programs.

GOVERNOR

The Governor's proposal would make a number of modifications to the funding levels, distribution formulas, payment dates and funding sources for the shared revenue, expenditure restraint, county mandate relief and small municipalities shared revenue programs. The material below describes the Governor's proposal in full. However, this paper covers only the funding level and distribution of payments for 2002. Other Legislative Fiscal Bureau papers address other aspects of the Governor's proposal.

a. *Funding Levels.* Reduce the combined payments under the shared revenue, expenditure restraint, small municipalities shared revenue (SCIP) and county mandate relief programs as shown in the following table:

	<u>Current Law</u>	<u>Governor's Proposal</u>	<u>Change</u>	<u>Percent Change</u>
2002	\$1,029,415,800	\$679,415,800	-\$350,000,000	-34.0%
2003	1,039,709,900	679,415,800	-360,294,100	-34.7
2004	1,039,709,900	0	-1,039,709,900	-100.0

The proposed funding levels reflect a \$350,000,000 annual reduction in 2002 and 2003, the elimination of the 1% increase provided under current law for 2003 (-\$10,294,100) and the elimination of all funding for these programs beginning in 2004.

Delete the 1% increase for 2003 in the statutory distribution levels for each of the four affected programs, remove references to the 2003 levels continuing in the future and specify that the statutory distribution levels are subject to the reductions used to save the \$350,000,000 annually in 2002 and 2003. Establish a June 30, 2004, sunset for encumbrances and expenditures from the current law appropriations for the four affected programs. Establish a sunset after 2003 for distributions under each of the four affected programs, including all four shared revenue payment components [per capita, aidable revenues, public utility (including payments for spent nuclear fuel storage) and minimum guarantee/maximum growth].

b. *Distribution Formulas.* Establish a formula to reduce 2002 payments determined under the current law distribution formulas by a total of \$350,000,000. Apply the reduction to the total amounts otherwise payable for 2002, as determined by the Department of Revenue

(DOR), under shared revenue, expenditure restraint, small municipalities shared revenue and county mandate relief.

Reduce the 2002 payment amount determined for each municipality and county by subtracting an amount based on population, as determined by DOR, so that the statewide reduction in 2002 is \$350,000,000. Specify that the payment reduction calculated under this procedure cannot exceed a municipality's or county's total 2002 payment. Require DOR to estimate populations using the results of the 2000 federal decennial census.

Specify that total payments in 2003 under the four affected programs for each municipality and county would equal the amount received in 2002, after the aid reductions. Delete the current law provision establishing each municipality's 2003 shared revenue payment at 101% of the amount received in 2002.

Specify that in applying the aid reductions for individual counties and municipalities, DOR should reduce the component parts in the following order: (a) for counties, first reduce county mandate relief and then reduce shared revenue; and (b) for municipalities, first reduce shared revenue, then reduce small municipalities shared revenue and finally reduce expenditure restraint. This prioritization allows the remaining payments to be charged against specific appropriations, but would not affect the total payment amount received by a county or municipality or the timing of the payment [this provision could affect the timing of municipal payments if the use of permanent endowment (tobacco securitization) funds for shared revenue is deleted].

c. *Payment Dates and Funding Sources.* Specify that the first payment of shared revenue and related programs in 2003 would be made on June 30, rather than on the fourth Monday in July. Create an appropriation from the permanent endowment (tobacco securitization) fund to be used to make the July, 2002, and June, 2003, payments of shared revenue and related programs. Repeal this appropriation on July 1, 2003.

Establish the percentage of each county's and municipality's payment in July, 2002, and June, 2003, to be made from the permanent endowment fund as follows:

$$\text{July, 2002} = (\$580,000,000 - \text{endowment funds applied to debt service}) \div \$679,415,800$$

$$\text{June, 2003} = (\text{available endowment funds, as determined by DOA}) \div \$679,415,800$$

Based on the amounts the administration anticipates being available for shared revenue and related payments from the permanent endowment fund (\$380,000,000 in 2002 and \$214,000,000 in 2003), these formulas would result in 55.93% of 2002 payments being made in July and 31.50% of 2003 payments being made in June. The following table compares the amount and timing of total payments under the four affected programs under current law and the Governor's proposal:

	<u>Current Law</u>	<u>Governor's Proposal</u>
July, 2002	\$203,346,870	\$380,000,000
November, 2002	<u>826,068,930</u>	<u>299,415,800</u>
Total	\$1,029,415,800	\$679,415,800
June, 2003		\$214,000,000
July, 2003	\$205,380,330	
November, 2003	<u>834,329,570</u>	<u>465,415,800</u>
Total	\$1,039,709,900	\$679,415,800

The funding reduction and shift in funding sources would result in the following appropriation changes in 2002-03: (a) -\$730,000,000 GPR (-\$350,000,000 from the payment reduction and -\$380,000,000 from the shift to the permanent endowment fund); and (b) \$594,000,000 SEG from the permanent endowment fund (\$380,000,000 for the July, 2002, payment and \$214,000,000 for the June, 2003, payment). The following appropriation changes would occur in the 2003-05 biennium, compared to current law: (a) -\$574,294,100 GPR in 2003-04 (-\$350,000,000 from the payment reduction, -\$10,294,100 from the deletion of the 1% increase from 2002 to 2003 and -\$214,000,000 from the shift to the permanent endowment fund); and (b) -\$1,039,709,900 GPR in 2004-05, when the four affected programs would be eliminated.

Reduce individual appropriations in 2002-03 as follows to reflect the estimated impact of the overall \$730,000,000 GPR decrease in that year, based on the reduction priority established under the bill:

Small municipalities shared revenue	-\$6,750,100
Expenditure restraint program account	-33,663,800
Shared revenue account	-668,614,700
County mandate relief account	<u>-20,971,400</u>
 TOTAL	 -\$730,000,000

The relative reductions in these appropriations reflect the accounting treatment of the aid reductions under the bill, but do not have an impact on the size of the reductions for individual local governments, which are established under other bill provisions described above.

DISCUSSION POINTS

1. In September, 2001, DOR provided estimates of 2002 state aid payments under the four programs to counties and municipalities based on Act 16 funding levels. Local governments used these estimates in setting their 2002 budgets. According to news reports, some local officials have taken actions to reduce expenditures in anticipation of state aid reductions. Nonetheless, by the time the budget reform bill becomes law and the exact amount of aid reductions become known, a considerable amount of the local budget year will have elapsed, thereby limiting the budget adjustments available to local officials. If aid reductions are necessary, this timeline underscores the importance of administering the aid reductions in an equitable manner.

2. The Governor has proposed to apportion the \$350 million reduction among counties and municipalities on a per capita basis. Based on current estimates of 2002 payments and populations, it is estimated that the aid reduction rate would be \$39.21 per capita. Municipalities and counties with current law payments below \$39.21 per capita would have their payments eliminated in their entirety.

3. In general, the current law distribution formulas are intended to allocate aid according to relative need, which is measured through factors such as tax capacity. Thus, local governments with low tax capacity receive more aid on a per capita basis than local governments with high tax capacity. The current law policy of distributing aid assumes that local governments with high tax capacity are more able to raise revenues from their own sources and are less in need of assistance from the state. The Department of Administration (DOA) has indicated that the proposed reduction procedure would be administratively straightforward and is based on three considerations, all of which relate to the policy objective of distributing aid according to need. First, a per capita reduction of \$39.21 would effectively eliminate the per capita distribution authorized under current law, which is not a "need-based" distribution. Second, DOA indicates that the proposed reduction would preserve a greater percentage of aid distributed on the basis of need. Finally, DOA asserts that when the reductions are measured relative to individual governments' overall budgets, the proposed reductions would have a more uniform percentage impact, relative to other reduction alternatives.

4. To illustrate the reductions' impact on local budgets, DOA projected the 2002 general revenues of individual counties and municipalities and measured the estimated aid reductions as a percentage of 2002 estimated revenues. Although aid reductions were estimated to equal 4% of general revenues on average, reductions would exceed 5% of the estimated revenues of 15 counties and 1,361 municipalities, including 568 municipalities with estimated reductions of 10%, or more. There are 72 counties and 1,850 municipalities in the state.

5. Some local officials have raised concerns over the methodology employed by DOA relative to the impact of the aid reductions. DOA's estimates of general revenues are based on information filed by local governments with DOR on standardized, financial report forms. The report form separates each government's financial activities into two categories -- governmental funds and proprietary funds. Under governmental fund accounting, each unit's governmental funds

include its general fund, as well as any special revenue funds, capital projects funds, debt service funds and permanent funds. Each local government must have a general fund, but some may not have other types of funds. Within these other types of funds, revenues are often limited to funding specific activities. For example, these revenues may be somewhat analogous to the state's motor vehicle registration fee revenues, which are used to repay transportation revenue bonds and fund other activities in the state's transportation fund. By including these revenues in the DOA analysis, some local officials believe the analysis overstates the flexibility that local governments have in absorbing the proposed aid reductions.

6. Comparing the proposed aid reductions to county and municipal governments' general fund budgets may be a better measure of the impact of the proposal. While a comprehensive database of county and municipal general fund budgets is not available on a statewide basis, a proxy for general fund budgets could be used instead. Because the state authorizes counties and municipalities to impose few taxes other than the property tax, the combination of 2001(02) property tax levies and estimated state aid payments could be used as a base from which aid reductions are calculated. Reductions could equal a uniform percentage of each local government's combined revenues. Based on preliminary reports on property tax levies that local governments have filed with DOR, reductions of 9.4% for each county and municipality would occur relative to the combined aid and levy totals for each local government.

7. Another option would be to reduce each local government's payments by a uniform percentage. If the goal is to reduce expenditures by \$350 million, a percentage of 34.0% would be employed, since funding for the four programs totals \$1,029.4 million.

8. For the three alternatives discussed above, Tables 1, 2 and 3 show the distribution of counties and municipalities according to the estimated aid reduction as a percent of current law aid estimates. On the tables, local governments are grouped according to type of government and by their 2002 adjusted value per capita. The adjusted value per capita is the same figure that would be used to calculate each unit's 2002 aidable revenues entitlement if the aidable revenues formula was allowed to operate in 2002. Based on the Act 16 funding level for shared revenue, the standard value for 2002 under the aidable revenues component would be set at \$56,104 for counties and \$57,019 for municipalities.

9. If some combination of reductions in other appropriations and revenue enhancements permits a smaller reduction in the four state aid payments, the estimated impacts, as reported in the three tables, could be lessened. For illustration, Tables 4, 5 and 6 show the impact associated with a \$200 million reduction. Under a reduction of that amount, a per capita reduction rate of \$19.74 is estimated. Under the combined aids and tax levies approach, percentage reductions of 5.1% are estimated. Under the uniform percentage reduction method, the percentage would be set at 19.4%. Tables 7, 8 and 9 show the impact associated with a \$100 million reduction. Under a reduction of that amount, a per capita reduction rate of \$9.35 is estimated. Under the combined aids and tax levies approach, percentage reductions of 2.5% are estimated. Under the uniform percentage reduction method, the percentage would be set at 9.7%.

10. Generally, the tables indicate that a wider dispersion of percentage reductions in aid would occur under a per capita based reduction procedure than under the "combined aid and tax levies" approach. Under the per capita approach, the number of local governments that would have all their aid eliminated is estimated at 569 under a \$350 million reduction, 30 under a \$200 million reduction and nine under a \$100 million reduction. Under the combined aid and tax levies approach, the number of local governments that would have all their aid eliminated is estimated at 180 under a \$350 million reduction, 52 under a \$200 million reduction and 17 under a \$100 million reduction. Under the uniform percentage approach, no local governments would lose all of their aid. Under the per capita approach, the estimated aid reduction as a percent of each government's combined aid and tax levy would exceed 25% for 294 local governments under the \$350 million option, 42 local governments under the \$200 million option and 10 local governments under the \$100 million option. This compares to uniform percentages of 9.4%, 5.1% and 2.5%, respectively, under the combined aid and tax levy approach.

11. The estimated change in funding at the three amounts and under the three reduction procedures is displayed by type of government on Table 10. Generally, the table shows that the per capita reduction procedure would cause counties and towns to lose above-average percentages of their payments, as a group, and cities and village would lose below-average percentages, as a group. Under the combined aid and levy reduction procedure, each group would trend toward the statewide average, although reductions would not be uniform, as would be the case under the uniform percentage procedure.

12. By imposing aid reductions after local budgets have been set, local governments will be unable to raise significant amounts of additional revenues in 2002. To assist local officials in planning for reductions, the calculations could be based on the estimated payments for 2002 that DOR provided to local governments in September, 2001. Those estimates were provided to assist local governments in setting their 2002 budgets. Otherwise, the reductions would be calculated on the basis of the actual 2002 distribution, as determined under current law, which could differ from the amounts estimated last September.

ALTERNATIVES TO BILL

1. Reduce the combined payments under the shared revenue, expenditure restraint, small municipalities shared revenue (SCIP) and county mandate relief programs in 2002. Reduce the 2002 payment amount determined for each municipality and county by subtracting an amount based on population, as determined by DOR, so that the statewide reduction in 2002 is equal to one of the amounts specified below under (a), (b) or (c). Specify that the payment reduction calculated under this procedure cannot exceed a county's or municipality's total 2002 payment. Require DOR to estimate populations using the results of the 2000 federal decennial census. Specify that in applying the aid reductions for individual counties and municipalities, DOR should reduce the component parts in the following order: (a) for counties, first reduce county mandate relief and then reduce shared revenue; and (b) for municipalities, first reduce shared revenue, then reduce small municipalities shared revenue and finally reduce expenditure restraint. Set the amount of the

reduction at:

- (a) \$350,000,000 (Governor's recommendation);
- (b) \$200,000,000; or
- (c) \$100,000,000.

Base the calculation of the reduction on one of the following:

(d) the actual aid amounts calculated for the 2002 distribution under current law provisions (Governor's recommendation); or

(e) the aid amounts estimated by DOR in September, 2001, for payment in 2002 as reported on the "statement of estimated payments" required under current law.

2. Reduce the combined payments under the shared revenue, expenditure restraint, small municipalities shared revenue (SCIP) and county mandate relief programs in 2002. Modify the Governor's recommendation relative to establishing a formula to reduce 2002 payments. Reduce the 2002 payment amount determined for each county and municipality by subtracting an amount based on a percentage of the sum of each county's or municipality's tax levy for 2001(02) and its estimated state aid payments for 2002, so that the statewide reduction in 2002 is equal to one of the amounts specified below under (a), (b) or (c). Specify that the payment reduction calculated under this procedure cannot exceed a county's or municipality's total 2002 payment. Define tax levy for counties as the sum of each county's actual 2001 (payable 2002) debt levy and operating levy less special purpose levies, as determined by DOR for purposes of the county tax rate limit program. Define tax levy for municipalities as the amount of all other town, village or city taxes as determined by DOR on each municipality's statement of taxes for 2001. Specify that in applying the aid reductions for individual counties and municipalities, DOR should reduce the component parts in the following order: (a) for counties, first reduce county mandate relief and then reduce shared revenue; and (b) for municipalities, first reduce shared revenue, then reduce small municipalities shared revenue and finally reduce expenditure restraint. Set the amount of the reduction at:

- (a) \$350,000,000;
- (b) \$200,000,000; or
- (c) \$100,000,000.

Base the calculation of the reduction on one of the following:

(d) the actual aid amounts calculated for the 2002 distribution under current law provisions;
or

(e) the aid amounts estimated by DOR in September, 2001, for payment in 2002 as reported on the "statement of estimated payments" required under current law.

3. Reduce the combined payments under the shared revenue, expenditure restraint, small municipalities shared revenue (SCIP) and county mandate relief programs in 2002. Modify the Governor's recommendation relative to establishing a formula to reduce 2002 payments. Reduce the 2002 payment amount determined for each county and municipality by subtracting an amount based on a percentage of each county's and municipality's estimated state aid payments for 2002 so that the statewide reduction in 2002 is equal to one of the amounts specified below under (a), (b) or (c). Specify that in applying the aid reductions for individual counties and municipalities, DOR should reduce the component parts in the following order: (a) for counties, first reduce county mandate relief and then reduce shared revenue; and (b) for municipalities, first reduce shared revenue, then reduce small municipalities shared revenue and finally reduce expenditure restraint. Set the amount of the reduction at:

(a) \$350,000,000;

(b) \$200,000,000; or

(c) \$100,000,000.

Base the calculation of the reduction on one of the following:

(d) the actual aid amounts calculated for the 2002 distribution under current law provisions;
or

(e) the aid amounts estimated by DOR in September, 2001, for payment in 2002 as reported on the "statement of estimated payments" required under current law.

4. Delete the Governor's recommendation to reduce state aid payments in 2002 under the shared revenue, expenditure restraint, county mandate relief and small municipalities shared revenue programs.

Prepared by: Rick Olin

TABLE 1

**Estimated Distribution of 2002 Aid Reduction
\$350 Million Reduction Allocated on a Per Capita Basis**

Aid Reduction	2001 Adjusted Value Per Capita						Total	
	Under \$45,000		\$45,000 - \$60,000		Over \$60,000			
<u>Towns</u>								
Under 25%	7	0.6%	9	0.7%	18	1.4%	34	2.7%
25% - 50%	158	12.5	110	8.7	41	3.2	309	24.4
Over 50%	<u>81</u>	<u>6.4</u>	<u>308</u>	<u>24.3</u>	<u>533</u>	<u>42.1</u>	<u>922</u>	<u>72.9</u>
Total	246	19.4%	427	33.8%	592	46.8%	1,265	100.0%
<u>Villages</u>								
Under 25%	236	59.7%	9	2.3%	5	1.3%	250	63.3%
25% - 50%	37	9.4	28	7.1	4	1.0	69	17.5
Over 50%	<u>3</u>	<u>0.8</u>	<u>17</u>	<u>4.3</u>	<u>56</u>	<u>14.2</u>	<u>76</u>	<u>19.2</u>
Total	276	69.9%	54	13.7%	65	16.5%	395	100.0%
<u>Cities</u>								
Under 25%	125	65.8%	5	2.6%	1	0.5%	131	68.9%
25% - 50%	7	3.7	18	9.5	5	2.6	30	15.8
Over 50%	<u>0</u>	<u>0.0</u>	<u>6</u>	<u>3.2</u>	<u>23</u>	<u>12.1</u>	<u>29</u>	<u>15.3</u>
Total	132	69.5%	29	15.3%	29	15.3%	190	100.0%
<u>Municipalities</u>								
Under 25%	368	19.9%	23	1.2%	24	1.3%	415	22.4%
25% - 50%	202	10.9	156	8.4	50	2.7	408	22.1
Over 50%	<u>84</u>	<u>4.5</u>	<u>331</u>	<u>17.9</u>	<u>612</u>	<u>33.1</u>	<u>1,027</u>	<u>55.5</u>
Total	654	35.4%	510	27.6%	686	37.1%	1,850	100.0%
<u>Counties</u>								
Under 25%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
25% - 50%	2	2.8	3	4.2	0	0.0	5	6.9
Over 50%	<u>14</u>	<u>19.4</u>	<u>28</u>	<u>38.9</u>	<u>25</u>	<u>34.7</u>	<u>67</u>	<u>93.1</u>
Total	16	22.2%	31	43.1%	25	34.7%	72	100.0%

Note: The preceding percentages are calculated on a group-by-group basis, so that the percentages within each group sum to 100%.

TABLE 2

**Estimated Distribution of 2002 Aid Reduction
\$350 Million Reduction Allocated as a Percent of Combined Aid and Tax Levies**

<u>Aid Reduction</u>	<u>2001 Adjusted Value Per Capita</u>						<u>Total</u>	
	<u>Under \$45,000</u>		<u>\$45,000 - \$60,000</u>		<u>Over \$60,000</u>			
<u>Towns</u>								
Under 25%	188	14.9%	160	12.6%	78	6.2%	426	33.7%
25% - 50%	56	4.4	209	16.5	172	13.6	437	34.5
Over 50%	<u>2</u>	<u>0.2</u>	<u>58</u>	<u>4.6</u>	<u>342</u>	<u>27.0</u>	<u>402</u>	<u>31.8</u>
Total	246	19.4%	427	33.8%	592	46.8%	1,265	100.0%
<u>Villages</u>								
Under 25%	246	62.3%	9	2.3%	4	1.0%	259	65.6%
25% - 50%	29	7.3	29	7.3	4	1.0	62	15.7
Over 50%	<u>1</u>	<u>0.3</u>	<u>16</u>	<u>4.1</u>	<u>57</u>	<u>14.4</u>	<u>74</u>	<u>18.7</u>
Total	276	69.9%	54	13.7%	65	16.5%	395	100.0%
<u>Cities</u>								
Under 25%	103	54.2%	0	0.0%	1	0.5%	104	54.7%
25% - 50%	29	15.3	20	10.5	1	0.5	50	26.3
Over 50%	<u>0</u>	<u>0.0</u>	<u>9</u>	<u>4.7</u>	<u>27</u>	<u>14.2</u>	<u>36</u>	<u>18.9</u>
Total	132	69.5%	29	15.3%	29	15.3%	190	100.0%
<u>Municipalities</u>								
Under 25%	537	29.0%	169	9.1%	83	4.5%	789	42.6%
25% - 50%	114	6.2	258	13.9	177	9.6	549	29.7
Over 50%	<u>3</u>	<u>0.2</u>	<u>83</u>	<u>4.5</u>	<u>426</u>	<u>23.0</u>	<u>512</u>	<u>27.7</u>
Total	654	35.4%	510	27.6%	686	37.1%	1,850	100.0%
<u>Counties</u>								
Under 25%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
25% - 50%	12	16.7	4	5.6	0	0.0	16	22.2
Over 50%	<u>4</u>	<u>5.6</u>	<u>27</u>	<u>37.5</u>	<u>25</u>	<u>34.7</u>	<u>56</u>	<u>77.8</u>
Total	16	22.2%	31	43.1%	25	34.7%	72	100.0%

Note: The preceding percentages are calculated on a group-by-group basis, so that the percentages within each group sum to 100%.

TABLE 3

**Estimated Distribution of 2002 Aid Reduction
\$350 Million Reduction Allocated According to a Uniform Percentage**

<u>Aid Reduction</u>	<u>2001 Adjusted Value Per Capita</u>						<u>Total</u>	
	<u>Under \$45,000</u>		<u>\$45,000 - \$60,000</u>		<u>Over \$60,000</u>			
<u>Towns</u>								
34.0%	246	19.4%	427	33.8%	592	46.8%	1,265	100.0%
<u>Villages</u>								
34.0%	276	69.9%	54	13.7%	65	16.5%	395	100.0%
<u>Cities</u>								
34.0%	132	69.5%	29	15.3%	29	15.3%	190	100.0%
<u>Municipalities</u>								
34.0%	654	35.4%	510	27.6%	686	37.1%	1,850	100.0%
<u>Counties</u>								
34.0%	16	22.2%	31	43.1%	25	34.7%	72	100.0%

Note: The preceding percentages are calculated on a group-by-group basis, so that the percentages within each group sum to 100%.

TABLE 4

**Estimated Distribution of 2002 Aid Reduction
\$200 Million Reduction Allocated on a Per Capita Basis**

Aid Reduction	2001 Adjusted Value Per Capita						Total	
	Under \$45,000		\$45,000 - \$60,000		Over \$60,000			
<u>Towns</u>								
Under 15%	24	1.9%	19	1.5%	24	1.9%	67	5.3%
15% - 25%	138	10.9	99	7.8	33	2.6	270	21.3
Over 25%	<u>84</u>	<u>6.6</u>	<u>309</u>	<u>24.4</u>	<u>535</u>	<u>42.3</u>	<u>928</u>	<u>73.4</u>
Total	246	19.4%	427	33.8%	592	46.8%	1,265	100.0%
<u>Villages</u>								
Under 15%	250	63.3%	13	3.3%	5	1.3%	268	67.8%
15% - 25%	23	5.8	24	6.1	3	0.8	50	12.7
Over 25%	<u>3</u>	<u>0.8</u>	<u>17</u>	<u>4.3</u>	<u>57</u>	<u>14.4</u>	<u>77</u>	<u>19.5</u>
Total	276	69.9%	54	13.7%	65	16.5%	395	100.0%
<u>Cities</u>								
Under 15%	129	67.9%	9	4.7%	1	0.5%	139	73.2%
15% - 25%	3	1.6	14	7.4	5	2.6	22	11.6
Over 25%	<u>0</u>	<u>0.0</u>	<u>6</u>	<u>3.2</u>	<u>23</u>	<u>12.1</u>	<u>29</u>	<u>15.3</u>
Total	132	69.5%	29	15.3%	29	15.3%	190	100.0%
<u>Municipalities</u>								
Under 15%	403	21.8%	41	2.2%	30	1.6%	474	25.6%
15% - 25%	164	8.9	137	7.4	41	2.2	342	18.5
Over 25%	<u>87</u>	<u>4.7</u>	<u>332</u>	<u>17.9</u>	<u>615</u>	<u>33.2</u>	<u>1,034</u>	<u>55.9</u>
Total	654	35.4%	510	27.6%	686	37.1%	1,850	100.0%
<u>Counties</u>								
Under 15%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
15% - 25%	2	2.8	3	4.2	0	0.0	5	6.9
Over 25%	<u>14</u>	<u>19.4</u>	<u>28</u>	<u>38.9</u>	<u>25</u>	<u>34.7</u>	<u>67</u>	<u>93.1</u>
Total	16	22.2%	31	43.1%	25	34.7%	72	100.0%

Note: The preceding percentages are calculated on a group-by-group basis, so that the percentages within each group sum to 100%.

TABLE 5

**Estimated Distribution of 2002 Aid Reduction
\$200 Million Reduction Allocated as a Percent of Combined Aid and Tax Levies**

Aid Reduction	2001 Adjusted Value Per Capita						Total	
	Under \$45,000		\$45,000 - \$60,000		Over \$60,000			
<u>Towns</u>								
Under 15%	212	16.8%	204	16.1%	92	7.3%	508	40.2%
15% - 25%	31	2.5	149	11.8	123	9.7	303	24.0
Over 25%	<u>3</u>	<u>0.2</u>	<u>74</u>	<u>5.8</u>	<u>377</u>	<u>29.8</u>	<u>454</u>	<u>35.9</u>
Total	246	19.4%	427	33.8%	592	46.8%	1,265	100.0%
<u>Villages</u>								
Under 15%	260	65.8%	11	2.8%	4	1.0%	275	69.6%
15% - 25%	15	3.8	24	6.1	3	0.8	42	10.6
Over 25%	<u>1</u>	<u>0.3</u>	<u>19</u>	<u>4.8</u>	<u>58</u>	<u>14.7</u>	<u>78</u>	<u>19.7</u>
Total	276	69.9%	54	13.7%	65	16.5%	395	100.0%
<u>Cities</u>								
Under 15%	115	60.5%	3	1.6%	1	0.5%	119	62.6%
15% - 25%	17	8.9	15	7.9	1	0.5	33	17.4
Over 25%	<u>0</u>	<u>0.0</u>	<u>11</u>	<u>5.8</u>	<u>27</u>	<u>14.2</u>	<u>38</u>	<u>20.0</u>
Total	132	69.5%	29	15.3%	29	15.3%	190	100.0%
<u>Municipalities</u>								
Under 15%	587	31.7%	218	11.8%	97	5.2%	902	48.8%
15% - 25%	63	3.4	188	10.2	127	6.9	378	20.4
Over 25%	<u>4</u>	<u>0.2</u>	<u>104</u>	<u>5.6</u>	<u>462</u>	<u>25.0</u>	<u>570</u>	<u>30.8</u>
Total	654	35.4%	510	27.6%	686	37.1%	1,850	100.0%
<u>Counties</u>								
Under 15%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
15% - 25%	11	15.3	4	5.6	0	0.0	15	20.8
Over 25%	<u>5</u>	<u>6.9</u>	<u>27</u>	<u>37.5</u>	<u>25</u>	<u>34.7</u>	<u>57</u>	<u>79.2</u>
Total	16	22.2%	31	43.1%	25	34.7%	72	100.0%

Note: The preceding percentages are calculated on a group-by-group basis, so that the percentages within each group sum to 100%.

TABLE 6

**Estimated Distribution of 2002 Aid Reduction
\$200 Million Reduction Allocated According to a Uniform Percentage**

<u>Aid Reduction</u>	<u>2001 Adjusted Value Per Capita</u>						<u>Total</u>	
	<u>Under \$45,000</u>		<u>\$45,000 - \$60,000</u>		<u>Over \$60,000</u>			
<u>Towns</u> 19.4%	246	19.4%	427	33.8%	592	46.8%	1,265	100.0%
<u>Villages</u> 19.4%	276	69.9%	54	13.7%	65	16.5%	395	100.0%
<u>Cities</u> 19.4%	132	69.5%	29	15.3%	29	15.3%	190	100.0%
<u>Municipalities</u> 19.4%	654	35.4%	510	27.6%	686	37.1%	1,850	100.0%
<u>Counties</u> 19.4%	16	22.2%	31	43.1%	25	34.7%	72	100.0%

Note: The preceding percentages are calculated on a group-by-group basis, so that the percentages within each group sum to 100%.

TABLE 7

**Estimated Distribution of 2002 Aid Reduction
\$100 Million Reduction Allocated on a Per Capita Basis**

Aid Reduction	2001 Adjusted Value Per Capita						Total	
	Under \$45,000		\$45,000 - \$60,000		Over \$60,000			
<u>Towns</u>								
Under 5%	4	0.3%	5	0.4%	9	0.7%	18	1.4%
5% - 15%	209	16.5	193	15.3	78	6.2	480	37.9
Over 15%	<u>33</u>	<u>2.6</u>	<u>229</u>	<u>18.1</u>	<u>505</u>	<u>39.9</u>	<u>767</u>	<u>60.6</u>
Total	246	19.4%	427	33.8%	592	46.8%	1,265	100.0%
<u>Villages</u>								
Under 5%	206	52.2%	6	1.5%	5	1.3%	217	54.9%
5% - 15%	68	17.2	39	9.9	14	3.5	121	30.6
Over 15%	<u>2</u>	<u>0.5</u>	<u>9</u>	<u>2.3</u>	<u>46</u>	<u>11.6</u>	<u>57</u>	<u>14.4</u>
Total	276	69.9%	54	13.7%	65	16.5%	395	100.0%
<u>Cities</u>								
Under 5%	115	60.5%	2	1.1%	1	0.5%	118	62.1%
5% - 15%	17	8.9	27	14.2	10	5.3	54	28.4
Over 15%	<u>0</u>	<u>0.0</u>	<u>0</u>	<u>0.0</u>	<u>18</u>	<u>9.5</u>	<u>18</u>	<u>9.5</u>
Total	132	69.5%	29	15.3%	29	15.3%	190	100.0%
<u>Municipalities</u>								
Under 5%	325	17.6%	13	0.7%	15	0.8%	353	19.1%
5% - 15%	294	15.9	259	14.0	102	5.5	655	35.4
Over 15%	<u>35</u>	<u>1.9</u>	<u>238</u>	<u>12.9</u>	<u>569</u>	<u>30.8</u>	<u>842</u>	<u>45.5</u>
Total	654	35.4%	510	27.6%	686	37.1%	1,850	100.0%
<u>Counties</u>								
Under 5%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
5% - 15%	11	15.3	4	5.6	0	0.0	15	20.8
Over 15%	<u>5</u>	<u>6.9</u>	<u>27</u>	<u>37.5</u>	<u>25</u>	<u>34.7</u>	<u>57</u>	<u>79.2</u>
Total	16	22.2%	31	43.1%	25	34.7%	72	100.0%

Note: The preceding percentages are calculated on a group-by-group basis, so that the percentages within each group sum to 100%.

TABLE 8

**Estimated Distribution of 2002 Aid Reduction
\$100 Million Reduction Allocated as a Percent of Combined Aid and Tax Levies**

<u>Aid Reduction</u>	<u>2001 Adjusted Value Per Capita</u>						<u>Total</u>	
	<u>Under \$45,000</u>		<u>\$45,000 - \$60,000</u>		<u>Over \$60,000</u>			
<u>Towns</u>								
Under 5%	121	9.6%	77	6.1%	44	3.5%	242	19.1%
5% - 15%	125	9.9	314	24.8	256	20.2	695	54.9
Over 15%	<u>0</u>	<u>0.0</u>	<u>36</u>	<u>2.8</u>	<u>292</u>	<u>23.1</u>	<u>328</u>	<u>25.9</u>
Total	246	19.4%	427	33.8%	592	46.8%	1,265	100.0%
<u>Villages</u>								
Under 5%	208	52.7%	5	1.3%	2	0.5%	215	54.4%
5% - 15%	67	17.0	35	8.9	8	2.0	110	27.8
Over 15%	<u>1</u>	<u>0.3</u>	<u>14</u>	<u>3.5</u>	<u>55</u>	<u>13.9</u>	<u>70</u>	<u>17.7</u>
Total	276	69.9%	54	13.7%	65	16.5%	395	100.0%
<u>Cities</u>								
Under 5%	70	36.8%	0	0.0%	1	0.5%	71	37.4%
5% - 15%	62	32.6	21	11.1	3	1.6	86	45.3
Over 15%	<u>0</u>	<u>0.0</u>	<u>8</u>	<u>4.2</u>	<u>25</u>	<u>13.2</u>	<u>33</u>	<u>17.4</u>
Total	132	69.5%	29	15.3%	29	15.3%	190	100.0%
<u>Municipalities</u>								
Under 5%	399	21.6%	82	4.4%	47	2.5%	528	28.5%
5% - 15%	254	13.7	370	20.0	267	14.4	891	48.2
Over 15%	<u>1</u>	<u>0.1</u>	<u>58</u>	<u>3.1</u>	<u>372</u>	<u>20.1</u>	<u>431</u>	<u>23.3</u>
Total	654	35.4%	510	27.6%	686	37.1%	1,850	100.0%
<u>Counties</u>								
Under 5%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
5% - 15%	16	22.2	8	11.1	0	0.0	24	33.3
Over 15%	<u>0</u>	<u>0.0</u>	<u>23</u>	<u>31.9</u>	<u>25</u>	<u>34.7</u>	<u>48</u>	<u>66.7</u>
Total	16	22.2%	31	43.1%	25	34.7%	72	100.0%

Note: The preceding percentages are calculated on a group-by-group basis, so that the percentages within each group sum to 100%.

TABLE 9

**Estimated Distribution of 2002 Aid Reduction
\$100 Million Reduction Allocated According to a Uniform Percentage**

<u>Aid Reduction</u>	<u>2001 Adjusted Value Per Capita</u>						<u>Total</u>	
	<u>Under \$45,000</u>		<u>\$45,000 - \$60,000</u>		<u>Over \$60,000</u>			
<u>Towns</u>								
9.7%	246	19.4%	427	33.8%	592	46.8%	1,265	100.0%
<u>Villages</u>								
9.7%	276	69.9%	54	13.7%	65	16.5%	395	100.0%
<u>Cities</u>								
9.7%	132	69.5%	29	15.3%	29	15.3%	190	100.0%
<u>Municipalities</u>								
9.7%	654	35.4%	510	27.6%	686	37.1%	1,850	100.0%
<u>Counties</u>								
9.7%	16	22.2%	31	43.1%	25	34.7%	72	100.0%

Note: The preceding percentages are calculated on a group-by-group basis, so that the percentages within each group sum to 100%.

TABLE 10

**Estimated Change in Funding Under Shared Revenue and Related Programs for 2002
Under Three Funding Levels and Three Reduction Procedures by Type of Government
(In Millions)**

-\$350 Million	Current Law Payment	Per Capita		Aid and Tax Levy		Uniform Percent	
		Reduction	Percent	Reduction	Percent	Reduction	Percent
Towns	\$81.7	-\$55.9	-68.5%	-\$32.1	-39.3%	-\$27.8	-34.0%
Villages	83.7	-26.7	-31.9	-28.7	-34.3	-28.5	-34.0
Cities	672.4	-117.8	-17.5	-169.1	-25.2	-228.5	-34.0
Counties	191.6	-149.6	-78.0	-120.1	-62.7	-65.2	-34.0
Total	\$1,029.4	-\$350.0	-34.0%	-\$350.0	-34.0%	-\$350.0	-34.0%

-\$200 Million	Current Law Payment	Per Capita		Aid and Tax Levy		Uniform Percent	
		Reduction	Percent	Reduction	Percent	Reduction	Percent
Towns	\$81.7	-\$33.5	-41.0%	-\$17.9	-22.0%	-\$15.9	-19.4%
Villages	83.7	-13.8	-16.5	-16.6	-19.8	-16.3	-19.4
Cities	672.4	-60.1	-8.9	-93.1	-13.8	-130.6	-19.4
Counties	191.6	-92.6	-48.3	-72.4	-37.8	-37.2	-19.4
Total	\$1,029.4	-\$200.0	-19.4%	-\$200.0	-19.4%	-\$200.0	-19.4%

-\$100 Million	Current Law Payment	Per Capita		Aid and Tax Levy		Uniform Percent	
		Reduction	Percent	Reduction	Percent	Reduction	Percent
Towns	\$81.7	-\$15.9	-19.4%	-\$8.8	-10.8%	-\$7.9	-9.7%
Villages	83.7	-6.5	-7.8	-8.2	-9.8	-8.1	-9.7
Cities	672.4	-28.4	-4.2	-45.5	-6.8	-65.4	-9.7
Counties	191.6	-49.2	-25.7	-37.5	-19.6	-18.6	-9.7
Total	\$1,029.4	-\$100.0	-9.7%	-\$100.0	-9.7%	-\$100.0	-9.7%