

**ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO ASSEMBLY BILL 1**

March 12, 2008 – Offered by Representative HUEBSCH.

1 **AN ACT** *to amend* 13.101 (6) (a), 16.50 (1) (b), 16.518 (title), 16.52 (10), 20.003
2 (4) (ft), 20.003 (4) (fv), 118.153 (4) (b), 121.007, 121.15 (1m) (a) 3. and 121.15
3 (1m) (b); *to create* 16.518 (2m), 16.518 (3) (b) 3., 20.255 (2) (at) and 121.15 (1m)
4 (a) 4. of the statutes; and *to affect* 2007 Wisconsin Act 20, section 9201 (1c) (a);
5 **relating to:** state finances and appropriations.

Analysis by the Legislative Reference Bureau

EDUCATION

Under current law, the payment of \$75,000,000 in general school aid is delayed until the fourth Monday in July of the succeeding school year. This bill delays the payment of an additional \$125,000,000 in general school aid from June to July and requires that both delayed payments be made on the first Monday in July.

Current law provides that if in any fiscal year the amount of moneys deposited into the general fund that are designated as “Taxes” exceeds the amount of such moneys projected to be deposited into the general fund, one-half of the excess must be transferred to the budget stabilization fund. Under this bill, the excess must be used to reduce the amounts of the delayed school aid payments. Any amount in excess of \$200,000,000 is transferred to the budget stabilization fund.

STATE GOVERNMENT

This bill transfers \$55,000,000 from the budget stabilization fund to the general fund during the 2007–08 fiscal year.

Current statutes contain a rule of proceeding governing legislative action on certain bills. Generally, the rule provides that no bill directly or indirectly affecting general purpose revenues may be adopted if the bill would cause the estimated general fund balance on June 30 of any fiscal year to be less than a certain amount of the total general purpose revenue appropriations for that fiscal year. For fiscal years 2007–08 and 2008–09, the amount is \$65,000,000. The bill reduces this amount in each of these fiscal years to \$20,000,000.

2007 Wisconsin Act 20 requires the secretary of administration (secretary) to lapse or transfer \$200,000,000 to the general fund from certain appropriations to executive branch state agencies in the 2007–09 fiscal biennium and another \$200,000,000 in the 2009–11 fiscal biennium.

This bill decreases the amount of this required lapse or transfer to \$150,000,000 in the 2007–09 fiscal biennium and \$150,000,000 in the 2009–11 fiscal biennium, but prohibits the secretary from lapsing or transferring any of these moneys from appropriations to the Department of Transportation or an appropriation to the Department of Public Instruction (DPI) for general equalization aids.

The bill requires the secretary to lapse to the general fund from the unencumbered balances of general purpose revenues appropriations to executive branch state agencies, other than an appropriation to DPI for general equalization aids, and most sum sufficient appropriations and appropriations of federal revenues, an amount equal to \$250,000,000 during the 2007–09 fiscal biennium and \$250,000,000 during the 2009–11 fiscal biennium. For the purpose of making the lapses, the bill permits the secretary to reduce amounts in the compensation reserve dedicated to fund unbudgeted, state employee salary and fringe benefits cost increases.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 13.101 (6) (a) of the statutes, as affected by 2007 Wisconsin Act 20,
2 is amended to read:

3 13.101 **(6)** (a) As an emergency measure necessitated by decreased state
4 revenues and to prevent the necessity for a state tax on general property, the
5 committee may reduce any appropriation made to any board, commission,
6 department, or the University of Wisconsin System, or to any other state agency or

1 activity, by such amount as it deems feasible, not exceeding 25% of the
2 appropriations, except appropriations made by ss. 20.255 (2) (ac), (at), (bc), (bh), (cg),
3 and (cr), 20.395 (1), (2) (cq), (eq) to (ex) and (gq) to (gx), (3), (4) (aq) to (ax), and (6)
4 (af), (aq), (ar), and (au), 20.435 (6) (a) and (7) (da), and 20.437 (2) (a) and (dz) or for
5 forestry purposes under s. 20.370 (1), or any other moneys distributed to any county,
6 city, village, town, or school district. Appropriations of receipts and of a sum
7 sufficient shall for the purposes of this section be regarded as equivalent to the
8 amounts expended under such appropriations in the prior fiscal year which ended
9 June 30. All functions of said state agencies shall be continued in an efficient
10 manner, but because of the uncertainties of the existing situation no public funds
11 should be expended or obligations incurred unless there shall be adequate revenues
12 to meet the expenditures therefor. For such reason the committee may make
13 reductions of such appropriations as in its judgment will secure sound financial
14 operations of the administration for said state agencies and at the same time
15 interfere least with their services and activities.

16 **SECTION 2.** 16.50 (1) (b) of the statutes is amended to read:

17 16.50 (1) (b) This subsection does not apply to appropriations under ss. 20.255
18 (2) (ac), and (at), 20.835, and 20.865 (4).

19 **SECTION 3.** 16.518 (title) of the statutes is amended to read:

20 **16.518 (title) ~~Transfers~~ Reductions in school aid; delayed payment and**
21 **transfers to the budget stabilization fund and the cash building projects**
22 **fund.**

23 **SECTION 4.** 16.518 (2m) of the statutes is created to read:

24 16.518 (2m) (a) If the amount of moneys projected to be deposited in the general
25 fund during the fiscal year that are designated as “Taxes” in the summary are less

1 than the amount of such moneys actually deposited in the general fund during the
2 fiscal year, the secretary shall reduce the amount of the delayed general school aid
3 payment required under s. 121.15 (1m) (a) 4. by the difference.

4 (b) If there is a balance remaining after the amount of the delayed general
5 school aid payment required under s. 121.15 (1m) (a) 4. is reduced to zero under par.
6 (a), the secretary shall use it to reduce the amount of the delayed general school aid
7 payment required under s. 121.15 (1m) (a) 3.

8 **SECTION 5.** 16.518 (3) (b) 3. of the statutes is created to read:

9 16.518 **(3)** (b) 3. If the amounts of the delayed general school aid payments
10 required under s. 121.15 (1m) (a) 3. and 4. are not reduced to zero under sub. (2m),
11 the secretary may not make the transfer under par. (a).

12 **SECTION 6.** 16.52 (10) of the statutes is amended to read:

13 16.52 **(10)** DEPARTMENT OF PUBLIC INSTRUCTION. The provisions of sub. (2) with
14 respect to refunds and sub. (5) (a) with respect to reimbursements for the prior fiscal
15 year shall not apply to the ~~appropriation~~ appropriations under s. 20.255 (2) (ac) and
16 (at).

17 **SECTION 7.** 20.003 (4) (ft) of the statutes is amended to read:

18 20.003 **(4)** (ft) For fiscal year 2007–08, \$65,000,000 \$20,000,000.

19 **SECTION 8.** 20.003 (4) (fv) of the statutes is amended to read:

20 20.003 **(4)** (fv) For fiscal year 2008–09, \$65,000,000 \$20,000,000.

21 **SECTION 9.** 20.255 (2) (at) of the statutes is created to read:

22 20.255 **(2)** (at) *General equalization aids; reduction in delayed payment.* A sum
23 sufficient equal to the amount of the reductions made under s. 16.518 (2m) in the
24 current fiscal year to the amounts of the delayed school aid payments under s. 121.15
25 (1m) (a) 3. and 4., for the payment of educational aids under s. 121.08.

1 **SECTION 10.** 118.153 (4) (b) of the statutes is amended to read:

2 118.153 **(4)** (b) Upon receipt of a school board's annual report under par. (a) the
3 state superintendent shall pay to the school district from the appropriation under s.
4 20.255 (2) (bc), for each pupil enrolled in a program for children at risk who achieved
5 at least 3 of the objectives under par. (c) in the previous school year, additional state
6 aid in an amount equal to 10% of the school district's average per pupil aids provided
7 under s. 20.835 (7) (a), 1991 stats., and s. 20.255 (2) (ac) and (at) in the previous
8 school year.

9 **SECTION 11.** 121.007 of the statutes is amended to read:

10 **121.007 Use of state aid; exemption from execution.** All moneys paid to
11 a school district under s. 20.255 (2) (ac), (at), (bc), (cg), and (cr), shall be used by the
12 school district solely for the purposes for which paid. Such moneys are exempt from
13 execution, attachment, garnishment, or other process in favor of creditors, except as
14 to claims for salaries or wages of teachers and other school employees and as to
15 claims for school materials, supplies, fuel, and current repairs.

16 **SECTION 12.** 121.15 (1m) (a) 3. of the statutes is amended to read:

17 121.15 **(1m)** (a) 3. Beginning in the ~~1999–2000~~ 2007–2008 school year,
18 annually the state shall pay to school districts, from the appropriation under s.
19 20.255 (2) (ac), an amount equal to \$75,000,000, less the sum of the reductions made
20 to the amount in the previous and current fiscal years under s. 16.518 (2m) (b), on
21 the 4th first Monday in July of the following school year.

22 **SECTION 13.** 121.15 (1m) (a) 4. of the statutes is created to read:

23 121.15 **(1m)** (a) 4. Beginning in the 2007–08 school year, in addition to the
24 payment delay under subd. 3., annually the state shall pay to school districts, from
25 the appropriation under s. 20.255 (2) (ac), an amount equal to \$125,000,000, less the

1 sum of the reductions made to the amount in the previous and current fiscal years
2 under s. 16.518 (2m) (a), on the first Monday in July of the following school year.

3 **SECTION 14.** 121.15 (1m) (b) of the statutes is amended to read:

4 121.15 **(1m)** (b) The percentages under subs. (1) (a) and (1g) (a) shall be reduced
5 proportionally to reflect the payments made under par. (a)- 3. The percentage paid
6 in June under subs. (1) (a) and (1g) (a) shall be reduced to reflect the payment made
7 under par. (a) 4. School districts shall treat the payments made in July under par.
8 (a) as if they had been received in the previous school year.

9 **SECTION 15.** 2007 Wisconsin Act 20, section 9201 (1c) (a) is amended to read:

10 [2007 Wisconsin Act 20] Section 9201 (1c) (a) Notwithstanding sections 20.001
11 (3) (a) to (c) and 25.40 (3) of the statutes, but subject to paragraph (d), the secretary
12 of administration shall lapse to the general fund or transfer to the general fund from
13 the unencumbered balances of appropriations to executive branch state agencies,
14 other than sum sufficient appropriations and appropriations of federal revenues, an
15 amount equal to ~~\$200,000,000~~ \$150,000,000 during the 2007–09 fiscal biennium and
16 ~~\$200,000,000~~ \$150,000,000 during the 2009–11 fiscal biennium. This paragraph
17 shall not apply to appropriations to the department of public instruction under
18 section 20.255 (2) (ac) of the statutes and to appropriations to the Board of Regents
19 of the University of Wisconsin System, the department of transportation, and to the
20 technical college system board.

21 **SECTION 9137. Nonstatutory provisions; Public Instruction.**

22 (1) For the following purposes, the department of public instruction shall
23 consider the amount appropriated under section 20.255 (2) (ac) of the statutes as if
24 the decrease in that amount under SECTION 9237 (1) of this act had not occurred:

1 (a) For the purpose of calculating the payment under section 119.23 (4) (b) 2.
2 of the statutes in the 2007–08 and 2008–09 fiscal years.

3 (b) For the purpose of calculating the secondary guaranteed valuation per
4 member under section 121.07 (7) (b) of the statutes and the school aid reduction
5 under section 121.08 (4) of the statutes in the 2007–08 fiscal year.

6 **SECTION 9155. Nonstatutory provisions; other.**

7 (1) BUDGET STABILIZATION FUND. Notwithstanding section 20.875 (2) (q) of the
8 statutes, any transfer from the budget stabilization fund to the general fund during
9 the 2007–08 fiscal year under section 20.875 (2) (q) of the statutes, as affected by this
10 act, shall occur before July 1, 2008.

11 **SECTION 9201. Fiscal changes; Administration.**

12 (1) TRANSFERS FROM GENERAL FUND TO APPROPRIATIONS TO THE DEPARTMENT OF
13 TRANSPORTATION. If moneys were transferred to the general fund from appropriations
14 to the department of transportation during the 2007–08 fiscal year, pursuant to 2007
15 Wisconsin Act 20, section 9201 (1c) (a), the secretary of administration shall transfer
16 from the general fund to these appropriations the amount that was transferred from
17 these appropriations before the effective date of this subsection.

18 (2) LAPSE OF ANY UNENCUMBERED MONEYS IN APPROPRIATION ACCOUNTS AND FUNDS.

19 (a) 1. Notwithstanding sections 20.001 (3) (a) to (c) of the statutes, but subject
20 to paragraph (b), the secretary of administration shall lapse to the general fund from
21 the unencumbered balances of general purpose revenue appropriations to executive
22 branch state agencies, other than sum sufficient appropriations not specified in
23 subdivision 2. and appropriations of federal revenues, an amount equal to
24 \$250,000,000 during the 2007–09 fiscal biennium and \$250,000,000 during the
25 2009–11 fiscal biennium. The amounts lapsed under this subdivision shall be in

1 addition to the amounts lapsed or transferred under 2007 Wisconsin Act 20, section
2 9201 (1c) (a) to (c). This subdivision shall not apply to an appropriation to the
3 department of public instruction under section 20.255 (2) (ac) of the statutes.

4 2. For the purpose of making the lapses required under subdivision 1. for
5 executive branch state agencies, the secretary of administration may reduce the
6 general purpose revenue amounts allocated for “Compensation Reserves” for each
7 fiscal biennia in the summary under section 20.005 (1) of the statutes, as affected by
8 the acts of 2007. If the secretary of administration reduces any of these amounts, the
9 secretary shall specify from which appropriation under section 20.865 (1) (c), (ci), or
10 (d) of the statutes the reductions are to be allocated.

11 (b) The secretary of administration may not lapse moneys under paragraph (a)
12 if the lapse would violate a condition imposed by the federal government on the
13 expenditure of the moneys or if the lapse would violate the federal or state
14 constitution.

15 **SECTION 9237. Fiscal changes; Public Instruction.**

16 (1) EQUALIZATION AID SHIFT. In the schedule under section 20.005 (3) of the
17 statutes for the appropriation to the department of public instruction under section
18 20.255 (2) (ac) of the statutes, as affected by the acts of 2007, the dollar amount is
19 decreased by \$125,000,000 for fiscal year 2007–08.

20 **SECTION 9255. Fiscal changes; other.**

21 (1) BUDGET STABILIZATION FUND. In the schedule under section 20.005 (3) of the
22 statutes for the appropriation under section 20.875 (2) (q) of the statutes, as affected
23 by the acts of 2007, the dollar amount is increased by \$55,000,000 for fiscal year
24 2007–08 for the purpose for which the appropriation is made.

