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## GOVERNOR'S VETO MESSAGE

September 21, 2017

To the Honorable Members of the Assembly:

Assembly Bill 64 as 2017 Wisconsin Act 59 is approved and deposited in the office of the Secretary of State.

This budget as introduced was organized around three main priorities: student success, accountable government, and rewarding work. Working together, we have maintained these priorities proving once again that Wisconsin is Working.

While we have been working on a budget, our state has continued to thrive. Our state's unemployment rate reached a 17-year low in 2017, the lowest this century. This year, there were more people employed in our state than ever before. We have a labor force participation rate that is in the top ten of all states. Our state's private sector average weekly wage growth six years since taking office, is ranked 12<sup>th</sup> best in the nation.

Our state's business climate is ranked in the top ten of the nation by Chief Executive Magazine. This is up from being among the ten worst in the nation when we took office. This coupled with common sense reforms have led to businesses locating and growing in Wisconsin. There has been job growth and investment all over the state; including the largest investment in state history with \$10 billion in private sector investment and up to 13,000 jobs to be created by one employer. This shows Wisconsin is leading the nation to again manufacture goods in America, right here in Wisconsin. Working together, this budget will continue to maintain these successes.

This budget is built upon a reform dividend. Lower than estimated state spending and higher than previously estimated revenues resulted in a dividend that we are investing into our priorities. Continuing this trend, the latest fiscal year closed with revenues higher than previously estimated. This budget is projected to end with more than a \$200 million surplus. When I first took office as Governor, Wisconsin was plagued by billion dollar deficits, double digit tax increases, and high unemployment. Today, years of fiscally responsible budgeting and bold common sense reforms have led to surpluses, billions in tax cuts, and some of the lowest unemployment this century.

Since we took office, Wisconsin has ended every year with a surplus. This budget continues that trend and in addition maintains a rainy day fund that is nearly \$300 million. In fact, it is 168 times larger than when we first took office. Not only are our finances under control, but our state's bonding is being maintained at a reasonably low level. Total new bonding authorized in this and last budget combined is the lowest back-to-back in at least 20 years. We are also paying off debt faster than we are authorizing new borrowing. We are one of only a handful of states with a fully-funded pension system. Our credit rating was just upgraded by Moody's for the first time since 1973 and our

state's long-term obligations are some of the lowest of any state in the nation. This is all great news for state residents and a good foundation for our state's financial future.

Investing in student success is an important part of maintaining this positive momentum in our state. This budget appropriates the largest amount of total state dollars into K-12 education of any budget in state history. The increase is the largest in a decade and total state support for K-12 will be the highest in a decade as well. We invest heavily in all schools as well as target dollars to school mental health, special needs, and broadband programs. These investments will help our students succeed and our state to prosper.

Additionally, we invest in higher education. We make the largest investment into the University of Wisconsin System in a decade by increasing state funding by nearly \$100 million. We enact performance funding to ensure focus on student achievement, finishing college on time, and college affordability. We also freeze resident undergraduate tuition for a record six straight years. It is estimated this has saved the average student \$6,311 over the last four years compared to the prior ten-year trend.

We are investing into our Technical College System. We set aside \$5,000,000 for our technical colleges to partner with businesses to fill high demand jobs. In addition, a significant investment is made into need-based aid for technical college students. Overall, funding for Wisconsin Grant need-based aid will rise to the highest appropriated level in state history.

These investments into need-based aid coupled with freezing college tuition will make getting a degree or certificate more affordable. This will reduce student debt and build upon other positive reforms we have enacted to get students educated, graduate on time, and into the workforce with the skills they need to fill high demand jobs. Lowering the cost of higher education and giving students the skills they need to pursue successful careers can reduce student debt in meaningful ways for future generations.

This budget exemplifies our commitment to accountable government as well. We continue to reduce the tax burden on Wisconsin residents. In total, the cumulative tax cuts since we took office will rise to more than \$8 billion with this budget. This includes eliminating the state levied property tax. This is one of the actions taken to meet our commitment to reduce property taxes. This budget is estimated to maintain a property tax bill for a typical homeowner in 2018 that is lower than it was in 2014, which is lower than it was when we first took office in 2010. This has cumulatively saved the typical homeowner thousands compared to the trend prior to us taking office. That is truly amazing.

This budget also reduces the personal property tax. This tax cut will directly benefit small businesses all throughout the state. Our efforts to reduce the tax burden in Wisconsin have been significant. Since we took office, only two other states' tax burdens improved more than Wisconsin. This is helping to create jobs, grow our economy, and make Wisconsin a more attractive place to live, work, and grow businesses.

This budget and a separate proposal that invests in the I-94 North-South corridor both invest heavily in our state's infrastructure. Total transportation investments exceed \$6 billion. Including these investments, compared to the eight years prior to us taking office, this is more than an additional \$3 billion investment into our state's infrastructure. These investments will build upon our top ten ranked state and local spending on highways per capita in 2014.

The investments in infrastructure include the largest increases in local road aids in 20 years, significant investments into safety and maintenance, and we keep vital major road projects on schedule, such as the I-39/90, USH 10-441, and Verona Road projects. State highway rehabilitation receives a significant investment that utilizes higher than anticipated savings to keep projects on time. Also, in this budget total borrowing for roads is the lowest since the 2001-03 biennium and we didn't raise the gas tax.

Our state's employers are telling us they need more workers. This budget meets this need by focusing on rewarding work. One way to accomplish this is by getting more able-bodied individuals trained, off government dependence, and into the dignity and independence that comes from work.

To do this, we continue to expand our drug testing and treatment programs so we can get those in need treatment and ultimately employment. We provide able-bodied adults on public assistance programs opportunities to become trained and join the workforce. We also expand upon our successful workforce training programs such as Wisconsin Fast Forward and our apprenticeship programs to get those seeking employment the skills they need for a successful career.

Wisconsin is working and the policies in this budget will keep Wisconsin moving forward.

I am pleased that the Legislature agreed with my priorities to cut property taxes, fund K-12 education at record levels, and to heavily invest in our state's infrastructure. This budget proves we can work together to meet our shared goals.

These are short summaries of how this budget promotes student success, advances accountable government, and prioritizes rewarding work:

### **Student Success**

- This budget appropriates the largest amount of state dollars into K-12 education in state history at \$11,525,378,600 in general and categorical aids. In total, schools will receive a \$636,272,000 increase in general and categorical aids which is the largest in a decade. State support for K-12 will also rise to the highest level in a decade.

- Investments into broadband are increased by \$35,500,000 over the biennium. The investments will benefit rural schools, public library systems, and underserved areas of the state. A permanent Broadband Expansion Grant program will also be created to continue our efforts to extend broadband into underserved areas of Wisconsin.

- New funding for school mental health programs is included. This includes \$3,000,000 for school social workers, \$3,250,000 for schools that collaborate with providers to provide mental health services for pupils, and \$1,000,000, including funding provided in 2017 Wisconsin Act 31, to support mental health screening and trauma informed care training for school staff.

- A \$6,100,000 investment is made into special education incentives. This program provides incentives for schools to enroll special needs students into a postsecondary education training program or become employed. An additional \$1,500,000 is invested into a special education transition readiness grant program. These grants would fund transportation for special needs students to internships or work, training for school staff, and additional staff to support coordinating work experiences for special needs students with local businesses and organizations.

- High Cost Transportation Aid is fully funded with an additional \$10,400,000 over the biennium. This will fully reimburse school districts with comparatively high transportation costs. Eligible districts have costs higher than 150 percent of the state average and 50 pupils or less per square mile.

- We create and fund a teacher development grant program under which school districts may partner with an educator preparation program to prepare certain nonteacher school district employees to become teachers. Private schools and charter organizations would also be eligible if they partner with an educator preparation program approved by the Department of Public Instruction. This program provides a tool schools can use to address teacher shortages or curriculum expansions.

- We continue the resident undergraduate tuition freeze at University of Wisconsin System schools for historic fifth and sixth straight years. Tens of thousands of students have benefited from this freeze since it went into effect four years ago. Since its first year, a student graduating in four years was estimated to have saved \$6,311 compared to the prior ten-year annual average due to the freeze.

- We implement performance funding for the University of Wisconsin System. An investment of \$26,250,000 was made into performance funding based on student completion, access, contributions to the workforce, and operational efficiency.

- We invest an additional \$5,000,000 into the University of Wisconsin System to increase enrollments in high demand degree programs.

- We increase Wisconsin Grant program need-based financial aid by roughly \$15,000,000. This increase will push total need-based aid to the highest appropriated level in state history. Thousands of students will receive aid due to this action that reduces the cost and potentially the debt of graduates.

- We extend the Wisconsin veterans tuition remission benefit to certain children and spouses. This will ensure disabled veterans' spouses and children will be eligible for

tuition and fee remission at University of Wisconsin System and Wisconsin Technical College System schools if they have been state residents for five or more years.

- We provide \$648,000 in need-based financial aid for Flexible Option students. Also, we require the Board of Regents to increase the number of Flexible Option degree and certificate programs by 100 percent.

- We provide \$100,000 in new funding for the Alzheimer's Disease Research Center at the University of Wisconsin-Madison.

- We provide \$490,000 in new funding annually for the University of Wisconsin Carbone Cancer Center.

- We require the University of Wisconsin System and Wisconsin Technical College System to recognize service members' postsecondary credits recommended by the American Council on Education. This will assist our veterans by saving education costs as they transition from service to civilian life.

- We authorize the Board of Regents to create a school of engineering at the University of Wisconsin-Green Bay. Engineering positions are in high demand all over the state, but particularly in Northeast Wisconsin.

### **Accountable Government**

- This budget keeps our commitment to reduce property taxes. Property taxes for the typical homeowner are estimated to be lower in 2018 than they were in 2014, which is lower than they were when we took office in 2010. This is estimated to cumulatively save the typical homeowner roughly \$3,000 compared to the trend prior to 2010.

- Including this budget, we provided over \$8 billion in cumulative tax relief since 2010. This includes reducing income tax brackets, cutting income taxes for all Wisconsin earners focused on the middleclass, and enacting a tax credit for our manufacturing and agriculture industries that is making Wisconsin a destination for employers to locate and expand.

- In this budget, we eliminate the state levied property tax. This historic action is coupled with other property tax relief measures that are keeping property taxes down in Wisconsin. This keeps more money in families' pockets and makes Wisconsin an even better place to live, work, and raise a family.

- We invest \$86,935,200 into general transportation aids and into the Local Road Improvement and Bridge Improvement Assistance Programs. These increases for local government general aids are the largest in 20 years.

- This budget provides a \$63,710,000 increase in safety and maintenance funding. Of this, \$33,733,000 will go to Wisconsin's counties to perform highway maintenance. This increases the total to \$373,733,000 over the budget biennium for county performed maintenance.

- We provide a significant \$1,619,432,400 for State Highway Rehabilitation. This funding will allow the state to

complete projects on time, but at a lower cost largely due to savings from competitive bids and lower fuel prices.

- The budget provides \$563,700,000 for major projects. This funding will keep the I-39/90, USH 10-441, and Verona Road projects on time. The budget also reserves \$19.4 million in anticipated project let savings for STH 23.

- This budget has numerous provisions that will result in savings to be reinvested into our infrastructure. These include repealing prevailing wage, cutting unneeded positions at the Department of Transportation, and enacting institutional reforms at the department that will together save tens of millions of dollars.

- We create a human resources shared services initiative to save taxpayers \$2,800,000 over just the next two years. This initiative will streamline human resources policies for better implementation at a reduced cost to taxpayers.

- We provide four information technology (IT) purchasing positions to review state IT purchases. The goal is to consolidate similar vendor contracts across the enterprise, strategically source our IT purchases, and save state taxpayer dollars. Hundreds of millions of dollars are spent on IT supplies and services each year, so trimming even a small percentage of the cost could result in significant savings.

- A \$63,000,000 program is created for environmental mitigation from Volkswagen settlement funds. Of this amount, up to \$32,000,000 may be used for a new statewide capital program to assist local governments in the purchase of transit vehicles. The remaining funds could be used to purchase necessary vehicles for use by the state. These programs would save taxpayer dollars by using settlement funds as opposed to existing dollars for new vehicles. The state will receive \$21,000,000 in each of the next three fiscal years for replacement of both state and local vehicles.

- We provide \$6,700,000 for Next Generation 911 enhancements to ensure our state public service answering points have the capabilities necessary to provide vital 911 services.

- We provide 3.25 FTE positions to expand mental health services for girls at Copper Lake School so that they have similar access to mental health services as juvenile males.

- There are 8.25 FTE youth counselor positions at Lincoln Hills School to improve staff ratio standards prescribed by the Prison Rape Elimination Act.

- This budget provides 9.0 FTE nurse positions for the safe distribution of medication to the juvenile corrections population.

- In combination with 2017 Wisconsin Act 32, we increase funding for treatment, alternatives, and diversion programs throughout the state by \$4,500,000 and increase funding for drug courts by \$300,000.

- There is \$2,000,000 for beat patrol grants to local governments. These grants are to reimburse for police overtime in cities with population of 25,000 or more.
- This budget provides an additional \$1,500,000 for the Internet Crimes Against Children program.
- We continue \$80,000 per year in funding for the Wisconsin Court Appointed Special Advocates to support court appointed special advocacy services for abused and neglected children.
- There are an additional 5.0 FTE staff positions to increase support for the Prescription Drug Monitoring Program. These staff will assist our pharmacy partners to monitor the dispensing of drugs as we work to stem drug abuse in Wisconsin.
- We provide \$2,000,000 per year to operate a data analytics system within our Medical Assistance programs. The system is designed to identify, prevent, and eliminate fraud in our state Medical Assistance programs.
- There is additional funding for local income maintenance consortia to investigate and prevent fraud. Funding is increased from \$1,000,000 to \$1,500,000 per year.
- We increase funding for our veterans service organization grants. Our state Disabled American Veterans transportation grant will increase to \$200,000 per year. Veterans service organization grants will increase by \$60,000 per year. Camp American Legion will receive a grant increase to \$75,000 per year. These increases will assist these organizations as they help veterans with their claims, with transportation of veterans to health care, and help veterans and families heal from the wounds of war.
- We provide an additional \$6,250,000 for Children and Family Aids and \$460,600 annually to fully fund a previously-enacted foster care rate increase. Total state Children and Family Aids funding will rise to \$74,308,000 in fiscal year 2018-19. These funds are used to assist abused and neglected children as well as other children and their families in need.
- There is an additional \$2,000,000 to provide services to sex trafficking victims. Total funding will rise to \$6,000,000 over the biennium.
- Foster care and kinship care rates paid to parents and relatives will increase by 2.5 percent in each of the next two calendar years or by \$1,140,100 over the biennium.
- Additional Temporary Assistance for Needy Families (TANF) funding of \$3,900,000 annually is allocated to the state's home visiting program to expand the number of families served and increase the number of parents equipped with the tools needed to improve chances of success for parents and their children. Program funding would total \$14,297,700 in each fiscal year and \$28,595,400 over the biennium.
- Medical Assistance nursing home and personal care reimbursement rates will both rise by 2 percent in each year

of the biennium. This is the largest increase in over a decade. In addition, we increase by \$5,000,000 support for nursing homes to provide care for residents with dementia and other challenging behaviors.

- We provide funding to increase Family Care capitation rates. This \$25,000,000 increase in state funding is intended to address workforce shortages and retention challenges with caregivers.
- The waiting list for the Children's Long-Term Support Waiver program is eliminated. This provides \$39,551,900 and is estimated to provide services to 2,200 children with developmental disabilities, physical disabilities or severe emotional disturbances on the waiting list.
- There is \$3,149,000 to maintain 19 dementia care specialists and increase the number to 24. These positions will assist families as they take care of their loved ones and seniors dealing with dementia.
- We provide an increase of \$3,611,700 for assistant district attorney and deputy district attorney pay progression. This will provide for two \$1.97 per hour pay increases and is intended to improve our retention of experienced district attorney staff. In addition, \$3,887,600 will be provided for pay progression for assistant state public defenders.

### **Rewarding Work**

- This budget continues to move individuals from government dependence to the true independence that comes from work. Building on the successful reforms to the FoodShare program, this budget creates a pilot program in which able-bodied adults with school-age dependents in two regions of the state will be required to be working, be looking for work, or engaged in worker training. Tens of thousands of individuals on FoodShare have found employment since statewide implementation of the FoodShare Employment and Training (FSET) program.
- This budget includes a Medicaid waiver that will allow the state to include a requirement for certain childless adults to be engaged in work, looking for work, or enrolled in a worker training program for the first time if approved by the federal government.
- We expand drug screening and testing requirements in numerous state programs. This expansion will extend testing and treatment options to thousands of additional public assistance recipients. This will help move them from government dependence to the dignity and independence that comes through work.
- The Learnfare school attendance requirements are strengthened to ensure students are attending school as opposed to just enrolled as is the case under current law. This aims to reduce truancy that leads to poor academic performance.
- Wisconsin Fast Forward training grants are increased by \$11,500,000. Of this amount, \$5,000,000 is allocated specifically for technical colleges. The remaining increase will be used for apprenticeships, mobile laboratories

to train offenders reentering the workforce, dual enrollment programs, and other competitive workforce development awards.

- We invest \$400,000 into fabrication laboratory (Fab Lab) technical assistance grants to nonprofit organizations to provide services to school districts. School districts would also benefit from an additional \$500,000 per year in Fab Lab incentive grants. Since the program was created 34 school districts have received grants of up to \$25,000. Fab Labs provide hands-on experience to students in the skills they need for jobs in the 21<sup>st</sup> century.

- We eliminate an eligibility cliff in the Wisconsin Shares program for child care. Currently, at a certain income threshold, a family loses eligibility for any child care subsidy which creates disincentives to work more hours or accept pay raises. Eliminating the cliff by creating a phaseout will support more individuals to successfully make the transition from government dependence to independence by rewarding work.

- We provide \$75,000 per year for a Wisconsin municipality to pilot a homelessness employment program based on Albuquerque's "Better Way" initiative. The program is intended to provide homeless individuals with work experience and work routine through jobs cleaning up municipal parks and public spaces with a goal of transitioning them into permanent employment.

- We provide \$500,000 per year in grants funded by TANF funds to homeless shelters for intensive case management services for homeless families, with a focus on financial management counseling, continued school enrollment for children, connecting parents who are job training graduates or who have a recent work history with their local workforce development board to employment, and enrolling unemployed or underemployed parents in W-2 or FSET.

- The Medicaid Assistance Purchase Plan (MAPP) program is strengthened to provide incentives for individuals with disabilities to engage in work. These changes will eliminate a current premium cliff and give participants greater incentives to work. The MAPP program allows individuals with disabilities to be eligible for Medical Assistance who otherwise would not be due to income and asset requirements.

- The Supporting Parents Supporting Kids program is expanded to three additional counties in fiscal year 2018-19. This program helps noncustodial parents not meeting their child support obligations find employment and connect with their children.

- An occupational licensing reform study is created. The Department of Safety and Professional Services would conduct a study to identify barriers that occupational licensing requirements create to employment. The study would examine the financial burden these licenses have on license seekers and whether these licenses are necessary to protect public health and welfare.

- We allow a person to take the journeyman plumber's examination if the individual has completed an apprenticeship in this or any state, passed a journeyman plumber's exam in any state, and has practiced for at least five years under a journeyman's plumber's license or equivalent license.

- We enact reforms to the Homestead Tax Credit to preserve it for seniors and the disabled while encouraging able-bodied adults to work to qualify.

- A grant of \$5,000,000 is provided to partner with Brown County, educational institutions, and other industry partners to create the Brown County STEM Innovation Center. This center in Green Bay will provide space for a new University of Wisconsin-Green Bay mechanical engineering program as well as space for high-tech startups. The center will not only help to fill high demand jobs in engineering, but be a place to grow our manufacturing sector.

- The budget provides \$55,189,000 in funding for a new engineering facility at the University of Wisconsin-Platteville.

- A grant of \$5,000,000 is provided to the St. Ann Center for Intergenerational Care. The funding would help complete the Alzheimer's and dementia care unit.

- A grant of \$5,000,000 is provided for the La Crosse Center. The funding will assist to complete renovation and expansion of the La Crosse Convention Center.

- There is \$2,000,000 to expand the Windows to Work program and other vocational training programs for exoffenders. Also, we provide \$660,800 to extend the Opening Avenues to Reentry Success program to more counties. The program provides employment training for mentally ill offenders. These programs aim to reduce recidivism by successful reentry of offenders into employment which saves taxpayer dollars and fills job openings.

- We created a five-year offender reentry demonstration project using a trauma-informed approach and targeted to formerly incarcerated males who are noncustodial parents over age 18 and returning to certain Milwaukee neighborhoods. The TANF funding would total \$187,500 in fiscal year 2017-18 and \$250,000 in fiscal year 2018-19, for a biennial total of \$437,500.

- There is funding for graduate medical training of \$1,500,000. This funding is intended to increase our medical professionals available to work in high need rural and underserved areas of the state.

- We provide \$2,000,000 for training allied health professionals and advanced practice clinicians. This funding will provide grants to health systems to train and retain health professionals in rural hospitals and clinics.

- We increase funding for the Rural Physician Residency Assistance program by \$100,000 per year. This is intended to increase the number of rural residency positions in the state.

Pursuant to Article V, Section 10 of the Wisconsin Constitution and consistent with its intent, I have made 98 vetoes to the budget. These vetoes maintain our priorities while eliminating items that could be categorized as earmarks and nonfiscal policy items. These vetoes also reduce spending, eliminate unfunded mandates, and make technical corrections. These vetoes increase the general fund balance by \$16,511,100 GPR over the biennium and reduce overall spending by roughly \$4,759,400 GPR. These vetoes will also improve the structural balance heading into the next budget biennium by an estimated \$71,143,500 GPR.

We have enacted numerous measures together that have moved Wisconsin forward. We cut taxes by billions of dollars. We enacted historic reforms proving Wisconsin continues to be a leader in the nation. We now have surpluses instead of deficits. We have some of the lowest unemployment in the nation and more people working than ever before. Our state's economy is growing and our wages are rising.

This budget invests in our shared priorities of education, tax relief, and workforce development. I am appreciative of the Legislature's work on this budget and look forward to continuing our good work for the people of Wisconsin.

Respectfully submitted,  
*SCOTT WALKER*  
 Governor

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**A. Agriculture, Environment and Justice**

**Department of Agriculture, Trade and Consumer Protection**

**1. Livestock Premises Identification**

*Sections 183 [as it relates to s. 20.115 (2) ( r)] and 183m*

These sections provide \$100,000 SEG from the agricultural chemical management fund in each year in a new appropriation for administration of the livestock premises registration program. The current program provides \$250,000 GPR annually for the program.

I am vetoing these sections because I object to the use of agricultural chemical management fund moneys for purposes for which they are not intended. The revenues from the fund are generated from feed, fertilizer and pesticides, and are used for the regulation and oversight of those programs. Finally, there is no evidence that additional funds are necessary to manage this program. The department believes it can manage this program with existing funds.

**Department of Corrections**

**2. Alcohol Abuse Treatment Program**

*Section 9108 (8w)*

This section directs the Department of Corrections to design an intensive alcohol abuse treatment program which would provide intensive treatment in conjunction with a work release model that allows inmates to work in individual job placements. Under the provisions, the department must develop community job placements that are appropriately matched to each inmate's employment and educational skills and provide or arrange for appropriate transportation to and from job sites. In addition, the department must submit as part of its 2019-21 budget request a plan for staffing and funding for the program, as well as any statutory changes

necessary to provide sentencing modifications to coordinate the program. Finally, five years after the program begins to operate, the department must submit to the Governor and appropriate legislative standing committees an evidence-based evaluation of the program's impact on inmates' long-term recovery from alcohol abuse programs and recidivism into the criminal justice system.

I am vetoing this section because I object to including a new unfunded mandate that will impede the department's ability to implement the existing expansion of the Earned Release Program included in this budget and would require additional resources and positions to be successful. In addition, the required submission as part of the 2019-21 budget request is premature. The Department of Corrections should ensure it has the positions and resources necessary to address the Earned Release Program before the department begins to develop new programs to address alcohol and drug abuse needs. The department will continue to evaluate the need for additional alcohol abuse programming and will request those needs in the department's agency biennial budget requests when appropriate.

### **3. Earned Release Program Expansion**

*Sections 1856c, 1856e, 1856f, 1856g, 1857b, 1857c, 1857e, 1857f and 1857h*

These provisions modify the Earned Release Program from a substance abuse treatment program to a rehabilitation program that addresses needs related to an inmate's criminal behavior.

I am vetoing these provisions because I object to expanding the purpose of the program from its current form, as the department has demonstrated the need for increased alcohol abuse services. The additional resources and funding position authority provided under the bill for the current program should be fully utilized to meet the demands of the existing eligible population. Since 2011 Wisconsin Act 32, the Earned Release Program has been used to address eligible inmates' alcohol and drug related needs. Expanding the program to a rehabilitation program would be an administrative burden on the department and would require newly-eligible inmates to petition the court for participation. Instead, the department should focus on treatment for the existing eligible population under the current program. If there is a desire to expand the scope of the Earned Release Program beyond its current form, it would be more appropriate to do so through separate legislation with additional resources.

### **4. Inmate Work Opportunity Training**

*Section 9108 (31t)*

This section directs the Department of Corrections to submit a report by December 31, 2017, to the appropriate legislative standing committees addressing inmate participation in work release programs, outcomes of the work release program after the inmates are released and the costs the department assesses to the work release participants.

I am vetoing this section because I object to the creation of an additional mandated report which is administratively burdensome and would result in additional unfunded costs to produce. Further, the deadline for submitting the report is not practical. The department already reports on a number of variables relating to recidivism and reincarceration after release from prison, as well as the program outcomes served by the Becky Young program.

### **5. Long-Term Service Awards**

*Sections 1761p and 9101 (11w)*

These sections provide lump-sum awards for correctional officers, correctional sergeants, youth counselors and youth counselors-advanced on their 10th, 15th, 20th and 25th work anniversaries, and every fifth anniversary thereafter.

I am vetoing the provision to provide the lump-sum anniversary awards. I object to providing the lump-sum awards to a subsection of the Department of Corrections and Department of Health Services personnel. Existing provisions of the compensation plan should be used to reward select department personnel for the purposes of recognition of merit and employee retention. Furthermore, the budget already includes two general wage adjustments of 2 percent each to state employees over the biennium, which is in addition to the 80-cent per hour increase Department of Corrections' officers, sergeants and youth counselors received in fiscal year 2015-16.

### **6. Mental Health Staffing at Oshkosh, Waupun, Green Bay and Columbia**

*Section 9108 (22t)*

This provision requires the Department of Corrections to submit a report to the appropriate legislative standing committees regarding: (a) the number of inmates with serious mental illnesses, (b) the average number of inmates with serious mental illnesses at each of the institutions' restrictive housing units, (c) the department's status or alternative policies related to each of the U.S. Department of Justice's recommendations related to the use of restrictive housing for inmates with serious mental illnesses, and (d) the department's estimate for necessary additional resources.

I am vetoing this provision because it is unnecessary and would create an administrative burden on the department. The department may assess whether additional resources are needed as part of its 2019-21 budget request and provide data to accompany the request.

### **7. Opening Avenues to Reentry Success**

*Section 1849m*

This provision requires the Department of Corrections to submit a Wisconsin Results First Initiative Biennial report to the appropriate legislative standing committees regarding the outcomes from the program expansion.

I am vetoing this provision because I object to creating an unnecessary additional report. The department already prepares a report of Becky Young community corrections expenditures and outcomes, which includes this program. In

addition, the Results First Initiative is an independent project of the Pew Charitable Trusts and the John D. and Catherine T. MacArthur Foundation, which is already preparing a cost-benefit analysis of departmental policies and programs.

## **8. Planning Concerning Correctional Facilities**

### *Section 9104 (11)*

This provision provides \$600,000 from the building trust fund for a comprehensive long-range master plan of Department of Corrections facilities to be conducted by the Department of Administration, and directed by a nine-person committee consisting of three appointees of the Governor (one of whom would serve as chair), and six legislators jointly appointed by the Speaker and Senate Majority Leader. The committee would be required to report to the standing committees dealing with Corrections issues by September 15, 2018.

I am partially vetoing the section that establishes the size of the committee, and the number of appointees appointed by the Governor. I object to the requirement limiting the number of committee members appointed by the Governor, as the Department of Administration and the Department of Corrections will be actively participating in the master planning, and the number of individuals required to provide the expertise required to develop the master plan cannot yet be determined. Further, I object to the deadline established under the provision, as it may not provide sufficient time to complete a thorough master plan.

## **9. Geriatric Prison Facility**

### *Section 9104 (12)*

This provision provides \$7,000,000 general fund supported borrowing and enumeration of a geriatric prison facility at a total cost of \$7,000,000. Under the provision, the bonding can be issued upon the approval of the Joint Committee on Finance.

In addition, the provision provides \$4,535,000 GPR in fiscal year 2018-19 in the Committee's supplemental appropriation for operating costs of the facility, to be released once the Department of Corrections has identified the location and costs of the facility as well as staffing and other operating costs.

I am partially vetoing this provision because I object to the requirement that the bonding may only be issued upon approval of the Joint Committee on Finance. The approval of this project would be subject to State Building Commission oversight. The Commission has legislative representation and this project has already been enumerated in the budget bill approved by the full Legislature. Therefore, it should not require additional duplicative approval to release the bonding authority.

## **District Attorneys**

## **10. Creation of a Prosecutor Board**

*Sections 1e, 1L, 31n, 68g, 171b, 171c, 183 [as it relates to s. 20.548], 460r, 507g, 508f, 1712h, 1740g, 1758g, 1762s,*

*2261g, 2261h, 2261j, 2261L, 2261m, 2261o, 2261q, 2261r, 2261s, 2262c, 2262e, 2262g, 9101 (7p) and 9401 (1p)*

These provisions establish a new Prosecutor Board and the Office of State Prosecutors, and assigns various duties for both the office and board. The board is created effective February 1, 2018.

The Prosecutor Board is also responsible for providing recommendations on District Attorney budget requests, setting policy initiatives, and reviewing existing and proposed legislation. In addition, the provision creates an executive director in an Office of State Prosecutors, which is attached to the Department of Administration for administrative purposes only, and outlines duties of the office. The executive director is responsible for preparing the biennial budget request on behalf of the board and managing the day-to-day operations of the board and the office, representing the board before various entities, and preparing various documents relating to proposed legislation. The provision provides the board funding and position authority of \$93,800 GPR in fiscal year 2017-18 and \$225,000 GPR in fiscal year 2018-19 in order to support an executive director and a legislative liaison. Funding and position authority in the Department of Administration is reduced by \$75,500 GPR in fiscal year 2017-18 and \$181,700 GPR in fiscal year 2018-19 and 1.0 FTE classified position annually.

I am vetoing these provisions because I object to the creation of another layer of bureaucracy which is unnecessary and administratively burdensome, and redirects valuable staff time away from prosecutorial activities and towards functions of the proposed Prosecutor Board. While I understand the importance of identifying evidence-based practices in the performance of the DA function, creating a separate board whose duties resemble activities performed by an existing separate external organization dedicated to advocating on behalf of prosecutors is an ineffective use of taxpayer funding. In addition, when the current director position was filled last year, the duties were redesigned, and it was expected that the individual hired into the position would perform broader advocacy duties on behalf of DAs, without the need for a board.

Further, I am vetoing section 183 [as it relates to s. 20.548] because I object to adding administrative resources to an unnecessary board. By lining out the appropriation under s. 20.548, I am vetoing the part of the bill that funds the Prosecutor Board. I am also requesting the Department of Administration secretary not to allot these funds.

In addition, I direct to the secretary of the Department of Administration to continue to support the functions of the state prosecutor's office within the department. Finally, I direct that the Department of Administration ensures that the individual on military leave serving on active duty, who was displaced as a result of the elimination of the position in the Department of Administration, be reemployed in support of this function under the provisions of the escalator principle, as permitted under the federal Uniformed Services Employment and Reemployment Rights Act of 1994.

## **Judicial Council**

### **11. Restore Judicial Council**

*Section 183 [as it relates to s. 20.670 (1) (k)]*

This provision provides the Judicial Council with \$111,400 PR in each year of the biennium and 1.0 FTE position.

I am partially vetoing section 183 [as it relates to s. 20.670 (1) (k)] by reducing the amount under s. 20.670 (1) (k) to \$0 in each fiscal year. I object to including these funds because the Supreme Court notified the Department of Administration on August 17, 2017, that it had issued an order utilizing its discretion under s. 751.20 to discontinue the transfer of funds from the Courts budget to the Judicial Council. Without sufficient funds, the Judicial Council cannot operate. With this veto, I am reducing the 1.0 FTE position in the appropriation under s. 20.670 (1) (k) in each year of the biennium. Further, as the appropriation is a continuing, all monies received appropriation, I am requesting the Department of Administration secretary to allot only the funds received by the Director of State Courts which it has agreed to transfer for obligations incurred to date in fiscal year 2017-18. Finally, I am requesting the Department of Administration secretary not to authorize the position authority.

## **Lower Wisconsin State Riverway Board**

### **12. Standard Budget Adjustments**

*Section 183 [as it relates to s. 20.360 (1) (q)]*

This section provides additional funding for a position which was converted from classified to unclassified status as part of standard budget adjustments in order to align with current law regarding positions in the Lower Wisconsin State Riverway Board.

I am partially vetoing section 183 [as it relates to s. 20.360 (1) (q)] by lining out the amount under s. 20.360 (1) (q) and writing in a smaller amount that reduces the appropriation by \$14,600 SEG in fiscal year 2017-18 and \$14,600 SEG in fiscal year 2018-19. I object to this provision because the conversion of a position from classified to unclassified status should not automatically trigger a pay adjustment, especially if no funds were budgeted for such an increase. The practice would set a bad precedent in the establishment of salaries in the unclassified service. I am requesting the Department of Administration secretary not to allot these funds.

## **Department of Natural Resources**

### **13. Use of Unobligated Stewardship Bonding Authority**

*Section 514g*

This section utilizes unobligated Stewardship Program bonding authority from fiscal years 2014-15 and 2015-16 for various Stewardship projects.

The projects consist of the following:

- a. Up to \$1,000,000 for Iron County Saxon Harbor reconstruction necessary as the result of storm damage.

- b. Up to \$1,000,000 for abandoned Canadian Pacific rail corridor for the White River State Trail in Walworth County.
- c. Up to \$750,000 for a grant for 50 percent of the costs of reconstructing Eagle Tower in Peninsula State Park.
- d. Up to \$500,000 for city of Horicon for a shelter on the south side of Horicon Marsh Wildlife area and the requirement that the Department of Natural Resources and the city of Horicon submit a plan through passive review to the Joint Committee on Finance by June 30, 2019, for using the funds.
- e. Up to \$415,300 for up to 50 percent of the costs to finish construction of Twin Trestles project (first provided under 2015 Wisconsin Act 55). Total bonding cannot exceed \$2,015,300, which includes \$1.6 million under Act 55.

I am partially vetoing the requirement that the Department of Natural Resources provide a grant for the Eagle Tower project. This project is enumerated in the bill and financed by existing general fund supported borrowing. It is unnecessary and duplicative to require the department to provide this funding as a grant. Further I am partially vetoing the requirement that the department provide \$500,000 to the city of Horicon and that the plan must be submitted to the Joint Committee on Finance for passive review. I object to providing a grant to a city for a project which is located on state land. In addition, I object to the requirement that the bonding may only be issued upon approval of the Joint Committee on Finance. The approval of this project would be subject to State Building Commission oversight, which has legislative representation. Instead, I request that the Building Commission fund this project using bond proceeds and no additional duplicative approval to release the bonding authority should be required.

### **14. Vacant Forestry and Parks Positions**

*Section 9101 (11u)*

This section directs the Department of Natural Resources to delete 10.0 FTE vacant forestry or parks SEG positions, and require the Department of Administration to report to the Joint Committee on Finance identifying the deleted position by funding source, no later than January 1, 2018.

In addition, the section requires that the final 2017-19 appropriation schedule reflect funding reductions associated with the deleted positions.

I am partially vetoing this section because I object to establishing a reporting deadline that may not give the Department of Natural Resources sufficient time to identify the positions to be deleted due to the delay in budget passage. As part of this budget act, the department reorganized its operations, and implementing the reorganization will result in significant technical changes, including the realignment of position authority in different forestry and parks operations. As a result, the department should be given sufficient time to identify the positions to be deleted. Instead, I ask the department to complete the report no later than April 1, 2018.

## **15. Council on Forestry Report**

### *Section 9133 (6r)*

This section requires the Wisconsin Council on Forestry to determine the relative priority of current forestry account expenditures and submit a report with these determinations and recommendations regarding forestry account expenditures for the 2019-21 budget to the Governor, the Department of Natural Resources, and the appropriate legislative standing committees by July 1, 2018.

I am vetoing this section because I object to requiring the council to conducting this review without the completion of the recommended audit of the forestry account. This Act requires the Legislative Audit Bureau to audit the forestry account of the conservation fund to determine whether its expenditures support forestry activities. The results of the audit should be completed prior to preparing any recommendations on forestry account expenditures. Further, the Council can conduct such a study independently.

## **16. Tainter Lake Water Quality**

### *Section 9133 (7p)*

This section provides \$65,000 SEG from the nonpoint account of the environmental fund in fiscal year 2017-18 for a pilot project using biomanipulation to improve water quality of Tainter Lake in Dunn County.

I am partially vetoing this section because I object to focusing on one type of potential remedy to address the phosphorus and other water quality issues with the lake. Instead, I ask the Department of Natural Resources to study all available options, and use the funds for the remedies that are likely to lead to the most success in improving the water quality.

## **17. Wolf Damage Payments**

### *Sections 239m and 582h*

These provisions prohibit the Department of Natural Resources from prorating claims for damage associated with gray wolves and wildlife damage control and claims. In addition, the department is required to use federal funds and endangered resources funds to pay the claims when necessary, and if those funds are insufficient, the department may request a supplement through s. 13.10 action. Further, the provision deletes the cap on the amount of endangered resources license plate money or income tax checkoff money that could be used for this purpose. Under the provision, the department is required to pay a claim as soon as it determines the claim to be eligible. Under the bill, the provisions apply if the gray wolf is on the federal or state endangered species list.

I am partially vetoing these sections because I object to the use of "prorate" to characterize how claims are paid. The department pays damage claims based on the value of the damage established by administrative rule through a panel of experts. Further, I object to permitting more than 3 percent of the voluntary payments for the endangered resources program to be used for wildlife damage claims, as these funds should continue to be used primarily for improving land or

habitats for endangered or threatened species. Finally, I object to specifically requiring the use of federal funds for this purpose in statute, as federal funds received by the department are designated for broad purposes. The department has had sufficient funds in the endangered resources general fund appropriation to satisfy all claims for several years, and the use of these other funds is unnecessary.

## **18. Permit Sale of Dyed Diesel Fuel to Recreational Motor Boats**

### *Sections 147d, 1208m and 9438 (3m)*

This provision permits the sale of dyed diesel fuel for use in a recreational motor boat. Under current law, dyed diesel fuel is exempted from the state motor vehicle fuel tax. However, the sale of gasoline or diesel fuel for use in recreational motor boats is subject to the state's motor vehicle fuel tax. The sales and use tax would apply to the sale of dyed diesel fuel to recreational motor boats, which would result in minimal additional revenue to the general fund. The revenue from the tax is then transferred from the transportation fund to the water resources (motorboats) account of the segregated conservation fund based on a formula that includes the motor vehicle fuel tax rate, a standard number of gallons and the number of annual motorboat registrations in the state. The provision would apply retroactively to July 1, 2013.

As a result of the provision, direct revenues to the transportation fund would decrease by \$50,000 SEG in fiscal year 2017-18 and \$200,000 SEG in fiscal year 2018-19, while the amount of transportation fund revenue transferred to the conservation fund would be unchanged. Under the provision, \$50,000 GPR would be transferred from the general fund to the transportation fund in fiscal year 2017-18 and \$200,000 GPR from the general fund to the transportation fund in fiscal year 2018-19, and annually thereafter.

I am vetoing this provision because I object to expanding the use of dyed diesel fuel for purposes outside of agriculture and the unnecessary use of GPR to fund the lost revenues. Because of the requirement that the transportation fund transfer certain revenues to the conservation fund based on the fuel tax rate, gallons and the number of annual motorboat registrations, rather than actual fuel taxes collected, this provision results in an unnecessary use of GPR to backfill the transportation fund for revenues it would otherwise collect under current law.

## **Department of Safety and Professional Services**

## **19. Possession, Use and Transportation of Fireworks and Fireworks Manufacturer Fees**

### *Sections 1680h and 9339 (7f)*

This provision modifies current law relating to the possession, use and transportation of fireworks, and increase fees paid by fireworks manufacturers. The following regulations and fees are modified: (a) a person transporting fireworks must hold a permit from a municipality if the person remains in that municipality for 72 hours, rather than 12 hours, or more; (b) a user's permit for possession of fireworks is no longer required, if the person is not a resident

of Wisconsin and if the person will not be using fireworks in the state; (c) any fireworks permits issued by a city, village or town may specify a range of dates (rather than a single date) and location of permitted use; and (d) the fireworks manufacturers' fees are increased from \$70 to \$100 for the four-year credential term. In addition, the provision establishes in statute the license term to manufacture fireworks.

I am partially vetoing this section because I object to increasing fees on Wisconsin manufacturers. There is no evidence that an increase in the fee is required to support the program.

## **20. Information Technology Projects**

*Section 183 [as it relates to s. 20.865 (4) (g)]*

This section provides \$2,200,000 PR in each year of the biennium in the Joint Committee on Finance's supplemental appropriation for the implementation of an information technology project in the Department of Safety and Professional Services. The provisions require the department to submit a request under s. 13.10 for the release of the funds.

I am partially vetoing section 183 [as it relates to s. 20.865 (4) (g)] by lining out the amount under s. 20.865 (4) (g) and writing in a smaller amount that reduces the appropriation by \$2,200,000 in each fiscal year to veto the part of the bill that funds the information technology project. I object to creating an additional requirement in order to receive the funds. Under current law, the department can submit a funding request for this project under s. 16.515. I am also requesting the Department of Administration secretary not to allot these funds.

## **21. Local Regulation of Quarries**

*Sections 982i, 982ib, 982ic, 982id, 982ie, 982if, 982ig, 982m, 982mb, 982mc, 982md, 982me, 982mf, 982q, 982qb, 982qc, 982qd, 982qe, 982s, 984ig, 984ij, 1305p, 9431 (1i), and 9431 (2i)*

These provisions outline the parameters for the local regulations of quarries, including creating a definition of quarries, creating definitions relevant to the regulation of quarries, outlining the parameters for the local regulation of quarries, outlining specific provisions on local regulation of blasting at quarries, local regulation of water quality and quantity related to quarry operations, local regulation of air quality and fugitive dust related to quarry operations; and establishing requirements relating to local ordinances in effect prior to the implementation of the provisions. The provisions under the bill generally take effect on April 1, 2018.

I am vetoing these provisions because I object to inserting a major policy item into the budget without sufficient time to debate its merits. While I support the need to address quarry regulations and the ability to provide materials for public works projects in a timely manner, changes of this magnitude should be addressed as separate legislation where the implications can be more carefully explored.

## **B. Education and Workforce Development**

### **Historical Society**

#### **22. State Archive Preservation Facility**

*Section 183 [as it relates to s. 20.245 (1) (a)]*

This provision provides an additional \$72,400 GPR over the biennium for State Archive Preservation Facility rent, and deletes \$1,962,400 PR over the biennium.

I am partially vetoing section 183 [as it relates to s. 20.245 (1) (a)] by lining out the amount under s. 20.245 (1) (a) and writing in a smaller amount that reduces the appropriation by \$44,000 GPR in the fiscal year 2018-19. This state-of-the-art facility supports the State Historical Society's mission to collect, preserve and share the stories of Wisconsin's past. The state has recognized the importance of this mission by providing \$34.67 million – approximately 75 percent of the total cost of the building – in general fund supported bonding for the facility, and an additional \$8.4 million in general fund supported bonding for customized shelving systems. However, it is appropriate that the society partner with the state on an ongoing basis to support the cost of operating the facility, as the society is the primary tenant and has the ability to raise funds to support preservation of the precious historical artifacts, maps and documents in its holdings. Other facility tenants will pay rent to support the facility as well. I am requesting the Department of Administration secretary not to allot these funds.

### **Labor and Industry Review Commission**

#### **23. Survey of Labor and Industry Review Commission Decisions**

*Section 9142 (5f)*

This section requests that the Chief Justice of the Wisconsin Supreme Court survey decisions of the Labor and Industry Review Commission citing statutes interpreted by the commission and whether the commission's decisions were appealed to the Circuit Court.

I am vetoing this section in its entirety because the study is unnecessary and unlikely to yield useful information.

### **Technical College System Board**

#### **24. Sunset of the Educational Approval Board**

*Sections 9111 (1p), 9411 (1p) and 9411 (1q)*

These provisions administratively transfer the Educational Approval Board and the incumbent employees from the Wisconsin Technical College System to the Department of Safety and Professional Services on January 1, 2018. The board would then sunset on July 1, 2018, and the incumbent staff and current functions would remain with the department.

I am vetoing sections 9111 (1p), 9411 (1p) and (1q) related to the sunset of the board because retaining the board as an entity is unnecessary; the department will provide oversight for the board's functions. As a result of this veto, the board will be eliminated immediately.

## 25. Educational Approval Board Incumbents

*Section 9111 (1q) (bm) [as it relates to the transfer of incumbents]*

This provision administratively transfers the Educational Approval Board and the incumbent employees from the Wisconsin Technical College System to the Department of Safety and Professional Services on January 1, 2018. The board would then sunset on July 1, 2018, and the incumbent staff and current functions would remain with the department.

I am partially vetoing the provision related to retaining the incumbent employees in order to provide the department with flexibility related to staffing. As a result of this veto, only positions will transfer to the department.

### University of Wisconsin System

## 26. Performance Funding

*Section 603m [as it relates to s. 36.112 (2) (b), (3) (a), (3) (b) and (5) (a) 3.]*

These provisions permit University of Wisconsin System institutions to earn funding based upon performance on metrics of their choosing, one each for improvement and excellence, in accordance with a formula that must be submitted to the Joint Committee on Finance for approval or modification under passive review. In addition, these provisions cap the amount of funding that may be allocated for excellence at 30 percent.

I am partially vetoing these provisions for three reasons. First, performance-based funding in higher education should vigorously challenge institutions to improve, and the provisions do not support this level of challenge. Second, I object to limiting the ability of the Board of Regents to reward high-performing institutions, especially if institutions may not choose metrics upon which to be measured. Third, I believe a passive review process does not provide sufficient transparency around such a significant initiative.

The performance funding initiative includes a substantial investment of state dollars, and as such demands achievement and accountability. Allowing institutions to choose the metrics upon which to be measured is likely to result in funding allocations based upon metrics that are easiest for institutions to improve upon or maintain. This partial veto deletes the ability of institutions to choose performance funding metrics, which will ensure funding incentivizes institutions to improve and excel in many areas. In addition, I am vetoing the cap on funding that is allocated based on excellence so that the Board of Regents may decide how much funding is given to high performing institutions; this will encourage institutions to focus on the performance metrics and give the board flexibility in developing a formula. Finally, this partial veto accomplishes transparency by requiring a meeting under s. 13.10 for approval of the board's formula; the review by the Joint Committee on Finance should be undertaken publicly.

## 27. Innovation Fund

*Section 603m [as it relates to s. 36.112 (6) and (7)]*

This provision relates to the creation of an Innovation Fund to support University of Wisconsin System institutions in increasing enrollment in high demand programs through competitive grants. The provision specifies that the Board of Regents is responsible for determining what programs are considered high demand for purposes of the grant program.

I am partially vetoing this provision because it lacks specificity as to the meaning of high demand, and does not require high demand to relate to state priorities (such as creating the workforce needed by the state's employers). As a result of the veto, the Board of Regents will not have specific authority to determine the definition of high demand. I am directing the Board of Regents to consult with the Department of Workforce Development in developing a request for proposals for grants in order to ensure that chosen programs address state workforce needs.

## 28. University of Wisconsin System Audits

*Section 9148 (2q) (b)*

This section suspends the requirement that the Legislative Audit Bureau conduct an annual financial audit of the University of Wisconsin System for the fiscal years 2017-18 and 2018-19. Other provisions substitute an audit by an independent accounting firm for these two years.

I am partially vetoing this section because the Legislative Audit Bureau will continue to have other auditing responsibilities related to the Comprehensive Annual Financial Report, the statewide Single Audit report, and the Annual Fiscal Report – each of which incorporates financial information from the University of Wisconsin System. In addition, this will ensure that both an independent audit and an audit by the Legislative Audit Bureau will be done separately and all parties will have the opportunity to compare auditing practices and findings to determine whether an independent audit is appropriate beyond this biennium.

## 29. Wisconsin Institute for Sustainable Technology

*Section 183 [as it relates to s. 20.285 (1) (sp)]*

This provision provides funding of \$440,000 SEG annually from the environmental fund for the Wisconsin Institute for Sustainable Technology at the University of Wisconsin-Stevens Point.

I am partially vetoing this provision by lining out the appropriation under s. 20.285 (1) (sp) and writing in a smaller amount that deletes \$440,000 in fiscal year 2018-19. This results in a one-time grant to the institute and avoids committing environmental fund monies for this purpose in the future, before the condition of and pressures on the environmental fund are known. The environmental fund supports activities that are critical to protecting the state's environmental resources through programs such as recycling grants, nonpoint runoff abatement, and solid waste and air management. The University of Wisconsin System has

access to other resources to support the institute. I am requesting the Department of Administration secretary not to allot these funds.

### **30. University of Wisconsin-Green Bay Tribal Gaming Appropriation**

*Section 183 [as it relates to s. 20.505 (1) (km)]*

This provision provides funding of \$247,500 PR-S annually to the University of Wisconsin-Green Bay from tribal gaming revenues.

I am vetoing this provision by lining out the appropriation under s. 20.505 (1) (km) and writing in smaller amounts that delete \$247,500 in each fiscal year because I object to the historical use of these funds, which is to support the institution's athletic programming and is not directly related to tribal affairs. I am requesting the Department of Administration secretary not to allot these funds.

### **31. Flexible Option Program**

*Section 9148 (2)*

This provision requires the University of Wisconsin System-Extension to increase the number of programs offered as Flexible Option programs by 25 percent from the number of programs offered on the date the budget is enacted. The increase must be accomplished by December 1, 2019.

I am partially vetoing this provision so that the required increase in program offerings by December 1, 2019, is 100 percent. The Flexible Option program is a unique, powerful and affordable tool for nontraditional students to earn degrees or certificates. I believe the University of Wisconsin System can and should aggressively pursue expansion of this program, which will benefit the system, students and employers. Therefore, a 100 percent increase is a more appropriate requirement to challenge the University of Wisconsin System than a 25 percent increase.

## **Public Instruction**

### **32. Energy Efficiency Revenue Limit Adjustment**

*Section 1641m*

This section permits school district boards to adopt a resolution to exceed the district's revenue limit for energy efficiency projects before January 1, 2018, or after December 31, 2018, only. Effectively, this provision suspends the school district revenue limit adjustment for energy efficiency measures for one year.

I am exercising the digit veto in this section to limit adoption of such resolutions to before January 1, 2018, or after December 3018. I object to the temporary suspension of this revenue limit adjustment because I believe school districts should be required to use referenda to bypass revenue limits. Many of the recently adopted resolutions for energy efficiency measures allowed school districts to exceed revenue limits by a significant amount. Taxpayers should have a direct voice when large property tax increases are under consideration. This veto will maintain the ability for school districts to ask taxpayers if they wish to exceed

revenue limits and eliminate an exemption that has been viewed as a loophole to revenue limits.

### **33. Low Revenue Adjustment**

*Section 1640g*

This section increases the low revenue adjustment for school districts from \$9,100 under current law to \$9,300 in fiscal year 2017-18; \$9,400 in fiscal year 2018-19; \$9,500 in fiscal year 2019-20; \$9,600 in fiscal year 2020-21; \$9,700 in fiscal year 2021-22; and \$9,800 in fiscal year 2022-23 and each year thereafter.

I am vetoing this section entirely because the result is a substantial increase in property tax capacity that school districts may exercise without voter input. In several school districts that would be eligible to raise taxes under these sections, referenda to exceed revenue limits already failed within the past two years. An increase in revenue authority from the state in these districts would circumvent purposeful, local actions.

It should also be noted that in some cases, the same districts that would have become eligible to increase their revenues with this adjustment have increased their base revenues at a rate higher than the state average. This brings into question the need for this adjustment and highlights the need for local taxpayer input before a revenue limit adjustment is made.

As a result of this veto, the low revenue adjustment level for school districts will remain at \$9,100. School districts across the state will benefit from other significant education investments in this budget, including meaningful increases in per pupil aid. These per pupil increases are equal among all school districts. In addition, school districts could pursue an increase in their revenue limit through a referendum as is the case under current law. In fact, numerous districts have already done so by asking taxpayers through a referendum. Increases to the low revenue adjustment can be discussed in future state budgets.

### **34. School District Referenda Scheduling**

*Sections 996pr [as it relates to special elections], 1640i [as it relates to s. 121.91 (3) (a) 3.], 1640p, 9335 (1g) [as it relates to s. 121.91 (3) (a) 3.] and 9435 (1w) [as it relates to s. 121.91 (3) (a) 3.]*

These provisions generally limit the scheduling of school district referenda to regularly scheduled elections up to twice per year, but permit a school board to conduct special elections to consider referenda on the Tuesday after the first Monday in November in an odd-numbered year, so long as the special election is not earlier than 70 days after adoption of the related resolution. In addition, school districts that experience increased costs as a result of a natural disaster are permitted to hold a special referendum outside of these limitations, so long as the referenda occurs within six months of the event and at least 70 days elapses between adoption of the initial resolution approving the referenda and the public vote. Section 9435 (1w) specifies an effective date of January 1, 2018, for these provisions.

I am partially vetoing these provisions to eliminate the ability of school districts to conduct the special elections to consider referenda as described above, but maintain the effective date of January 1, 2018, for the limitations on referendum scheduling. School referenda should be known and considered by the greatest number of voters possible, and limiting referenda to regularly scheduled election days will further this principle. Maintaining the delayed effective date will allow currently scheduled referenda to take place.

### **35. Whole Grade Sharing Aid**

*Sections 183 [as it relates to s. 20.255 (2) (bp)], 208p, 1534p and 9135 (4p)*

These sections create a grant program in fiscal year 2018-19 for school districts to enter into a whole grade sharing agreement. Grants of \$150 per pupil enrolled in a shared grade would be provided to school districts in the first four years of the agreement. In the fifth year, grants are prorated to 50 percent. In addition, the Department of Public Instruction is required to provide a report to the Joint Committee on Finance by February 1, 2019, regarding the number of grant applicants, the number of approved whole grade sharing agreements, the names of participating districts and the grades shared in each district, and how much of the appropriation is awarded or encumbered.

I am vetoing these sections in their entirety to eliminate the grant program for whole grade sharing and related reporting requirements. Whole grade sharing is intended to create savings, which should be a built-in incentive; however, school districts have not taken advantage of whole grade sharing since it became permissible under 2015 Wisconsin Act 55. Therefore, I believe these funds can be repurposed to support more effective programs that support rural schools.

### **36. Shared Services Aid**

*Sections 183 [as it relates to s. 20.255 (2) (bt)], 208t and 1475p*

These sections create a grant program funded at \$2,000,000 in fiscal year 2018-19 for school districts that share administrative functions with local governments or other school districts. Grants would be provided in the following amounts during the first three years of an agreement to share services: \$40,000 for sharing a district administrator; \$22,500 for sharing a human resources director, information technology coordinator or business manager; and \$17,500 for other administrative positions, excluding principals and assistant principals. In the fourth year, grants are prorated to 50 percent, unless the parties to the agreement also are whole grade sharing.

I am vetoing these sections in their entirety to eliminate the grant program for shared services. Sharing services will create savings for school districts; therefore, providing state grants would nullify savings to taxpayers that would result from local actions. In addition, I believe these funds can be repurposed to support more effective programs that support rural schools.

### **37. Summer School Grants**

*Section 1482j [as it relates to grant eligibility and uses]*

This provision creates a grant program in fiscal year 2018-19 for the Milwaukee Public Schools district and any other school district that receives a "fails to meet expectations" rating on its district report card. These competitive grants are to be awarded to school districts to increase attendance, improve low-performing schools, improve academic achievement and expose pupils to innovative learning activities, all through development, redesign or implementation of a summer school program.

I am partially vetoing this provision to create a grant to the Milwaukee Public Schools for summer school programs. The program proposed in my Executive Budget was targeted to the district to augment the Milwaukee Public Schools district's summer school expansion efforts. I object to the expansion of eligibility because it will dilute the funding, and therefore effectiveness, of the funds in the district. I also believe that language specifying outcomes is unnecessary absent a competitive process, and would diminish the ability of a district to employ the funds in the most effective way. As a result of this veto, the district will receive a grant of \$1,400,000 in fiscal year 2018-19 for summer school programs, and no other districts will be eligible to apply for these funds.

### **38. Virtual Charter School Funding Study**

*Section 9135 (1t)*

This provision requires the Department of Public Instruction to submit a report by January 1, 2019, to the Joint Committee on Finance and appropriate standing legislative committees comparing open enrollment payments and the actual costs of educating virtual charter school pupils.

I am vetoing this provision to eliminate the report. I object to the increased administrative burden on the department.

### **39. Mental Health Services Grants**

*Sections 1470g [as it relates to eligibility criteria] and 9135 (4f) [as it relates to an advisory committee]*

These sections create a grant program to fund increased collaborations among school district personnel and community mental health service providers. Under these sections, eligible grantees are public schools, independent charter schools, consortia of schools or school districts, or cooperative education service agencies. Applicants for grants must: (a) require providers or contractors to bill Medical Assistance or an appropriate health insurance company for any goods or services provided as part of the collaboration, and (b) seek nonstate funding for costs not covered by Medical Assistance or insurance. The Department of Public Instruction has authority to define additional grant parameters. The department also is required to establish an advisory committee to make recommendations about grant parameters and awards, members of which must include: (a) a current or retired school administrator, (b) a teacher or pupil services license holder, (c) a mental health service provider or representative of a mental health service

provider association, (d) a family member of a potential service recipient, and (e) a representative of a school board or charter school. The department is further required to award the full appropriated amount in each year.

I am partially vetoing these sections as they relate to requirements on applicants and the requirement for an advisory committee. I believe schools should have maximum flexibility in designing and implementing these collaborations and therefore the statutes creating the program should be general, not prescriptive. In addition, the requirement for an advisory committee is burdensome. As a result of this veto, the department will have broad flexibility to specify grant criteria in administrative rule without an official advisory committee; however, the department should seek input from interested parties informally.

## **Workforce Development**

### **40. Technical Education Equipment Grants**

*Section 1407k [as it relates to s. 106.275 (2) (b) and (4) (a)]*

This provision creates a technical education equipment grant program, allows the Department of Workforce Development to allocate up to \$500,000 GPR annually from the department's workforce training grants appropriation, and requires that: (a) the department award grants of no more than \$50,000 to school districts whose grant applications are approved by the department, (b) school districts use dollars for the acquisition of equipment in advanced manufacturing fields, (c) a school district shall provide matching funds equal to 200 percent of the grant amount awarded, (d) school districts apply in accordance to the procedures established by the department, (e) the secretary of the department appoint an advisory committee to review and evaluate applications, and (f) school districts receiving a grant file a report with the department the first three years following the fiscal year in which the grant was received.

I am partially vetoing the provision to delete the requirement for the department secretary to appoint an advisory committee because this provision is administratively burdensome. The department presently seeks input from stakeholders and subject matter experts on a variety of issues and therefore a statutory advisory committee is unnecessary.

## **C. General Government, Children and Families**

### **Department of Administration**

#### **41. Positions for Information Technology Purchasing Report**

*Section 9101 (11q)*

Section 9101 (11q) requires the Department of Administration to submit a report to the Joint Committee on Finance by August 31, 2018, regarding the activities of four new positions added in fiscal year 2017-18, including: (a) any identified accomplishments such as process improvements or major information technology procurements that were done efficiently or effectively, (b) any savings that the department estimates resulted from the initiative, and (c) plans for additional improvement or

projects in fiscal year 2018-19. The 4.0 FTE PR-S positions, split between the divisions responsible for information technology and procurement services, are vacancies from other agencies that have been repurposed for this initiative, which is anticipated to generate savings from standardizing and streamlining contract, procurement and information technology practices. It is estimated that state agencies, excluding the University of Wisconsin System, spent \$445 million on information technology procurement in fiscal year 2015-16. For every 1 percent in reductions to these purchases, the state could save \$4.45 million.

I am vetoing this section to remove the reporting requirement because I believe that placing reporting requirements in the statutes is both unnecessary and encroaches on the executive branch's responsibility to manage state agency programs within the statutes and funding levels set by the Legislature. This type of information can be requested by legislators or the legislative service agencies at any time without creating an unfunded mandate in the statutes.

#### **42. Replacement of Information Technology Contractors Report**

*Section 9101 (11s)*

Section 9101 (11s) requires the Department of Administration to submit a report to the Joint Committee on Finance by August 31, 2018, regarding the activities performed in fiscal year 2017-18 by new permanent positions, which were added to replace contractor staff, including: (a) accomplishments such as system or process improvements, progress or completion of projects, or finished work products; (b) any additional savings or efficiencies that the department can estimate resulted from the work of the positions; and (c) plans or additional improvements, projects or work products for fiscal year 2018-19. Replacing information technology contractors with 54.0 FTE PR-S positions will generate savings of \$463,100 PR-S in fiscal year 2017-18 and \$3,712,100 PR-S in fiscal year 2018-19.

I am vetoing this section to remove the reporting requirement because I believe that placing reporting requirements in the statutes is both unnecessary and encroaches on the executive branch's responsibility to manage state agency programs within the statutes and funding levels set by the Legislature. This type of information can be requested by Legislators or the legislative service agencies at any time without creating an unfunded mandate in the statutes.

#### **43. State Transforming Agency Resources (STAR) Program and Benefits Realization Report**

*Section 169t*

Section 169t requires the Department of Administration to submit a report to the Joint Committee on Finance and the Joint Committee on Information Policy and Technology once every six months, beginning in October 2017, relating to the management of the STAR enterprise resource planning system, including: (a) year-to-date expenditures for related system appropriations, (b) master lease originations since the date of the last report, (c) state agency assessments (most

recently charged as well as estimated for future fiscal years), (d) the status of the appropriation deficits, and (e) updated information relating to the department's efforts regarding benefits realization, including any actual or anticipated savings or efficiencies associated with the STAR system.

I am vetoing this section to remove this ongoing reporting requirement because I believe that it is unnecessary and redundant to information that has already been and will be provided to the Legislature. The department has been transparent about the implementation and financing of the STAR system, including presentations at the Joint Committee on Information Policy and Technology informational hearing on November 10, 2015, and on March 8, 2017, presentations on the new STAR assessment to all agencies in the spring of 2016, and written updates on each STAR release to the Legislature on February 3, 2016; December 30, 2016; and March 7, 2017. Furthermore, the department has provided, and will continue to provide until the appropriation is no longer in deficit, a significant amount of financial information each year when it submits its spending plan as required under s. 16.513.

#### **44. Self-Funded Portal Annual Report**

##### *Section 172*

Section 172 requires the Department of Administration to submit a report to the Joint Committee on Finance and Legislature by October 1 of each year that includes: (a) a financial statement of the state's self-funded portal revenues and expenditures for the fiscal year; (b) a list of the services available through the portal, including the addition of services available since the previous fiscal year; (c) the amounts of any fees charged for each of the services; and (d) a summary of the activity levels of the services provided, as well as any other information the department wishes to provide. The portal does not have a cost to taxpayers, but is fee-based and user-driven by agencies and customer demand for services.

I am vetoing this section to remove the reporting requirement because I believe that it encroaches on the executive branch's responsibility to manage state agency programs within the statutes and funding levels set by the Legislature. In the Executive Budget, the department requested the conversion of the self-funded portal appropriation from annual to continuing, which would have given the department more flexibility in managing the appropriation and expanding the number of e-projects based on existing fee revenue available. As part of this request, the department was directed to report to the Legislature on these projects. Given that the Joint Committee on Finance elected to reject this proposal, it will be involved directly in any expenditure authority increase and can request any additional information it would like at that time.

#### **45. Office of the Commissioner of Insurance Information Technology Position Transfers Report**

##### *Section 9101 (11c)*

Section 9101 (11c) requires the Department of Administration, in consultation with the Office of the

Commissioner of Insurance, to prepare a report on information technology services provided to the office and, specifically, any efficiencies created through consolidation during the 2017-19 biennium. This report is to be submitted with the department's 2019-21 budget request.

I am vetoing this section to remove the reporting requirement because I believe that it is unnecessary as the biennial savings related to this initiative have already been estimated at 2.0 FTE PR positions and \$216,900 PR. If additional information is of interest, it can be requested of each agency during the 2019-21 biennial budget process.

#### **46. Worker's Compensation Recording Equipment Report**

##### *Section 9101 (11i)*

Section 9101 (11i) requires the Department of Administration's Division of Hearings and Appeals to conduct a study of the audio and visual needs of worker's compensation hearings and to present the findings no later than June 30, 2018, to the Worker's Compensation Advisory Council, which may submit a recommendation to the division regarding the recording equipment that would be sufficient to replace a court reporter for inclusion in the department's 2019-21 biennial budget request. The proposal included in the Executive Budget would have eliminated the requirement that court reporters record testimony at worker's compensation hearings and would have resulted in a reduction of 4.0 FTE PR-S positions and a savings of \$555,000 PR-S in each year. Wisconsin is the only state with a central panel hearing structure to still have court reporters on staff.

I am vetoing this section to remove the requirement to study the issue further and present to the advisory council because I believe that it is unnecessary as this study can be conducted by the division without creating a statutory requirement.

#### **47. Cost-Benefit Analysis of Leases**

##### *Sections 161d, 161e and 9301 (2f)*

This provision specifies that the Department of Administration may not enter into, extend or renew an executive branch agency lease with an annual rent of more than \$500,000 unless the secretary signs the lease, a copy of the proposed lease is submitted electronically to the Chief Clerk of each house of the Legislature, and the department notifies the Joint Committee on Finance of the proposed lease and provides the following information and a summary report to the Committee: (a) a cost-benefit analysis comparing the lease with purchasing the space or another suitable space, and (b) an evaluation of comparable lease options within a ten-mile radius of the property proposed in the lease or, if there are not sufficient comparable properties within a ten-mile radius to perform a meaningful comparison, a wider radius as needed to ensure the lease rate per square foot does not exceed the lease rate per square foot on comparable properties or the market rate by more than 5 percent. Each proposed lease would be subject to a 14-day passive review process.

I am vetoing these sections in their entirety because I object to these additional restrictions on the state leasing program. Approving leases is a statutory responsibility of the Department of Administration and the State Building Commission, which includes legislative members. In addition, I am concerned that some landlords could try to use the proposed legislative approval process to circumvent the procurement process. However, I understand the policy goal behind this provision of ensuring that state agencies are evaluating alternatives before entering into large, long-term leases in order to find the most cost-effective option and consequently, I am directing the department to review and improve its existing evaluation procedures for these types of leases.

#### **48. Fee Report with Agency Budget Requests**

##### *Section 139m*

This provision requires each executive branch agency to include in its biennial budget request a report identifying: (a) each fee the agency is authorized to charge, (b) the amount of each fee or method of calculating the fee, (c) the statutory authority to charge the fee, (d) a statement of whether or not the fee is currently charged, (e) a description of how each fee has changed over time, and (f) any recommendation the agency has concerning each fee.

I am vetoing this provision because I object to these requirements as they are burdensome and not directly related to the budget development process. In addition, although it is unclear what the legislative intent is behind this new mandate, the Legislature (or its service agencies) already has access to this information and has the authority to request any additional information at any time.

#### **49. On-Site Delivery of Human Resources, Payroll and Benefit Functions at Select Agencies**

##### *Section 73*

This section requires the Division of Personnel Management within the Department of Administration to provide human resources and payroll and benefit services to most executive branch agencies, beginning on July 1, 2018. It also requires the department to submit an annual report to the Joint Committee on Finance by April 15 under 14-day passive review that includes: (a) the assessments that the department intends to charge each agency for human resources, payroll and benefit services in the upcoming fiscal year; (b) the number of positions that the department is using to administer these services; (c) the number of vacant and filled positions the department no longer needs to administer these services; (d) the cost savings to the state due to the administration of these services; and (e) the metrics evaluating the effectiveness of these services provided to participating agencies by the department in the previous fiscal year, as well as a comparison of the metrics for the previous fiscal year to similar metrics in previous reports. If the Committee schedules a meeting within the 14-day time frame, the department may not provide human resources, payroll and benefit functions or charge the assessments proposed in the report without the approval of the Committee.

The provision also requires the Department of Administration to provide human resources, payroll and benefit services on-site for the Department of Corrections, Department of Health Services, Department of Veterans Affairs and State Fair Park Board, beginning on July 1, 2018.

I am partially vetoing the provision that requires the Department of Administration to provide human resources, payroll and benefit services on-site for select agencies because it will restrict the department's ability to achieve the maximum enterprisewide staffing flexibility and efficiency possible from the human resources shared services initiative. Concerns regarding the location of human resources, payroll and benefit services and staffing levels can be addressed through service level agreements that will be negotiated between agencies and the Department of Administration's Division of Personnel Management.

#### **Department of Children and Families**

#### **50. Homeless Shelter Employment Services Grant Uses**

##### *Section 129*

This section defines the types of entities that could receive Homeless Shelter Employment Services Grant funds to include shelter facilities as well as nonprofit organizations that partner with local governments, religious organizations, local businesses and charitable organizations to provide individuals and families with rent assistance and intensive case management. For each type of organization, it also defines the services that shall be provided, including specifically that nonprofit organizations shall use the funds for the purpose of providing immediate housing relocation services, including paying rent on behalf of participants in private housing.

I am partially vetoing this section because the expansion of eligible organizations beyond shelter facilities and the inclusion of rent assistance as an allowable use of grant funds could diminish the intended effect of the grant dollars, which was to provide funding to existing Homeless Management Information System or State Shelter Subsidy Grant-participating homeless shelters for social workers and associated case management services. Expanding grants to organizations other than homeless shelters will reduce the ability of shelters to provide case management services. In addition, including rent assistance as an allowable use of grant funds could direct more funds to a short-term housing solution rather than the long-term employment solution achieved through case management services.

#### **51. Work Participation Rate Reporting Requirements**

##### *Section 9106 (3w)*

This provision requires the Department of Children and Families to submit periodic reports regarding performance on work participation rate targets in the Temporary Assistance for Needy Families (TANF) program; progress on any compliance programs with the federal Department of Health and Human Services; and the appeals process for any TANF penalties related to work participation rate requirements. Reports would be required every six months, starting

September 15, 2017, and ending March 15, 2019. The department would also be required to present a plan on or before October 1, 2018, for Joint Committee on Finance approval, to improve work participation rates in the TANF program. This provision also encourages, but does not require, the department to include a request for a waiver under section 1115 of the Social Security Act.

I am partially vetoing this provision because statutory language specifying the timing of reporting intervals, requiring a plan for Committee approval, and encouraging a section 1115 waiver is unnecessary. I support requiring the department to be more accountable regarding work participation rate issues, but it is sufficient for the department to periodically report updated information when it has it, which won't be on September 15, 2017, given the budget delay and may not be on six-month intervals. Requiring the submittal of an improvement plan for approval and language encouraging a section 1115 waiver are unnecessary because the worker supplement created in the budget is the mechanism that the department will use to improve work participation rates in the state's Wisconsin Works program.

## **Elections Commission**

### **52. Funding for Elections Commission Positions**

*Section 183 [as it relates to s. 20.510 (1) (a) and (1) (x)]*

This provision allocates funding and permanent position authority for Elections Commission positions currently funded by federal Help America Vote Act funding. The current 22.0 FTE FED positions were previously approved with an end date of the end of fiscal year 2016-17 and the federal funding supporting these positions is expected to be exhausted at some point during fiscal year 2018-19. The provision creates 21.0 FTE FED permanent positions and provides federal expenditure authority in fiscal year 2017-18 and provides 21.0 FTE GPR positions and funding in fiscal year 2018-19. The Executive Budget recommended funding and position authority for only 16.0 FTE positions.

I am partially vetoing this provision by lining out the appropriation under s. 20.510 (1) (x) and writing in a smaller amount in fiscal year 2017-18 and lining out the appropriation under s. 20.510 (1) (a) and writing in a smaller amount in fiscal year 2018-19. The reduction in each year is \$304,100 and is equivalent to the salary and fringe benefit costs associated with 5.0 FTE positions. I am requesting the Department of Administration secretary to not allot these funds. I object to the level of staffing approved by the Legislature given that the Elections Commission has been operating effectively with fewer staff. Rather than adding five additional permanent FTE positions, I believe that the commission can more cost effectively manage peak workload periods by hiring limited term employees or contractors, as they did during the 2016 presidential election.

## **Elections and Ethics Commissions**

### **53. Elections and Ethics Commissioner Per Diems**

*Sections 17 and 183 [as it relates to s. 20.510 (1) (a) and s. 20.521 (1) (a)]*

These sections establish and fund the statutory per diems of each of the elections and ethics commissioners at \$227 per meeting. Under current law, each commissioner receives a per diem equivalent to a reserve judge sitting in circuit court for each day the commissioners were actually and necessarily engaged in performing their duties. In fiscal year 2016-17, this was equivalent to \$454 per day.

I object to this provision because I believe that a \$227 per meeting statutory per diem paid to ethics and elections commissioners is still out-of-line with per diems paid to members of comparable boards and commissions.

I am exercising the digit veto in section 17 in order to decrease the statutory per diem from \$227 per meeting to \$27 per meeting. Further, I am partially vetoing section 183 by lining out the amounts under s. 20.510 (1) (a) and s. 20.521 (1) (a) and writing in smaller amounts that reduce each appropriation by \$9,600 in each year of the biennium. I am requesting the Department of Administration secretary to not allot these funds. With these vetoes, the statutory per diems paid to ethics and elections commissioners will be better aligned with the statutory per diems paid to members of other state boards and commissions.

## **Department of Employee Trust Funds**

### **54. Group Insurance Program Changes and Group Insurance Board Directives**

*Sections 17n, 39d, 39f, 39g, 39h, 39j, 39k, 707f, 709g, 9114 (1c), 9114 (1t), 9114 (2p), 9114 (2w), 9129 (2w), 9314 (3c), 9314 (3p) and 9314 (4p)*

These sections make the following changes to the state group health insurance program and the Group Insurance Board:

- Section 9114 (2w) directs the Group Insurance Board to attempt to ensure that state group health insurance costs paid from GPR are reduced by \$63,900,000 over the 2017-19 biennium through a combination of provider negotiation savings, utilization of state group health program reserves, increased use of health plan tiers and health plan design changes, with an emphasis on consumer-driven health care, that do not exceed a 10 percent increase to total employee costs for the lowest tier plans in each of calendar years 2018 and 2019. Premiums, copays, deductibles, coinsurance and out-of-pocket-maximums are subject to the 10 percent limitation.
- Section 9114 (1c) directs the Department of Employee Trust Funds to submit a plan and request for related funding to conduct an educational campaign for consumer-driven health plans before and during the annual enrollment period for the state health insurance plan for calendar year 2019 to the Joint Committee on Finance for its approval no later than January 1, 2018. The educational campaign shall provide the following information: (a) the advantages of high-deductible health plans and health savings accounts, (b) examples of individuals or families that may benefit from high-deductible health plans and health savings accounts, and (c) any consumer-driven health plan design changes or

initiatives approved by the board. The department cannot conduct the campaign without the approval of the Committee.

- Section 9114 (1t) requires the Group Insurance Board to submit a report to the Joint Committee on Finance by March 1, 2018, detailing: (a) the amount of state group health program reserves as of December 31, 2017, (b) the amount of state program reserves that will be used during calendar year 2018 to reduce state program costs, (c) a projection of 2018 year-end state program reserves by the board's consulting actuary, and (d) the board's planned utilization of state program reserves during calendar year 2019. The board may not implement the plan if, within 21 working days, the cochairpersons of the Joint Committee on Finance notify the board that a meeting has been scheduled to review the plan.
- Section 9114 (2p) requires the Group Insurance Board to use \$68,800,000 of the state group health program reserves during the 2017-19 biennium to reduce program costs. The board is also directed to review its policies related to maintaining reserves for fully insured health plans. In conducting the review, the board is required to review: (a) the history of changes in the participation of fully insured health plans in the group health insurance program, (b) the number of members affected by the discontinuation of fully insured health plans from year to year, and (c) the dollar amount of claims or premiums associated with members that are affected by the discontinuation of fully insured health plans from year to year.
- Sections 709g and 9314 (3c) establish five, rather than three, health plan tiers in statute.
- Sections 707f and 9314 (3p) require the Group Insurance Board, in consultation with the Division of Personnel Management within the Department of Administration, to submit any proposed changes to the state group health insurance program in the following program year to the Joint Committee on Finance by April 1 of each year under a passive review approval process. Proposed changes for calendar year 2018 that would have a financial impact or affect covered benefits are also subject to the passive review requirement. If the Committee notifies the board within 21 working days that a meeting has been scheduled for the purpose of reviewing the changes, the changes may not be implemented unless approved by the Committee.
- Section 9129 (2w) requests the Joint Legislative Audit Committee to direct the Legislative Audit Bureau to conduct a financial and performance audit of the state group health insurance programs, including a review of the Group Insurance Board's compliance with the state group health reserves policy, a review of the appropriateness of its policy regarding fully-insured program reserves and the circumstances that have created ongoing, frequent accumulation and use of reserves.

- Sections 17n, 39d, 39f, 39g, 39h, 39j, 39k and 9314 (4p) require that the six members of the Group Insurance Board who are appointed by the Governor to two-year terms under current law be appointed with the advice and consent of the Senate. In addition, this provision would expand the board from 11 members to 15 members and specify the following new members: (a) one member appointed by the Speaker of the Assembly, (b) one member appointed by the Minority Leader of the Assembly, (c) one member appointed by the Majority Leader of the Senate, and (d) one member appointed by the Minority Leader of the Senate.

I am vetoing all of these sections in their entirety because I object to having the Legislature interfere with the responsibilities of the Group Insurance Board, which has set policy and overseen administration of the group health insurance plan for state and local employees, retirees and employers since 1959. The Legislature's role is to approve the compensation plan and set overall funding for the state group health insurance program. In addition, last session, the Legislature passed, and I signed, 2015 Wisconsin Act 119, which established new authority for the Joint Committee on Finance to approve or reject contracts to provide self-insured group health plans to state employees. Thus, I believe that current law already provides a sufficient and appropriate oversight role for the Legislature. I do not believe that they should micromanage plan design, contract negotiations and the financial and programmatic management of the program. The provisions to be vetoed ensure that the Joint Committee on Finance have complete control over any change, no matter how small, to the program. This degree of oversight will not be workable, especially for a Committee that does not meet on a regular basis.

Furthermore, some of these provisions are unnecessary and administratively burdensome. For example, the board has already approved the participating health plans and rates for the calendar year 2018 group health insurance program and is committed to achieving the biennial savings target established by the Legislature. Any changes to the 2018 program made by the Joint Committee on Finance would require problematic contract amendments. Submitting any future changes to the plan design to the Committee for approval will also be problematic and may encourage additional lobbying of the Legislature by providers and employees. In addition, statutorily increasing the number of health plan tiers from three to five does not make sense for counties where fewer than five plans are even offered. Furthermore, statutorily requiring reports and an audit by the Legislative Audit Bureau of the program reserves are unnecessary as the Group Insurance Board is already in the process of updating its reserve policies as part of its normal process.

Finally, direct involvement of legislators in the policy-setting and administration of the group health program could politicize a process that has worked effectively under Group Insurance Board oversight for the past 58 years. While the Legislature has a substantial role in setting statutory policy and establishing overall funding levels, the members of the

board must develop significant expertise in health plan design and administration, while balancing the needs of the employers, employees and health plans. This is best achieved with the current composition of the board.

## Legislature

### 55. 100<sup>th</sup> Anniversary of the State Capitol

*Sections 8p, 183 [as it relates to s. 20.765 (4) (title), (b), (h) and s. 20.855 (3) (k)], 480b, 480c, 480cg and 483m*

This provision creates an annual GPR appropriation for activities related to the celebration of the 100<sup>th</sup> anniversary of the State Capitol and appropriates \$50,000 GPR in fiscal year 2017-18. Payments from the appropriation must be authorized by the cochairpersons of the Joint Committee on Legislative Organization. It also creates a PR continuing appropriation to receive revenues generated from activities related to the celebration. The first \$50,000 of these funds received in each fiscal year lapses to the general fund. Any amounts above \$50,000 are transferred to a new PR biennial appropriation for capitol restoration and relocation planning.

I am vetoing this provision in its entirety because the State Capitol and Executive Residence Board has already authorized the use of funds from the capitol restoration fund for this purpose.

### 56. State Capitol Basement Renovations

*Section 9104 (1) (a)*

This provision enumerates \$1 million GPR-supported borrowing for the purpose of renovations of the State Capitol basement.

I am vetoing this provision to delete the enumeration for the State Capitol basement renovation. I believe that the State Capitol and Executive Residence Board should study the proposal and determine if renovations to the basement are the best use of funds or if renovations to other parts of the State Capitol would be a more beneficial investment.

## Public Service Commission

### 57. Provision of Utility Services Effective Date

*Section 9437 (1t)*

Section 1691c amends the definition of "public utility" to exclude, among other entities, a state agency, as defined in s. 20.001 (1) of the statutes, that may own, operate, manage or control all or any part of a plant or equipment for the production, transmission, delivery or furnishing of water either directly or indirectly for the public. Section 9437 (1t) provides an effective date for this change on the first day of the 13<sup>th</sup> month after the effective date of the budget bill.

In addition, for the purposes of awarding federal Community Development Block Grant funding in the 2017-19 biennium, section 9101 (10t) directs the Department of Administration to give priority to a project meeting all of the following: (a) the project would plan for or establish public or private facilities for the provision of water and sewer services primarily to residential users; (b) the new water service

would replace services currently provided by an entity other than a public utility, a community water system, a cooperative association, or private groundwater wells; and (c) the new sewer service would replace services currently provided by an entity other than a public utility, private on-site wastewater treatment systems, or any other on-site forms of sewage disposal.

These provisions were added to allow the Department of Health Services' Winnebago Mental Health Institute to discontinue providing water and sewer services to residents located near the facility without negatively impacting these individuals.

I am vetoing section 9437 (1t) to remove the effective date of the first day of the 13<sup>th</sup> month beginning after the effective date of the bill because I believe that the change to clarify that the department is not a public utility should be made immediately. I am, however, directing the department to continue to provide water and sewer services to these residents for 12 months after the effective date of the budget.

## D. Health Services and Insurance

### Department of Health Services

#### 58. Supervised Release of Sexually Violent Persons

*Sections 377h, 979p, 2230s, 2251y, 2257e, 2257f, 2257g, 2257h, 2257i, 2257j, 2257k, 2257L, 2257m, 2257n, 2257o, 2257p, 2261d, 2262L, 2262m, 2262n, 2262o, 2262p, 2262q, 2262r, 2262s, 2262t, 2262u, 2262v, 2262w, 2262x, 9120 (1t) and 9320 (1t)*

These provisions make a series of changes to the supervised release of sexually violent persons and representation of sexually violent persons by the State Public Defender. The changes apply to all petitions for supervised release under Chapter 980 currently pending at the time of the effective date of the bill. The following details those changes.

Require the county of residence of the sexually violent person, as determined by the Department of Health Services, to create a temporary committee in order to prepare a report identifying an appropriate residential option in that county and demonstrate that the county has contacted the landlord and that the landlord has committed to enter the lease. The committee will consist of: (a) the county human services department, (b) a representative from the department, (c) a local probation or parole officer, (d) the county corporation counsel or his or her designee, and (e) a representative of the department of the county that is responsible for land conservation.

The county shall consider the following factors when identifying an appropriate residential option: (a) the distance between the person's placement and any school premises, child care facility, public park, place of worship or youth center; (b) if the person committed a sexually violent offense against an adult at risk or an elder at risk, the distance between the person's placement and a nursing home or assisted living facility; and (c) if the person is a serious child sex offender, the distance between the person's placement and a property where a child's primary residence exists.

The county must consult with a local law enforcement agency having jurisdiction over the residence and allow the law enforcement agency to submit a written report that provides information on the residential option that must be included in the report submitted to the department.

The county report must be submitted to the department within 120 days following the court order. If a county does not submit a report within 120 days, it is in violation of the person's rights and each day after the 120-day mark is a new violation. A new PR appropriation is created for fees recovered by the person for a violation. These funds would be used for costs associated with housing a person. Within the first 12 months of the bill's effective date, the 120-day limit is extended to 180 days.

Within 30 days after the court orders the county to prepare a report, the department is required to determine the identity and location of known and registered victims of the person's acts by searching its victim database and consulting with the Office of Victim Services in the Department of Corrections, the Department of Justice, and the county coordinator of victims and witness services in the county of intended placement, the county where the person was convicted and the county of commitment.

Require the department, within 30 days after the county submits its report, to use the report to prepare a supervised release plan for the person that would address the person's need for supervision, counseling, medication, community support services, residential services, vocational services and alcohol and other drug abuse treatment. An extension of 30 days may be granted for good cause. The current law provision that the department may not arrange placement in a facility that did not exist before January 1, 2006, is repealed.

If current law procedures are insufficient, the department shall find the county of residence is the county in which, on the date that the person committed the sexually violent offense that resulted in the sentence, placement or commitment, the person would have been a resident for the purpose of Social Security disability insurance eligibility.

In any situation under Chapter 980 where the person has the right to be represented by counsel, the court is required to refer the person as soon as practicable to the State Public Defender, who would be required to appoint counsel.

At the conclusion of any proceeding under Chapter 980, the court may inquire as to the person's ability to reimburse the state for the costs of representation. If the court determines that the person is able to make reimbursement, the court may order the person to reimburse the state. These reimbursements would be made to the clerk of courts where the proceedings took place, which would transmit payments to the county treasurer, who would be required to deposit 25 percent of the payment in the county treasury and transmit the remainder to the Department of Administration. Upon request, the State Public Defender must conduct a determination of indigency and report the results of the determination.

Require the clerk of courts to report, by January 31 of each year, to the State Public Defender the total amount of reimbursements order for Chapter 980.

While I understand the importance of updating the process for placing sexually violent persons in the community, the issues the Department of Health Services and communities face in completing placement plans and how critical it is that these individuals be placed in appropriate settings for the health and safety of the citizens in those counties, I am vetoing these provisions as nonfiscal policy. This policy eliminates current law provisions requiring that residential options be a specific distance from any school premises, child care facility, public park, place of worship or youth center and should therefore be thoroughly vetted through the regular legislative process, with input from the public and counties.

## **59. FoodShare Employment and Training – Universal Referrals**

### *Section 964d*

This provision requires income maintenance workers to provide all FoodShare applicants and participants information about the FoodShare Employment and Training program at least two times per year.

I am vetoing this provision because there is no additional funding or positions included in the bill to implement this unfunded mandate. However, I am directing the Department of Health Services to develop a protocol for better informing all FoodShare applicants and participants about the FoodShare Employment and Training Program because I agree with the intent of the provision.

## **60. FoodShare Employment and Training – Cost to Continue**

### *Section 9120 (2s)*

This section requires the Department of Health Services to submit a report to the Legislature regarding the outcomes related to the FoodShare Employment and Training program before February 1, 2018. The report shall include any proposed program improvements and contract modifications necessary based on the reported outcomes.

I am vetoing this section because I object to this administratively burdensome requirement.

## **61. FoodShare Employment and Training Pilot**

### *Section 9120 (2)*

This provision modifies the provision in the Governor's budget to increase the amount of job training and employment assistance services provided to individuals receiving FoodShare benefits by requiring able-bodied adults with school-age children to participate in the FoodShare Employment and Training Program. The provision is modified in the following ways: (a) require the pilot region selected by the Department of Health Services to be composed of no more than two FoodShare Employment and Training vendor regions; (b) require a pilot of the work requirement be run from April 2019 through June 30, 2020;

and (c) require an evaluation of the pilot program and make statewide expansion contingent on that evaluation.

Further, this provision reduces funding in fiscal year 2017-18 by \$29,000 GPR and increases funding by \$42,300 GPR in fiscal year 2018-19. This provision also transfers the biennial funding of \$4,236,400 GPR provided in the bill to the Joint Committee on Finance supplemental appropriation and requires that the Department of Health Services seek release of the funds through s. 13.10 by submitting a detailed plan for implementation of the pilot.

I am partially vetoing this provision to remove the requirements that the regions be FoodShare Employment and Training vendor regions because I object to this arbitrary policy. I direct the department to determine which region or regions make the most sense for Wisconsin.

Second, I am partially vetoing the provision to remove the evaluation of the program because I object to requiring an evaluation of this provision before it can be expanded.

Lastly, I am partially vetoing the requirement that the department operate a pilot from April 2019 through June 30, 2020, because I object to this arbitrary and administratively burdensome timeline. The department requires flexibility in operating this program and an arbitrary timeline impedes on the administration's ability to successfully implement this provision.

## **62. Medical Assistance Coverage of Complex Rehabilitation Technology**

*Sections 926p, 931n and 9120 (5h)*

This provision specifies that durable medical equipment that is considered complex rehabilitation technology is a covered service under the Medical Assistance program.

The provision defines a "complex needs patient" as an individual with a diagnosis or medical condition that results in significant physical impairment or functional limitation; "complex rehabilitation technology" as items classified within Medicare as durable medical equipment that are individually configured for individuals to meet their specific and unique medical, physical and functional needs and capacities for basic activities of daily living and instrumental activities of daily living identified as medically necessary; "individually configured" as having a combination of sizes, features, adjustments or modifications that a qualified complex rehabilitation technology supplier can customize to the specific individual by measuring, fitting, programming, adjusting or adapting as appropriate so that the device operates in accordance with an assessment or evaluation of the individual by a qualified health care professional and is consistent with the individual's medical condition, physical and functional needs and capacities, body size, period of need, and intended use.

The provision further defines "Medicare" as coverage under Part A or Part B of Title XVIII of the federal Social Security Act, 42 USC 1395 et seq. A "qualified complex rehabilitation technology professional" is defined as an individual who is certified as an assistive technology professional by the

Rehabilitation Engineering and Assistive Technology Society of North America.

The provision defines "qualified complex rehabilitation technology supplier" as a company or entity that meets all of the following criteria: (a) is accredited by a recognized accrediting organization as a supplier of complex rehabilitation technology; (b) is an enrolled supplier for purposes of Medicare reimbursement that meets the supplier and quality standards established for durable medical equipment suppliers, including those for complex rehabilitation technology under Medicare; (c) is an employer of at least one qualified complex rehabilitation technology professional to analyze the needs and capacities of the complex needs patient in consultation with qualified health care professionals, to participate in the selection of appropriate complex rehabilitation technology for those needs and capacities of the complex needs patient, and to provide training in the proper use of the complex rehabilitation technology; (d) requires a qualified complex rehabilitation technology professional to be physically present for the evaluation and determination of appropriate complex rehabilitation technology for a complex needs patient; (e) has the capability to provide service and repair by qualified technicians for all complex rehabilitation technology it sells; and (f) provides written information at the time of delivery of the complex rehabilitation technology to the complex needs patient stating how the complex needs patient may receive service and repair for the complex rehabilitation technology.

Further, the provision defines "qualified health care professional" as any of the following: (a) a licensed physician or physician assistant, (b) a licensed physical therapist, (c) a licensed occupational therapist, or (d) a licensed chiropractor.

The provision also requires the Department of Health Services to promulgate rules and other policies for the use of complex rehabilitation technology by recipients of Medical Assistance (MA). The provision stipulates that the rules shall include all of the following: (a) designation of billing codes as complex rehabilitation technology including creation of new billing codes or modification of existing billing codes and provisions allowing for quarterly updates to the designations; (b) establishment of specific supplier standards for companies or entities that provide complex rehabilitation technology and limiting reimbursement only to suppliers that are qualified complex rehabilitation technology suppliers; (c) a requirement that MA recipients who need a manual wheelchair, power wheelchair, or other seating component to be evaluated by a qualified health care professional who does not have a financial relationship with a qualified complex rehabilitation technology supplier and a qualified complex rehabilitation technology professional; (d) establishment and maintenance of payment rates for complex rehabilitation technology that are adequate to ensure complex needs patients have access to complex rehabilitation technology, taking into account the significant resources, infrastructure and staff needed to appropriately provide complex rehabilitation technology to meet the unique needs of

complex needs patients; (e) a requirement for contracts with the department that managed care plans providing services to MA recipients comply with statutory requirements related to the provision of complex rehabilitation technology and with the related administrative rules; and (f) protection of access to complex rehabilitation technology for complex needs patients.

Lastly the provision specifies that the proposed rules must designate certain healthcare common procedure system codes, which are used under the federal Medicare program and certain mixed complex rehabilitation technology product and standard mobility and accessory product codes. Require the department to specify, in the proposed rules, that procurement of these codes shall be exempt from any bidding or selective contracting requirements.

I am vetoing this provision because I believe there may be unanticipated costs to the MA program and that the language presented may inadvertently limit availability for this service in rural areas of the state. I object to this policy item being placed in the budget without giving the department, MA recipients, health care providers and the public an opportunity to publicly debate its merits. While this provision may have merit, the Legislature should review the impact further and forward legislation when the impacts have been analyzed and such issues have been resolved.

### **63. Exemption from the Nursing Home Bed Assessment**

*Sections 969n, 969p and 969r*

This provision creates an exemption for county-owned institutions for mental diseases and state licensed nursing homes, which are not certified to participate in Medicaid and Medicare, from the state nursing home bed assessment. The Department of Health Services is required to seek approval from the U.S. Department of Health and Human Services.

I am vetoing this provision because the practice would violate a Centers for Medicare and Medicaid Services requirement that the assessment be "broad based" in design and is therefore not allowable.

### **64. Childless Adult Employment and Training Waiver**

*Section 928d*

This section requires the Department of Health Services to submit a report to the Joint Committee on Finance no later than three months following final approval of the proposed Medicaid Childless Adult waiver, including the following: (a) a description of each component of the approved waiver, including information on the department's plan to implement; and (b) an estimate of the impact on Medical Assistance enrollment and the Medical Assistance budget.

The section further specifies that that the department may not implement the waiver unless the Joint Committee on Finance meets under s. 13.10 of the statutes to review the report and approves the waiver. Lastly, the Joint Committee on Finance may modify the waiver by removing certain components. The department is required to implement the waiver as approved by the Joint Committee on Finance and the

department must submit a waiver amendment to the federal government with any changes made by the committee.

I am vetoing this section because I believe these requirements will infringe on the Department of Health Services' ability to negotiate a successful waiver with the Centers for Medicare and Medicaid Services. Further, I object to the creation of unnecessary and burdensome reporting requirements that could delay approval of the waiver, jeopardizing these reforms from being implemented.

### **65. Family Care Funding**

*Section 928r*

This provision provides funding in the Joint Committee on Finance supplemental GPR appropriation and requires the Department of Health Services to work with both the Centers for Medicare and Medicaid Services as well as Family Care Managed Care Organizations to develop a payment mechanism to increase the direct care and services portion of the capitation rates paid to the managed care organizations.

The provision further requires the department to seek release of the funds under s. 13.10 upon the Centers for Medicare and Medicaid Services approval of such a payment mechanism and lastly requires the department to seek any required federal approval no later than December 31, 2017.

I support efforts aimed at increasing rates paid to direct care service providers. However, I believe the requirements of this provision to be administratively burdensome and am vetoing it in two ways. I am partially vetoing the provision to remove the date by which the department must seek federal approval for the rate methodology because I object to this burdensome timeline and believe the department should seek federal approval when it is appropriate to do so, and not at an arbitrary time.

Further, I am partially vetoing the provision to remove the requirement for the department to seek funds under s. 13.10 because I believe it is administratively burdensome. As a result, the supplement of funds to implement this provision will be made from the appropriation under s. 20.865 (4) (a) without the approval of the Joint Committee on Finance.

### **66. Family Care Partnership Program**

*Section 9120 (4k)*

This section directs the Department of Health Services to submit a waiver to the Centers for Medicare and Medicaid Services to expand the Family Care Partnership Program statewide. The department is further required to submit a plan to expand the program to the Joint Committee on Finance within 60 days of federal approval. Lastly, should the waiver request be denied by the federal government, the section requires the department to submit a report to the Joint Committee on Finance detailing the reasons why the waiver request was denied.

I am vetoing this section because a waiver request is not necessary to expand the Family Care Partnership Program and I object to the creation of this unnecessary and burdensome process. However, I support expansion of the

Family Care Partnership Program and am directing the department to explore expansion opportunities throughout the state.

### **67. Self-Directed Services Waiver for Postsecondary Education**

#### *Section 747w*

This section requires the Department of Health Services to request a federal home and community-based services waiver to provide Medicaid coverage for services provided to individuals with developmental disabilities receiving postsecondary education on the grounds of a health care institution. If the waiver is approved, the department shall limit the coverage to 100 individuals per month and shall determine the funding for each participant based on the benefit levels for the Include, Respect, I Self-Direct (IRIS) waiver program.

I am vetoing this section because these requirements are substantially similar to current law provisions directing the department to request a waiver. The federal government has indicated the provisions are not permitted under federal regulations and law regarding Medicaid home and community-based services.

### **68. Nursing Home Bed Licenses**

#### *Section 9120 (5b)*

This provision requires the Department of Health Services to increase by 18 the number of licensed nursing home beds for a nursing facility that meets the following requirements: (a) has a bed capacity of no more than 30 on the effective date of the bill, (b) is in a county with a population of at least 27,000 with the population of the county seat no more than 9,200 and the home county is adjacent to a county with a population of at least 20,000 on the effective date of the bill, and (c) has requested the increase in its licensed beds through a notice to the department that includes the applicant's per diem and operating and capital rates. The provision further requires the department to approve an application from a nursing home under this provision within one month of receiving the application. The provision also requires the department to develop a policy which nursing homes may use to apply for, and receive approval of, the transfer of available and licensed nursing home beds. Lastly, the provision requires the department to report to the Joint Committee on Finance no later than July 1, 2018, with details of the developed policies.

I am vetoing this provision because there is a current law process by which nursing homes can transfer licensed beds and I object to the creation of this redundant process. I further object to the increase in the number of licensed nursing home beds which is a deviation from the department's long-standing nursing home bed moratorium and the decades-long trend toward community-based long-term care. However, I understand the issues facing the nursing home industry and direct the department to work with stakeholders to identify any alternatives available to increase a nursing home's licensed bed count.

### **69. Intensive Care Coordination Pilot Program**

#### *Sections 928g, 2249e and 2249g*

These provisions provide one-time funding for the Department of Health Services to fund an intensive care coordination pilot project. The pilot would reimburse hospitals and health care systems for intensive care coordination services provided to Medical Assistance (MA) recipients.

The department is required to select eligible hospitals and health care systems to receive reimbursement under the program that submit a description of their programs to the department that meets the following: (a) the entity uses emergency department utilization data to identify MA recipients in order to reduce the use of the emergency department; (b) the entity identifies MA recipients who frequently visit the emergency room; (c) the entity has an intensive care coordination team; (d) the entity provides MA recipients with discharge instructions, referral information, appointment scheduling and intensive care coordination by a coordination individual to connect the MA recipient to a primary care provider; and (e) the intensive care coordination by the entity is designed to result in outcomes during the six-month or 12-month period.

The department is required to respond to the entity if additional information is required to determine eligibility and provide a description for enrolling MA recipients. The department is also required to reimburse the entity for enrollment in the program at \$500 per MA recipient with an option for one additional six-month period for additional \$500 reimbursement payment.

Entities that are eligible for reimbursement under this program are required to report, for each of the two years of the pilot program, to the department all of the following: (a) the number of MA recipients served by intensive care coordination; (b) for each MA recipient, the number of emergency department visits for a time period before enrollment of that recipient in intensive care coordination and the number of emergency department visits for the same recipient during the same period after enrollment in intensive care coordination; and (c) any demonstrated outcomes.

The department is required to calculate the costs saved to the MA program by avoiding emergency department visits and distribute half the amount to the hospital or health care system if the calculation is positive.

The department is required to submit a report to the Joint Committee on Finance no later than 24 months after the date on which the first hospital or health care system is able to enroll individuals.

Finally, the department is required to obtain any necessary approval from the federal Department of Health and Human Services.

Overuse of the emergency room system leads to needless expense, crowding and reduced access to those individuals in need of true emergency services. I support efforts to reduce emergency overuse. However, I am vetoing this provision

because I believe efforts to address this systemic problem should be broad-based and not aimed at one or two health care systems. Further, I believe that incentives of this nature should be tied to performance in order to best utilize taxpayer dollars and ensure the best outcomes for program participants. Lastly, Wisconsin has a strong history of managed care and a pilot of this nature reverts back to a fee-for-service and more costly payment model.

## **70. Clinical Consultations**

### *Section 928h*

This provision requires the Department of Health Services to provide reimbursement for clinical consultations under the Medical Assistance program. This provision defines "clinical consultation" as, for a student up to age 21, communication from a mental health professional, or qualified treatment trainee working under the supervision of a mental health professional, to another individual who is working with the client to inform, inquire and instruct regarding all of the following and to direct and coordinate clinical service components: (a) the client's symptoms, (b) strategies for effective engagement, care and intervention for the client, and (c) treatment expectations for the client across service settings. The department is required to report on utilization of these services, to the Joint Committee on Finance, by March 31, 2019. This provision is repealed effective June 30, 2019.

I am partially vetoing this provision to remove the report on utilization of services because I believe this report is administratively burdensome.

## **71. Emergency Physician Services and Reimbursement Workgroup**

### *Section 9120 (5f)*

This provision establishes a workgroup to examine and make recommendations regarding medical services provided in hospital emergency departments to Medical Assistance recipients. The workgroup is to focus on aspects of the healthcare system involving emergency care, specifically patient care practices, medication use and prescribing practices, billing and coding administration, organization of health care delivery systems, care coordination, patient financial incentives, and any other aspects the workgroup finds appropriate.

This provision specifies the workgroup to include: (a) two physicians practicing in Wisconsin representing a statewide physician-member organization of emergency physicians; (b) two representatives of the Division of Medicaid Services, with experience in emergency physician services, codes and payment; (c) one representative who is a hospital emergency department administrator employed by a Wisconsin hospital or hospital-based health system; and (d) one coding/billing specialist from an organization with expertise in the business of emergency medicine that contracts with emergency physicians practicing in Wisconsin.

The provision requires the workgroup to meet no later than 60 days after the effective date of the bill and at least every

45 days following until a consensus of the workgroup has established a set of recommendations. The workgroup is to report its finding to the Joint Committee on Finance no later than September 1, 2018.

I am vetoing this provision because it is duplicative of current managed care and care coordination efforts in the Department of Health Services. I direct the department to continue its efforts.

## **72. Youth Crisis Stabilization Facility**

*Sections 183 [as it relates to ss. 20.435 (5) (kd) and (kp) and 20.865 (4) (g)], 377, 377b, 379j, 379k, 379p, 379r, 752b, 9120 (1b), 9420 (3t) and 9420 (4f)*

These provisions create two new facilities for serving individuals with mental health needs. First, these provisions modify the Governor's budget initiative to allow the Department of Health Services to make transfers from its program revenue appropriation that funds the general operations of the state mental health institutes by transferring \$450,000 PR in fiscal year 2018-19 on a one-time basis to a new program revenue, all moneys received appropriation for the purpose of contracting for a peer-run respite center for veterans in the Milwaukee area.

Further, these provisions modify language included in the Governor's budget to establish a youth crisis stabilization facility eliminating funding from the department and requiring the department to submit a request under s. 13.10 to the Joint Committee on Finance for release of funds allocated for youth crisis stabilization grants. The provisions require the department to submit any such request to the Joint Committee on Finance prior to the department soliciting proposals and allows the Committee to approve or modify and approve any plan submitted for review. A new sum certain appropriation is created in the department to receive any approved transfer of authority from the Committee and fund the costs of the facility.

These provisions also require the department to include in its 2019-21 budget request, a proposal to provide ongoing GPR funding for both the peer-run respite center for veterans as well as the youth crisis stabilization facility.

Finally, both the new appropriation for the peer-run respite center for veterans as well as the appropriation for the crisis stabilization facility are repealed at the end of the biennium, as is the authority to transfer any balances from the state operations for the mental health institutes appropriation for these purposes.

I believe both a youth crisis stabilization facility and a peer-run respite center for veterans are important tools for the department to support and treat individuals with complex mental health needs and potentially significant mental health crises. I object to the overly burdensome requirements laid out in the bill and believe they will impede the ability for the department to negotiate and enter into contracts for both services, thereby delaying critical treatment options for some of Wisconsin's most vulnerable citizens. In order to give the department full flexibility in implementing these important

programs, I am partially vetoing the provisions in the following ways.

First, I am partially vetoing section 183 [as it relates to s. 20.435 (5) (kd)] and vetoing section 379j to remove the appropriation for the youth crisis stabilization facility. Further, I am vetoing section 9120 (1b) to remove any requirements for the department to seek funding from the Joint Committee on Finance to implement this program. I object to this overly burdensome process and believe this type of treatment center should be implemented as soon as the department believes it is feasible to do so. I am also partially vetoing section 183 [as it relates to s. 20.865 (4) (g)] by lining out the appropriation and writing in a smaller amount that reduces the appropriation by \$1,245,500 in fiscal year 2017-18. I am also requesting the Department of Administration secretary to not allot these funds.

Next, I am partially vetoing section 183 [as it relates to s. 20.435 (5) (kp)] related to the peer-run respite center for veterans by striking the words "veterans peer-run respite" from the title of the appropriation to broaden its scope in order to fund both the peer-run respite center for veterans and a youth crisis stabilization center. I am also partially vetoing section 379p to further broaden the scope of the appropriation. However, I direct the department to expend at least \$450,000 PR for a peer-run respite center for veterans and at least \$1,245,500 PR for a youth crisis stabilization facility, consistent with the amounts approved for each by the Legislature.

Further, I am partially vetoing section 377 to allow sufficient funding to be transferred from the appropriation funding operations of the mental health institutes to fund the youth crisis stabilization facility and the peer-run respite center for veterans.

Lastly, I am vetoing the remaining provisions to ensure ongoing funding for both the peer-run respite center and the youth crisis stabilization facility.

I believe these changes will allow the department to implement these important mental health treatment options in the most efficient manner possible.

### **73. Disposition of Surplus Revenue Balance in the Mental Health Institutes Appropriation**

#### *Section 744av*

This provision requires the Department of Health Services, at the close of each even-numbered fiscal year, to provide county and tribal human services agencies with the unencumbered balance in the program revenue appropriation account for the state mental health institutes. If this amount exceeds 17 percent of the expenditures from the appropriation in the even-numbered year, the department must include a spending plan for the balance in its next biennial budget request. The department is required to consult with county human services agencies in developing the proposal.

While consultation between the Department of Health Services and counties is an integral part to setting policy, I

am vetoing this provision as I believe it is overly burdensome for the agency and encroaches on the executive branch's responsibility to manage state agency programs within the statutes and funding levels set by the Legislature. In addition, these consultations already occur without a statutory requirement.

### **74. Office of Children's Mental Health Travel Reimbursement**

#### *Section 392c*

This provision requires the Department of Health Services to fund, from within its base resources in its GPR general administration appropriation, travel reimbursements for individuals with firsthand mental health experience to participate in Office of Children's Mental Health meetings.

I am vetoing this provision because the Department of Health Services has the ability to provide funding for this purpose and so the authorization in statute for the department to fund these costs is duplicative and unnecessary.

### **Department of Veterans Affairs**

#### **75. Veterans Trust Fund and State Veterans Homes**

##### *Sections 739qg, 739qm, 9149 (1f) and 9149 (1g)*

These provisions make a series of changes to the Wisconsin Department of Veterans Affairs veterans trust fund and State Veterans Homes. Under these provisions, the Department of Veterans Affairs is prohibited from making any transfer from the unencumbered program revenue balance of the Veterans Homes to the veterans trust fund unless the transfer has been approved by the Joint Committee on Finance.

The Department of Veterans Affairs is required to prepare a report that contains all of the following: (a) a description and analysis of the administrative costs supported by the veterans trust fund and veterans home revenue; (b) proposes any changes to the department's programs, administrative structure or position level and salaries to increase efficiency or lower administrative costs; and (c) proposes two long-term plans to maintain solvency of the veterans trust fund, one of which allows for transfers from the homes and one of which uses no such transfers.

Further, these sections require the department to submit proposed changes to VA 6 of the Administrative Code to include a formula for calculating private pay rates for nursing home and assisted living care at Veterans Homes and to clearly define rate-setting terms. Further, the department is required to submit a report to the Joint Legislative Audit Committee and the Joint Committee on Finance by January 1, 2018, on the cash balance in the Veterans Home program revenue appropriation it believes is appropriate to maintain, and its efforts to develop, and routinely update, a detailed plan for the management and proposed use of the cash balance.

Finally, under these sections the department is required to submit a report to the Joint Legislative Audit Committee and the Joint Committee on Finance by January 1, 2018, on its efforts to (a) establish a systematic process for

comprehensively identifying and assessing the capital-related project needs for the State Veterans Homes, and (b) the use of this information to complete a ten-year facilities plan for the Veterans Homes and to help develop its required six-year facilities plans in the future.

I am vetoing these provisions because I object to the creation of a series of additional mandated reports which are administratively burdensome and redirects valuable staff time away from care for veterans. Further, I believe these requirements encroach on the executive branch's responsibility to manage state agency programs within the statutes and funding levels set by the Legislature.

## **E. Tax, Local Government and Economic Development**

### **Budget Management**

#### **76. General Fund Structural Balance**

##### *Section 140k*

This section prohibits general fund net appropriations from exceeding general fund revenues in the second year of the fiscal biennium for every future Governor's budget bill submitted to the Legislature.

I am vetoing this section for several important reasons.

First, I am vetoing this section because I object to the unnecessary constraint that this provision places upon the Governor's budget recommendations. Prudent budgeting can, and has been, undertaken without this constraint. This unnecessary limitation would prohibit the Governor from recommending the return of excess funds at the beginning of the second year of a fiscal biennium to the people of Wisconsin through reduced taxes, increases in state aid or enhanced state programs.

Second, I am vetoing this section because it is poorly placed in the budget process and, consequently, can be expected to create unnecessary uncertainty for the funding of state programs. It is poorly placed because the Governor's budget recommendations are made prior to the final general fund revenue estimates used for budget passage that the Legislative Fiscal Bureau typically makes in May of each odd-numbered year. As a result, this section may generate unneeded angst regarding the funding of a wide variety of state aids and programs despite an expected excess balance in the state's general fund.

Third, I am vetoing this section because it establishes a standard contradictory to legislative action. This requirement would submit the Governor's budget to a constraint that the Legislature has explicitly excluded itself from in recent budgets, including this 2017-19 budget act.

Finally, I am vetoing this section because it forces the Executive Budget Bill to be incomplete, in that it cannot be fully tailored to address the state's fiscal circumstances. By prohibiting all Governors, both current and future, from having the current level of budget flexibility in making gubernatorial budget recommendations, it gives the Legislature an incomplete outline, direction and vision to

move the state forward in the best manner possible just as the Legislature begins its budget deliberations.

### **General Fund Taxes**

#### **77. Refundable Business Tax Credit Claims**

*Sections 1036h, 1036Lm, 1037bc, 1037bd, 1037be, 1037d, 1037e, 1037f, 1037g, 1037h, 1037i [as it relates to s. 71.07 (3wm) (c) and (d)], 1037t, 1037u, 1037v, 1037w, 1038g, 1038h, 1085ba, 1085bb, 1085bc, 1085bd, 1085be, 1085d, 1085e, 1085f, 1085g, 1085h, 1085i [as it relates to 71.28 (3wm) (c) and (d)], 1086b, 1086d, 1086e, 1086f, 1086g, 1086h, 1110ba, 1110bb, 1110bc, 1110bd, 1110be, 1110d, 1110e, 1110f, 1110g, 1110h, 1111b, 1111d, 1111e, 1111f, 1111g, 1111h, 1769v, 1779L, 1783q and 9150 (3t)*

These provisions require that claims for credits awarded by the Wisconsin Economic Development Corporation must be filed with and paid by the corporation from the tax credit appropriations using policies and procedures developed by the corporation's board. In addition, these provisions require that credits earned by pass-through entities be claimed by the business entity itself rather than the individual owners of the business. Finally, these provisions specify that the corporation may recover such credits that have been revoked or that are otherwise invalid from either the pass-through entity or the entity's individual owners.

I am vetoing these provisions because I object to transferring these responsibilities from the Department of Revenue to the Wisconsin Economic Development Corporation, which may result in a diminution of internal controls that safeguard against incorrect payments. I appreciate the desire for efficiency by consolidating functions with the corporation, but the department has a well-established system to prevent incorrect payments of these credits that would be unnecessarily jeopardized by transferring these functions to the corporation.

#### **78. Limit on Enterprise Zones**

##### *Sections 1783L and 1783o*

These provisions eliminate the current law limit that the Wisconsin Economic Development Corporation may not designate more than 30 zones under the Enterprise Zone Jobs Tax Credit program. Instead, the provisions specify that the corporation may not verify businesses as eligible to claim enterprise zone credits of more than \$80,600,000 biennially, beginning with the 2017-19 biennium. The corporation would be permitted to exceed the biennial limit if such an action is approved by the Joint Committee on Finance subject to a 14-day passive review process.

I am vetoing these provisions because I object to fully removing the 30-zone limitation on the corporation while also imposing limitations on credit payments that could result in uncertainty for recipients regarding when their credits, which are subject to existing contracts specifying timetables for payment, may be claimed. The biennial limitation on verifications may result in situations where key Wisconsin companies would face significant delays between when their qualifying activity takes place and when they may claim the

credits for those activities. This would weaken the attractiveness of the enterprise zone program for businesses, potentially harming the ability of the state to attract and retain businesses.

## **79. Historic Rehabilitation Credit**

### *Section 1775g*

This section creates a limitation on the historic rehabilitation tax credit that limits the amount of credits the Wisconsin Economic Development Corporation may certify to no more than \$5 million on the same parcel. This limitation would first take effect with certifications beginning on July 1, 2018.

I am partially vetoing this because I object to continuing this program with almost no limitation on the amount that can be awarded each fiscal year. The \$5 million per parcel limitation does little to curtail the fiscal effects of this program, which has swelled to cause an annual tax revenue loss exceeding \$60 million, making it one of this state's most expensive economic development incentives. My budget proposal included a recommendation to limit program awards to \$10 million annually and institute competitive awards of those credits to emphasize job creation potential, among other considerations, in order to balance the state's fiscal exposure with the needs of local communities. I am using the digit veto to reduce the per parcel cap from \$5,000,000 to \$500,000. Reducing the per parcel cap to \$500,000 per parcel leaves unchanged the incentives for many of the projects in smaller communities across Wisconsin while reducing the state's fiscal exposure on larger projects. I am maintaining the July 1, 2018, effective date for this new cap to allow projects currently under consideration time to incorporate the limitation into their plans.

Roughly half of states have per project caps and a third of those states have per project caps at or lower than \$500,000. Of the awards approved since 2014, just under half have been for \$500,000 or less.

Further, while I support the reasonable changes made through this veto, the Legislature could pursue separate legislation that more closely mirrors my original budget recommendations to more thoroughly reform this program, addressing both the state's fiscal exposure and program objectives in a comprehensive manner.

The fiscal effect of this veto is estimated to be an increase in general fund tax revenue of \$1,220,700 in fiscal year 2018-19, \$12,062,900 in fiscal year 2019-20 and \$33,173,000 in fiscal year 2020-21. Savings would grow to \$46,241,200 in fiscal year 2021-22 and \$47,390,000 annually beginning in fiscal year 2022-23.

## **80. Working Families Tax Credit**

### *Section 1041e*

This section repeals the Working Families Tax Credit beginning with the 2017 tax year.

I am vetoing this section because I object to entirely eliminating the Working Families Tax Credit instead of addressing the narrower issue of ensuring that credits may

only be claimed by full-time Wisconsin residents, which I proposed in the Executive Budget for the 2017-19 biennium. The fiscal effect of vetoing this provision will be a loss of \$200,000 in general fund tax revenue in each year of the biennium.

## **81. Private Label Credit Card Bad Debt Deduction**

### *Section 2265*

This section delays the effective date for 2013 Wisconsin Act 229, which pertains to allowing sales tax return adjustments for bad debts on private label credit cards, until July 1, 2018, instead of the September 1, 2019, recommended in the Executive Budget.

I am exercising the digit veto in this section to delay the effective date to July 1, 2018, because I object to incurring a large fiscal effect in this biennium. The effect of this veto will be to achieve the same result as my original budget recommendations. These funds may be better spent on broad-based relief such as with a sales tax holiday that was included in my original budget recommendations as opposed to a provision that will benefit only select financial institutions. Partially vetoing this provision will increase sales and use tax collections by \$10,436,000 in fiscal year 2018-19.

## **82. Sales Tax Exemption for Broadcast Equipment**

### *Sections 1187d, 1187e, 1187f and 9438 (2i)*

These provisions create a sales and use tax exemption for broadcast transmitters, satellite dishes and communications towers if the equipment is used primarily for transmitting or receiving commercial radio or television material. This sales tax exemption would first be effective on July 1, 2019, and would cause an annual general fund revenue loss of \$928,000. These provisions also exempt a vehicle if it is used exclusively in the origination of radio or television programs. In addition, these provisions create an exemption for leased space on a communications tower if the space is used exclusively for transmitting or receiving commercial radio or television program material. For the purposes of this exemption, "program material" is defined to mean material generally available to the public free of charge.

I am vetoing these provisions because I object to providing a sales and use tax exemption that does not have any clear tax equity or economic purpose. It is unclear if any meaningful activity would be incentivized by this exemption. Further, there is no compelling tax equity issue being addressed by this sales and use tax exemption. This may be better reviewed as separate legislation. Vetoing this provision will increase annual revenue collections by \$928,000 beginning in fiscal year 2019-20.

## **83. Alternative Minimum Tax Repeal Technical Correction**

### *Section 1052e*

This section sunsets the state alternative minimum tax with taxable years beginning after December 31, 2016. Separately in the bill, nonstatutory language specifies that the effective

date for the repeal is for taxable years beginning after December 31, 2018.

I am partially vetoing this section to remove the "2016" reference in the applicable taxable years, which is inconsistent with the general effective dates of this provision and the Legislature's stated intent. The intent of this provision is to sunset the state alternative minimum tax with taxable years beginning after December 31, 2018. This corrective partial veto will leave the only sunset date as the nonstatutory language setting the initial applicability of the repeal as December 31, 2018.

## **Local Government**

### **84. Duties of the Milwaukee County Comptroller**

#### *Section 981e*

This section specifies that the duties and responsibilities of the Milwaukee County Comptroller include administering accounts payable, payroll, accounting and financial information systems, in addition to those duties and responsibilities specified under current law.

I am vetoing this section because I object to how the increased specification of duties for the Milwaukee County Comptroller in state law will diminish how the county may best structure its administrative responsibilities.

### **85. County Board Approval for Sale or Lease of Land Owned by Milwaukee County**

#### *Sections 980s, 980se, 981h, 981m [as it relates to land transactions in Milwaukee County], 982f and 9331 (7t)*

These sections specify that, with regard to the sale or lease of property owned by Milwaukee County, the Milwaukee County Executive's action must be consistent with established county board policy and must be approved by the county board to take effect. In addition, these sections provide that the county board may only approve or reject a contract for the sale or lease of county property as negotiated by the Milwaukee County Executive. These sections also delete current law provisions that permit the Milwaukee County Executive, together with either the Milwaukee County Comptroller or an appointed real estate executive, to form a majority to lease, sell or convey any nonpark county property regardless of board policy and without board approval. These changes apply to a land transaction for which a contract has been entered into after September 1, 2018.

I am vetoing these sections [as these sections relate to land transactions in Milwaukee County] because these changes would hinder recent progress made to provide the Milwaukee County Executive with effective and efficient means to conduct the county's business transactions.

### **86. Conduit Revenue Bonds**

#### *Sections 8s, 177s, 179e, 179f, 179s, 585h, 984g, 984gb, 984gc, 984gd, 984ge, 984gf, 984gg, 984gh, 984gi, 984gj, 984gk, 984gL, 984gm, 984gn, 984go, 984gp, 984gq, 984gqf, 984gr, 984gs, 984gt, 984gu, 984gv, 984gw, 984gx, 984gy, 984h, 984hb, 984hc, 984hd, 984he, 984hf and 984hg*

This provision modifies current law as it relates to the Public Finance Authority and its ability to issue bonds in an assortment of ways, including empowering the authority to create one or more business units to carry out, or assist the authority in carrying out, all or part of the purposes or powers of the authority. In addition, the provision modifies the requirements for local approval of financing by the authority; broadens the authority's ability to own or operate property; and extends the existing personal liability law exemptions to officers, employees and agents of the authority and related business units.

I am vetoing this provision because this is nonfiscal policy that should be vetted as separate legislation.

### **87. Ordinances Conflicting with Statutory Provisions**

#### *Section 982t*

This provision prohibits cities, villages, towns or counties from enforcing ordinances which either directly conflict with statute or when the intent of the ordinance appears to conflict with statute, either in its intent or its spirit.

I am vetoing this provision because I object to inserting a broad provision which may violate home rule under the Wisconsin Constitution for cities and villages. The statutes already provide the ability to regulate matters of statewide concern that could affect political subdivisions.

## **Department of Transportation**

### **88. Transfer of State Car-Killed Deer Removal Program**

#### *Sections 362n, 578ym and 1222m*

This provision would transfer, from the Department of Natural Resources to the Department of Transportation, the administration of the car-killed deer removal program that is currently funded on a one-time basis in the 2015-17 biennium by the forestry account of the conservation fund. It would further require that the Department of Transportation's expenses for contracting with vendors or local governments to remove car-killed deer shall be funded from the department's departmental management and operations, state funds appropriation under s. 20.395 (4) (aq) and specify that the removal of car-killed deer is not a routine highway maintenance activity.

I am partially vetoing this provision in several ways because I object to the appropriation under which the Department of Transportation is to fund its costs pertaining to the removal of car-killed deer and I object to the restrictions placed on the department's flexibility to address the removal of car-killed deer.

I am vetoing the requirement to fund the removal of car-killed deer from the department's departmental management and operations, state funds appropriation under s. 20.395 (4) (aq) because this requirement would take funding away from other priorities for the department's operating expenses given that no additional funding was provided to the department for car-killed deer removal.

I am vetoing the prohibition that specifies that the removal of car-killed deer is not a routine highway maintenance activity

because this prohibition conflicts with current law. Through its routine maintenance agreements for county-performed maintenance on state highways, the department already has the authority under s. 84.07 (1) to perform, "all routine measures deemed necessary to provide adequate traffic service" including the removal of car-killed deer.

I am also vetoing the requirement that the department must contract for the removal and disposal of deer killed by vehicles to provide the department with greater flexibility in administering these duties.

This provision placed an unfunded mandate on the Department of Transportation. Under my partial vetoes, however, removal of deer carcasses could be funded under the Department of Transportation's routine maintenance appropriation if a need arises.

Under my partial vetoes, the earlier intent to sunset the Department of Natural Resources program for car-killed deer at the end of fiscal year 2016-17 will be maintained.

### **89. Volkswagen Settlement**

#### *Section 111*

This provision allocates funding for state vehicle replacement and the creation of a statewide local transit capital assistance program using Wisconsin's share of a settlement with Volkswagen related to the company's fraudulent vehicle emissions practices.

I am partially vetoing this provision to eliminate the \$10,000,000 cap on Volkswagen settlement funds that may be used for state fleet vehicle replacement because I object to limiting the funds for state vehicle replacement to an amount below the state's potential replacement needs. As a result of my partial veto, Volkswagen settlement funds sufficient for the replacement of all eligible state vehicles will be available for this purpose. This partial veto will not, however, impact the total \$32,000,000 in funding set aside for a statewide local transit capital assistance program because the state can fully fund this amount by allocating a portion of the final third of Wisconsin's share of settlement funding that it will gain access to in the 2019-21 biennium.

### **90. Tolling Implementation Study**

#### *Sections 183 [as it relates to s. 20.395 (4) (aq)] and 9145 (6b)*

This provision provides the Department of Transportation with \$2,500,000 SEG in fiscal year 2017-18 to enter into a contract not to exceed that amount for a tolling implementation study. The study is to include an analysis to support the completion of a federal tolling application process; a tolling concepts of operations plan that outlines the policies, procedures and operations needed to govern roadway tolling; a traffic and revenue analysis including the revenue needed to support toll revenue-supported debt; and an evaluation, or reevaluation of federal environmental requirements, including needed documentation.

I am vetoing this provision to eliminate the requirement for the department to enter into a contract for a tolling study. This provision is unnecessary as the Department of

Transportation may further study tolling under its own administrative authority at its discretion.

I am directing the Department of Transportation to continue to monitor and evaluate federal actions and directives that would impact Wisconsin's highway funding and review the need to further study tolling.

To make the \$2,500,000 SEG that was provided for this study more immediately available, I am lining out the amount under s. 20.395 (4) (aq) for fiscal year 2017-18 and writing in a smaller amount that excludes this funding. In doing so, I am vetoing the part of the bill that funds this provision. I am also requesting the Department of Administration secretary not to allot these funds. This action will increase the transportation fund's ending balance for the biennium by \$2,500,000.

### **91. Aeronautics Local Government Zoning**

#### *Section 1460m*

This section specifies that no county, city, village or town airport or spaceport protection ordinance may prohibit the use of a physical barrier in lieu of compliance with a 48-hour drainage requirement for a storm retention pond that is located in a residential subdivision underlain by natural clay soil.

I am vetoing this section because it creates a safety hazard by increasing the risk of wildlife strikes to airplanes. The purpose of the 48-hour drainage requirement rather than a physical barrier is to prevent standing water from attracting wildlife that may pose a hazard to aircraft operations. This is a recommended practice under federal and state guidelines. I am also vetoing this section because it may conflict with federal wildlife hazard management plans required by the Federal Aviation Administration administrator.

### **92. State Highway Rehabilitation – State Highway 154 (Sauk County)**

#### *Section 9145 (10c)*

This section requires the Department of Transportation to complete state highway rehabilitation work on STH 154 in the 2017-19 biennium in Sauk County, from the Richland/Sauk County line to the village of Loganville.

I am vetoing this section because it interferes with the department's ability to prioritize rehabilitation work. Moreover, since the department has this work programmed for fiscal year 2019-20, this project could already be advanced into the 2017-19 biennium should funding become available.

### **93. Enumerate I-94 between USH 12 and STH 65 (St. Croix County)**

#### *Section 1212m*

This section enumerates the 7.5-mile segment of I-94 between USH 12 and 130<sup>th</sup> Street near STH 65 in St. Croix County in the statutes as a major highway development project.

I am vetoing this section because I object to efforts to sidestep the current prioritization of major highway projects. In

addition, the enumeration of this project at this time may create expectations that work may be undertaken on this project earlier than is likely to occur. As a result of my veto, the Department of Transportation will be able to consider this project in the context of all other projects which are under consideration – thereby allowing a comprehensive statewide approach to be applied.

#### **94. State Highway Construction – "Replace-In-Kind" Alternative Requirement**

*Sections 1221m and 9345 (4t)*

These sections require the Department of Transportation to study, consider and provide a cost estimate for a "replace-in-kind" alternative when developing state highway construction projects plans. These sections define "replace-in-kind" alternatives as plans that would not include bicycle lanes, added lanes of travel or significant design modifications that would include any of the following: (a) geometric or safety modifications, (b) changes to highway alignment, or (c) changes to access points. These sections would first apply to a highway improvement project commenced on the effective date of the bill.

I am vetoing these sections because placing these requirements in statute is both unnecessary and potentially costly. The provisions are unnecessary because the Department of Transportation has already adopted a "replace-in-kind" approach as a standard strategy to limit the scope and cost of construction projects. This provision is also potentially costly because the placement of this requirement in statute may force the development of plans that will be known from the start as imprudent if clear safety or congestion needs unquestionably merit something beyond a "replace-in-kind" project plan.

#### **95. Initial Applicability of the Repeal of Prevailing Wage Law**

*Section 9452 (2w)*

This section establishes when the bill's repeal of the state's prevailing wage law goes into effect. This section specifies, for a project of public works that is subject to bidding, the prevailing wage repeal first applies to a project for which the request for bids is issued on or after September 1, 2018. In addition, this section specifies that for a project of public works that is not subject to bidding, the prevailing wage repeal first applies to a contract that is entered into on or after September 1, 2018.

I am vetoing this section because I object to making the taxpayers of Wisconsin wait for nearly a year before they can begin to benefit from the cost savings to be created by the repeal of the state's prevailing wage laws. As a result of my veto, the delay of the repeal to September 1, 2018, will be deleted, so that the repeal of the state's prevailing wage law will, instead, be effective with the effective date of the 2017-19 budget bill as a whole – and consequently, the effective date will be the day after publication of this budget act rather than nearly a year from now.

#### **96. Transportation Projects Commission Temporary Changes**

*Sections 8bt, 8c, 8d, 8e, 8f, 8g, 8h, 8i, 8j, 8k, 8L, 8m, 8n, 183 [as it relates to s. 20.395 (4) (ab) and s. 20.865 (4) (a)], 362m, 507d, 1216bg, 1216bi, 1757m, 9145 (1f), 9145 (2f) and 9445 (1f)*

These provisions make numerous changes to the Transportation Projects Commission and the Department of Transportation's duties pertaining to the commission. These changes include modifying the membership of the Transportation Projects Commission, providing staff and funding for the commission, specifying duties and the authority of the commission, requiring the Department of Transportation to provide specific information to the Transportation Projects Commission, requiring the commission to produce certain reports, and requiring an independent engineering firm to prepare a report reviewing the department's construction standards and project prioritization. These provisions also create a new biennial appropriation with \$150,000 GPR in fiscal year 2017-18 to fund the initial costs for the Transportation Projects Commission and include an additional \$550,000 GPR in fiscal year 2017-18 in the Joint Committee on Finance's supplemental appropriation to fund costs associated with staff for the commission. Certain duties and the statutory specification of the membership of the commission, under these provisions, sunset after June 30, 2021. The commission is initially provided 3.0 FTE GPR positions and may request an additional 4.0 FTE GPR positions through the Joint Committee on Finance.

I am fully vetoing these provisions as they pertain to the Transportation Projects Commission and the positions for the commission because I object to the creation of the duplicative functions and duties that these provisions create. I am also vetoing these provisions to eliminate wasteful and unnecessary spending.

I am retaining, however, the requirement that the department contract with an independent engineering firm to prepare a report reviewing the department's construction standards and project prioritization. I am partially vetoing the section that specifies the scope and due date of the independent engineering report, however, to eliminate the requirement that the department undertake the engineering study in consultation with the commission. I am making this partial veto because it is unnecessary to specify that the department must consult with the commission especially once the unneeded staffing for the commission is eliminated.

Under my veto, both the appropriation for \$150,000 GPR for the Transportation Projects Commission and the initial 3.0 FTE GPR positions are eliminated. In addition, I am writing down the GPR supplemental appropriation for the Joint Committee on Finance by \$550,000 in fiscal year 2017-18 by lining out the amount under s. 20.865 (4) (a) for that fiscal year and writing in a smaller amount to eliminate the funding set aside for additional Transportation Projects Commission staffing costs. I am also requesting the Department of Administration secretary to not allot these funds. I am further

vetoing the provision allowing the commission to request up to an additional 4.0 FTE GPR positions under a 14-day passive review request to the Joint Committee on Finance. I am, however, directing the department to create an Office of Inspector General.

The sections pertaining to the Transportation Projects Commission include numerous problems and duplications. The staff provided to the commission would duplicate the duties of existing department positions. Permanent year-round positions for the commission are also wasteful because the activity of the commission is cyclical. The broad authority that these provisions give to the commission staff to access any record of the department means personal information from driver licenses, driver medical records and law enforcement investigations is available to the commission – thus jeopardizing the state’s compliance with confidentiality laws. Changing the membership of the commission whereby the secretary of the Department of Transportation is potentially not a member creates a potential gap in program prioritization and the flow of information. Requiring commission staff to produce reports which are redundant with Department of Transportation duties is unnecessary. Sunsetting provisions pertaining to the commission’s membership and duties after June 30, 2021, creates unnecessary disruption to highway programming activities and oversight.

#### **97. Transfer of Segregated Funds**

*Sections 359p and 9145 (4w)*

These provisions require the Department of Transportation to study and report on the effects of consolidating SEG in the surface transportation program and replacing these funds with FED from the state highway program. This report is required to be submitted to the Joint Committee on Finance no later than May 1, 2018. These provisions further permit the department to submit a s. 13.10 request to the Joint Committee on Finance that would accomplish such transfers and would require such requests to include an estimate of the potential savings or costs to local governments. In addition, these provisions create a SEG continuing appropriation under which funds could be transferred to implement any actions by the Committee.

I am partially vetoing these provisions because I object to the limitations created in this budget on the allocation of segregated funds among highway projects. The limitations placed on the amounts provided for the southeast Wisconsin freeway megaprojects and the major highway projects, in particular, will inhibit the department’s ability to allocate

funds in the most advantageous manner especially in light of the I-94 north-south corridor project funding provided for in separate legislation.

As a result of my partial vetoes of these sections, the department will be able to make dollar-for-dollar reallocations among all state and local road and highway projects – including the southeast Wisconsin freeway megaprojects. My veto will ensure that the state can maximize the use of federal matching dollars and begin to implement state efforts to reduce local government’s costs immediately. While no overall increase in spending will be permitted by my partial vetoes, critical reallocations, especially to advance the southeast Wisconsin freeway megaprojects will be enabled. None of these reallocations, however, will hinder my earlier commitment to keep all major projects on schedule to the highest degree possible within the overall funding provided under the budget bill.

I am also partially vetoing the Joint Committee of Finance review of reallocations under this provision because such review may impede the speed of the department’s efforts to bring projects to completion. I am further partially vetoing the requirement that the department provide a report on the consolidation of funds to the Committee by May 1, 2018, because the study of such consolidation should remain as an ongoing function. My partial vetoes retain, however, the requirement for the department to study the effects of consolidating state moneys in the surface transportation program as our efforts to examine means to reduce local government costs must continue.

#### **98. Railroad Corporation Condemnation Authority**

*Sections 585i and 585k*

These sections require that prior to a railroad corporation acquiring any property through condemnation that exceeds 100 feet in width, the Legislature must enact a law that states a legislative finding that the railroad corporation's acquisition serves the public interest, and that authorizes the acquisition of the property or property interest.

I am vetoing these sections because it is possible that this limitation may be deemed an unreasonable interference with railroad transportation, which is prohibited by federal law. In addition, I am vetoing these sections because the requirement that the Legislature must enact a law prior to the acquisition of property through condemnation may cause excessive delays in railroad projects necessary for economic growth in the state.