



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #529

### **Carryover of Unused Revenue Authority (DPI -- General School Aids and Revenue Limits)**

[LFB 2011-13 Budget Summary: Page 346, #7]

#### **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. A district's base revenue in a given year is equal to the general aid, computer aid, and property tax revenues received in the prior school year. Base revenue is divided by the average of the district's enrollments in the prior three years to determine its base revenue per pupil. A per pupil adjustment is added to the base revenue per pupil to determine the district's current year revenue per pupil. In 2010-11, the per pupil adjustment is \$200. Current year revenue per pupil is then multiplied by the average of the district's enrollments in the current and prior two years to determine the district's initial revenue limit. There are several adjustments that are made to the standard revenue limit calculation, such as the low revenue ceiling and the declining enrollment adjustment. These adjustments generally increase a district's limit, providing the district with more revenue authority within the calculated limit. A district can also exceed its revenue limit by receiving voter approval at a referendum.

A district is not required to levy the maximum property tax amount allowed under its revenue limit. Under the carryover adjustment, if a district does not levy the maximum amount allowed in a given school year, the district's revenue limit in the following year is increased by an amount equal to the underlevy in the prior year. This adjustment is reduced by the amount of any nonrecurring revenue limit authority from the prior year.

#### **GOVERNOR**

Delete the adjustment for carryover of unused revenue authority.

## **MODIFICATION**

Delete provision.

**Explanation:** In a March 31, 2011, letter to the Co-Chairs of Joint Finance, the DOA Secretary indicated that it was not the Governor's intent to delete this adjustment and that the bill should be modified to maintain current law. This modification was included in the administration's and this office's estimates of property tax levies under the bill and would thus not result in an estimated increase in school levies in the 2011-13 biennium.

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