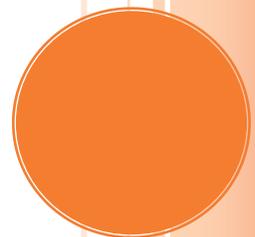


# WISCONSIN LEGISLATOR BRIEFING BOOK 2017-18

## CHAPTER 4 – BUDGET PROCESS

The state budget is the most comprehensive bill the Legislature passes during the biennium. It is the legislative document that sets the level of authorized state expenditures for the next fiscal biennium and the corresponding level of revenues projected to be available to finance those expenditures. The budget bill affects all state agencies and involves significant interplay between the executive and legislative branches.

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## BIENNIAL BUDGET

The state’s budget is a biennial budget, covering a two-year period (“fiscal biennium”) starting July 1 of an odd-numbered year and ending June 30 of the next odd-numbered year (e.g., July 1, 2015 through June 30, 2017).

The state budget is the legislative document that establishes:

**Current Fiscal Biennium:  
July 1, 2015 to June 30, 2017**

**Next Fiscal Biennium:  
July 1, 2017 to June 30, 2019**

- The level of authorized state expenditures for the fiscal biennium in Wisconsin.
- The level of revenues derived from taxes and other sources projected to be available to pay for those expenditures.

The establishment of a state budget is required by the Wisconsin Constitution. Wisconsin Constitution, Article VIII, Section 2 provides that: “No money shall be paid out of the treasury except in pursuance of an appropriation by law.” Section 5 of Article VIII contains what is commonly referred to as the “balanced budget requirement.” Section 5 of Article VIII states that:

The legislature shall provide for an annual tax sufficient to defray the estimated expenses of the state for each year; and whenever the expenses of any year shall exceed the income, the legislature shall provide for levying a tax for the ensuing year, sufficient, with other sources of income, to pay the deficiency as well as the estimated expenses of such ensuing year.

The state budget is the most significant and comprehensive bill the Legislature passes during the biennium, covering the major fiscal and operational aspects of all state agencies and local government entities (municipalities, schools, and others).

## EXECUTIVE BRANCH PREPARATION AND PRESENTATION OF BUDGET BILL

At the start of the budget process, the State Budget Office in the Department of Administration (DOA) instructs state agencies to submit their budget requests for the next biennium, consistent with any fiscal policy directives the Governor directs agencies to follow in developing budget requests. The requests include estimates of the costs to continue or improve current agency services or to create new programs or services. Agencies must submit their budget requests to the State Budget Office no later than September 15 of each even-numbered year (that is, the year before the budget is enacted). [s. 16.42 (1), Stats.]

By November 20 of each even-numbered year, the Secretary of the DOA must provide the Governor, or the Governor-elect, and each member of the next Legislature, a document compiling the total amount of each state agency's biennial budget request. Summary information on actual and estimated revenues for the current and forthcoming biennium must also be provided. [s. 16.43, Stats.]

On or before the last Tuesday in January of each odd-numbered year (unless a later date is agreed upon by the Governor and both houses of the Legislature), the Governor is then required to deliver the biennial budget message to the Legislature. With the message, the Governor must also provide a biennial state budget report, the executive budget bill, and suggestions for the best methods for raising the needed revenues. [s. 16.45, Stats.]

#### **EXECUTIVE BRANCH BUDGET DEADLINES**

**September 15 (even-numbered year):**  
Agencies submit budget requests to State Budget Office in DOA.

**November 20 (even-numbered year):**  
Secretary of DOA provides a report to Governor and legislators detailing agency budget requests.

**January, last Tuesday (odd-numbered year):** Governor delivers biennial budget message to the Joint Session of the Legislature.

## LEGISLATIVE BRANCH CONSIDERATION OF BUDGET BILL

### Joint Finance Committee Review

In connection with the delivery of the Governor's budget message, the Governor prepares budget recommendations and incorporates them into an executive budget bill. The bill is drafted by the Legislative Reference Bureau (LRB), with the assistance of DOA. The executive budget bill must be introduced, without change, into one of the two houses of the Legislature, or in both houses as companion bills, by the Legislature's Joint Finance Committee (JFC). Upon introduction, the bill must be referred to the JFC for its review. [s.16.47 (1m), Stats.] The nonpartisan Legislative Fiscal Bureau (LFB) staffs the JFC and assists the committee in its budget deliberations. [s. 13.95, Stats.]

The development and legislative work on the budget bill is intense and complex. The content of budget bills varies from session to session. The bill takes a lengthy and often varying procedural road as it winds through the legislative branch.

As part of its review process, the JFC may hold public hearings on the proposed budget with representatives of the state agencies involved (informational hearings) and hearings open to the general public (public hearings). Other standing committees of the Legislature may also hold hearings to review provisions of the budget. These hearings, conducted at the discretion of the standing committee chairs, inform the committee's members of those parts of the budget that may impact or affect matters dealt with by the committee.

After the public hearings, the JFC begins executive sessions on the recommended budget, deciding whether certain provisions in the budget should be modified or deleted and whether additional provisions are needed. The LFB drafts budget motions requested by the committee to modify provisions of the bills.

## Joint Survey Committee Reports

Depending on its content, the budget bill may also be referred to one or more joint survey committees, such as the Joint Survey Committee on Retirement Systems or the Joint Survey Committee on Tax Exemptions. No bill or amendment that creates or modifies a public retirement system may be acted on by the Legislature until the Joint Survey Committee on Retirement Systems has submitted a written report on the bill or amendment. [s. 13.50 (6), Stats.] No bill that affects any existing statute or creates any new statute relating to the exemption of any property or person from taxation may be considered by either house of the Legislature until the Joint Survey Committee on Tax Exemptions has submitted a written report on the bill. [s. 13.52 (6), Stats.]

## Party Caucuses

Once the JFC has completed its action on the budget, the house in which the budget bill was introduced generally moves to commence party caucuses on the budget. If companion bills were introduced, each house may act concurrently. During this and subsequent phases of revising the budget bill, any changes proposed for consideration by the full Assembly or Senate must be offered by legislators as formally drafted amendments to the bill.

### KEY LEGISLATIVE STEPS IN BUDGET PROCESS\*

**Executive budget bill introduced by JFC**



**JFC hearings and executive sessions on bill**



**Bill referred to first house; parties caucus on JFC version.**



**Majority party version of budget bill introduced.**



**First house debates, amends, and passes budget bill.**



**Second house debates, amends, and passes its version.**



**If necessary, conference committee resolves any differences between the two versions.**

\* The process may vary in some respects, particularly if companion bills are introduced and the two houses act concurrently, rather than sequentially.

## Floor Debate

After the individual caucuses have finished deliberations on the budget, the majority party budget package is introduced and scheduled for floor debate as a special order of business. A budget bill is adopted by a majority vote of each house. Differences between the two versions are then resolved so that the same bill is ultimately passed by both houses, as described below.

## Conference Committee and Report

If the two houses pass different versions of the budget, a conference committee may be convened. The conference committee consists of a specified number of members from each house, as designated by their respective houses, to represent that house and meet as a bargaining committee. The goal of the bargaining committee is to produce a report reconciling the differences between the two versions of the budget. Once the conference committee procedure is completed, a conference report is submitted to each house as an unamendable document. Each house then votes on the conference report. [Joint Rule 3.]

## GOVERNOR’S PARTIAL VETO AUTHORITY; LEGISLATURE’S VETO OVERRIDE AUTHORITY

### Partial Veto Authority

Once the Legislature passes a final budget bill, the bill is prepared for the Governor’s consideration. The bill is not officially sent to the Governor until it is called for by the Governor. The delay allows the Governor time to consider possible partial vetoes of the bill. Under the Wisconsin Constitution, the Governor has an extensive partial veto power, with the authority to partially veto any item in an appropriation bill, including the biennial budget bill. [Wis. Const. art. V, s. 10.] Thus, instead of having to accept or reject a bill in its entirety (as is the case with nonappropriation bills), the

**The Governor may selectively delete provisions of a bill that includes an appropriation. The resulting provisions must relate to the same subject matter as the vetoed provision.**

Governor may, in accordance with the following summary, selectively delete provisions of the budget bill, vetoing either language or dollar amounts, or both, in any given provision:

- Although the Governor may exercise the partial veto only on bills that include an appropriation, nonappropriation parts of appropriation bills may be partially vetoed.
- The part of the bill remaining after a partial veto must constitute a complete, entire, and workable law.

- The provision resulting from a partial veto must relate to the same subject matter as the vetoed provision.
- Entire words and individual digits may be stricken; however, individual letters in words may not be stricken.
- Appropriation amounts may be stricken and a new, lower amount may be inserted to replace the stricken amount.
- The Governor may not create a new sentence by combining parts of two or more sentences of the enrolled bill.

### Override of Partial Veto

The budget bill, minus any items deleted by the Governor’s partial veto, becomes the state’s fiscal budget document for the biennium. However, as in the case of the Governor’s veto of a bill in its entirety, the Legislature is permitted to review the Governor’s partial vetoes and may, with a 2/3rds vote by each house, enact any partially vetoed portion into law, notwithstanding the objections of the Governor. [Wis. Const. art. V, s.10.]

### CONTINUED OPERATION IN CASE OF DELAY

Because the state’s biennial budget cycle begins on July 1 of the odd-numbered year, the budget law should, technically, be enacted and in effect by that date. However, if there is a delay in the process and the budget does not take effect by that date, state agencies may continue to operate at the same appropriation levels from the preceding budget until the new budget law takes effect. [s. 20.002 (1), Stats.]

### ADDITIONAL KEY CONCEPTS RELATED TO STATE BUDGET PROCESS

#### Appropriations in Ch. 20, Stats.

The Wisconsin Constitution allows money to be paid out of the State Treasury pursuant only to a legislative appropriation. [Wis. Const. art. VIII, s. 2.] Most appropriations are codified into a single schedule in ch. 20, Stats. This schedule is termed the “Chapter 20” schedule because the listing of those appropriations is biennially published in that statutory chapter.

#### Program Budget

The budget in Wisconsin is termed a “program budget.” This means that the structure of both the appropriations schedule and the individual appropriations are generally based on specific “programs” in state government. Individual state agencies are placed under a

general functional heading, such as education or transportation. Under each functional heading, agencies are set forth in alphabetical order and appropriations for the agency are then set forth under the agency heading, with one or more appropriations for the programs under that agency.

## Incremental Budgeting

The general budget process in Wisconsin is an incremental budget process. Agencies develop their budgets by identifying requested changes from the existing budget level (referred to as “the base budget”). Thus, the budget decision items in agency requests represent increments of change over the existing level of spending.

## Fiscal Years

The biennial state budget incorporates two annual periods or fiscal years. Fiscal years run from July 1 to June 30. The biennial budget period runs from July 1 of the odd-numbered year to June 30 of the subsequent odd-numbered year. The biennial budget thus involves appropriations for both fiscal years (for example, fiscal year 2015-16 and fiscal year 2016-17).

## Interim Changes in the Authorized Budget

Once adopted, the biennial budget may be modified in the following ways:

1. **Separate legislation.** By separate legislation authorizing an additional appropriation or eliminating or modifying an existing appropriation.
2. **Budget adjustment bill.** By request of the Governor for introduction of a budget adjustment bill to make changes in the adopted biennial budget.
3. **Action of the JFC.** By the JFC, under a number of statutory provisions that allow the JFC to modify or supplement agency budgets and position authorizations. A list of these may be found in Appendix III to the LFB Informational Paper on the JFC identified in reference number 2., below.

## Non-Budget Fiscal Bills

During the legislative session, there are bills outside the biennial budget bill that request funds for specific limited purposes, such as a new program or to modify the operation of an existing program. These bills, introduced during the regular legislative session, are termed fiscal bills and have specific requirements related to them as they proceed through the legislative process. As described in detail in Chapter 2, each fiscal bill must be accompanied by a fiscal estimate predicting the cost of the bill to the state and its political subdivisions. [s. 13.093 (2) (a), Stats.] Each fiscal bill must also be referred to JFC before being passed. [s. 13.093 (1), Stats.]

## ADDITIONAL REFERENCES

1. The state budget process is described in more detail in LFB’s January 2015 Informational Paper 74, which is available at:  
[http://docs.legis.wisconsin.gov/misc/lfb/informational\\_papers/january\\_2015](http://docs.legis.wisconsin.gov/misc/lfb/informational_papers/january_2015).
2. The authority of the JFC is described in more detail in LFB’s January 2015 Informational Paper 77, which is available at:  
[http://docs.legis.wisconsin.gov/misc/lfb/informational\\_papers/january\\_2015](http://docs.legis.wisconsin.gov/misc/lfb/informational_papers/january_2015).

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