



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #826

### **Direct Aid Payments -- Funding Level (Shared Revenue and Tax Relief -- Direct Aid Payments)**

[LFB 2001-03 Budget Summary: Page 599]

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#### **CURRENT LAW**

Shared revenue payments for 1995 and thereafter are set at \$761,478,000 for municipalities and \$168,981,800 for counties. Expenditure restraint payments for 2000 and thereafter are set at \$57,000,000. Small municipalities shared revenue (SCIP) payments for 2000 and thereafter are set at \$11,000,000. County mandate relief payments for 2000 and thereafter are set at \$20,763,800. The base funding level for payments for municipal services (PMS) is \$21,565,300. All of these programs are funded with GPR appropriations.

#### **GOVERNOR**

Maintain the same total funding level for this group of direct aid payments as in the base year.

#### **DISCUSSION POINTS**

1. The 2001 payments under the shared revenue, expenditure restraint, small municipalities shared revenue and county mandate relief programs will be made from the corresponding appropriations for 2000-01. Any increases provided for these programs would first apply to the 2002 distributions, which will be funded in 2002-03. Any increases for the 2003 distribution would be funded in 2003-04, the first year of the following biennium.

2. The 2001 payments under the PMS program will be made from the 2000-01 appropriation. Any increases in the distribution level for this program in 2002 or 2003 would be

funded in 2001-02 or 2002-03, respectively.

3. Agencies with non-GPR appropriations are charged for the non-GPR portion of payments for municipal services related to their facilities. These agency chargebacks are deposited in the general fund. Since the chargebacks typically equal about 46% of the PMS appropriation, any appropriation increases would be partially offset by chargeback increases.

4. Although funding for municipal and county shared revenue was last increased in 1995, 1999 Act 9 provided increases for the other programs, effective in 2000: expenditure restraint, 18.75%; small municipalities shared revenue, 10.00%; county mandate relief, 3.00%; and payments for municipal services, 19.37%.

### ALTERNATIVES TO BASE

1. Take no action, and thereby maintain the current funding level for the shared revenue, expenditure restraint, small municipalities shared revenue, county mandate relief and payments for municipal services programs.

2. Provide annual shared revenue increases for 2002 and 2003 at one of the following percentages. Set the municipal and county distributions and increase the shared revenue appropriation as shown below.

		<u>Municipal Distribution</u>		<u>County Distribution</u>		<u>GPR Change to Bill</u>	
		<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2001-02</u>	<u>2002-03</u>
a.	1.0%	\$769,092,800	\$776,783,700	\$170,671,600	\$172,378,300	\$0	\$9,304,600
b.	2.0	776,707,600	792,241,800	172,361,400	175,808,600	0	18,609,200
c.	3.0	784,322,300	807,852,000	174,051,300	179,272,800	0	27,913,800

3. Provide annual expenditure restraint increases for 2002 and 2003 at one of the following percentages. Set the municipal distribution and increase the expenditure restraint appropriation as shown below.

		<u>Municipal Distribution</u>		<u>GPR Change to Bill</u>	
		<u>2002</u>	<u>2003</u>	<u>2001-02</u>	<u>2002-03</u>
a.	1.0%	\$57,570,000	\$58,145,700	\$0	\$570,000
b.	2.0	58,140,000	59,302,800	0	1,140,000
c.	3.0	58,710,000	60,471,300	0	1,710,000

4. Provide annual small municipalities shared revenue (SCIP) increases for 2002 and 2003 at one of the following percentages. Set the municipal distribution and increase the small municipalities shared revenue appropriation as shown below.

		<u>Municipal Distribution</u>		<u>GPR Change to Bill</u>	
		<u>2002</u>	<u>2003</u>	<u>2001-02</u>	<u>2002-03</u>
a.	1.0%	\$11,110,000	\$11,221,100	\$0	\$110,000
b.	2.0	11,220,000	11,444,400	0	220,000
c.	3.0	11,330,000	11,669,900	0	330,000

5. Provide annual county mandate relief increases for 2002 and 2003 at one of the following percentages. Set the county distribution and increase the county mandate relief appropriation as shown below.

		<u>County Distribution</u>		<u>GPR Change to Bill</u>	
		<u>2002</u>	<u>2003</u>	<u>2001-02</u>	<u>2002-03</u>
a.	1.0%	\$20,971,400	\$21,181,100	\$0	\$207,600
d.	2.0	21,179,100	21,602,700	0	415,300
f.	3.0	21,386,700	22,028,300	0	622,900

6. Provide annual payments for municipal services increases for 2001-02 and 2002-03 at one of the following percentages. Increase the payments for municipal services appropriation and reestimate general fund revenue from agency chargebacks as shown below.

		<u>Appropriation Level</u>		<u>GPR Change to Bill</u>		<u>Revenue Change to Bill</u>	
		<u>2001-02</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2002-03</u>
a.	1.0%	\$21,781,000	\$21,998,800	\$215,700	\$433,500	\$99,200	\$199,400
b.	2.0	21,996,600	22,436,500	431,300	871,200	198,400	400,800
c.	3.0	22,212,300	22,878,700	647,000	1,313,400	297,600	604,200

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