



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #621

### **Treatment of Federal Stimulus Funds Under Revenue Limits (DPI -- General School Aids and Revenue Limits)**

[LFB 2009-11 Budget Summary: Page 521, #6]

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#### **CURRENT LAW**

Revenue limits restrict the amount of revenue school districts can raise from the combination of general aid, computer aid, and property taxes. On October 15 of each year, the Department of Public Instruction (DPI) provides districts with an estimate of their general school aid payment for the current school year. The difference between a district's revenue limit and the October 15<sup>th</sup> general school aid estimate, less the district's computer aid and high poverty aid eligibility, determines the maximum amount of revenue that the district is allowed to raise through the property tax levy. If a district does not levy the maximum amount allowed under its revenue limit in a given school year, the district's revenue limit in the following year is increased by an amount equal to the underlevy less any nonrecurring revenue limit authority in the prior year.

#### **GOVERNOR**

Specify that federal funding received by school districts from the federal appropriation for allocations from the state fiscal stabilization fund under the American Recovery and Reinvestment Act that are distributed to districts as equalization aid would be subject to revenue limits, beginning in the 2009-10 school year.

#### **MODIFICATION**

Specify that this federal funding be subject to revenue limits beginning in the 2008-09 school year.

**Explanation:** Under the bill, \$291 million FED would be provided for equalization aid in 2008-09, and DPI would be required to lapse an equal amount of GPR from the state general school aids appropriation. Additional federal equalization aid funding is provided in 2009-10 and 2010-11 under the bill. While district levies for 2008-09 have been set, it is ambiguous as to how this bill provision would affect the underlevy adjustment for 2009-10. This modification would treat all three years of federal funding consistently with respect to revenue limits.

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