

## PUBLIC INSTRUCTION

<b>Budget Summary</b>							
Fund	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	2005-07 Legislature	2005-07 Act 25	Act 25 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$9,799,088,600	\$10,580,107,700	\$10,364,321,900	\$10,363,322,000	\$10,703,471,800	\$904,383,200	9.2%
FED	1,114,300,600	1,209,876,700	1,209,876,700	1,209,876,700	1,209,876,700	95,576,100	8.6
PR	83,253,800	78,350,300	78,585,900	78,585,900	77,235,900	- 6,017,900	- 7.2
SEG	<u>186,110,800</u>	<u>242,355,600</u>	<u>70,470,600</u>	<u>70,470,600</u>	<u>70,470,600</u>	<u>- 115,640,200</u>	<u>- 62.1</u>
TOTAL	\$11,182,753,800	\$12,110,690,300	\$11,723,255,100	\$11,722,255,200	\$12,061,055,000	\$878,301,200	7.9%

<b>FTE Position Summary</b>						
Fund	2004-05 Base	2006-07 Governor	2006-07 Jt. Finance	2006-07 Legislature	2006-07 Act 25	Act 25 Change Over 2004-05 Base
FED	289.40	286.75	288.35	288.35	288.35	- 1.05
PR	<u>76.02</u>	<u>75.14</u>	<u>74.44</u>	<u>74.44</u>	<u>74.44</u>	<u>- 1.58</u>
TOTAL	637.14	622.26	613.26	614.26	614.26	- 22.88

### Budget Change Items

### General School Aids and Revenue Limits

**1. STATE SUPPORT FOR ELEMENTARY AND SECONDARY EDUCATION [LFB Paper 595]**

**Governor:** Increase the total appropriated for general and categorical school aids from \$4,857,977,100 in 2004-05 to \$5,163,608,800 in 2005-06 and \$5,339,921,200 in 2006-07. Compared to the 2004-05 base year, school aids would increase by \$305,631,700 in 2005-06 and \$481,944,100 in 2006-07 (or \$176,312,400 in 2006-07 over the 2005-06 recommended level). These proposed funding levels would represent annual increases over the prior year of 6.3% in 2005-06 and 3.4% in 2006-07.

Under state law as it existed prior to the repeal of the two-thirds funding commitment, state funding for support of K-12 education was defined as the sum of state general and categorical school aids, the school levy tax credit and the general program operations appropriation for the Wisconsin Educational Services Program for the Deaf and Hard of Hearing and the Wisconsin Center for the Blind and Visually Impaired. Using this definition, the bill would increase state funding from the base amount of \$5,336,358,900 in 2004-05 to \$5,643,311,700 in 2005-06 and \$5,969,624,100 in 2006-07. These funding levels would represent increases of 5.8% in each year over the prior year funding levels. Using the definition of partial school revenues as it existed prior to the repeal of the two-thirds funding commitment, it is estimated that state support of partial school revenues would increase from 63.7% in 2004-05 to 65.3% in 2005-06 and 66.7% in 2006-07.

**Joint Finance/Legislature:** Increase the total amount of funding appropriated for general and categorical school aids to \$5,004,163,200 in 2005-06 and \$5,119,424,000 in 2006-07. Compared to the Governor's recommendations, school aids would be reduced by \$159,445,600 in 2005-06 and \$220,497,200 in 2006-07. Compared to the 2004-05 base year, school aids would increase by \$146,186,100 in 2005-06 and \$261,446,900 in 2006-07 (or \$115,260,800 in 2006-07 over the 2005-06 recommended level). These proposed funding levels would represent annual increases over the prior year of 3.0% in 2005-06 and 2.3% in 2006-07.

Under state law as it existed prior to the repeal of the two-thirds funding commitment, state support of K-12 education would increase to \$5,483,866,100 in 2005-06 and \$5,649,126,900 in 2006-07. These funding levels would represent increases over the prior year of 2.8% in 2005-06 and 3.0% in 2006-07. It is estimated that state support of partial school revenues would increase to 64.4% in 2005-06 and 65.2% in 2006-07.

**Veto by Governor [A-4 and A-9]:** As a result of the Governor's vetoes, based on the veto message, funding for general school aids would increase by \$155,000,000 in 2005-06 and \$175,000,000 in 2006-07. In addition, the funding source for mentoring grants would be shifted from PR to GPR. It is estimated that state support of partial school revenues would be 65.5% in 2005-06 and 66.4% in 2006-07. A summary of the funding amounts for state support under the recommendations of the Governor, Joint Finance and the Legislature, and the provisions of Act 25 are presented in Table 1.

**TABLE 1****State Support for K-12 Education**

	2004-05 Base Year	Governor		Jt. Finance/Leg.		Act 25	
		2005-06	2006-07	2005-06	2006-07	2005-06	2006-07
General School Aids	\$4,317,545,900	\$4,602,545,900	\$4,732,545,900	\$4,458,945,900	\$4,547,745,900	\$4,613,945,900	\$4,722,745,900
Categorical Aids	540,431,200	561,062,900	607,375,300	545,217,300	571,678,100	545,217,300	571,678,100
School Levy Tax Credit	469,305,000	469,305,000	619,305,000	469,305,000	519,305,000	469,305,000	593,050,000
State Residential Schools	9,076,800	10,397,900	10,397,900	10,397,900	10,397,900	10,397,900	10,397,900
<b>Total</b>	<b>\$5,336,358,900</b>	<b>\$5,643,311,700</b>	<b>\$5,969,624,100</b>	<b>\$5,483,866,100</b>	<b>\$5,649,126,900</b>	<b>\$5,638,866,100</b>	<b>\$5,897,871,900</b>
<b>Change to Prior Year</b>							
Amount		\$306,952,800	\$326,312,400	\$147,507,200	\$165,260,800	\$302,507,200	\$259,005,800
Percent		5.8%	5.8%	2.8%	3.0%	5.7%	4.6%
<b>Change to Base</b>							
Amount		\$306,952,800	\$633,265,200	\$147,507,200	\$312,768,000	\$302,507,200	\$561,613,000
Percent		5.8%	11.9%	2.8%	5.9%	5.7%	10.5%

Table 2 provides an outline of state support for K-12 education by individual fund source. Table 3 presents the Act 25 funding levels for each general and categorical school aid program as compared to the 2004-05 base funding level. The provisions relating to individual school aid programs are summarized in the items that follow.

**TABLE 2****State Support for K-12 Education by Fund Source**

	2004-05 Base Year	Governor		Jt. Finance/Leg.		Act 25	
		2005-06	2006-07	2005-06	2006-07	2005-06	2006-07
<b>GPR</b>							
General School Aids	\$4,257,545,900	\$4,542,545,900	\$4,672,545,900	\$4,458,945,900	\$4,547,745,900	\$4,613,945,900	\$4,722,745,900
Categorical Aids	494,611,400	497,581,700	533,744,100	502,938,600	528,049,400	502,938,600	529,399,400
School Levy Tax Credit	469,305,000	469,305,000	619,305,000	469,305,000	519,305,000	469,305,000	593,050,000
State Residential Schools	9,076,800	10,397,900	10,397,900	10,397,900	10,397,900	10,397,900	10,397,900
GPR Subtotal	\$5,230,539,100	\$5,519,830,500	\$5,835,992,900	\$5,441,587,400	\$5,605,498,200	\$5,596,587,400	\$5,855,593,200
<b>PR</b>							
Categorical Aids	\$5,065,600	\$1,778,600	\$1,928,600	\$1,518,600	\$2,868,600	\$1,518,600	\$1,518,600
<b>SEG</b>							
General School Aids	\$60,000,000	\$60,000,000	\$60,000,000	\$0	\$0	\$0	\$0
Categorical Aids	40,754,200	61,702,600	71,702,600	40,760,100	40,760,100	40,760,100	40,760,100
SEG Subtotal	\$100,754,200	\$121,702,600	\$131,702,600	\$40,760,100	\$40,760,100	\$40,760,100	\$40,760,100
<b>Total State Support - All Funds</b>	<b>\$5,336,358,900</b>	<b>\$5,643,311,700</b>	<b>\$5,969,624,100</b>	<b>\$5,483,866,100</b>	<b>\$5,649,126,900</b>	<b>\$5,638,866,100</b>	<b>\$5,897,871,900</b>
<b>Estimated State Support of Partial School Revenues</b>	<b>63.7%</b>	<b>65.3%</b>	<b>66.7%</b>	<b>64.4%</b>	<b>65.2%</b>	<b>65.5%</b>	<b>66.4%</b>

**TABLE 3**

**General and Categorical School Aid by Funding Source  
Act 25 Compared to 2004-05 Base Year**

Agency	Type and Purpose of Aid	2004-05 Base Year	Act 25		2005-07 Change Over Base Year Doubled	
			2005-06	2006-07	Amount	Percent
<b>General Aid--GPR Funded</b>						
DPI	Equalization Aid	\$4,257,545,900	\$4,613,945,900	\$4,722,745,900	\$821,600,000	9.6%
<b>General Aid--SEG Funded</b>						
	Equalization Aid -- Transportation Fund	<u>60,000,000</u>	<u>0</u>	<u>0</u>	<u>-120,000,000</u>	-100.0%
	Total General Aid--All Funds	\$4,317,545,900	\$4,613,945,900	\$4,722,745,900	\$701,600,000	8.1%
<b>Categorical Aid--GPR Funded</b>						
DPI	Special Education	\$320,771,600	\$320,771,600	\$332,771,600	\$12,000,000	1.9%
	Special Education - High Cost Aid	0	0	3,500,000	3,500,000	N.A.
	SAGE	90,290,600	97,614,000	98,588,000	15,620,800	8.7
	SAGE-Supplement	4,739,000	0	0	-9,478,000	-100.0
	SAGE-Debt Service	300,000	150,000	150,000	-300,000	-50.0
	Pupil Transportation	17,742,500	20,942,500	27,292,500	12,750,000	35.9
	Tuition Payments/Open Enrollment Transfer	9,741,000	9,491,000	9,491,000	-500,000	-2.6
	Bilingual/Bicultural Education	8,291,400	9,073,800	9,890,400	2,381,400	14.4
	English for Southeast Asian Children	0	100,000	100,000	200,000	N.A.
	P-5 Grants	7,353,700	7,353,700	7,353,700	0	0.0
	Alternative Education Grants	5,000,000	5,000,000	5,000,000	0	0.0
	Grants for AODA Prevention and Intervention	4,520,000	4,520,000	4,520,000	0	0.0
	School Lunch	4,371,100	4,371,100	4,371,100	0	0.0
	County Children with Disabilities Education Boards	4,214,800	4,214,800	4,214,800	0	0.0
	Head Start Supplement	3,712,500	7,212,500	7,212,500	7,000,000	94.3
	Children at Risk	3,500,000	3,500,000	3,500,000	0	0.0
	Mentoring Grants for Initial Educators	0	0	1,350,000	1,350,000	N.A.
	School Breakfast	1,055,400	1,055,400	1,055,400	0	0.0
	School Day Milk	710,600	710,600	710,600	0	0.0
	Aid for Transportation-Open Enrollment	500,000	500,000	500,000	0	0.0
	Peer Review and Mentoring	500,000	500,000	500,000	0	0.0
	Aid for Cooperative Educational Service Agencies	300,000	300,000	300,000	0	0.0
	Grants to Support Gifted and Talented Pupils	0	182,000	182,000	364,000	N.A.
	Supplemental Aid	125,000	125,000	125,000	0	0.0
	Grants for Advanced Placement Courses	0	100,000	100,000	200,000	N.A.
	Aid for Transportation -- Youth Options Program	20,000	20,000	20,000	0	0.0
DOA	Debt Service on Technology Infrastructure Bonding *	<u>6,852,200</u>	<u>5,130,600</u>	<u>6,600,800</u>	<u>-1,973,000</u>	-14.4
	Total Categorical Aid--GPR Funded	\$494,611,400	\$502,938,600	\$529,399,400	\$43,115,200	4.4%
<b>Categorical Aid--PR Funded</b>						
DPI	Head Start Supplement	\$3,500,000	\$0	\$0	-\$7,000,000	-100.0%
	AODA	<u>1,565,600</u>	<u>1,518,600</u>	<u>1,518,600</u>	<u>-94,000</u>	-3.0
	Total Categorical Aids--PR Funded	\$5,065,600	\$1,518,600	\$1,518,600	-\$7,094,000	-70.0%
<b>Categorical Aid--SEG Funded</b>						
DPI	School Library Aids	\$29,000,000	\$29,000,000	\$29,000,000	\$0	0.0%
DOA	Educational Telecommunications Access Support	11,324,200	11,330,100	11,330,100	11,800	0.1
UW	Environmental Education, Forestry	400,000	400,000	400,000	0	0.0
	Environmental Education, Environmental Assessments	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>0</u>	0.0
	Total Categorical Aid--SEG Funded	\$40,754,200	\$40,760,100	\$40,760,100	\$11,800	0.0%
	Total Categorical Aid--All Funds	\$540,431,200	\$545,217,300	\$571,678,100	\$36,033,000	3.3%
	Total School Aid--All Funds	\$4,857,977,100	\$5,159,163,200	\$5,294,424,000	\$737,633,000	7.6%

\*Includes \$2,098,400 in 2004-05 in federal E-rate monies projected to be used for this debt service.

2. GENERAL SCHOOL AIDS FUNDING LEVEL [LFB Paper 595]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR	\$700,000,000	-\$328,400,000	\$330,000,000	\$701,600,000

**Governor:** Provide \$285,000,000 in 2005-06 and \$415,000,000 in 2006-07 for general school aids. General school aids include equalization, integration and special adjustment aid. Total appropriated funding for general school aids (including base level funding of \$60 million annually from the transportation fund) would increase from \$4,317,545,900 in 2004-05 to \$4,602,545,900 in 2005-06 and \$4,732,545,900 in 2006-07. This would result in increases of 6.6% and 2.8%, respectively, compared to the prior year.

**Joint Finance/Legislature:** Delete \$143,600,000 in 2005-06 and \$184,800,000 in 2006-07 in general school aids. Under Joint Finance and the Legislature, general school aids funding would increase by \$141,400,000 in 2005-06 and \$230,200,000 in 2006-07.

**Veto by Governor [A-4]:** Delete three unrelated nonstatutory provisions, but retain selected words and digits from these provisions to create a requirement for the DOA Secretary to transfer \$330 million from the general fund to any appropriation under the Department of Public Instruction. After the item vetoes, the following language remains in the bill:

"(2) TRANSFER OF BALANCES.

(a) Notwithstanding section 20.001(3)(a) to (c) of the statutes, the secretary of administration shall transfer from the balances of the general fund an amount equal to \$330,000,000 during the 2005-06 fiscal year and 2006-07 fiscal year to any appropriation under section 20.255 of the statutes."

In his veto message, the Governor requests that the DOA Secretary transfer \$155 million in 2005-06 and \$175 million in 2006-07 to the DPI general equalization aids appropriation.

[Act 25 Section: 9155(2)]

[Act 25 Vetoed Sections: 9155(2),(3)&(4)]

3. CONVERT TRANSPORTATION FUND APPROPRIATION FOR GENERAL SCHOOL AIDS TO GENERAL FUND [LFB Paper 717]

GPR	\$120,000,000
SEG	- 120,000,000
Total	\$0

**Joint Finance/Legislature:** Delete \$60,000,000 SEG annually from the transportation fund and provide \$60,000,000 GPR annually for general school aids. Delete the current law transportation fund appropriation for general school aids.

[Act 25 Sections: 1r, 66, 72, 191m, 531m, 1881, 1895v, 1897, 1897m, 1898b, and 1899]

**4. GENERAL SCHOOL AIDS APPROPRIATION FOR STREAMLINED SALES AND USE TAX PROJECT REVENUE [LFB Paper 596]**

**Governor:** Create a general fund appropriation for supplemental general school aids to be funded from any additional revenues collected under the streamlined sales and use tax agreement, to be distributed, if available, under the current equalization aid formula. Require the Department of Revenue, no sooner than July 1, 2006, and no later than September 1, 2006, to estimate the amount of sales and use tax revenue that will be collected in the 2005-07 biennium in excess of the amount from the streamlined sales and use tax project that DOR estimated would be collected prior to the 2005-07 biennium, based, in part, on the assumption of compliance by sellers with the streamlined sales and use tax agreement. (A corrective amendment would be needed to accomplish the intent of this provision.) Specify that the amount appropriated would be a sum sufficient equal to the amount determined by the Department of Revenue. Require the Secretary of the Department of Administration to reduce any amount of excess revenue that would otherwise be transferred to the budget stabilization fund under current law (50% of any excess revenues) by an amount necessary to fund the new supplemental general aids appropriation. Modify all statutory references to the current general school aids appropriations to also include the new supplemental general aids appropriation. Prohibit DPI from encumbering or expending any money from this appropriation after June 30, 2007.

**Joint Finance/Legislature:** Delete provision.

**5. PARENTAL CONSENT THRESHOLD FOR INTRADISTRICT TRANSFER PROGRAM**

**Joint Finance/Legislature:** Set the threshold for the percentage of pupils for which Milwaukee Public Schools (MPS) is required to receive written consent from the pupil's parent or guardian to transfer the pupil under the intradistrict transfer program at 95%, rather than the current law 100%, in 2005-06 and each year thereafter. If MPS does not meet the threshold, it loses equalization, intradistrict, and transportation aid related to the number of pupils by which MPS is short of threshold.

[Act 25 Sections: 1909m and 1909r]

**6. NEGATIVE TERTIARY AID EXCLUSION FOR CERTAIN COSTS**

**Senate/Legislature:** Provide that, for equalization aid paid in the 2006-07 and 2007-08 school years, certain specified costs supported by monies drawn from a district's fund balance would be excluded from shared costs if the result would be an increase in the district's equalization aid payment. Require that a school district could only expend the funds under this provision on the balance of the district's unfunded pension liability under the Wisconsin Retirement System or on debt service costs for debt that was issued to refinance the balance of the unfunded pension liability.

Under the equalization aid formula, shared cost is generally defined as the sum of the net cost of a school district's general fund and debt service fund. Under the formula, districts with shared costs per pupil above the secondary cost ceiling (\$7,679 in 2004-05) and equalized value above the statewide average (\$407,263 in 2004-05) would generate negative aid as a result of any increase in shared cost. Had this provision applied in 2004-05, a total of 117 negative tertiary aid districts would have been eligible to spend reserve funds, if available, on any unfunded pension liability costs without incurring additional negative tertiary aid. To the extent that negative tertiary districts are currently making these expenditures, there would be a redistribution of aid under this item from lower-value to higher-value districts related to these expenditures. To the extent that these districts would not make these expenditures under current law because of the negative tertiary aid aspects of the formula, there would be no redistribution.

[Act 25 Section: 1897j]

**7. REVENUE LIMIT PER PUPIL ADJUSTMENT [LFB Paper 595]**

**Joint Finance/Legislature:** Set the per pupil adjustment under revenue limits at \$120 in 2005-06 and \$100 in 2006-07 and in subsequent years. Under current law and the Governor's recommendations, the per pupil adjustment would be equal to approximately \$248 in 2005-06 and \$252 in 2006-07 and be adjusted for inflation in subsequent years.

**Veto by Governor [A-3]:** Delete provision, which would restore the current law per pupil adjustment that would be equal to approximately \$248 in 2005-06 and \$252 in 2006-07, and be adjusted for inflation in subsequent years.

[Act 25 Vetoed Sections: 1915 thru 1915h, 1919, and 1919d]

**8. REVENUE LIMIT ENROLLMENT AVERAGE [LFB Paper 598]**

**Governor:** Provide that a school district's revenue limit would be the greater of: (a) the revenue limit calculated for the district using the current law three-year rolling average of pupil enrollment; or (b) the revenue limit calculated for the district using a new five-year rolling average of pupil enrollment. Specify that this proposed option for a five-year rolling average would begin with revenue limits for the 2006-07 school year. Under current law, only the three-year rolling average of a district's pupil enrollment is used to determine a district's limit.

**Joint Finance/Legislature:** Delete provision.

**9. LOW-REVENUE CEILING [LFB Paper 599]**

**Governor/Legislature:** Increase the low revenue ceiling to \$8,100 in 2005-06 and \$8,400 in 2006-07. Under current law, any school district with base revenues per pupil for the prior school year of \$7,800 may increase its revenues up to the low-revenue ceiling of \$7,800 per

pupil. In 2004-05, 88 districts were affected by the \$7,800 per pupil ceiling.

[Act 25 Section: 1913]

#### 10. **UNUSED REVENUE LIMIT CARRYOVER** [LFB Paper 600]

**Governor:** Modify the adjustment for carryover of unused revenue limit authority from 75 to 100 percent, beginning with the calculation of revenue limits for the 2005-06 school year. Under current law, if a school district's levy in any school year is less than the maximum allowed in that year, the revenue limit otherwise applicable to the district in the subsequent school year is increased by an amount equal to 75 percent of the difference between the district's actual levy and the maximum amount allowed, with additional provisions for cases where a district receives a positive prior year aid adjustment to its current year general aid payment. Under this provision, districts would be able to carryover all of their unused revenue limit authority to the next year and the related current law provisions for districts that receive positive prior year aid adjustments would be deleted.

**Joint Finance/Legislature:** Modify provision to make the 100 percent carryover adjustment effective for the 2004-05 school year.

[Act 25 Sections: 1916 thru 1918, and 9337(4)]

#### 11. **SCHOOL LEVY TAX CREDIT** [LFB Paper 601]

**Governor:** Increase the school levy tax credit distribution for the 2006(07) property tax year and for each year thereafter by \$150,000,000, from \$469,305,000 to \$619,305,000. Direct \$150,000,000 of the \$619,305,000 to be distributed to municipalities in proportion to their share of general school aids paid, as determined by the Department of Revenue. Direct DOR to calculate the \$150,000,000 distribution based on the amount of general school aid paid in the same year that DOR notifies municipalities of their credit payments. Current law directs DOR to notify municipalities by December 1 of the amount of credits that will be distributed to them in the succeeding year and establishes the fourth Monday in July as the distribution date. The remaining \$469,305,000 of the distribution would continue to be allocated to municipalities based on their share of total school levies during the prior three years. Both distributions would be allocated by municipalities to individual taxpayers based on each taxpayer's share of the municipality's assessed value.

Since the school levy tax credits appearing on December, 2006, property tax bills will not be paid until July, 2007, additional funding for the credit would not be needed until 2007-08. Although this provision would not increase appropriations in the 2005-07 biennium (unless excess general fund revenues are made available to buy back the credit), an increase of \$150,000,000 annually over the base funding level would need to be provided in the 2007-09 biennium for this purpose. [See "Shared Revenue and Tax Relief -- Property Tax Credits" for more information on this item.]

**Joint Finance/Legislature:** Delete provision. Instead, increase the school levy tax credit distribution for the 2006(07) property tax year and for each year thereafter by \$50,000,000, with the entire \$519,305,000 distributed using the current law mechanism.

**Veto by Governor [F-10]:** Modify the increased credit from \$519,305,000 annually to \$593,050,000 annually, beginning in 2007. This is accomplished by striking selected digits and words from the phrase "and \$519,305,000 in 2007 and in each year thereafter." to produce the phrase "and \$59,305,000 in each year thereafter.". Under this partial veto, the credit increase goes from \$50,000,000 to \$123,745,000, an increase of \$73,745,000 from the amount passed by the Legislature. This will first affect appropriations in 2007-08, so the Governor's action has no fiscal effect in the 2005-07 biennium.

[Act 25 Section: 1717]

[Act 25 Vetoed Section: 1717]

## Categorical Aids

### 1. STUDENT ACHIEVEMENT GUARANTEE IN EDUCATION (SAGE) PROGRAM [LFB Paper 605]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$44,072,800	-\$37,930,000	\$6,142,800

**Governor:** Provide \$14,754,900 in 2005-06 and \$29,317,900 in 2006-07 above base level funding of \$95,029,600 for SAGE. Provide that, in the 2005-06 school year, participating SAGE schools would receive up to \$2,250 per low-income pupil enrolled in the eligible grades. Provide that, in the 2006-07 school year, participating SAGE schools would receive up to \$2,500 per low-income pupil enrolled in the eligible grades.

In addition, authorize a fourth round of SAGE contracts in the 2006-07 school year, if the school is not currently participating in the preschool to grade 5 program or the SAGE program, and if the school board, if eligible to participate in SAGE in the 1996-97 and 1998-99 school years, participated in either year. Provide that contracts that begin in the 2006-07 school year would be eligible for renewal after five years. Require fourth-round schools to meet the requirements for other SAGE schools under current law. Specify that state aid for contract renewals of currently participating SAGE schools would be paid first, followed by the contracts beginning in 2006-07. Require DPI in making these payments to give priority to schools that have the highest percentage of low-income pupil enrollment and to ensure that the amount appropriated is fully distributed.

Provide that for contracts that begin in 2006-07, each school would reduce class sizes to 15 in kindergarten and grade 1 in 2006-07, kindergarten to grade 2 in 2007-08, and kindergarten to grade 3 in the 2008-09 and 2009-10 school years. A technical correction would be needed to accomplish the intent of the proposal.

Under the current law program, schools receive \$2,000 per low-income pupil enrolled in the eligible grades. School districts must do all of the following in each SAGE school: (a) reduce each class size in the applicable grades, K-3, to 15 pupils; (b) keep the school open every day for extended hours and collaborate with community organizations to make educational and recreational opportunities as well as community and social services available in the school to all district residents; (c) provide a rigorous academic curriculum designed to improve academic achievement; and (d) create staff development and accountability programs that provide training for new staff members, encourage employee collaboration and require professional development plans and performance evaluations.

**Joint Finance/Legislature:** Modify the provision to decrease funding by \$12,170,500 in 2005-06 and \$24,584,500 in 2006-07, leaving a net increase of \$2,584,400 in 2005-06 and \$3,558,400 in 2006-07. Delete the proposed fourth round of contracts and reduce funding by \$1,175,000 in 2006-07. Modify current law to allow participating school districts to forego aid for any school, for grade 2, grade 3, or both, and to elect not to reduce class sizes in those grades, beginning in the 2005-06 school year.

**Veto by Governor [A-8]:** Delete the provision that would have allowed participating school districts to forego aid for any school, for grade 2, grade 3, or both, and to elect not to reduce class sizes in those grades.

[Act 25 Section: 1891t]

[Act 25 Vetoed Sections: 1888m, 1888r, 1888s, and 1891t]

## 2. SAGE CLASSES IN MILWAUKEE [LFB Paper 605]

**Joint Finance/Legislature:** Modify current law to authorize Milwaukee Public Schools (MPS) to use funding received on behalf of currently participating SAGE schools under the SAGE program for any of the following: (a) compliance with current SAGE requirements, including pupil-teacher ratios of 1 to 15 in grades kindergarten to three; (b) compliance with current preschool to grade 5 (P-5) program requirements, including pupil-teacher ratios of 1 to 25 in grades preschool to five. SAGE schools would continue to receive \$2,000 per low-income pupil enrolled in grades kindergarten to three, as under current law.

**Veto by Governor [A-8]:** Delete provision.

[Act 25 Vetoed Section: 1893m]

**3. SAGE APPROPRIATION CONSOLIDATION**

**Governor/Legislature:** Transfer \$4,739,000 annually from the SAGE supplement appropriation to the primary SAGE appropriation and eliminate the supplement appropriation, in order to consolidate the two appropriations. The supplement appropriation was created under 1997 Act 27 in order to increase program funding, but was excluded from the state's definition of partial school revenues at that time for purposes of calculating the state's two-thirds funding commitment under prior law.

[Act 25 Sections: 181, 1889, and 1890]

**4. SAGE DEBT SERVICE AID [LFB Paper 606]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
GPR	-\$200,000	-\$100,000	-\$300,000

**Governor:** Reduce aid for SAGE debt service by \$100,000 annually from base level funding of \$300,000. This program reimburses school districts participating in the SAGE program for 20 percent of their annual debt service costs associated with SAGE-related building construction projects, if the amount was approved by referendum and by DPI before June 30, 2001. Currently, there are 11 districts that are eligible for reimbursement in 2004-05 for amounts totaling \$133,600.

**Joint Finance/Legislature:** Reduce aid for SAGE debt service by an additional \$50,000 annually as a reestimate of debt service costs.

**5. CONVERSION OF PUPIL TRANSPORTATION AID FROM THE GENERAL FUND TO THE TRANSPORTATION FUND [LFB Paper 717]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
GPR	-\$35,485,000	\$35,485,000	\$0
SEG	<u>35,485,000</u>	<u>- 35,485,000</u>	<u>0</u>
Total	\$0	\$0	\$0

**Governor:** Provide \$17,742,500 SEG annually and delete \$17,742,500 GPR annually for pupil transportation aid to school districts to reflect the conversion of the funding source for the program from the general fund to the transportation fund. This item is part of an initiative to convert several appropriations outside the Department of Transportation from the general fund to the transportation fund. A summary listing of these appropriations is included in a related item titled "Transfer from the Transportation Fund to the General Fund," which can be found under the Transportation Finance section of the Department of Transportation.

**Joint Finance/Legislature:** Delete provision.

**6. PUPIL TRANSPORTATION RATES [LFB Paper 607]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
GPR	\$0	\$12,750,000	\$12,750,000
SEG	<u>16,400,000</u>	<u>- 16,400,000</u>	<u>0</u>
Total	\$16,400,000	- \$3,650,000	\$12,750,000

**Governor:** Provide \$3,200,000 SEG in 2005-06 and \$13,200,000 SEG in 2006-07 from the transportation fund and increase reimbursement rates for public and private school pupils transported by school districts. Under current law, districts are paid a flat, annual amount per transported pupil that varies according to the distance that each pupil is transported to school. These rates have not changed since 1980-81. Specify that these changes would first apply in the 2005-06 school year.

**Per Pupil Transportation Aid Rates**

<u>Distance</u>	<u>Current Law (Full Year)</u>	<u>Governor's Proposal</u>	
		<u>2005-06</u>	<u>2006-07 and Thereafter</u>
0-2 miles (hazardous areas)	\$12	\$12	\$16
2-5 miles	30	30	40
5-8 miles	45	45	65
8-12 miles	60	82	120
12-15 miles	68	150	200
15-18 miles	75	150	200
18 plus miles	85	150	200

**Joint Finance/Legislature:** Reduce funding by \$3,650,000 in 2006-07, for net increases of \$3,200,000 in 2005-06 and \$9,550,000 in 2006-07, and shift the funding source from SEG to GPR. Modify the per pupil rates as follows:

**Per Pupil Transportation Aid Rates**

<u>Distance</u>	<u>Current Law (Full Year)</u>	<u>Joint Finance Committee</u>	
		<u>2005-06</u>	<u>2006-07 and Thereafter</u>
0-2 miles (hazardous areas)	\$12	\$12	\$15
2-5 miles	30	30	35
5-8 miles	45	45	55
8-12 miles	60	82	110
12-15 miles	68	150	180
15-18 miles	75	150	180
18 plus miles	85	150	180

[Act 25 Sections: 1906 thru 1908, and 9337(3)]

7. **SPECIAL EDUCATION AIDS** [LFB Paper 608]

GPR	\$12,000,000
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**Governor:** Provide \$12,000,000 in 2006-07 for special education aids. Base funding of \$320,771,600 is currently appropriated for these aids, and DPI estimates that reimbursement will total 29.3% of eligible costs in 2004-05. According to DPI estimates of aidable costs, under the bill reimbursement would total 27.8% in 2005-06 and 27.1% in 2006-07.

Also, authorize licensed school counselors as a class of personnel eligible for cost reimbursement under the state special education categorical aid, beginning for aid distributed in the 2006-07 school year.

**Joint Finance/Legislature:** Modify provision to add school nurses as a class of personnel eligible for cost reimbursement under the special education categorical aid, beginning with aid distributed in the 2006-07 school year. Require DPI to complete a study concerning the distribution of special education aid on a census basis rather than a cost reimbursement basis, and, by December 1, 2006, submit the study and DPI's recommendations to the Joint Committee on Finance. Also, request that the Joint Legislative Council complete a study of the effectiveness of this state's special education policy and funding, including a review of statewide data and historical trends, an examination of funding sources, and a survey of national reform efforts. If the Joint Legislative Council conducts the study, require the Council to report its findings, conclusions, and recommendations to the Legislature by January 1, 2007.

**Veto by Governor [A-11]:** Delete provisions that would have required DPI to complete a study and, by December 1, 2006, submit the study and DPI's recommendation to the Joint Committee on Finance. Also, delete provisions that would have requested that the Joint Legislative Council complete a study and report its findings, conclusions, and recommendations to the Legislature by January 1, 2007.

[Act 25 Sections: 1877, 1878, and 9337(2)]

[Act 25 Vetoed Section: 9137(2q)]

8. **HIGH-COST SPECIAL EDUCATION AID** [LFB Paper 608]

GPR	\$3,500,000
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**Governor/Legislature:** Provide \$3,500,000 in 2006-07 and create a separate appropriation for a new categorical aid program for school districts, cooperative educational service agencies, county children with disabilities education boards, and operators of independent charter schools. Applicants would be eligible for additional aid if the applicant incurred, in the previous school year, more than \$30,000 of non-administrative costs for providing special education and related services to a child, and those costs were not eligible for reimbursement under the state special education and school age parents categorical aid, the federal Individuals with Disabilities Education Act, or the federal Medicaid program. For each child whose costs exceeded \$30,000, DPI would be required to pay an eligible applicant in the current school year an amount equal to 90% of the costs above \$30,000. If appropriated funds were insufficient to

pay the full amounts, DPI would be required to prorate the payments among eligible applicants. Specify that these provisions would take effect on July 1, 2006.

[Act 25 Sections: 178, 1879, and 9437(2)]

**9. MEDICAID SCHOOL BASED SERVICES**

**Governor/Legislature:** Delete the requirement established in 2003 Act 33 that DPI lapse to the general fund, from the aids for special education and school age parents appropriation, an amount equal to the amount paid by the Department of Health and Family Services (DHFS) under the supplementary payment for school medical services and related provisions. No amount was paid by DHFS and thus, no lapses occurred in the 2003-05 biennium under these provisions.

[Act 25 Sections: 177, 1147 thru 1149, and 1880]

**10. HEAD START SUPPLEMENT**

GPR	\$7,000,000
PR	<u>- 7,000,000</u>
Total	\$0

**Governor/Legislature:** Delete \$3,500,000 PR annually and the current PR Head Start state supplement appropriation and related provisions. Increase the current GPR Head Start appropriation by \$3,500,000 GPR annually, above base level funding of \$3,712,500. The PR supplement appropriation is currently funded from Temporary Assistance for Needy Families (TANF) funds transferred from the Department of Workforce Development.

[Act 25 Sections: 188, 1107, and 1859]

**11. FOUR-YEAR-OLD KINDERGARTEN GRANTS [LFB Paper 609]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$3,000,000	- \$3,000,000	\$0

**Governor:** Provide \$3,000,000 in 2006-07 and create a categorical aid appropriation for grants to school districts to implement a four-year-old kindergarten (K4) program. Authorize school boards to apply to DPI for up to two annual grants. For the initial grant, require DPI to pay each eligible district up to \$3,000 for each K4 pupil enrolled in the district. For the second grant, require DPI to pay each eligible district up to \$1,500 for each K4 pupil enrolled in the district. Require DPI to give preference in awarding grants to districts that use community approaches to early education, as defined in administrative rule. Require DPI to prorate payments if funding in the appropriation is insufficient to pay all school districts, and to promulgate rules to implement the grant program. Specify that these provisions would take effect on July 1, 2006.

**Joint Finance/Legislature:** Delete provision.

**12. MENTORING GRANTS FOR INITIAL EDUCATORS [LFB Paper 610]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Veto (Chg. to Leg)</b>	<b>Net Change</b>
GPR	\$2,625,000	-\$2,625,000	\$1,350,000	\$1,350,000
PR	<u>0</u>	<u>1,350,000</u>	<u>-1,350,000</u>	<u>0</u>
Total	\$2,625,000	-\$1,275,000	\$0	\$1,350,000
GPR-REV	\$0	\$150,000	-\$150,000	\$0

**Governor:** Provide \$1,312,500 annually and create an appropriation for a new mentoring categorical aid grant program. Require DPI to award a grant to each person employing an initial educator in a position requiring a DPI teaching license, per initial educator. Specify that each grant would equal the amount that the employer is spending to provide a mentor for the initial educator, but could not exceed \$375 per initial educator. Require DPI to prorate payments if appropriated funds were insufficient.

Under administrative rule Chapter PI 34, three stages of licensure were established: initial, professional, and master educator. PI 34 requires that initial educators be provided with professional mentors.

**Joint Finance/Legislature:** Modify provision to delete \$1,312,500 GPR annually. Instead, increase initial and renewal teacher licenses from \$100 to \$150 per application. Specify that the program revenue attributable to the increase would be used to fund grants to school districts to provide mentors. Provide \$1,350,000 in 2006-07 for this purpose in the existing teacher certification appropriation. Require DPI to transfer the PR to the new appropriation for grants to each school district employing an initial educator, as defined under PI 34.

Provide that the fee increase would first apply to license applications filed on or after January 1, 2006, and grants would be provided beginning in 2006-07. Reestimate revenue to the general fund from the current 10% lapse requirement by \$150,000 in 2006-07.

**Veto by Governor [A-9]:** Delete the increase in teacher license fees and the associated program revenue that would have funded this program, as well as the program revenue designation on the appropriation. Under current law, unless otherwise specified, appropriations are funded with GPR. Therefore, the partial veto shifts funding for these grants from program revenue to \$1,350,000 GPR. Reestimate revenue to the general fund by -\$150,000 in 2006-07.

[Act 25 Sections: 173m, 185, 187m, and 1861 thru 1863]

[Act 25 Vetoed Sections: 140 (as it relates to s. 20.255(2)(kg)), 173m, 187m, 1854g, 1854m, and 9337(6f)]

**13. BILINGUAL-BICULTURAL EDUCATION AIDS [LFB Paper 611]**

GPR	\$2,381,400
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**Governor/Legislature:** Provide \$782,400 in 2005-06 and \$1,599,000 in 2006-07 above base level funding of \$8,291,400 for bilingual-bicultural education aid, which is a categorical aid program. This additional funding would result in annual funding increases over the prior year of 9.4% and 9.0%, respectively. The administration indicates that the proposed funding would maintain reimbursement at 12.0% of eligible costs in the 2005-07 biennium, which is the estimated rate in 2004-05.

**14. ENGLISH AS A SECOND LANGUAGE FOR SOUTHEAST ASIAN CHILDREN**

GPR	\$200,000
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**Governor/Legislature:** Provide \$100,000 annually and create an appropriation for this purpose, and specify that this funding is for the Wausau School District for English instruction for 3-, 4-, and 5-year-old Southeast Asian children. These payments to the Wausau School District are currently funded from Temporary Assistance for Needy Families funds under the Department of Workforce Development.

[Act 25 Sections: 179 and 1108]

**15. GRANTS FOR DIFFERENTIATED TEACHER COMPENSATION PROGRAMS [LFB Paper 612]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$1,800,000	-\$1,800,000	\$0

**Governor:** Provide \$600,000 in 2005-06 and \$1,200,000 in 2006-07 and create a categorical aid appropriation to provide two-year grants to school districts for the design, development, and implementation of a differentiated teacher compensation program. Specify that a program eligible for a grant would base all or part of teacher salary increases on one or more of the following factors: (a) an increase in a teacher's knowledge about teaching or about the subjects he or she teaches or an improvement in a teacher's teaching skills; (b) the assumption by a teacher of additional leadership responsibilities, including mentoring other teachers; (c) the assignment of a teacher to a grade level or subject area in which there are teacher shortages; or (d) the assignment of a teacher to a school that is difficult to staff or that is low in pupil performance.

Require DPI to award two-year nonrenewable grants under the program to no more than 20 school districts. Specify that the amount of a grant could not exceed \$100,000. Require DPI to: (a) award grants under the program in a competitive process based on criteria designed by the Department; (b) give preference in awarding the grants to districts that demonstrate the support of the teachers employed by the district, the community, and businesses in the

community; (c) make all reasonable efforts in awarding grants to reflect the diversity of school districts in terms of enrollment, ethnicity, location, family income, and population density; and (d) promulgate rules to implement and administer the program.

Require each school district receiving a grant to submit to DPI, within 90 days after the end of the grant period, a report that summarizes the activities funded by the grant. Specify that the provisions relating to the grant program would not affect a school district's duty to bargain with the employees' collective bargaining representative over wages, hours, and conditions of employment.

Require DPI to promulgate emergency rules, without the finding of an emergency, by October 15, 2005, to implement the program. Specify that the emergency rules would remain in effect until July 1, 2006, or the date on which the permanent rules take effect, whichever is earlier. Prohibit DPI from accepting an application from a school district for a grant in the 2005-07 biennium that is received by the Department after December 15, 2005. Require DPI to award grants under the program by January 31, 2006. Require the Department to pay one-third of the grant in 2005-06 and two-thirds of the grant in 2006-07. Prohibit DPI from expending moneys from the grant program appropriation after June 30, 2007.

**Joint Finance/Legislature:** Delete provision.

**16. SCHOOL BREAKFAST [LFB Paper 613]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
GPR	\$1,330,200	-\$1,330,200	\$0

**Governor:** Provide \$500,100 in 2005-06 and \$830,100 in 2006-07 above base level funding of \$1,055,400 to increase the per meal reimbursement rate from 10 cents to 15 cents per breakfast served by public and private schools under the state's school breakfast program. Specify that this change would first apply to breakfasts served in the 2004-05 school year. Under current law, the federal government reimburses schools \$1.20 per breakfast served to pupils who qualify for free meals under the National School Lunch Program. Reduced-price breakfasts are reimbursed at 90 cents per meal. Full-price meals are reimbursed at 22 cents per meal. Under federal law, participating schools must operate their meal services as non-profit programs. The state grant reimburses 10 cents per breakfast, regardless of a pupil's eligibility for free or reduced-price meals.

**Joint Finance/Legislature:** Delete provision.

**17. CHARTER AND STATE RESIDENTIAL SCHOOL ELIGIBILITY FOR STATE LUNCH AID [LFB Paper 614]**

**Joint Finance/Legislature:** Provide that independent charter schools participating in the Milwaukee and Racine charter program, as well as the state residential schools in Janesville and Delavan, be specified as eligible entities for state school lunch matching payments. Specify that this provision would first apply to payments for lunches served in the 2004-05 school year. These state matching payments would be made from funds currently budgeted for this purpose.

[Act 25 Sections: 179r, 1857m, and 9337(6q)]

**18. ADVANCED PLACEMENT GRANTS [LFB Paper 615]**

	<u>Governor (Chg. to Base)</u>		<u>Jt. Finance (Chg. to Gov)</u>		<u>Assembly/Leg. (Chg. to JFC)</u>		<u>Net Change</u>	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$353,000	1.00	-\$153,000	- 1.00	\$153,000	1.00	\$353,000	1.00

**Governor:** Provide \$100,000 annually and create an appropriation for grants to school districts to partially reimburse the costs related to offering advanced placement (AP) courses in high schools that are not offering such courses. A grant could not exceed an amount equal to \$300 multiplied by the number of pupils in the high school's AP courses in the fall or spring session in which the grant would be awarded. In addition, provide \$66,300 and 1.0 position in 2005-06 and \$86,700 in 2006-07 for a consultant position to administer the advanced placement grant program.

**Joint Finance:** Modify provision to delete 1.0 position with \$66,300 in 2005-06 and \$86,700 in 2006-07.

**Assembly/Legislature:** Delete Joint Finance provision, which would restore 1.0 position with \$66,300 in 2005-06 and \$86,700 in 2006-07.

[Act 25 Sections: 186 and 1855]

**19. GIFTED AND TALENTED PROGRAM [LFB Paper 615]**

	<u>Governor (Chg. to Base)</u>	<u>Jt. Finance/Leg. (Chg. to Gov)</u>	<u>Net Change</u>
GPR	\$182,000	\$182,000	\$364,000

**Governor:** Provide \$91,000 annually and create an appropriation for a grant program to provide advanced curricula and assessments for gifted and talented middle school pupils.

Require DPI to award grants to cooperative educational service agencies and Milwaukee Public Schools.

**Joint Finance/Legislature:** Modify provision to provide an additional \$91,000 annually for grants to provide curricula and assessments for gifted and talented pupils.

[Act 25 Sections: 187 and 1883]

**20. ALTERNATIVE SCHOOL AMERICAN INDIAN LANGUAGE AND CULTURE EDUCATION AID [LFB Paper 616]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
PR	\$520,000	- \$520,000	\$0

**Governor:** Provide \$260,000 annually and create an appropriation for alternative school American Indian language and culture education programs. Require DPI to pay each alternative school operating an American Indian language and culture education program an amount equal to \$200 for each pupil who has completed the fall semester in the program. Funding for this item would come from tribal gaming revenues. Specify that any unencumbered balance on June 30 of each year would revert to the Indian gaming receipts appropriation.

Provide that no alternative school could receive aid unless the State Superintendent determines that the school has adequate management and accounting capacity and that the school agrees that its accounts related to the program may be audited. In addition, no school would receive aid unless the State Superintendent certifies that it meets current law program requirements for American Indian language and culture education programs, including developing an instructional plan and appointing a parent advisory committee, and that the school has submitted a report that includes a description of all expenditures made in the prior year in connection with the program, a budget for the current year for the program, and the number of pupils who have completed the fall semester of the program. Require DPI to pay state aid in April of each year, and prohibit state aid from supplanting federal aid received and utilized for American Indian language and culture programs in the prior year. Require DPI to prorate payments if funding is insufficient in any year.

**Joint Finance/Legislature:** Delete provision.

21. AMERICAN INDIAN CULTURE AND DIVERSITY EDUCATION [LFB Paper 616]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$494,400	1.00	-\$494,400	-1.00	\$0	0.00

**Governor:** Provide \$80,600 and 1.0 position in 2005-06 and \$263,800 in 2006-07 and create an appropriation to support the American Indian language and culture education program. Provide \$150,000 in 2006-07 and create a second appropriation for a categorical aid program that would award grants to support diversity education initiatives. Specify that any unencumbered balance in these appropriations on June 30 of each year would revert to the Indian gaming receipt appropriation.

Provide that a person could apply to DPI for annual grants to do any of the following: (a) impart to pupils an appreciation and understanding of different value systems and cultures; (b) promote pupils' understanding of human relations, particularly with regard to American Indians; and (c) assist pupils, schools, and communities in appreciating racial and cultural diversity. Specify that grants could not exceed \$30,000. Require DPI to promulgate rules to implement this section. Funding for this item would be drawn from tribal gaming revenues.

**Joint Finance/Legislature:** Delete provision.

22. EDUCARE CENTER

**Joint Finance/Legislature:** Allocate \$250,000 GPR in 2005-06 and \$750,000 GPR in 2006-07 from the appropriation for aid for children-at-risk programs to the Educare Center of Milwaukee. Require DPI to reduce the amount of state aid to Milwaukee Public Schools to be paid under the children-at-risk program by identical amounts. Base funding for the children-at-risk program is \$3,500,000 GPR annually.

[Act 25 Sections: 177m and 9137(2n)]

23. TUITION PAYMENTS

GPR	-\$500,000
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**Joint Finance/Legislature:** Reduce the appropriation for tuition payments by \$250,000 annually. State tuition payments reimburse school districts and county children with disabilities board (CCDEB) for the cost of educating children who live in properties for which there is no parental property tax base support, including property tax exempt foster or group homes, and state or federal institutions. Base level funding is \$9,741,000.

**24. PROJECT LEAD THE WAY**

GPR	\$500,000
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**Joint Finance/Legislature:** Provide \$250,000 annually in a separate appropriation for annual grants to Project Lead the Way to provide discounted professional development services and software for participating high schools in this state. The appropriation would sunset as of June 30, 2007.

[Act 25 Section: 193c]

**25. SECOND CHANCE PARTNERSHIP**

**Joint Finance:** Allocate \$190,000 GPR in 2005-06 and in 2006-07 from the appropriation for alternative education grants to the Second Chance Partnership, a nonprofit corporation operating a pilot program in which children at risk participate in apprenticeships while earning high school diplomas. In addition, require DPI to pay Second Chance from a separate sum sufficient appropriation an amount equal to \$4,160 multiplied by the number of pupils participating in the program. Further require DPI to reduce the amount of general school aid that a school district is eligible to be paid by an amount equal to the amount paid to Second Chance for pupils enrolled in the school district. Require DPI to ensure that the amount of the aid reduction lapses to the general fund and that it does not affect the amount determined to be received by a school district as state aid for any other purpose. Provide that no more than 32 pupils could participate in the program. Base level funding for alternative education grants is \$5,000,000.

**Assembly/Legislature:** Specify that the per pupil payment amount would be \$4,610, rather than \$4,160.

[Act 25 Sections: 179m, 183b, 1856w, 1899d, and 9137(3q)]

**26. GRANT FOR TECHNOLOGY CONSORTIA**

**Joint Finance/Legislature:** Allocate \$25,000 SEG annually from the appropriation for telecommunications access for school districts, under the Department of Administration, for grants to consortia of school districts meeting the following criteria for the purpose of developing and implementing a technology-enhanced high school curriculum: (a) the curriculum is developed for and implemented through streaming video conferencing and online course work; (b) the consortium includes high schools from at least eight school districts; (c) the participating school districts collectively contribute an amount equal to at least the amount of the grant received in the same fiscal year; and (d) the curriculum is made available to each high school participating in the consortium.

[Act 25 Sections: 103m and 411g]

**27. AODA FUNDING REDUCTION**

PR	- \$94,000
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**Governor/Legislature:** Reduce expenditure authority by \$47,000 annually from base level funding of \$1,565,600 for aid for alcohol and other drug abuse programs, which are supported by penalty assessment funding. The reductions generally reflect a decrease of 3% annually to appropriations supported by penalty surcharge receipts in order to address a deficit in penalty surcharge funding [see "Administration -- Office of Justice Assistance"].

**Choice and Charter**

**1. MILWAUKEE PARENTAL CHOICE PROGRAM REESTIMATE [LFB Paper 625]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Veto (Chg. to Leg)</b>	<b>Net Change</b>
GPR	\$22,565,200	-\$6,630,400	\$6,674,800	\$22,609,600
GPR-Lapse	<u>10,154,300</u>	<u>-2,983,700</u>	<u>3,003,600</u>	<u>10,174,200</u>
Net	\$12,410,900	-\$3,646,700	\$3,671,200	\$12,435,400

**Governor:** Provide \$9,958,000 in 2005-06 and \$12,607,200 in 2006-07 over the base year funding of \$83,800,000 in the appropriation for payments under the Milwaukee parental choice program.

Under current law, the maximum amount paid per pupil under the choice program in a given school year is equal to the amount paid per pupil in the prior school year adjusted by the percent change, if non-negative, in the general school aids appropriations from the previous school year to the current school year. With annual general school aids increases proposed in the bill of 6.6% and 2.8%, respectively, the maximum per pupil choice payment under current law would increase from \$5,943 in 2004-05 to \$6,335 in 2005-06 and \$6,514 in 2006-07. The administration estimates that 14,800 students will participate in the program in 2005-06 and 2006-07. Total program funding would be \$93,758,000 in 2005-06 and \$96,407,200 in 2006-07.

Under current law, the estimated cost of the payments from the choice program appropriation is partially offset by a reduction in the general school aids otherwise paid to the Milwaukee Public Schools (MPS) by an amount equal to 45% of the total cost of the choice program. Under revenue limits, MPS may levy property taxes to make up for the amount of aid lost due to this reduction. As a result, the general fund pays for 55% of the choice program and MPS for 45%. Based on the funding in the bill, the MPS choice reduction would increase by \$4,481,100 in 2005-06 and \$5,673,200 in 2006-07 over the base choice reduction amount of \$37,710,000. The net general fund fiscal effect of this reestimate would be to increase expenditures by \$5,476,900 in 2005-06 and \$6,934,000 in 2006-07 over the 2004-05 base level.

**Joint Finance/Legislature:** Delete \$2,900,800 in 2005-06 and \$3,729,600 in 2006-07 from the choice program appropriation. Reduce the MPS aid reduction by \$1,305,400 in 2005-06 and \$1,678,300 in 2006-07. The net effect of the reestimate would be to decrease GPR expenditures by \$1,595,400 in 2005-06 and \$2,051,300 in 2006-07. Based on the changes in the general school aids appropriation under Joint Finance, the maximum choice payments would be \$6,139 in 2005-06 and \$6,262 in 2006-07 (compared to \$6,335 in 2005-06 and \$6,514 in 2006-07 under the Governor).

**Veto by Governor [A-4]:** Because the per pupil payments under the choice program vary with the funding level for general school aids, the maximum per pupil choice payments would be \$6,351 in 2005-06 and \$6,501 in 2006-07 under the Governor's veto increasing funding for general school aids. Based on the per pupil payments, expenditures for the choice program would increase by an estimated \$3,137,600 in 2005-06 and \$3,537,200 in 2006-07, with related aid reductions of \$1,411,900 in 2005-06 and \$1,591,700 in 2006-07.

## 2. MILWAUKEE PARENTAL CHOICE PROGRAM TEACHER REQUIREMENTS

**Joint Finance/Legislature:** Require that, beginning in the 2006-07 school year, all teachers with primary responsibility for the academic instruction of pupils at schools in the choice program would be required to have graduated from high school, or been granted a declaration of equivalency of high school graduation.

[Act 25 Sections: 1895d, 1895t, and 9437(4m)]

## 3. MILWAUKEE PARENTAL CHOICE PROGRAM INCOME REQUIREMENTS

**Joint Finance/Legislature:** Provide that a pupil attending a school in the choice program would continue to remain eligible under the program if his or her family income is less than 220% of the federal poverty level. Specify that a sibling of a pupil attending a choice school would initially be eligible for participation in the choice program if his or her family income is under 220% of the federal poverty level. Provide that a pupil who leaves the program would need to meet the income requirement of 175% of the federal poverty level to re-enter the program, unless the pupil has a sibling still in the program, in which case the 220% threshold would apply. Specify that these provisions would first apply to pupils who apply to attend a choice school for the 2005-06 school year. Under current law, a pupil's family income must be less than 175% of the federal poverty level to participate in the choice program.

**Veto by Governor [A-5]:** Delete provision.

[Act 25 Vetoed Sections: 1895h and 9337(6m)]

**4. MILWAUKEE PARENTAL CHOICE PROGRAM PRIOR YEAR REQUIREMENTS**

**Joint Finance/Legislature:** Delete the prior-year participation requirements for pupils in the choice program, under which a pupil must have either been enrolled in the Milwaukee Public Schools, the choice program, or grades kindergarten through three in private schools located within the City of Milwaukee, or not enrolled in school, in the school year prior to their initial enrollment in a choice school. Specify that this provision would first apply to pupils who apply to attend a choice school for the 2005-06 school year.

**Veto by Governor [A-5]:** Delete provision.

[Act 25 Vetoed Sections: 1895p and 9337(6m)]

**5. MILWAUKEE AND RACINE CHARTER SCHOOL PROGRAM REESTIMATE [LFB Paper 625]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Veto (Chg. to Leg)</b>	<b>Net Change</b>
GPR	\$14,096,400	- \$2,116,800	\$2,125,000	\$14,104,600
GPR-Lapse	<u>14,096,400</u>	- <u>2,116,800</u>	<u>2,125,000</u>	<u>14,104,600</u>
Net	\$0	\$0	\$0	\$0

**Governor:** Provide \$5,088,100 in 2005-06 and \$9,008,300 in 2006-07 over the base level funding of \$30,160,000 in the appropriation for payments under the Milwaukee and Racine charter schools program.

Under current law, the Common Council of the City of Milwaukee, the Chancellor of the University of Wisconsin-Milwaukee, and the Milwaukee Area Technical College Board are authorized to operate or contract to operate charter schools located within the Milwaukee Public Schools. The Chancellor of the University of Wisconsin-Parkside is authorized to operate or contract to operate one charter school located within the Racine Unified School District (RUSD). There are currently 12 charter schools participating in the program, including one that UW-Parkside chartered in 2002-03. A total of 4,100 students are attending these charter schools in 2004-05, and the aid per pupil is \$7,111.

Under 2003 Act 33, the per pupil payment for the Milwaukee and Racine charter schools program is increased by the amount of increase in the per pupil payment amount for private schools participating in the Milwaukee parental choice program. The parental choice payment is increased by the percentage increase in the general equalization aids appropriation. Under the Governor's bill, general equalization aids would increase by 6.6 percent in 2005-06 and 2.8 percent in 2006-07. The bill assumes, therefore, that both the choice and charter per pupil payments would increase by \$392 in 2005-06 and \$179 in 2006-07.

The bill assumes that 4,500 students will be enrolled in the program in 2005-06 and that the aid per student will be \$7,503. In 2006-07, it is assumed that 4,900 pupils will participate in

the program at a per pupil cost of \$7,682. Charter schools would receive \$33,763,500 in 2005-06 and \$37,641,800 in 2006-07.

Under current law, the RUSD will receive additional aid, outside of revenue limits, based on the amount of general equalization it receives in the current year multiplied by the number of students attending the charter school previously enrolled in the RUSD. It is estimated that 260 pupils previously enrolled in the RUSD will attend the charter school annually and that the RUSD will be eligible to receive \$5,710 per pupil in general equalization aid in 2005-06 and \$5,871 per pupil in 2006-07. Based on these estimates, the RUSD would receive \$1,484,600 in 2005-06 and \$1,526,500 in 2006-07.

Under current law, payments to these charter schools are fully offset by a proportionate reduction in the general school aids of all 426 public school districts. Under revenue limits, school districts may levy property taxes to make up for the amount of revenue lost due to these aid reductions.

**Joint Finance/Legislature:** Delete \$882,000 in 2005-06 and \$1,234,800 in 2006-07 from the charter school program appropriation. Reduce the aid reduction for the Milwaukee Public Schools and the Racine Unified School District by corresponding amounts. The net effect of the reestimate would be no change in GPR expenditures. Based on the changes in the general school aids appropriation under Joint Finance, the charter school payments would be \$7,307 in 2005-06 and \$7,430 in 2006-07 (compared to \$7,503 in 2005-06 and \$7,682 in 2006-07 under the Governor).

**Veto by Governor [A-4]:** Because the per pupil payments under the charter program vary with the funding level for general school aids, the maximum per pupil charter payments would be \$7,519 in 2005-06 and \$7,669 in 2006-07 under the Governor's veto increasing funding for general school aids. Based on the per pupil payments, expenditures for the charter program would increase by an estimated \$954,000 in 2005-06 and \$1,171,000 in 2006-07, with corresponding aid reductions.

## 6. MILWAUKEE AND RACINE CHARTER SCHOOL PROGRAM FUNDING [LFB Paper 626]

**Joint Finance/Legislature:** Modify the current law funding mechanism for the charter school program. Allow the Milwaukee Public Schools (MPS) and the Racine Unified School District (RUSD) to include the cost and membership of the charter school program in the data used to determine revenue limits and general school aids. Provide that the general school aids that would otherwise be paid to MPS and RUSD would be reduced, in total, by the estimated cost of the charter school program, with each district's reduction based proportionately on the estimated number of pupils enrolled in the charter school in those districts in the given school year. Specify that the districts would not be able to levy to replace the aid reduction.

Provide that the charter school pupil counts would be incorporated into all years of revenue limit data prior to 2005-06. Specify that the charter school pupil count would be

included in membership and charter school payments would be included in the prior year data used to calculate general aids. Provide that for the revenue limit calculations in 2005-06, base revenues would be increased by an amount equal to the number of these charter school pupils in each district times the 2004-05 per pupil amount. Specify that these changes would first apply to general aids distributed in, and revenue limits calculated for, the 2005-06 school year.

**Veto by Governor [A-7]:** Delete provision.

[Act 25 Section: 1898b]

[Act 25 Vetoed Sections: 1897g, 1897i, 1898b thru 1898s, 1899m, 1912m, 9137(4p), and 9337(9m)]

## 7. MILWAUKEE CHARTER PUPIL ELIGIBILITY

**Joint Finance/Legislature:** Allow pupils who reside outside Milwaukee Public Schools (MPS) to attend independent charter schools located within MPS that are participating under the Milwaukee and Racine charter school program. Eliminate the restrictions on eligibility for this program for pupils who reside within MPS. Require that these charter schools give preference in admissions to pupils who reside in MPS. Specify that these changes would first apply to persons who apply to attend a charter school in the 2005-06 school year.

Under current law, an independent charter school established under this program must be located within MPS and only pupils residing within the MPS district may attend the charter school, except for the one independent charter school located in RUSD. Additionally, in the school year prior to their initial enrollment, participants in these schools located in MPS are required to have been enrolled in MPS, the Milwaukee parental choice program (MPCP), a charter school of this type, or grades kindergarten through three in private schools located within the City of Milwaukee that are not participating in MPCP, or not enrolled in school.

**Veto by Governor [A-6]:** Delete provisions that would have allowed pupils who reside outside MPS to attend independent charter schools within MPS and that would have given preference to pupils who reside within MPS. The Governor's partial veto retains the provisions of the bill that eliminate the restrictions on eligibility for this program for pupils who reside within MPS.

[Act 25 Sections: 1883g and 9337(7m)(b)]

[Act 25 Vetoed Sections: 1883f, 1883r, and 9337(7m)(b)]

## 8. NON-INSTRUMENTALITY CHARTER ELIGIBILITY FOR SPECIAL EDUCATION

**Joint Finance/Legislature:** Specify that a school board could contract with a noninstrumentality charter school to provide special education services to pupils attending the charter school, and that the salary portion of these services and related transportation costs

would be eligible for state special education aid. The effect of this provision would be to authorize DPI to reimburse district-sponsored non-instrumentality charter schools for special education costs in the same manner as school districts, district-sponsored instrumentality charter schools, and independent charter schools.

Under the current special education categorical aid program, a school board, Cooperative Educational Service agency board, County Children with Disabilities Board, or independent charter school (participating under the Milwaukee and Racine charter program) may employ certain licensed special education personnel (including teachers, coordinators, school social workers, school psychologists, paraprofessionals, consulting teachers, or other personnel approved by the Department), or may contract for physical or occupational therapy services. The State Superintendent is authorized to reimburse these entities for the salary costs of these personnel, or the salary portion of any authorized contract for physical or occupational therapy services, from the special education categorical aid appropriation.

Under current charter law, a chartering school board determines whether a charter school will be an instrumentality of the district. If the school board determines that the charter school is an instrumentality, then the school board employs all personnel for the charter school. If the school board determines that the charter school will not be an instrumentality, then the board may not employ any personnel for the charter school. Under current special education law, a school district that contracts with a charter school is required to serve children with disabilities who are attending the charter school in the same manner it serves children attending regular district schools, and must provide funds to such charter schools in the same manner as it provides special education funds to regular district schools.

[Act 25 Sections: 1877, 1877m, 1878c, and 9337(7m)(a)]

## Administrative and Other Funding

### 1. STANDARD BUDGET ADJUSTMENTS

GPR	\$2,847,000
FED	5,198,400
PR	<u>- 333,000</u>
Total	<u>\$7,712,400</u>

**Governor/Legislature:** Adjust the base budget by \$2,847,000 GPR, \$5,198,400 FED, and -\$333,000 PR for: (a) turnover reduction (-\$323,800 GPR and -\$327,900 FED annually); (b) full funding of continuing position salaries (\$1,399,700 GPR, \$2,873,700 FED and -\$181,100 PR annually); (c) overtime (\$289,200 GPR, \$53,000 FED, and \$14,400 PR annually); (d) night and weekend differential (\$58,400 GPR, \$400 FED, and \$200 PR annually); and (e) minor transfers within the same appropriation (-0.8 unclassified position and 0.8 classified position).

**2. STATE OPERATIONS REDUCTIONS**

	<b>Funding</b>	<b>Positions</b>
GPR	- \$585,400	- 9.25
PR	- 400,000	- 0.75
Total	- \$985,400	- 10.00

**Governor/Legislature:** Reduce funding by \$292,700 GPR and \$200,000 PR annually and 9.25 GPR and 0.75 PR positions, beginning in 2005-06, for DPI state operations as shown in the following table:

	<u>Adjusted Base for These Appropriations</u>	<u>Reduction Amount</u>	
		<u>2005-06</u>	<u>2006-07</u>
General Program Operations -- GPR	\$9,853,200	-\$292,700	-\$292,700
Aid for AODA Program -- PR	<u>806,200</u>	<u>-200,000</u>	<u>-200,000</u>
Total	\$10,659,400	-\$492,700	-\$492,700

	<u>Position Reduction</u>
General Program Operations	-5.25 GPR
General Program Operations --Program for the Deaf and Center for the Blind	-4.00 GPR
State Agency Library Processing Center	<u>-0.75</u> PR
Total	-10.00

**3. ACROSS-THE-BOARD REDUCTIONS**

GPR	- \$1,152,900
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**Senate/Legislature:** Reduce DPI's GPR appropriation for general program operations by \$572,100 in 2005-06 and \$580,800 in 2006-07. This reduction amount is equal to approximately 2.3% of the agency's total GPR state operations appropriations, excluding appropriations for energy costs and debt service payments, in each fiscal year. Provide that the agency may submit a request to the Joint Finance Committee under s. 13.10 to reallocate the reduction to any of the agency's other sum certain, GPR state operations appropriations. Provide further that the agency may submit a request to the Committee for restoration of the GPR funding reduction, or in the case of a sum sufficient appropriation, to reestimate expenditure level under the appropriation, in an amount not to exceed the amount of reduction made to the agency under this provision. In the case of an appropriation restoration or sum sufficient reestimate, the funding amounts would come from total funding of \$96,000,000 GPR placed in reserve in that Committee's biennial appropriation for this purpose. [See also "Budget Management and Compensation Reserves" and "Program Supplements."]

**Veto by Governor [E-2]:** By partial veto, modify the language relating to release of funds from the Committee's supplemental GPR appropriation to create alternative language specifying that the Secretary of Administration, not the Joint Finance Committee, shall (not may) transfer monies from the Committee's appropriation to state agencies in any amount not to exceed the amount of the reduction indicated for that agency (which for DPI is the amount of

the reduction indicated above).

[Act 25 Section: 9155(5dv)]

[Act 25 Vetoed Sections: 9155(4)(c)&(5dv)]

**4. REQUIRED PR LAPSES**

GPR-REV	\$352,200
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**Governor/Legislature:** Require the Secretary of Administration to lapse \$176,100 PR annually to the general fund from DPI's personnel certification, teacher supply, information and analysis and teacher improvement PR appropriation.

**Veto by Governor [E-1]:** Delete the specific lapse amount for DPI as required under the bill as passed by the Legislature. Instead, by partial veto, create a general nonstatutory provision directing the Secretary of Administration to make lapses from unspecified appropriation accounts to the general fund that total \$71,234,800. The Governor's veto message indicates that the Secretary is to achieve this overall lapse amount by including a lapse of monies from DPI to the general fund in an amount equal to the lapse amounts as specified for DPI in the budget bill as passed by the Legislature.

[Act 25 Section: 9255(1)(a)&(b)]

[Act 25 Vetoed Sections: 9255(1)(title)&(1)(a)&(b)]

**5. CONSOLIDATION OF EXECUTIVE BRANCH ATTORNEYS AND LEGAL STAFF UNDER DOA [LFB Paper 110]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- 1.10	1.10	0.00
FED	- 1.60	1.60	0.00
PR	<u>- 0.30</u>	<u>0.30</u>	<u>0.00</u>
Total	- 3.00	3.00	0.00

**Governor:** Delete 3.0 positions (1.1 GPR, 0.3 PR, and 1.6 FED) annually to reflect the consolidation of the agency's attorneys and legal staff under DOA, effective January 1, 2006. Reallocate \$159,100 (\$47,000 GPR, \$18,000 PR, and \$94,100 FED) in 2005-06 and \$319,700 (\$93,800 GPR, \$35,900 PR, and \$190,000 FED) in 2006-07 from budgeted salaries and fringe benefits to the agency's supplies and services budget to pay for legal services supplied by DOA. Under the Governor's recommendation, 1.0 (0.4 GPR and 0.6 FED) existing classified attorney position and associated base level funding would be retained in DPI. The Secretary of DOA would be authorized to designate this attorney position as DPI's lead attorney.

Specify that all transferred attorneys and legal staff would have the same rights and status as in the agency in which they originated. Specify that attorneys and legal staff that have

obtained permanent status would not have to undergo a probationary period in DOA. Provide that all equipment, supplies, and furniture related to the duties of the transferred employees, as specified by the Secretary of DOA, must be transferred to DOA on January 1, 2006. [See "Administration -- Transfers to the Department."]

**Joint Finance:** Delete provision. Direct the Secretary of DOA to delete 13.0 FTE executive branch agency attorney positions, other than attorney positions at the University of Wisconsin System, that become vacant before June 30, 2007, and lapse or transfer at least \$724,900 from associated non-FED salary and fringe benefits amounts to the general fund in 2006-07. If fewer than 13.0 FTE agency attorney positions are vacant on June 30, 2007, authorize the Secretary of DOA to delete sufficient additional state agency attorney positions, other than at the University of Wisconsin System, to ensure the elimination of a total of 13.0 FTE state agency attorney positions.

**Senate/Legislature:** Add the Department of Employee Trust Funds and the Investment Board to the executive branch agencies that would be exempted from the attorney position deletion and lapse or transfer of funds requirements.

**Vetoed by Governor [A-4, E-1, and E-5]:** Delete: (a) the specific requirement that the Secretary of DOA lapse or transfer \$724,900 from non-FED salary and fringe benefits amounts related to the net reduction of 13.0 FTE executive branch attorney positions in 2006-07; and (b) the University of Wisconsin System from the enumeration of executive branch state agencies that would be exempt from any reduction of attorney positions. The Governor's veto message indicates that the Secretary of DOA would lapse \$724,900 as part of a larger lapse or transfer requirement totaling \$71,234,500.

[Act 25 Sections: 9155(1w)&(2)]

[Act 25 Vetoed Sections: 9155(1w)&(2)]

**6. PROCUREMENT AND PURCHASING SERVICES CONSOLIDATION [LFB Paper 112]**

	Positions
GPR	- 2.00
FED	- <u>1.00</u>
Total	- 3.00

**Governor/Legislature:** Reallocate \$181,600 (\$111,400 GPR and \$70,200 FED) from salaries and fringe benefits to unallotted reserve and delete 3.00 positions (2.00 GPR and 1.00 FED) in 2006-07 associated with the consolidation of procurement and purchasing services functions in the Department of Administration. [See "Administration -- Transfers to the Department."]

**7. INFORMATION TECHNOLOGY SERVER AND NETWORK CONSOLIDATION [LFB Paper 111]**

	Positions
FED	- 0.05
PR	- <u>0.83</u>
Total	- 0.88

**Governor/Legislature:** Reallocate \$69,700 PR from salaries and fringe benefits to unallotted reserve and delete 0.88 positions (0.83 PR

and 0.05 FED) in 2006-07 associated with the consolidation of information technology server and network infrastructure support in the Department of Administration. [See "Administration -- Transfers to the Department."]

**8. PROGRAM REVENUE REESTIMATES**

PR	\$1,739,100
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**Governor/Legislature:** Reestimate PR expenditures by \$885,200 in 2005-06 and \$853,900 in 2006-07, including: (a) student activity therapy (-\$3,000 annually); (b) personnel certification, teacher supply and improvement (\$60,700 in 2005-06 and -\$201,100 in 2006-07); (c) publications (\$79,300 in 2005-06 and -\$54,300 in 2006-07); (d) professional services center charges (-\$25,000 annually); (e) gifts, grants, and trust funds (\$400,000 in 2005-06 and \$600,000 in 2006-07); (f) general educational development and high school graduation equivalency (-\$51,600 annually); (g) funds transferred from other state agencies -- program operation (\$86,300 in 2005-06 and \$71,200 in 2006-07); (h) pupil transportation for residential schools (\$22,000 in 2005-06 and \$47,000 in 2006-07); (i) state-owned housing maintenance (-\$3,100 in 2005-06 and -\$7,500 in 2006-07); and (j) funds transferred from other state agencies -- local aids (\$478,200 annually).

**9. FEDERAL REVENUE REESTIMATES**

FED	\$90,377,700
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**Governor/Legislature:** Reestimate federal revenues by \$43,767,200 in 2005-06 and \$46,610,500 in 2006-07, including: (a) federal aids -- program operations (-\$2,851,000 in 2005-06 and -\$3,200,000 in 2006-07); (b) indirect cost reimbursements (-\$211,800 in 2005-06 and -\$157,600 in 2006-07); (c) federal aids -- local aid (\$41,610,700 in 2005-06 and \$44,748,800 in 2006-07); (d) federal funds -- local assistance (\$177,900 annually); and (e) federal funds -- individuals and organizations (\$5,041,400 annually). Federal aids are received under such programs as Title I of the No Child Left Behind Act and the Individuals with Disabilities Education Act.

**10. FEDERAL REVENUE ADMINISTRATIVE FUNDING**

**Joint Finance/Legislature:** Require DPI to submit each proposal for the expenditure of federal administrative funds for federal programs for approval under a 14-day passive review by the Joint Committee on Finance beginning July 1, 2006.

**Veto by Governor [A-10]:** Delete provision.

[Act 25 Vetoed Sections: 1856f and 9437(3v)]

**11. PUBLIC LIBRARY SYSTEM AID [LFB Paper 630]**

GPR	- \$2,187,400
SEG	<u>4,223,800</u>
Total	\$2,036,400

**Governor/Legislature:** Reduce public library system aid by -\$1,400,000 GPR in 2005-06 and -\$787,400 GPR in 2006-07 from base level funding of \$12,084,800 GPR. Provide \$2,111,900 SEG annually above base level funding of

\$2,111,900 SEG to increase public library system aid. The segregated revenue is from the universal service fund, which receives its funding through assessments on annual gross operating revenues from intrastate telecommunications providers. The proposed funding under the bill, compared to the adjusted base, is shown in the following table:

	2004-05	<u>Governor's Recommendation</u>	
	<u>Adjusted Base</u>	<u>2005-06</u>	<u>2006-07</u>
GPR	\$12,084,800	\$10,684,800	\$11,297,400
SEG	<u>2,111,900</u>	<u>4,223,800</u>	<u>4,223,800</u>
Total	\$14,196,700	\$14,908,600	\$15,521,200
Change to Prior Year (All Funds)			
Amount		\$711,900	\$612,600
Percent		5.0%	4.1%

**12. BADGERLINK FUNDING**

SEG	\$136,000
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**Governor/Legislature:** Provide \$49,000 in 2005-06 and \$87,000 in 2006-07 above base level funding of \$1,943,500 for full-text database services for libraries. The administration indicates that this funding would continue the current level of services. Funding for the program is provided through the segregated universal service fund, which receives its funding through assessments on annual gross operating revenues from intrastate telecommunications providers.

**13. NATIONAL TEACHER CERTIFICATION REESTIMATE [LFB Paper 631]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$497,500	- \$45,000	\$452,500

**Governor:** Provide \$155,000 in 2005-06 and \$342,500 in 2006-07 above base level funding of \$625,000 to fund the estimated costs of these grants to teachers.

Under this current program, DPI provides initial grants in an amount equal to the costs of obtaining the certification that are not supported through other funding sources, up to a maximum of \$2,000, to teachers certified by the National Board for Professional Teaching Standards. For nine consecutive years following the initial grant, DPI awards grants of \$2,500 yearly to eligible teachers. DPI estimates there will be 75 newly-certified teachers in 2005-06 and 2006-07 with average first year grants of \$1,200. DPI estimates there will be 276 continuing teachers in 2005-06 and 351 in 2006-07.

**Joint Finance/Legislature:** Reduce funding by \$22,500 annually as a reestimate of the costs of the program.

**14. GRANTS FOR MASTER EDUCATORS [LFB Paper 631]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
GPR	\$122,500	-\$122,500	\$0

**Governor:** Provide \$30,000 in 2005-06 and \$92,500 in 2006-07 and authorize DPI to expand the national teacher certification program to provide grants to persons receiving master educator licenses under Chapter PI 34 of the Administrative Code. Grant amounts would be equal to those awarded under the current law program, up to \$2,000 in the first year and \$2,500 annually thereafter for nine years. Under PI 34, persons receiving certification from the National Board of Professional Teaching Standards will also be awarded master educator licenses by the state.

Modify current law eligibility requirements for these grants to apply to persons who are employed in a position that requires a license issued by the State Superintendent or that would require such a license if the position were in a public school, rather than only to teachers as under current law.

Under current law, in order to receive an initial grant under this program, a person must meet all of the following requirements: (a) be certified by the National Board for Professional Teaching Standards; and (b) be licensed as a teacher by the State Superintendent and be employed as a teacher in Wisconsin or be employed as a teacher in a private school in Wisconsin. In order to receive the additional nine years of continuing grants, a person must: (a) maintain his or her National Board Certification; and (b) maintain his or her license as a teacher by the State Superintendent and remain employed as a teacher in Wisconsin, or remain employed as a teacher in a private school in Wisconsin.

**Joint Finance/Legislature:** Delete provision.

**15. KNOWLEDGE AND CONCEPTS EXAM**

GPR	\$296,000
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**Governor/Legislature:** Provide \$148,000 annually above base level funding of \$2,962,700 for pupil assessments to continue to contract for and administer the Wisconsin knowledge and concepts examinations in grades four, eight, and ten.

**16. ENGLISH LANGUAGE PROFICIENCY ASSESSMENT CONSORTIUM**

**Governor/Legislature:** Authorize DPI to assist in the establishment of, and participate in, a consortium of state education agencies organized to obtain public and private funds to be used to purchase an English language proficiency assessment system.

[Act 25 Section: 1857]

**17. FUEL AND UTILITY REESTIMATE**

GPR	\$266,700
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**Governor/Legislature:** Provide \$124,400 in 2005-06 and \$142,300 in 2006-07 to reflect estimated costs for fuel and utilities. Base level funding is \$377,500.

**18. DEBT SERVICE REESTIMATE [LFB Paper 184]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$78,400	\$50,100	\$128,500

**Governor:** Reestimate debt service payments by \$111,400 in 2005-06 and -\$33,000 in 2006-07. Base level funding is \$1,207,200.

**Joint Finance/Legislature:** Reestimate debt service payments by \$12,100 in 2005-06 and \$38,000 in 2006-07.

**19. WISCONSIN CENTER FOR THE BLIND AND VISUALLY IMPAIRED**

GPR	\$82,800
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**Governor/Legislature:** Provide \$41,400 annually for the Wisconsin Center for the Blind and Visually Impaired in Janesville. Funding would be provided for the following: (a) \$9,000 annually for stipends for teachers presenting at teacher training workshops for visually impaired students; (b) \$10,000 annually for a state conference on issues relevant to teaching visually impaired pupils; and (c) \$22,400 annually for eight to 10 regional clinics for evaluation of visually impaired pupils and making recommendations for appropriate assistive technology.

**20. WISCONSIN EDUCATIONAL SERVICES PROGRAM FOR THE DEAF AND HARD OF HEARING**

GPR	\$80,000
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**Governor/Legislature:** Provide \$40,000 annually for the Wisconsin Educational Services Program for the Deaf and Hard of Hearing in Delavan. Funding would be provided for salaries, training and travel costs related to evaluation services, professional development, and technical assistance provided to school districts statewide.

**21. SALE OF STATE-OWNED POWER PLANTS**

	Positions
GPR	- 10.00

**Joint Finance/Legislature:** Require the sale of DPI-owned power plants at the residential schools in Janesville and Delavan, or require DOA to contract with a private entity for the operation of such facilities. Delete 10.0 GPR positions on April 1, 2007, associated with the operation of DPI-owned power plants. Direct the

Department of Administration to transfer the budgeted salary and fringe benefits amounts associated with the deleted positions to unallotted reserve to fund agency costs relating to the provision of utility services.

**Veto by Governor [E-6]:** The Governor's partial veto deletes these provisions other than the elimination of 10.0 positions on April 1, 2007, which could not be restored through the exercise of the Governor's veto authority. The Governor's veto message indicates that the Secretary of DOA has been directed to pursue the restoration of these positions through procedures authorized under current law.

[Act 25 Vetoed Sections: 16m, 16n, 83m, 85g, 85r thru 87L, 163m, 167m, 172m 193m, 286m, 288m, 364c, 384t, 413m, 795f, 9101(10v), and 9455(3w)]

## 22. REPEAL OF STATE-OWNED HOUSING APPROPRIATION

**Governor/Legislature:** Repeal the appropriation for state-owned housing maintenance, which receives all moneys received by DPI from rentals of state-owned housing, effective July 1, 2006. The home on the residential school campus in Janesville was formerly rented to the superintendent or other administrator, but is no longer used for this purpose, and instead will be used for pupil instruction.

[Act 25 Sections: 172, 174, and 9437(1)]

## 23. ADULT LITERACY GRANTS [LFB Paper 632]

GPR	\$100,000
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**Governor:** Provide \$100,000 in 2005-06 and create an appropriation for adult literacy grants to nonprofit organizations to support programs that train community-based adult literacy staff and to establish new volunteer-based programs in areas of the state that have a demonstrated need for adult literacy services. Specify that no monies could be expended after June 30, 2006. Provide that grants could not exceed \$25,000, and no organization could receive more than one grant.

**Joint Finance/Legislature:** Modify provision to shift \$50,000 from 2005-06 to 2006-07 for adult literacy grants, delete the proposed sunset on the program, specify that grants could not exceed \$10,000, and provide that no organization could receive more than one grant in a fiscal year.

[Act 25 Sections: 192 and 1856m]

**24. GRANT TO BELOIT COLLEGE [LFB Paper 616]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
PR	\$100,000	- \$100,000	\$0

**Governor:** Provide \$50,000 annually for a grant to Beloit College to educate children and adults in southern Wisconsin about Native American cultures. Funding for this item would be transferred from tribal gaming revenues. Specify that any unencumbered balance on June 30 of each year would revert to the Indian gaming receipts appropriation.

**Joint Finance/Legislature:** Delete provision.

**25. WEB-BASED ONLINE TEACHER LICENSING**

PR	\$70,000
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**Governor/Legislature:** Provide \$70,000 in 2006-07 in the teacher licensing appropriation for the development of an online Wisconsin educator licensing system.

**26. STUDY OF ONLINE APPLICATION AND REPORTING SYSTEM FOR THE OPEN ENROLLMENT PROGRAM**

**Joint Finance/Legislature:** Require DPI to submit a report to the Governor and the Joint Committee on Finance by March 1, 2006, on the feasibility and cost of developing and implementing a statewide internet-based application and reporting system for the open enrollment program.

[Act 25 Section: 9137(3m)]