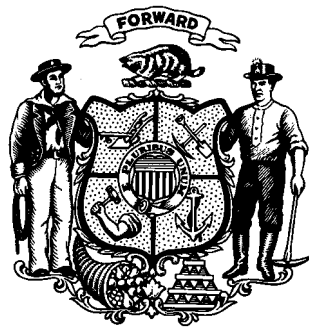


Comparative Summary of Budget Recommendations

2011 Act 32

(Including Budget Adjustment Acts 10, 13, and 27)

Volume I



Legislative Fiscal Bureau
August, 2011

2011-13 Wisconsin State Budget

2011-13 WISCONSIN STATE BUDGET

Comparative Summary of Budget Provisions

Enacted as 2011 Act 32

(Including Budget Adjustment Acts 10, 13, and 27)

Volume I

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INTRODUCTION

This two-volume document, prepared by Wisconsin's Legislative Fiscal Bureau, is the final edition of the cumulative summary of executive and legislative action on the 2011-13 Wisconsin state biennial budget. The budget was signed by the Governor as 2011 Wisconsin Act 32 on June 26, and published on June 30, 2011. This document describes each of the provisions of Act 32, including all fiscal and policy modifications recommended by the Governor, Joint Committee on Finance, and Legislature.

The document is organized into eight sections, the first of which contains a Table of Contents, History of the 2011-13 Budget, Brief Chronology of the 2011-13 Budget, Key to Abbreviations, and a User's Guide.

This is followed by an "overview" section which provides a series of summary tables and charts which display 2011-13 revenues, appropriations, and authorized position levels. Information is presented for all fund sources, the general fund, transportation fund, and the state's lottery program.

The next section contains budget and policy summaries for each state agency and program. The agencies appear in alphabetical order. For each agency, comparative tables are presented which depict funding and authorized position levels. This is followed by a narrative description and fiscal effect, if any, of each budget change item. In this section, the author of each change is identified. Volume I contains the sections identified above and the summaries of the Department of Administration (beginning on page 43) through Miscellaneous Appropriations. Volume II begins with the Department of Natural Resources on page 471.

The fourth section of the document lists the various reports and studies which are required in 2011 Act 32. This begins on page 837 of Volume II.

The fifth section (Volume II, beginning on page 845) lists the 2011-13 biennial budget issue papers prepared by the Legislative Fiscal Bureau.

The next sections, contained in Volume II, summarize the provisions of budget adjustment legislation -- 2011 Act 10 (beginning page 857), 2011 Act 13 (beginning page 905), and 2011 Act 27 (beginning page 915).

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HISTORY OF THE 2011-13 BIENNIAL BUDGET

This section provides a narrative history of the 2011-13 biennial budget. Although the formal legislative history of the biennial state budget commenced with the introduction of a bill comprising the Governor's budget recommendations, the actual process of assembling the budget began several months prior to its introduction. This history starts at that point.

On July 6, 2010, the Department of Administration (DOA) released Governor James E. Doyle's major budget policies. On August 4, 2010, the technical budget instructions were issued for each state agency to follow in preparing their 2011-13 biennial budget requests. Included in these policy directives were instructions that state agencies prepare their 2011-13 biennial budget requests based on 100 percent of their fiscal year 2010-11 adjusted base. In addition, agencies were to assume zero growth in overall state general purpose revenue (GPR) appropriations, except for K-12 school aids, required cost-to-continue needs for the state's institutions (in the Department of Corrections and the Department of Health Services), the Department of Children and Families' Division of Safety and Permanence, the Department of Workforce Development's Division of Vocational Rehabilitation, the University of Wisconsin System instruction and research activities that are focused on economic growth, and housekeeping adjustments like standard budget adjustments, fuel and utilities, and debt service. This directive also applied to segregated (SEG) funded administrative operations appropriations in all agencies that are supported by the transportation fund, the conversation fund, the environmental fund, and the lottery fund. Funding requests for other types of appropriations and funding sources in both years were to be limited to revenue availability and needed to be prioritized. Except for standard budget adjustments, routine budget items were to be handled in agencies' base budgets regardless of fund source. Consistent with the overall targets set forth, agencies were to limit requests to spending items associated with significant policy and operational changes.

Agencies were directed to prepare plans to absorb a ten percent permanent base cut of all non-FED sum certain appropriations, excluding the programs listed above that were exempt from the zero growth limitation, debt service, and fuel and utilities appropriations. Base budget reduction plans were to be submitted to the Department of Administration by November 8, 2010.

Agencies were also required to report on performance measures identified in previous biennial budgets.

By statute, executive branch agencies were required to submit their formal budget requests to the Department of Administration and the Legislative Fiscal Bureau by September 15, 2010. The Division of Executive Budget and Finance (within DOA) began reviewing agency funding requests as they were submitted. On November 19, 2010, as required by statute, DOA distributed a compilation of state agencies' 2011-13 biennial budget requests to Governor Doyle, Governor-Elect Scott Walker, and members of the Legislature. This report indicated that agencies were seeking total 2011-13 funding of \$67.44 billion (all funds), of which \$30.38 billion was requested from general purpose revenue. Also included in the summary was the statutorily required estimate

of tax revenues for fiscal year 2010-11 and the 2011-13 biennium, as developed by the Department of Revenue. Total general fund tax collections for the 2011-13 biennium were projected at \$26.81 billion.

Every January, the Legislative Fiscal Bureau prepares general fund expenditure and revenue projections for the Legislature as it begins to consider the state's budget and other legislation. Based on updated tax collection data and other information, on January 31, 2011, the Bureau estimated that the state's general fund would realize a total of \$202.8 million less in tax collections for the period from 2010-11 through 2011-13 than was reflected in the administration's November 20 report. More than half of the lower estimate (\$117.2 million) was due to the impact of Special Session Senate Bill 2 (health savings accounts), Special Session Assembly Bill 3 (tax deductions/credits for relocated businesses), and Special Session Assembly Bill 7 (tax exclusion for new employees).

By statute, the Governor is required to submit the budget message and the executive budget bill (or bills) to the Legislature on or before the last Tuesday in January of each odd-numbered year. However, under 2011 Senate Joint Resolution 1, adopted by the Senate on January 3, 2011, and concurred in by the Assembly on the same day, this deadline for the submission of Governor Walker's budget was extended to February 24, 2011. On February 19, 2011, at the request of the Governor, Senate Joint Resolution 15 was introduced and adopted by the Senate and Assembly extending the deadline for the Governor's budget message to Tuesday, March 1, 2011.

On March 1, 2011, the Joint Committee on Finance introduced companion biennial budget bills--Assembly Bill 40 and Senate Bill 27. The bills were referred to the Joint Committee on Finance. The recommendations of the State Building Commission constituting the capital budget and the state building programs were submitted to the Joint Committee on Finance on April 5, 2011. These recommendations were taken up by the Joint Committee on Finance as modifications to the budget bill.

On March 1, reports were requested from the Joint Survey Committee on Tax Exemptions and the Joint Survey Committee on Retirement Systems on certain provisions of the bill.

The Joint Committee on Finance held agency informational briefings on the biennial budget bill on March 29, 30, 31, April 4, and 6. During these briefings, agency representatives testified before the Committee on the executive budget recommendations affecting their respective agencies. The agencies selected to appear before the Committee included: Department of Administration, Department of Revenue, Supreme Court, Department of Tourism, Government Accountability Board, Department of Corrections, Department of Children and Families, Wisconsin Housing and Economic Development Authority, University of Wisconsin System, Higher Educational Aids Board, Department of Public Instruction, Wisconsin Technical College System, Department of Agriculture, Trade and Consumer Protection, Department of Natural Resources (including Environmental Improvement Fund), Department of Transportation, Department of Health Services, Department of Commerce, Department of Safety and Professional Services (the current Department of Regulation and Licensing), and the Department of Justice.

The Joint Committee on Finance held four public hearings on the biennial budget bill.

Public hearings were held in Stevens Point on April 7, Superior on April 8, West Allis on April 11, and Neenah on April 13.

On April 21, 2011, Senator Alberta Darling (R-River Hills), the Senate Chair of the Joint Committee on Finance, and Representative Robin Vos (R-Rochester), the Assembly Chair of the Joint Committee on Finance, issued a memorandum identifying a total of 21 non-fiscal policy items in the budget bill that would not be addressed as part of the Joint Committee on Finance's budget deliberations.

On May 11, 2011, the Legislative Fiscal Bureau sent a letter to the Co-chairs of the Joint Committee on Finance regarding recent tax collection data showing some improvement over the January forecast. Based on its review of collection data and economic forecasts, the Bureau indicated that general fund tax revenues would be higher than the previous estimates by \$233 million in 2010-11, \$204 million in 2011-12, and \$199 million in 2012-13. Over the three-year period, the income tax estimates were increased by \$910 million, and sales and corporate tax projections were reduced by \$240 million and \$68 million, respectively. Smaller revisions were made to the estimates for other taxes.

The Joint Committee on Finance held a total of 11 executive sessions on the biennial budget bill. The first executive session was held on April 26, and the last was held on June 3. At the Committee's final executive session (June 3), the Committee adopted a substitute amendment incorporating all of its previous actions modifying the biennial budget. The vote to recommend Assembly Bill 40 for passage, as amended, was 12-4. The Committee's version of the budget bill, ASA 1 to AB 40, was reported to the Assembly on June 13, 2011.

On June 7, 2011, the Joint Survey Committee on Tax Exemptions, and on June 8, 2011, the Joint Survey Committee on Retirement Systems submitted their reports to the Legislature. The Joint Survey Committee on Tax Exemption report addressed provisions in the bill that would affect existing statutes or create new statutes relating to the exemption of property or persons from state or local taxes. The provisions included: (a) deferral for capital gains reinvested in qualified Wisconsin business; (b) capital gains exclusion for Wisconsin capital assets; (c) exclusion for interest on Wisconsin health and educational facilities authority issued debt; IRC update; (e) combined reporting; (f) sales and use tax exemption for modular and manufactured homes; (g) sales and use tax exemption for oil and fat converted into fuel; (h) tax treatment of the University of Wisconsin Madison Authority. The Joint Survey Committee on Tax Exemptions found that there were no questions of legality regarding the provisions of the bill described in the report and determined that there is good public policy concerning the tax exemptions in the bill.

The report submitted by the Joint Survey Committee on Retirement Systems addressed the following provisions: (a) Wisconsin Retirement System vesting requirements; (b) WRS eligibility requirements; (c) replacement of Milwaukee County income maintenance system employees; (d) provisions affecting local law enforcement and firefighting employers and employees; (e) provision affecting emergency medical services employees in Door and Waushara Counties; (f) modifications to the employee and employer retirement contributions; and (g) reduction in retirement formula multiplier for elected officials and executive employee participants. The Joint

Survey Committee on Retirement Systems indicated that the provisions in the bill should be considered by the Legislature. The Committee also recommended that an actuarial study be conducted to discern the potential costs of the proposals.

Prior to Assembly and Senate deliberations on the budget, the Legislative Fiscal Bureau conducted briefings with the caucuses in both houses on the provisions of the budget bill.

The Assembly took action on the 2011-13 state budget on June 14, 2011. During the Assembly's deliberations, 41 amendments to ASA 1 to Assembly Bill 40 were offered (40 amendments to ASA 1 and one amendment to AA 1 to ASA 1). Two Assembly amendments were adopted – AA 1 to Assembly Amendment 1 and Assembly Amendment 1 to ASA 1. On June 14, 2011, the Assembly substitute amendment (ASA 1), as amended, was adopted and the bill, as amended, was passed on a vote of 60-38. The bill was ordered immediately messaged to the Senate.

The Senate debated the 2011-13 state budget on June 16, 2011. A total of eight amendments to Assembly Bill 40, as amended, were offered. No amendments were adopted. The Senate concurred with the Assembly by a vote of 19-14.

The bill was enrolled and presented to the Governor on June 24, 2011. He approved the bill, in part, on June 26 and had it deposited to the Office of the Secretary of State as 2011 Wisconsin Act 32. The Governor indicated in his message to the Legislature that he had exercised his authority to make 50 partial vetoes to the bill, as passed by the Legislature. Act 32 was published on June 30, and except as otherwise specifically provided, became effective the following day.

BRIEF CHRONOLOGY OF THE 2011-13 BUDGET

GOVERNOR/ADMINISTRATION

- July 6, 2010 Department of Administration issued major budget policies.
- August 4 Department of Administration issued technical budget instructions.
- September 15 Agency deadline for submission of budget requests.
- November 8 Agency deadline for submission of base budget reduction plans.
- November 19 Executive Budget Office submitted a compilation of agency budget requests and a Department of Revenue estimate of tax revenues.
- March 1, 2011 Governor Walker delivered budget message and recommendations to the Legislature.
- April 5 Recommendations of the State Building Commission for the capital budget and state building program submitted to the Joint Committee on Finance.

JOINT COMMITTEE ON FINANCE

- January 31 Legislative Fiscal Bureau releases general fund expenditure and revenue projections.
- March 1 Introduced the executive budget as 2011 Senate Bill 27 and Assembly Bill 40.
- March 29-April 6 Budget bill briefings by agency officials.
- April 5 Received recommendations of the State Building Commission for the capital budget and authorized state building program.
- April 7-13 Public hearings.
- April 21 Non-fiscal items removed from budget bill.
- April 26-June 3 Executive sessions.
- June 3 Adopted Assembly Substitute Amendment 1 (ASA 1) to AB 40 and considered the bill for passage on a 12-4 vote.
- June 13 ASA 1 to AB 40, as recommended by the Joint Committee on Finance, reported to the Assembly.

LEGISLATURE

- June 14 Assembly adopted Assembly Substitute Amendment 1 to AB 40 and passed the bill, as amended, on a vote of 60-38.
- June 16 Senate concurred with the Assembly's action on the budget bill, on a vote of 19-14.

ENACTMENT

- June 24 Enrolled AB 40 presented to Governor.
- June 26 Governor approved bill, with 50 partial vetoes, as 2011 Wisconsin Act 32.
- June 30 Act 32 published.
- July 1 Act 32 became generally effective.

KEY TO ABBREVIATIONS

REVENUES

BR	Bond revenues which are available from the contracting of public debt (general obligation bonding) or from the contracting of debt which is to be repaid from project revenues and does not constitute debt of the state (revenue bonding).
GPR-Earned	Departmental revenues which are collected by individual state agencies and deposited in the general fund.
GPR-Tax	Revenues which are collected from general fund taxes.
GPR-Tribal	Revenues which are collected from tribal gaming revenues and deposited in the general fund.
REV	Revenue

APPROPRIATIONS

GPR	Appropriations financed from general purpose revenues available in the state's general fund.
FED	Appropriations financed from federal revenues.
PR	Appropriations financed from program revenues, such as user fees or product sales.
PR-S	Program Revenue-Service. Appropriations financed from funds transferred between or within state agencies for the purpose of reimbursement for services or materials.
SEG	Appropriations financed from segregated revenues.
SEG-Local	Appropriations financed from local revenues which are administered through a state segregated fund.

SEG-S Segregated Revenue-Service. Segregated appropriations financed from funds transferred between or within state agencies for the purpose of reimbursement for services or materials.

Lapse Budgeted amounts that are unspent at the end of a fiscal period which revert back to the fund from which they were appropriated.

OTHER

2009 Wisconsin Act 2 The 2008-09 budget adjustment act.

2009 Wisconsin Act 28 The 2009-11 budget act.

2011 Wisconsin Act 32 The 2011-13 budget act.

2011 Acts 10, 13, and 27 Budget adjustment legislation.

2011 SB 27/AB 40 Senate Bill 27 and Assembly Bill 40, the Governor's 2011-13 budget recommendations.

ASA 1 to AB 40 Assembly Substitute Amendment 1 to Assembly Bill 40, the 2011-13 budget recommendations of the Joint Committee on Finance.

CY Calendar year.

FY Fiscal year.

FTE Full-time equivalent position.

LTE Limited-term employment position for which employment is limited to 1,044 hours per appointment in a 12-month period.

2010-11 Adjusted Base The total 2010-11 authorized funding level for an agency or program. The adjusted base equals 2010-11 appropriations, pay plan modifications, and other supplements. It is this base that serves as the beginning point for calculating budget changes for 2011-13.

2010-11 Base Year Doubled The 2010-11 base multiplied by two. This produces the biennial base level against which 2011-13 budget levels may be compared.

USER'S GUIDE

The following explanation of entries is keyed to the accompany sample entry (page 9).

- 1 Name of agency.
- 2 The funding source for the amounts shown in columns 3 through 5. Only the funding sources which are included in the agency's budget are shown.
- 3 The 2010-11 base represents authorized appropriation and position levels for 2010-11. The base is doubled in the budget column to provide a two-year to two-year comparison.
- 4 Appropriation and position levels recommended by the Governor, Joint Committee on Finance, Legislature, and as authorized by 2011 Wisconsin Act 32 (includes the impact of any gubernatorial vetoes).
- 5 These columns indicate the change of the budget level contained in 2011 Wisconsin Act 32 to the 2010-11 base year doubled. For positions, the increase or decrease is based on the 2012-13 authorized level compared to the 2010-11 level.
- 6 Title of the budget change item. Immediately following the title, if applicable, "[]" shows the number of the Legislative Fiscal Bureau issue paper prepared on this item. In this example, paper [143] pertains to the agricultural chemical cleanup program fund. A complete listing of all Fiscal Bureau issue papers begins on page 845 of this document.
- 7 Funding and position change to the agency's base budget. If the entry is entitled, "GOVERNOR/LEGISLATURE," the recommendations proposed by the Governor were adopted by the Joint Committee on Finance and the Legislature. For those budget items where the recommendations of the Governor, Joint Finance Committee or Legislature differ, the fiscal and position effect shown at each step is the change to the previous recommendation.
- 8 Narrative description of the various budget change items, for each entry, as recommended by the Governor, Joint Committee on Finance, and Legislature.
- 9 Narrative description of partial vetoes by the Governor. At the beginning of the veto entry in the "[]" is the number (in this example A-1) of the veto from the Governor's veto message (June 26, 2011).
- 10 Bill sections relating to the budget change item. "Act 32 Sections" lists the sections which remain in the act. "Act 32 Vetoes" lists those sections which were partially or entirely vetoed.

AGRICULTURE, TRADE AND CONSUMER PROTECTION

Budget Summary							
2	3	4	4	4	4	5	
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$54,622,400	\$54,163,900	\$54,988,200	\$54,988,200	\$54,988,200	\$365,800	0.7%
FED	42,481,400	42,866,100	42,318,100	42,318,100	42,318,100	- 163,300	- 0.4
PR	44,647,000	46,821,500	46,284,900	46,284,900	46,284,900	1,637,900	3.7
SEG	61,583,000	65,703,900	60,274,700	60,274,700	60,274,700	- 1,308,300	- 2.1
TOTAL	\$203,333,800	\$209,555,400	\$203,865,900	\$203,865,900	\$203,865,900	\$532,100	0.3%

FTE Position Summary							
2	3	4	4	4	4	5	
Fund	2010-11 Base	2012-13 Governor	2012-13 Jt. Finance	2012-13 Legislature	2012-13 Act 32	Act 32 Change Over 2010-11 Base	
GPR	205.50	209.50	210.00	210.00	210.00	4.50	
FED	88.47	89.12	85.62	85.62	85.62	- 2.85	
PR	206.58	202.37	197.97	197.97	197.97	- 8.61	
SEG	98.77	96.40	97.30	97.30	97.30	- 1.47	
TOTAL	599.32	597.39	590.89	590.89	590.89	- 8.43	

Budget Change Items

6 1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide adjustments to the agency base budget for: (a) reductions due to turnover [-\$230,600 GPR and -\$72,300 PR annually]; (b) removal of non-continuing items [-\$79,800 FED in 2011-12 and -\$279,100 FED in 2012-13 with -4.0 positions, and -\$32,000 PR in 2011-12 and -\$127,300 PR in 2012-13 with -2.0 positions]; (c) full funding of salary and fringe benefits for continuing positions [\$2,206,200 GPR annually, -\$1,864,700 FED annually, \$1,275,000 PR annually, and \$1,086,800 SEG annually]; (d) reclassifications and semiautomatic pay progressions [\$3,700 GPR annually, \$16,600 FED in 2011-12 and \$25,500 FED in 2012-13, \$78,500 PR in 2011-12 and \$120,600 PR in 2012-13, and \$43,000 SEG in 2011-12 and \$46,300 SEG in 2012-13]; (e) full funding of lease costs and other directed moves [\$26,900 GPR annually, \$13,400 FED annually, \$24,000 PR annually, and \$15,000 SEG annually]; and (f) minor transfers within appropriations [within the PR appropriation for computer system staffing and equipment, transfer \$236,900 annually from the unallotted reserve to supplies and services].

	Funding	Positions
GPR	\$4,012,400	0.00
FED	- 4,019,400	- 4.00
PR	2,493,200	- 2.00
SEG	2,292,900	0.00
Total	\$4,779,100	- 6.00

8 [Detailed description of budget change items, including salary and fringe benefits, reclassifications, and lease costs.]

2. AGRICULTURAL CHEMICAL CLEANUP PROGRAM FUND [LFB SEG - \$1,231,800 **]**

Joint Finance/Legislature: Delete \$615,900 annually from the segregated agricultural chemical cleanup program (ACCP) fund to reestimate cleanup reimbursements expected in 2011-13. Cleanup reimbursements are estimated at \$2.2 million each year.

9 Veto by Governor [A-1]: Delete the December 31, 2011, deadline for submitting a report. Under the act, DATCP would still be required to submit the report on the agricultural chemical fund conditions, but the report would not be required by any specific date.

- 10** [Act 32 Section: 9103(2u)]
- [Act 32 Vetoed Section: 9103(2u)]

OVERVIEW

ALL FUNDS BUDGET AND POSITION SUMMARIES

TABLE 1**Summary of 2011-13 Appropriations and Authorizations**

<u>Fund Source</u>	<u>2011-12</u>	<u>2012-13</u>	<u>Total</u>	<u>% of Total</u>
General Purpose Revenue	\$14,194,976,500	\$14,832,954,300	\$29,027,930,800	44.0%
Appropriations	14,166,186,500	14,751,044,300	28,917,230,800	
Compensation Reserves	28,790,000	81,910,000	110,700,000	
Federal Revenue	9,551,825,400	9,526,730,900	19,078,556,300	28.9
Appropriations	9,535,162,700	9,481,020,900	19,016,183,600	
Compensation Reserves	16,662,700	45,710,000	62,372,700	
Program Revenue	4,336,948,600	4,388,135,000	8,725,083,600	13.2
Appropriations	4,331,016,600	4,371,491,400	8,702,508,000	
Compensation Reserves	5,932,000	16,643,600	22,575,600	
Segregated Revenue	3,680,261,500	3,812,094,800	7,492,356,300	11.3
Appropriations	3,673,258,100	3,792,477,400	7,465,735,500	
Compensation Reserves	<u>7,003,400</u>	<u>19,617,400</u>	<u>26,620,800</u>	
Subtotal	\$31,764,012,000	\$32,559,915,000	\$64,323,927,000	97.4%
Appropriations	31,705,623,900	32,396,034,000	64,101,657,900	
Compensation Reserves	58,388,100	163,881,000	222,269,100	
Bond Revenue			1,731,700,900	2.6
General Obligation Bonding			1,036,937,800	
Revenue Bonding			<u>694,763,100</u>	
TOTAL			\$66,055,627,900	100.0%

TABLE 2**2011-13 Comparative Summary of Appropriations and Authorizations**

<u>Fund Source</u>	<u>Governor</u>	<u>Jt. Finance</u>	<u>Legislature</u>	<u>Act 32</u>
General Purpose Revenue	\$28,819,606,900	\$29,027,930,800	\$29,027,930,800	\$29,027,930,800
Federal Revenue	19,008,213,600	19,078,556,300	19,078,556,300	19,078,556,300
Program Revenue	8,639,227,800	3,418,044,900	8,725,083,600	8,725,083,600
Segregated Revenue	<u>7,327,555,100</u>	<u>12,798,005,000</u>	<u>7,492,366,300</u>	<u>7,492,356,300</u>
Subtotal	\$63,794,603,400	\$64,322,537,000	\$64,323,937,000	\$64,323,927,000
Bonding				
General Obligation	\$1,454,610,800	\$1,038,937,800	\$1,036,937,800	\$1,036,937,800
Revenue	<u>694,763,100</u>	<u>694,763,100</u>	<u>694,763,100</u>	<u>694,763,100</u>
Subtotal	\$2,149,373,900*	\$1,733,700,900	\$1,731,700,900	\$1,731,700,900
TOTAL	\$65,943,977,300	\$66,056,237,900	\$66,055,637,900	\$66,055,627,900

*Includes Building Commission's recommendations.

Note: Tables 2 and 3 exclude annual funding of \$153,739,500 for the UW Hospitals and Clinics Board (UWHCB) as this funding and positions are transferred to the UWHCB Authority. In addition, for comparative purposes, \$4,333,291,600 for the UW System is added to the recommendations of the Governor. Under AB 40, as introduced, this funding would have been transferred to the UW-Madison Authority.

TABLE 3

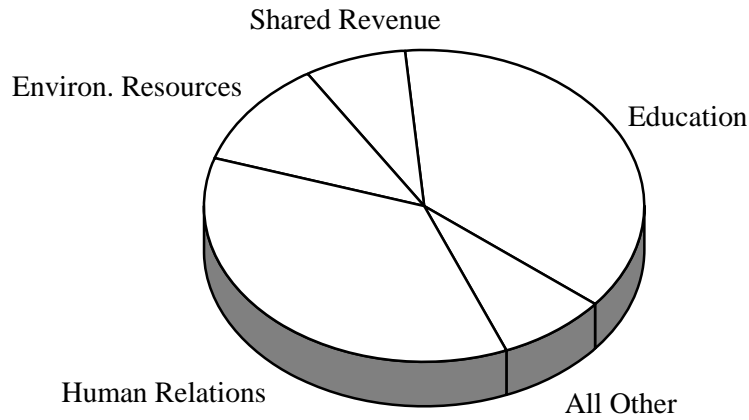
Summary of Total All Funds Appropriations by Agency

<u>Agency</u>	<u>2010-11 Adjusted Base Doubled</u>	<u>2011-13 Governor</u>	<u>2011-13 Jt. Finance</u>	<u>2011-13 Legislature</u>	<u>2011-13 Act 32</u>	<u>2011-13 Act 32 Change Over Base</u>	
						<u>Amount</u>	<u>%</u>
Administration	\$1,865,401,600	\$2,095,701,000	\$2,178,997,700	\$2,178,997,700	\$2,178,997,700	\$313,596,100	16.8%
Agriculture, Trade and Consumer Protection	203,333,800	209,555,400	203,865,900	203,865,900	203,865,900	532,100	0.3
Arts Board	7,444,800	0	0	0	0	- 7,444,800	- 100.0
Board for People with Developmental Disabilities	2,809,000	2,603,400	2,603,400	2,603,400	2,603,400	- 205,600	- 7.3
Board of Commissioners of Public Lands	3,112,800	3,094,400	3,094,400	3,094,400	3,094,400	- 18,400	- 0.6
Board on Aging and Long-Term Care	5,161,400	5,089,600	5,261,200	5,261,200	5,261,200	99,800	1.9
Building Commission	56,851,400	66,194,700	69,463,600	69,991,700	69,991,700	13,140,300	23.1
Child Abuse and Neglect Prevention Board	7,569,600	5,941,400	5,996,400	5,996,400	5,996,400	- 1,573,200	- 20.8
Children and Families	2,254,420,600	2,476,504,700	2,190,301,600	2,190,301,600	2,190,301,600	- 64,119,000	- 2.8
Circuit Courts	191,580,000	180,863,500	193,063,700	193,063,700	193,063,700	1,483,700	0.8
Commerce	366,456,400	0	0	0	0	- 366,456,400	- 100.0
Compensation Reserves		216,269,100	222,269,100	222,269,100	222,269,100	222,269,100	N.A.
Corrections	2,598,039,400	2,481,673,800	2,483,120,900	2,483,120,900	2,483,120,900	- 114,918,500	- 4.4
Court of Appeals	20,324,000	20,032,800	20,954,000	20,954,000	20,954,000	630,000	3.1
District Attorneys	89,344,000	92,336,400	90,336,400	90,336,400	90,336,400	992,400	1.1
Educational Communications Board	37,437,200	36,110,900	36,270,500	36,270,500	36,270,500	- 1,166,700	- 3.1
Employee Trust Funds	61,987,600	63,040,200	63,175,100	63,175,100	63,175,100	1,187,500	1.9
Employment Relations Commission	6,250,000	6,396,000	6,396,000	6,396,000	6,396,000	146,000	2.3
Environmental Improvement Fund	112,749,600	71,160,100	82,963,400	82,963,400	82,963,400	- 29,786,200	- 26.4
Financial Institutions	35,072,400	35,256,500	35,256,500	35,256,500	35,256,500	184,100	0.5
Fox River Navigational System Authority	250,800	250,800	250,800	250,800	250,800	0	0.0
Government Accountability Board	10,317,200	10,116,200	11,088,900	11,088,900	11,088,900	771,700	7.5
Governor	8,466,400	8,289,400	8,871,600	8,871,600	8,871,600	405,200	4.8
Health Services	16,258,071,200	17,504,295,100	18,092,814,200	18,092,814,200	18,092,814,200	1,834,743,000	11.3
Higher Educational Aids Board	325,626,200	310,799,800	282,251,700	282,251,700	282,251,700	- 43,374,500	- 13.3
Historical Society	43,149,600	41,518,600	41,882,800	41,882,800	41,882,800	- 1,266,800	- 2.9
Insurance	207,926,400	207,874,600	208,169,400	208,169,400	208,169,400	243,000	0.1
Investment Board	60,045,200	57,777,200	57,777,200	57,777,200	57,777,200	- 2,268,000	- 3.8
Judicial Commission	491,600	649,200	649,200	649,200	649,200	157,600	32.1
Judicial Council	255,200	255,400	139,400	139,400	139,400	- 115,800	- 45.4

<u>Agency</u>	2010-11 Adjusted <u>Base Doubled</u>	2011-13 <u>Governor</u>	2011-13 <u>Jt. Finance</u>	2011-13 <u>Legislature</u>	2011-13 <u>Act 32</u>	2011-13 Act 32 <u>Change Over Base</u>	
						<u>Amount</u>	<u>%</u>
Justice	\$188,177,400	\$176,821,200	\$176,940,800	\$176,940,800	\$176,940,800	- \$11,236,600	- 6.0%
Legislature	149,425,200	150,555,400	150,455,400	150,455,400	150,455,400	1,030,200	0.7
Lieutenant Governor	781,600	787,000	787,000	787,000	787,000	5,400	0.7
Lower-WI State Riverway Board	405,400	405,200	405,200	405,200	405,200	- 200	0.0
Medical College of Wisconsin	13,967,400	14,009,900	14,495,200	14,495,200	14,495,200	527,800	3.8
Military Affairs	163,553,000	162,619,900	164,624,300	164,624,300	164,624,300	1,071,300	0.7
Miscellaneous Appropriations	317,384,600	281,982,000	288,356,800	288,356,800	288,356,800	- 29,027,800	- 9.1
Natural Resources	1,129,434,200	1,016,656,600	1,076,353,500	1,076,353,500	1,076,353,500	- 53,080,700	- 4.7
Office of State Employment Relations	11,988,400	11,321,200	11,321,200	11,321,200	11,321,200	- 667,200	- 5.6
Program Supplements	34,132,600	55,404,600	110,961,500	110,961,500	110,961,500	76,828,900	225.1
Public Defender	156,395,600	165,025,900	165,096,500	165,096,500	165,096,500	8,700,900	5.6
Public Instruction	12,994,858,800	11,953,314,800	11,987,165,100	11,987,165,100	11,987,165,100	- 1,007,693,700	- 7.8
Public Service Commission	50,104,400	47,963,800	48,146,200	48,146,200	48,146,200	- 1,958,200	- 3.9
Revenue	361,173,200	347,215,100	349,166,900	349,166,900	349,166,900	- 12,006,300	- 3.3
Safety and Professional Services	27,493,000	136,381,600	132,258,800	132,258,800	132,258,800	104,765,800	381.1
Secretary of State	1,451,400	1,027,200	1,027,200	1,027,200	1,027,200	- 424,200	- 29.2
Shared Revenue and Tax Relief	4,794,704,000	4,784,763,700	4,811,118,900	4,811,118,900	4,811,118,900	16,414,900	0.3
State Fair Park Board	37,476,400	39,873,300	42,648,100	42,648,100	42,648,100	5,171,700	13.8
State Treasurer	14,891,400	9,722,200	9,722,200	9,722,200	9,722,200	- 5,169,200	- 34.7
Supreme Court	62,520,800	60,078,700	64,064,700	64,064,700	64,064,700	1,543,900	2.5
Tourism	27,949,200	35,519,300	35,422,300	35,422,300	35,422,300	7,473,100	26.7
Transportation	5,626,001,600	5,648,422,000	5,692,657,700	5,692,657,700	5,692,647,700	66,646,100	1.2
University of Wisconsin-Madison Authority	0	5,409,533,300	0	0	0	0	0.0
University of Wisconsin System	10,824,986,800	5,565,774,400	11,011,179,100	11,012,051,000	11,012,051,000	187,064,200	1.7
Veterans Affairs	285,451,200	272,520,100	269,808,400	269,808,400	269,808,400	- 15,642,800	- 5.5
Wisconsin Economic Development Corporation	0	196,346,900	161,803,700	161,803,700	161,803,700	161,803,700	N.A.
Wisconsin Housing and Economic Development Authority	0	81,418,200	0	0	0	0	N.A.
Wisconsin Technical College System	371,700,600	292,590,600	292,590,600	292,590,600	292,590,600	- 79,110,000	- 21.3
Workforce Development	<u>698,729,000</u>	<u>666,899,100</u>	<u>656,674,700</u>	<u>656,674,700</u>	<u>656,674,700</u>	<u>- 42,054,300</u>	- 6.0
Total	\$63,185,082,600	\$63,794,603,400	\$64,322,537,000	\$64,323,937,000	\$64,323,927,000	\$1,138,844,400	1.8%
Change to Base		\$609,520,800	\$1,137,454,400	\$1,138,854,400	\$1,138,844,400		
Change to Governor			527,933,600	529,333,600	529,323,600		
Change to Jt. Finance				1,400,000	1,390,000		
Change to Legislature					-10,000		

FIGURE 1

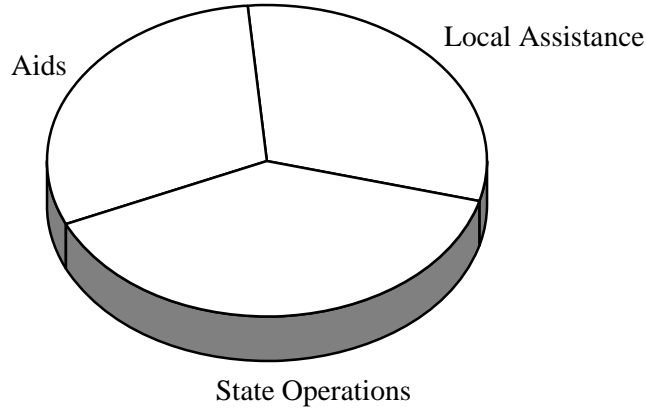
**2011-13 All Funds Appropriations
By Functional Area**



<u>Functional Area</u>	<u>Amount</u>	<u>Percent of Total</u>
Human Relations and Resources	\$24,144,878,300	37.5%
Education	23,666,706,900	36.8
Environmental Resources	6,888,042,900	10.7
Shared Revenue and Tax Relief	4,811,118,900	7.6
All Other		
General Executive	2,860,125,900	4.5
Commerce	832,148,600	1.3
General Appropriations	469,310,000	0.7
Judicial	278,871,000	0.4
Compensation Reserves	222,269,100	0.3
Legislative	<u>150,455,400</u>	<u>0.2</u>
TOTAL	\$64,323,927,000	100.0%

FIGURE 2

2011-13 All Funds Appropriations By Purpose



<u>Purpose</u>	<u>Amount</u>	<u>Percent of Total</u>
State Operations	(\$25,205,715,100)	(39.2%)
UW System	11,009,526,600	17.1
Corrections	2,207,760,800	3.4
Other Programs	11,766,158,600	18.3
Compensation Reserves	222,269,100	0.4
Local Assistance	19,631,907,200	30.5
Aids to Individuals and Organizations	<u>19,486,304,700</u>	<u>30.3</u>
TOTAL	\$64,323,927,000	100.0%

	2010-11 <u>Base</u>	2012-13 <u>Governor</u>	2012-13 <u>Jt. Finance</u>	2012-13 <u>Legislature</u>	2012-13 <u>Act 32</u>	Act 32 Change to Base
Military Affairs	433.36	416.31	416.31	416.31	416.31	- 17.05
Natural Resources	2,709.22	2,636.94	2,637.94	2,637.94	2,637.94	- 71.28
Office of State Employment Relations	55.50	48.65	48.65	48.65	48.65	- 6.85
Public Defender	580.85	579.85	579.85	579.85	579.85	- 1.00
Public Instruction	634.29	610.12	611.01	611.01	611.01	- 23.28
Public Service Commission	167.00	151.00	151.00	151.00	151.00	- 16.00
Revenue	1,114.43	1,036.08	1,052.08	1,052.08	1,052.08	- 62.35
Safety and Professional Services	122.32	379.60	369.60	369.60	369.60	247.28
Secretary of State	7.50	4.00	4.00	4.00	4.00	- 3.50
State Fair Park Board	38.90	39.90	39.90	39.90	39.90	1.00
State Treasurer	14.70	9.95	9.95	9.95	9.95	- 4.75
Supreme Court	220.75	219.75	219.75	219.75	219.75	- 1.00
Tourism	34.45	35.00	35.00	35.00	35.00	0.55
Transportation	3,495.48	3,286.52	3,343.54	3,343.54	3,343.54	- 151.94
University of Wisconsin-Madison Authority	0.00	17,420.29	0.00	0.00	0.00	0.00
University of Wisconsin System	33,501.34	16,081.05	33,450.17	33,450.17	33,450.17	- 51.17
Veterans Affairs	1,113.10	1,092.60	1,095.60	1,095.60	1,095.60	- 17.50
Wisconsin Technical College System	82.30	63.00	63.00	63.00	63.00	- 19.30
Workforce Development	<u>1,828.09</u>	<u>1,522.98</u>	<u>1,526.75</u>	<u>1,526.75</u>	<u>1,526.75</u>	<u>- 301.34</u>
TOTAL	68,499.23	67,204.48	67,466.49	67,466.49	67,466.49	- 1,032.74

Note: Tables 4 and 5 (all funds) exclude 2,609.38 positions for the UW Hospitals and Clinics Board as these positions are no longer classified as state employees. In addition, 17,420.29 positions for the UW-Madison Authority are added to the recommendations of the Governor. Under AB 40, as introduced, these positions would have been transferred to the UW-Madison Authority and not been considered state employees. Tables 5 (general fund) and 12 include 7,036.43 positions under the Governor's recommendations that would have been transferred to the UW-Madison Authority and not been considered state employees.

TABLE 5

Full-Time Equivalent Positions Summary by Funding Source

	2010-11 <u>Base</u>	2012-13 <u>Governor</u>	2012-13 <u>Jt. Finance</u>	2012-13 <u>Legislature</u>	2012-13 <u>Act 32</u>	Act 32 Change to Base
GPR	35,761.66	35,700.87	35,774.59	35,774.59	35,774.59	12.93
FED	10,330.09	9,884.27	10,019.50	10,019.50	10,019.50	- 310.59
PR	17,234.00	16,663.48	7,363.95	16,654.87	16,654.87	- 579.13
SEG	<u>5,173.48</u>	<u>4,955.86</u>	<u>14,308.45</u>	<u>5,017.53</u>	<u>5,017.53</u>	<u>- 155.95</u>
TOTAL	68,499.23	67,204.48	67,466.49	67,466.49	67,466.49	- 1,032.74

All Funds Comparison

	2010-11 <u>Base</u>	2012-13 <u>Governor</u>	2012-13 <u>Jt. Finance</u>	2012-13 <u>Legislature</u>	2012-13 <u>Act 32</u>
Authorized Positions	68,499.23	67,204.48	67,466.49	67,466.49	67,466.49
Change to Base		-1,294.75	-1,032.74	-1,032.74	-1,032.74
Change to Governor			262.01	262.01	262.01
Change to Jt. Finance				0.00	0.00
Change to Legislature					0.00

General Fund Comparison

	2010-11 <u>Base</u>	2012-13 <u>Governor</u>	2012-13 <u>Jt. Finance</u>	2012-13 <u>Legislature</u>	2012-13 <u>Act 32</u>
Authorized Positions	35,761.66	35,700.87	35,774.59	35,774.59	35,774.59
Change to Base		-60.79	12.93	12.93	12.93
Change to Governor			73.72	73.72	73.72
Change to Jt. Finance				0.00	0.00
Change to Legislature					0.00

OVERVIEW

GENERAL FUND BUDGET AND POSITION SUMMARIES

TABLE 6

2011-13 General Fund Condition Statement

	<u>2011-12</u>	<u>2012-13</u>
Revenues		
Opening Balance, July 1	\$86,246,400	\$73,444,000
Taxes		
2011 Act 32	13,329,335,000	13,814,193,000
2011 Act 10	-32,100,000	-35,000,000
Departmental Revenues		
Tribal Gaming	26,537,600	28,073,800
Other	<u>647,882,500</u>	<u>584,602,100</u>
Total Available	\$14,057,901,500	\$14,465,312,900
 Appropriations, Transfers, and Reserves		
Gross Appropriations		
2011 Act 32	\$14,166,186,500	\$14,751,044,300
2011 Act 26	0	14,500,000
2011 Act 27	-170,000,000	0
Transfers to		
Transportation Fund	22,500,000	137,627,000
Injured Patients and Families Compensation Fund (2011 Act 27)	235,000,000	0
Veterans Trust Fund	5,000,000	0
Compensation Reserves	28,790,000	81,910,000
Less Lapses	<u>-303,019,000</u>	<u>-594,184,100</u>
Net Appropriations	\$13,984,457,500	\$14,390,897,200
 Balances		
Gross Balance	\$73,444,000	\$74,415,700
Less Required Statutory Balance	<u>-65,000,000</u>	<u>-65,000,000</u>
Net Balance, June 30	\$8,444,000	\$9,415,700

TABLE 7**Estimated 2011-13 General Fund Taxes**

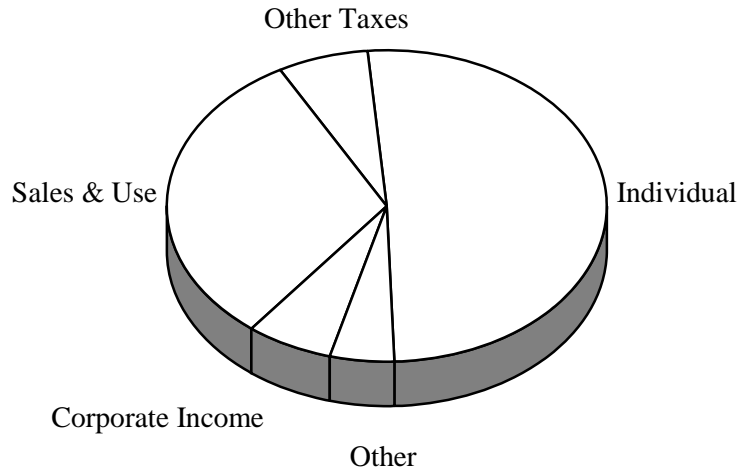
<u>Tax Source</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2011-13</u>	<u>% of Total</u>
Individual Income	\$6,868,230,000	\$7,222,003,000	\$14,090,233,000	52.0%
Sales and Use	4,269,805,000	4,387,065,000	8,656,870,000	32.0
Corporate Income and Franchise	880,800,000	877,125,000	1,757,925,000	6.5
Public Utility	344,600,000	352,600,000	697,200,000	2.6
Excise				
Cigarette	615,000,000	610,000,000	1,225,000,000	4.5
Tobacco Products	63,600,000	65,700,000	129,300,000	0.5
Liquor and Wine	47,100,000	48,200,000	95,300,000	0.4
Beer	9,500,000	9,500,000	19,000,000	0.1
Insurance Company	147,000,000	150,000,000	297,000,000	1.1
Miscellaneous	<u>51,600,000</u>	<u>57,000,000</u>	<u>108,600,000</u>	<u>0.4</u>
TOTAL	\$13,297,235,000	\$13,779,193,000	\$27,076,428,000	100.0%

TABLE 8**Estimated 2011-13 Departmental Revenues**

	<u>2011-12</u>	<u>2012-13</u>	<u>2011-13</u>
Administration	\$5,580,700	\$5,635,600	\$11,216,300
Agriculture, Trade and Consumer Protection	98,900	98,900	197,800
Circuit Courts	52,000,000	52,000,000	104,000,000
Corrections	2,360,000	2,325,000	4,685,000
Court of Appeals	218,000	218,000	436,000
Educational Communications Board	10,000	10,000	20,000
Financial Institutions	57,775,500	57,683,700	115,459,200
Government Accountability Board	940,900	0	940,900
Health Services	24,554,000	25,054,000	49,608,000
Insurance	21,295,100	22,714,700	44,009,800
Justice	398,400	398,400	796,800
Miscellaneous Appropriations	5,600,000	5,600,000	11,200,000
Natural Resources	5,486,500	5,486,500	10,973,000
Pension Obligation Bonds	129,105,700	137,460,500	266,566,200
Public Defender	20,000	30,000	50,000
Public Instruction	1,383,100	1,394,100	2,777,200
Public Service Commission	1,598,300	1,840,700	3,439,000
Revenue	34,759,100	35,083,300	69,842,400
Safety and Professional Services	2,379,200	1,665,500	4,044,700
Secretary of State	83,500	64,800	148,300
Shared Revenue and Tax Relief	9,423,500	9,423,500	18,847,000
Supreme Court	59,000	59,000	118,000
Tobacco Settlement Revenues	97,586,100	97,189,100	194,775,200
Transfers/Lapses to General Fund	179,892,600	107,890,700	287,783,300
UW System	14,152,500	14,152,500	28,305,000
Wisconsin Housing and Economic Development Authority	900,000	900,000	1,800,000
Wisconsin Technical College System	50,000	50,000	100,000
Workforce Development	<u>171,900</u>	<u>173,600</u>	<u>345,500</u>
Subtotal	\$647,882,500	\$584,602,100	\$1,232,484,600
Tribal Gaming	<u>26,537,600</u>	<u>28,073,800</u>	<u>54,611,400</u>
Total	\$674,420,100	\$612,675,900	\$1,287,096,000

FIGURE 3

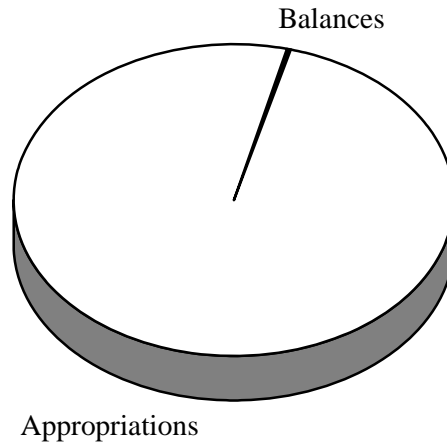
Estimated 2011-13 General Fund Revenues



<u>Tax Source</u>	<u>Amount</u>	<u>Percent of Total</u>
Individual Income	\$14,090,233,000	49.5%
Sales and Use	8,656,870,000	30.4
Corporate Income and Franchise	1,757,925,000	6.2
Public Utility	697,200,000	2.5
Excise		
Cigarette	1,225,000,000	4.3
Tobacco Products	129,300,000	0.5
Liquor and Wine	95,300,000	0.3
Beer	19,000,000	0.1
Insurance	297,000,000	1.0
Miscellaneous	<u>108,600,000</u>	<u>0.4</u>
Total--Taxes	\$27,076,428,000	95.2%
Other		
Opening Balance, July 1, 2011	\$86,246,400	0.3%
Departmental Revenues	<u>1,287,096,000</u>	<u>4.5</u>
Total--Other	\$1,373,342,400	4.8%
GRAND TOTAL	\$28,449,770,400	100.0%

FIGURE 4

Use of 2011-13 General Fund Revenues



<u>Use</u>	<u>Amount</u>	<u>Percent of Total</u>
Appropriations	(\$29,272,557,800)	(99.7%)
Gross Appropriations	28,917,230,800	98.5
Compensation Reserves	110,700,000	0.4
Transfers and Other 2011 Acts	244,627,000	0.8
Balances	(74,415,700)	(0.3)
Statutory Balance	65,000,000	0.2
Net Balance	<u>9,415,700</u>	<u>0.1</u>
GROSS TOTAL	\$29,346,973,500	100.0%
Less Lapses	<u>-897,203,100</u>	
NET TOTAL	\$28,449,770,400	

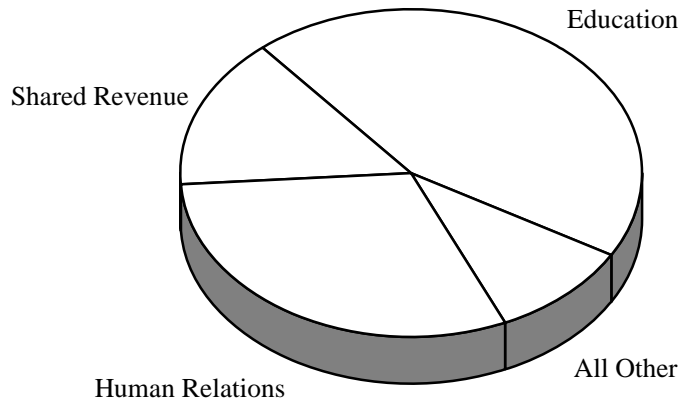
TABLE 9**Summary of General Fund Appropriations by Agency**

<u>Agency</u>	<u>2010-11 Adjusted Base Doubled</u>	<u>2011-13 Governor</u>	<u>2011-13 Jt. Finance</u>	<u>2011-13 Legislature</u>	<u>2011-13 Act 32</u>	<u>2011-13 Act 32 Change Over Base</u>	
						<u>Amount</u>	<u>%</u>
Administration	\$772,415,400	\$1,024,427,600	\$1,035,908,100	\$1,035,908,100	\$1,035,908,100	\$263,492,700	34.1%
Agriculture, Trade and Consumer Protection	54,622,400	54,163,900	54,988,200	54,988,200	54,988,200	365,800	0.7
Arts Board	4,835,400	0	0	0	0	-4,835,400	-100.0
Board for People with Developmental Disabilities	39,600	51,800	51,800	51,800	51,800	12,200	30.8
Board on Aging and Long-Term Care	2,033,800	2,154,400	2,154,400	2,154,400	2,154,400	120,600	5.9
Building Commission	50,566,200	58,950,000	62,218,900	62,218,900	62,218,900	11,652,700	23.0
Child Abuse and Neglect Prevention Board	2,215,200	1,999,200	1,999,200	1,999,200	1,999,200	-216,000	-9.8
Children and Families	693,857,200	1,001,858,100	702,673,700	702,673,700	702,673,700	8,816,500	1.3
Circuit Courts	191,580,000	180,496,800	192,697,000	192,697,000	192,697,000	1,117,000	0.6
Commerce	53,648,200	0	0	0	0	-53,648,200	-100.0
Compensation Reserves	---	104,700,000	110,700,000	110,700,000	110,700,000	110,700,000	N.A.
Corrections	2,291,357,600	2,247,825,400	2,250,923,800	2,250,923,800	2,250,923,800	-40,433,800	-1.8
Court of Appeals	20,324,000	20,032,800	20,954,000	20,954,000	20,954,000	630,000	3.1
District Attorneys	84,578,200	83,369,200	83,369,200	83,369,200	83,369,200	-1,209,000	-1.4
Educational Communications Board	15,666,600	13,808,800	13,968,400	13,968,400	13,968,400	-1,698,200	-10.8
Employee Trust Funds	1,343,200	1,015,800	1,015,800	1,015,800	1,015,800	-327,400	-24.4
Employment Relations Commission	5,140,400	5,149,600	5,149,600	5,149,600	5,149,600	9,200	0.2
Environmental Improvement Fund	94,749,600	55,160,100	66,963,400	66,963,400	66,963,400	-27,786,200	-29.3
Government Accountability Board	4,875,200	5,291,700	7,091,700	7,091,700	7,091,700	2,216,500	45.5
Governor	8,466,400	8,289,400	8,871,600	8,871,600	8,871,600	405,200	4.8
Health Services	4,264,449,200	5,260,245,600	5,652,040,100	5,652,040,100	5,652,040,100	1,387,590,900	32.5
Higher Educational Aids Board	320,289,400	305,194,800	276,646,700	276,646,700	276,646,700	-43,642,700	-13.6
Historical Society	26,996,400	26,122,500	26,486,700	26,486,700	26,486,700	-509,700	-1.9
Judicial Commission	491,600	649,200	649,200	649,200	649,200	157,600	32.1
Judicial Council	255,200	255,400	139,400	139,400	139,400	-115,800	-45.4
Justice	83,159,600	82,197,500	82,197,500	82,197,500	82,197,500	-962,100	-1.2
Legislature	145,379,200	146,670,000	146,570,000	146,570,000	146,570,000	1,190,800	0.8
Lieutenant Governor	781,600	787,000	787,000	787,000	787,000	5,400	0.7
Medical College of Wisconsin	13,472,400	13,514,900	14,000,200	14,000,200	14,000,200	527,800	3.9
Military Affairs	45,921,600	43,438,500	45,026,100	45,026,100	45,026,100	-895,500	-2.0

<u>Agency</u>	2010-11 Adjusted <u>Base Doubled</u>	2011-13 <u>Governor</u>	2011-13 <u>Jt. Finance</u>	2011-13 <u>Legislature</u>	2011-13 <u>Act 32</u>	2011-13 Act 32 <u>Change Over Base</u>	
						<u>Amount</u>	<u>%</u>
Miscellaneous Appropriations	\$259,825,800	\$225,095,000	\$231,125,000	\$231,125,000	\$231,125,000	- \$28,700,800	- 11.0%
Natural Resources	239,203,400	193,167,600	216,213,700	216,213,700	216,213,700	- 22,989,700	- 9.6
Program Supplements	29,354,000	55,404,600	99,552,400	99,552,400	99,552,400	70,198,400	239.1
Public Defender	153,550,200	162,446,900	162,517,500	162,517,500	162,517,500	8,967,300	5.8
Public Instruction	10,975,947,400	10,205,451,000	10,238,605,900	10,238,605,900	10,238,605,900	- 737,341,500	- 6.7
Revenue	191,297,400	182,215,600	183,574,200	183,574,200	183,574,200	- 7,723,200	- 4.0
Safety and Professional Services	0	5,746,200	4,826,400	4,826,400	4,826,400	4,826,400	N.A.
Shared Revenue and Tax Relief	4,392,974,800	4,319,978,200	4,342,420,000	4,342,420,000	4,342,420,000	- 50,554,800	- 1.2
State Fair Park Board	4,726,200	4,560,400	5,209,400	5,209,400	5,209,400	483,200	10.2
Supreme Court	29,684,200	28,856,700	30,620,300	30,620,300	30,620,300	936,100	3.2
Tourism	5,753,000	9,348,300	9,348,300	9,348,300	9,348,300	3,595,300	62.5
Transportation	152,749,200	311,840,600	205,362,300	205,362,300	205,362,300	52,613,100	34.4
University of Wisconsin Madison	0	839,929,100	0	0	0	0	0.0
University of Wisconsin System	2,299,026,600	1,214,051,100	2,095,251,600	2,095,251,600	2,095,251,600	- 203,775,000	- 8.9
Veterans Affairs	4,489,000	4,089,500	4,738,400	4,738,400	4,738,400	249,400	5.6
Wisconsin Economic Development Corporation	0	35,143,300	66,925,300	66,925,300	66,925,300	66,925,300	N.A.
Wisconsin Housing and Economic Development Authority	0	10,126,000	0	0	0	0	N.A.
Wisconsin Technical College System	289,181,400	216,494,600	216,494,600	216,494,600	216,494,600	- 72,686,800	- 25.1
Workforce Development	<u>49,893,600</u>	<u>47,842,200</u>	<u>48,903,800</u>	<u>48,903,800</u>	<u>48,903,800</u>	<u>- 989,800</u>	- 2.0
TOTAL	\$28,331,167,000	\$28,819,606,900	\$29,027,930,800	\$29,027,930,800	\$29,027,930,800	\$696,763,800	2.5%
Change to Base		\$488,439,900	\$696,763,800	\$696,763,800	\$696,763,800		
Change to Governor			208,323,900	208,323,900	208,323,900		
Change to Jt. Finance				0	0		
Change to Legislature					0		

FIGURE 5

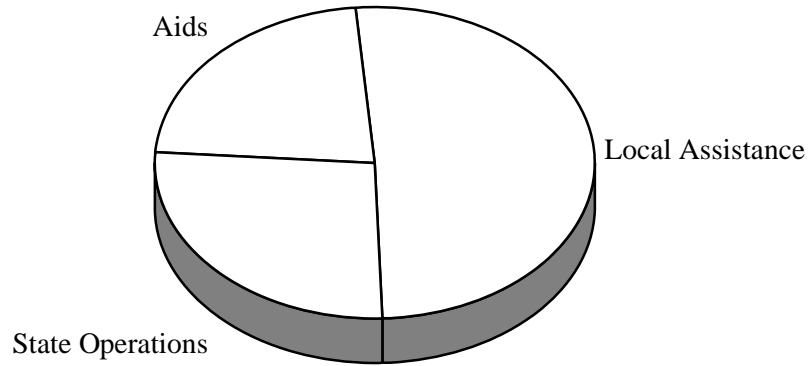
**2011-13 General Fund Appropriations
By Functional Area**



<u>Functional Area</u>	<u>Amount</u>	<u>Percent of Total</u>
Education	\$12,881,454,100	44.4%
Human Relations and Resources	8,879,227,600	30.6
Shared Revenue and Tax Relief	4,342,420,000	15.0
All Other		
General Executive	1,399,765,900	4.8
Environmental Resources	497,887,700	1.7
General Appropriations	392,896,300	1.3
Judicial	245,059,900	0.8
Legislative	146,570,000	0.5
Commerce	131,949,300	0.5
Compensation Reserves	<u>110,700,000</u>	<u>0.4</u>
TOTAL	\$29,027,930,800	100.0%

FIGURE 6

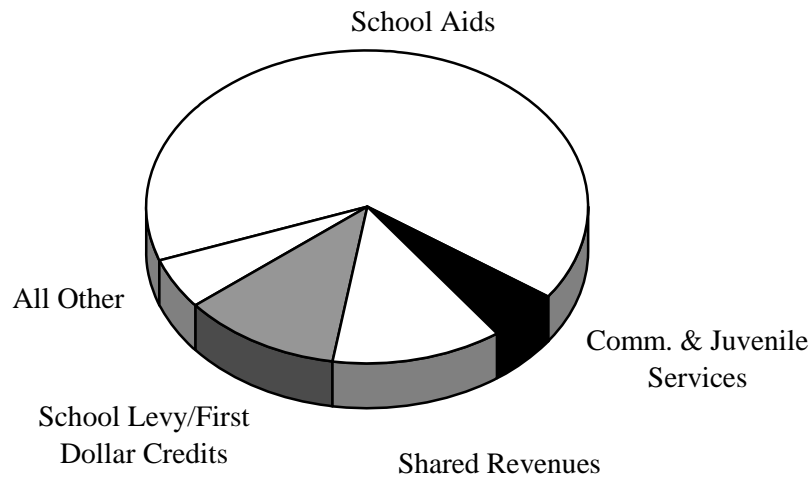
**2011-13 General Fund Appropriations
By Purpose**



<u>Purpose</u>	<u>Amount</u>	<u>Percent of Total</u>
Local Assistance	\$14,725,435,500	50.7%
State Operations	(7,792,975,000)	(26.9)
UW System	2,095,251,600	7.2
Corrections	1,994,614,400	6.9
Other Programs	3,592,409,000	12.4
Compensation Reserves	110,700,000	0.4
Aids to Individuals and Organizations	<u>6,509,520,300</u>	<u>22.4</u>
TOTAL	\$29,027,930,800	100.0%

FIGURE 7

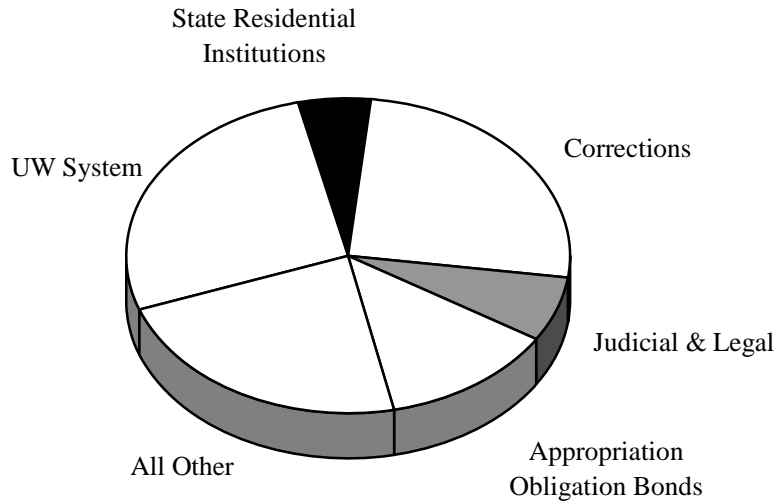
**2011-13 General Fund Appropriations
Local Assistance**



<u>Program</u>	<u>Amount</u>	<u>Percent of Total</u>
Elementary and Secondary School Aids	\$9,759,069,100	66.3%
Shared Revenues	1,877,394,300	12.7
School Levy/First Dollar Tax Credits	1,762,732,600	12.0
Community & Juvenile Correctional Services	541,787,200	3.7
Technical College System Aids	202,342,400	1.4
Long-Term Care Programs	175,619,400	1.2
Environmental Aid	122,782,700	0.8
Other	<u>283,707,800</u>	<u>1.9</u>
TOTAL	\$14,725,435,500	100.0%

FIGURE 8

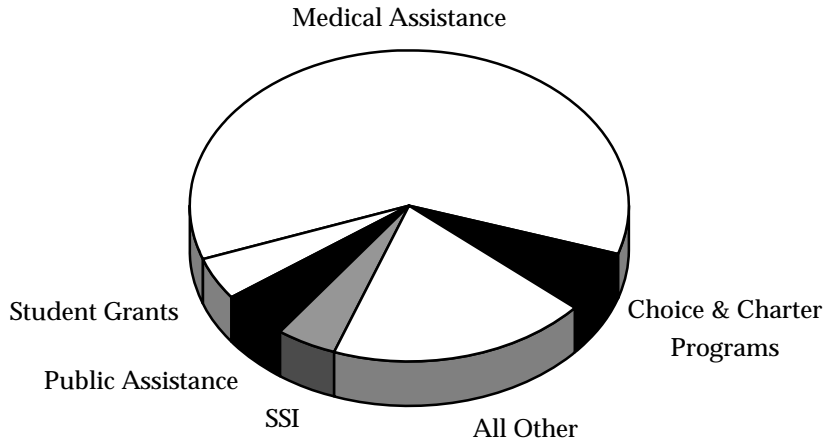
**2011-13 General Fund Appropriations
State Operations**



<u>Program</u>	<u>Amount</u>	<u>Percent of Total</u>
UW System	\$2,095,251,600	26.9%
Correctional Operations	1,994,614,400	25.6
Appropriation Obligation Bonds	994,390,000	12.8
Judicial and Legal Services	518,568,900	6.6
State Residential Institutions	409,190,500	5.2
DHS/Workforce Development	233,162,300	3.0
Tax Administration	183,574,200	2.4
Natural Resources	168,783,400	2.2
Legislature	146,570,000	1.9
Compensation Reserves	110,700,000	1.4
Other	<u>938,169,700</u>	<u>12.0</u>
TOTAL	\$7,792,975,000	100.0%

FIGURE 9

**2011-13 General Fund Appropriations
Aids to Individuals and Organizations**



<u>Program</u>	<u>Amount</u>	<u>Percent of Total</u>
Medical Assistance	\$3,946,921,300	60.6%
Choice and Charter School Programs	419,205,500	6.4
Public Assistance	320,254,000	4.9
Supplemental Security Income	295,545,600	4.6
Student Grants and Aids	285,548,200	4.5
Homestead Tax Credit	259,900,000	4.0
Earned Income Tax Credit	145,471,600	2.2
Foster Care and Adoptions Services	106,250,100	1.6
Prescription Drugs Assistance for Elderly	60,111,800	0.9
Milwaukee Child Welfare	29,446,600	0.5
Other	<u>640,865,600</u>	<u>9.8</u>
TOTAL	\$6,509,520,300	100.0%

TABLE 10
Distribution of 2011-13 General Fund Appropriations

	2011-12			2012-13			Total		
	Amount	% of Category	% of Total	Amount	% of Category	% of Total	Amount	% of Category	% of Total
LOCAL ASSISTANCE									
Elementary and Secondary School Aids	\$4,845,083,000	65.9%	34.1%	\$4,913,986,100	66.6%	33.1%	\$9,759,069,100	66.3%	33.6%
Shared Revenues	974,627,500	13.3	6.9	902,766,800	12.2	6.1	1,877,394,300	12.7	6.4
School Levy/First Dollar Tax Credits	880,182,600	12.0	6.2	882,550,000	12.0	5.9	1,762,732,600	12.0	6.1
Community and Juvenile Correctional Services	261,089,500	3.5	1.9	280,697,700	3.8	1.9	541,787,200	3.7	1.9
Technical College System Aids	101,171,200	1.4	0.7	101,171,200	1.4	0.7	202,342,400	1.4	0.7
Long-Term Care Programs	87,809,700	1.2	0.6	87,809,700	1.2	0.6	175,619,400	1.2	0.6
Environmental Aids	55,841,700	0.8	0.4	66,941,000	0.9	0.5	122,782,700	0.8	0.4
Other	143,828,600	1.9	1.0	139,879,200	1.9	0.9	283,707,800	1.9	1.0
TOTAL--LOCAL ASSISTANCE	\$7,349,633,800	100.0%	51.8%	\$7,375,801,700	100.0%	49.7%	\$14,725,435,500	100.0%	50.7%
STATE OPERATIONS									
UW System	\$985,449,700	27.3%	6.9%	\$1,109,801,900	26.5%	7.5%	\$2,095,251,600	26.9%	7.2%
Correctional Operations	977,255,600	27.1	6.9	1,017,358,800	24.3	6.9	1,994,614,400	25.6	6.9
Appropriation Obligation Bonds	367,223,100	10.2	2.6	627,166,900	15.0	4.2	994,390,000	12.8	3.4
Judicial and Legal Services	258,481,200	7.2	1.8	260,087,700	6.2	1.8	518,568,900	6.6	1.8
State Residential Institutions	198,158,000	5.5	1.4	211,032,500	5.0	1.4	409,190,500	5.2	1.4
DHS/Workforce Development	120,426,800	3.3	0.9	112,735,500	2.7	0.8	233,162,300	3.0	0.8
Tax Administration	91,787,100	2.5	0.6	91,787,100	2.2	0.6	183,574,200	2.4	0.7
Natural Resources	66,300,400	1.8	0.5	102,483,000	2.5	0.7	168,783,400	2.2	0.6
Legislature	73,292,500	2.0	0.5	73,277,500	1.8	0.5	146,570,000	1.9	0.5
Compensation Reserves	28,790,000	0.8	0.2	81,910,000	2.0	0.5	110,700,000	1.4	0.4
Other	442,832,600	12.3	3.1	495,337,100	11.8	3.3	938,169,700	12.0	3.2
TOTAL--STATE OPERATIONS	\$3,609,997,000	100.0%	25.4%	\$4,182,978,000	100.0%	28.2%	\$7,792,975,000	100.0%	26.9%
AIDS TO INDIVIDUALS AND ORGANIZATIONS									
Medical Assistance	\$1,988,131,800	61.5%	14.0%	\$1,958,789,500	59.8%	13.2%	\$3,946,921,300	60.6%	13.6%
Choice and Charter School Programs	202,402,700	6.2	1.4	216,802,800	6.6	1.4	419,205,500	6.4	1.4
Public Assistance	160,127,000	4.9	1.2	160,127,000	4.9	1.1	320,254,000	4.9	1.1
Supplemental Security Income	146,314,800	4.5	1.0	149,230,800	4.6	1.0	295,545,600	4.6	1.0
Student Grants and Aids	141,844,100	4.4	1.0	143,704,100	4.4	1.0	285,548,200	4.5	1.0
Homestead Tax Credit	130,700,000	4.0	0.9	129,200,000	4.0	0.9	259,900,000	4.0	0.9
Earned Income Tax Credit	69,635,800	2.2	0.5	75,835,800	2.3	0.5	145,471,600	2.2	0.5
Foster Care and Adoption Assistance	52,448,700	1.6	0.4	53,801,400	1.6	0.4	106,250,100	1.6	0.4
Prescription Drugs Assistance for Elderly	29,231,600	0.9	0.2	30,880,200	0.9	0.2	60,111,800	0.9	0.2
Milwaukee Child Welfare	14,723,300	0.5	0.1	14,723,300	0.5	0.1	29,446,600	0.5	0.1
Other	299,785,900	9.3	2.1	341,079,700	10.4	2.3	640,865,600	9.8	2.2
TOTAL--AIDS	\$3,235,345,700	100.0%	22.8%	\$3,274,174,600	100.0%	22.1%	\$6,509,520,300	100.0%	22.4%
GRAND TOTAL	\$14,194,976,500	100.0%	100.0%	\$14,832,954,300	100.0%	100.0%	\$29,027,930,800	100.0%	100.0%

TABLE 11**Ten Largest General Fund Programs for 2011-13**

	<u>2011-12</u>			<u>2012-13</u>			<u>Total</u>		
	<u>Amount</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Amount</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Amount</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
Elementary and Secondary School Aids	\$4,845,083,000	34.1%	34.1%	\$4,913,986,100	33.1%	33.1%	\$9,759,069,100	33.6%	33.6%
Medical Assistance	1,988,131,800	14.0	48.1	1,958,789,500	13.2	46.3	3,946,921,300	13.6	47.2
UW System	985,449,700	6.9	55.0	1,109,801,900	7.5	53.8	2,095,251,600	7.2	54.4
Correctional Operations	977,255,600	6.9	61.9	1,017,358,800	6.9	60.7	1,994,614,400	6.9	61.3
Shared Revenues	974,627,500	6.9	68.8	902,766,800	6.1	66.8	1,877,394,300	6.4	67.7
School Levy/First Dollar Tax Credits	880,182,600	6.2	75.0	882,550,000	5.9	72.7	1,762,732,600	6.1	73.8
Appropriation Obligation Bonds	367,223,100	2.6	77.6	627,166,900	4.2	76.9	994,390,000	3.4	77.2
Community and Juvenile Correctional Services	261,089,500	1.9	79.5	280,697,700	1.9	78.8	541,787,200	1.9	79.1
Judicial and Legal Services	258,481,200	1.8	81.3	260,087,700	1.8	80.6	518,568,900	1.8	80.9
Choice and Charter School Programs	<u>202,402,700</u>	<u>1.4</u>	<u>82.7</u>	<u>216,802,800</u>	<u>1.4</u>	<u>82.0</u>	<u>419,205,500</u>	<u>1.4</u>	<u>82.3</u>
Subtotal	\$11,739,926,700	82.7%		\$12,170,008,200	82.0%		\$23,909,934,900	82.3%	
All Other Programs	<u>2,455,049,800</u>	<u>17.3</u>	100.0	<u>2,662,946,100</u>	<u>18.0</u>	100.0	<u>5,117,995,900</u>	<u>17.7</u>	100.0
GRAND TOTAL	\$14,194,976,500	100.0%		\$14,832,954,300	100.0%		\$29,027,930,800	100.0%	

TABLE 12**Summary of General Fund Full-Time Equivalent Positions by Agency**

	2010-11 <u>Base</u>	2012-13 <u>Governor</u>	2012-13 <u>Jt. Finance</u>	2012-13 <u>Legislature</u>	2012-13 <u>Act 32</u>	Act 32 Change <u>to Base</u>
Administration	91.46	89.20	98.25	98.25	98.25	6.79
Agriculture, Trade and Consumer Protection	205.50	209.50	210.00	210.00	210.00	4.50
Arts Board	4.00	0.00	0.00	0.00	0.00	- 4.00
Board on Aging and Long-Term Care	15.53	14.73	14.73	14.73	14.73	- 0.80
Child Abuse and Neglect Prevention Board	1.00	1.00	1.00	1.00	1.00	0.00
Children and Families	218.03	217.69	217.65	217.65	217.65	- 0.38
Circuit Courts	527.00	527.00	527.00	527.00	527.00	0.00
Commerce	59.15	0.00	0.00	0.00	0.00	- 59.15
Corrections	9,679.57	9,654.22	9,655.22	9,655.22	9,655.22	- 24.35
Court of Appeals	75.50	75.50	75.50	75.50	75.50	0.00
District Attorneys	380.90	380.90	380.90	380.90	380.90	0.00
Educational Communications Board	37.44	35.14	35.14	35.14	35.14	- 2.30
Employment Relations Commission	21.00	20.50	20.50	20.50	20.50	- 0.50
Government Accountability Board	14.30	14.30	19.30	19.30	19.30	5.00
Governor	37.25	37.25	37.25	37.25	37.25	0.00
Health Services	2,229.72	2,344.29	2,439.17	2,439.17	2,439.17	209.45
Higher Educational Aids Board	10.50	11.00	11.00	11.00	11.00	0.50
Historical Society	106.15	99.15	100.15	100.15	100.15	- 6.00
Judicial Commission	2.00	2.00	2.00	2.00	2.00	0.00
Judicial Council	1.00	1.00	0.50	0.50	0.50	- 0.50
Justice	367.08	377.08	383.08	383.08	383.08	16.00
Legislature	758.17	758.17	758.17	758.17	758.17	0.00
Lieutenant Governor	4.00	4.00	4.00	4.00	4.00	0.00
Military Affairs	88.82	80.63	80.63	80.63	80.63	- 8.19
Natural Resources	300.69	291.10	291.10	291.10	291.10	- 9.59
Public Defender	575.85	574.85	574.85	574.85	574.85	- 1.00
Public Instruction	261.46	250.25	250.25	250.25	250.25	- 11.21
Revenue	892.73	848.28	859.28	859.28	859.28	- 33.45
Safety and Professional Services	0.00	4.00	1.00	1.00	1.00	1.00
Supreme Court	115.50	114.50	114.50	114.50	114.50	- 1.00
Tourism	30.45	30.00	30.00	30.00	30.00	- 0.45
University of Wisconsin-Madison Authority	0.00	7,036.43	0.00	0.00	0.00	0.00
University of Wisconsin System	18,483.93	11,447.50	18,432.76	18,432.76	18,432.76	- 51.17
Veterans Affairs	0.00	0.00	0.00	0.00	0.00	0.00
Wisconsin Technical College System	30.25	23.25	23.25	23.25	23.25	- 7.00
Workforce Development	<u>135.73</u>	<u>126.46</u>	<u>126.46</u>	<u>126.46</u>	<u>126.46</u>	<u>- 9.27</u>
Total	35,761.66	35,700.87	35,774.59	35,774.59	35,774.59	12.93

OVERVIEW

TRANSPORTATION FUND BUDGET

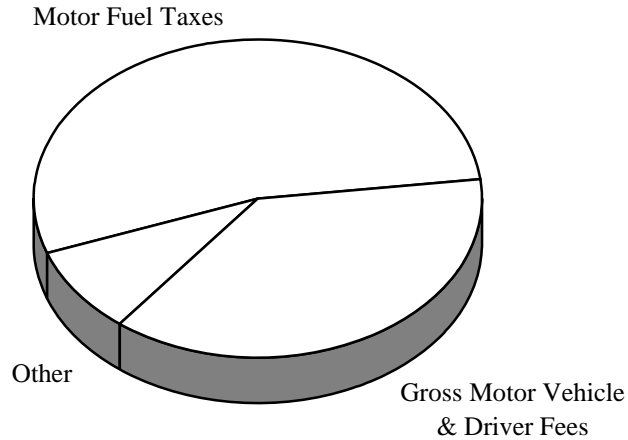
TABLE 13

2011-13 Transportation Fund Condition Statement

	<u>2011-12</u>	<u>2012-13</u>
Unappropriated Balance, July 1	\$0	\$737,700
Revenues		
Motor Fuel Tax	\$985,100,000	\$979,050,000
Vehicle Registration Fees	616,578,100	611,280,000
Less Revenue Bond Debt Service	-200,309,200	-215,314,100
Transfer from the General Fund	22,500,000	137,627,000
Driver's License Fees	39,785,900	39,778,800
Miscellaneous Motor Vehicle Fees	29,112,000	29,111,100
Aeronautical Fees and Taxes	9,948,700	10,005,400
Railroad Property Taxes	26,337,100	26,723,000
Investment Earnings	2,210,100	11,422,800
Miscellaneous Departmental Revenues	<u>40,186,300</u>	<u>40,444,900</u>
Total Annual Revenues	\$1,571,449,000	\$1,670,128,900
Total Available	\$1,571,449,000	\$1,670,866,600
Appropriations and Reserves		
DOT Appropriations	\$1,535,878,900	\$1,636,299,400
Other Agency Appropriations	25,054,100	25,790,300
Less Estimated Lapses	-1,000,000	-1,000,000
Compensation and Other Reserves	<u>10,778,300</u>	<u>8,399,300</u>
Net Appropriations and Reserves	\$1,570,711,300	\$1,669,489,000
Unappropriated Balance, June 30	\$737,700	\$1,377,600

FIGURE 10

Estimated 2011-13 Transportation Fund Revenues



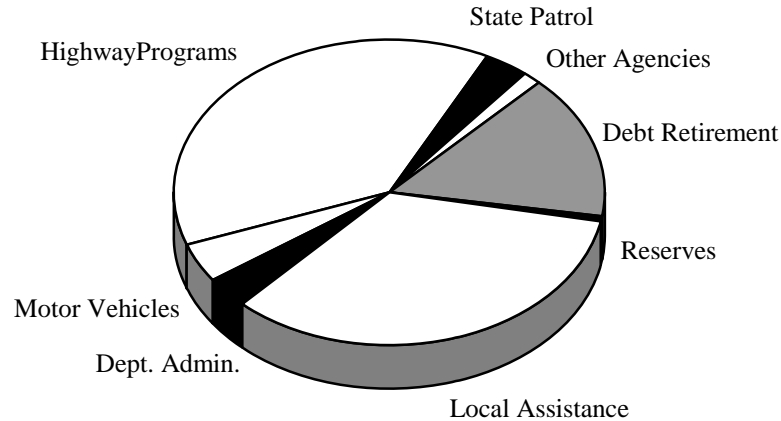
<u>Source</u>	<u>Amount</u>	<u>Percent of Total</u>
Motor Fuel Taxes	\$1,964,150,000	53.7%
Gross Motor Vehicle and Driver Fees*	1,365,645,900	37.3
Railroad Taxes	53,060,100	1.5
Aeronautics Taxes and Fees	19,954,100	0.5
Miscellaneous Revenues**	<u>254,391,100</u>	<u>7.0</u>
TOTAL	\$3,657,201,200	100.0%

*Total motor vehicle fees before revenue bond debt service is subtracted and deposited to a separate debt service trust fund.

**Includes \$160,127,000 transferred from the general fund and \$39,000,000 transferred from the petroleum inspection fund.

FIGURE 11

**2011-13 Transportation Fund Appropriations
By Category**



<u>Category</u>	<u>Amount</u>	<u>Percent of Total</u>
Highway Programs	\$1,389,776,800	38.0%
Local Assistance	1,242,484,400	34.0
Debt Retirement*	556,941,600	15.2
Division of Motor Vehicles	153,931,100	4.2
Division of State Patrol	126,475,900	3.5
Departmental Administration	118,723,800	3.2
Other Agencies**	50,312,400	1.4
Reserves	<u>19,177,600</u>	<u>0.5</u>
TOTAL	\$3,657,823,600	100.0%

*Includes debt service on revenue bonds, which is subtracted from vehicle registration revenues prior to deposit in the transportation fund.

**Amounts placed in the Joint Committee on Finance's supplemental appropriation have been subtracted from the other agency category and allocated instead to the program areas from which the supplements were transferred.

NOTE: Lapses to the transportation fund from the appropriations above are estimated to be \$2,000,000 in 2011-13. Therefore, expenditures in the 2011-13 biennium are estimated to be \$3,655,823,600.

OVERVIEW

LOTTERY FUND BUDGET

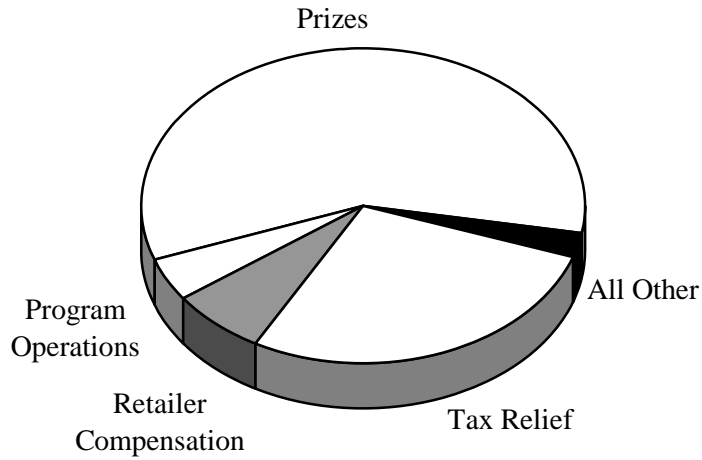
TABLE 14**2011-13 Lottery Fund Condition Statement**

	<u>2011-12</u>	<u>2012-13</u>
Fiscal Year Opening Balance	\$13,518,500	\$9,611,700
Operating Revenues		
Ticket Sales	\$480,385,700	\$480,056,700
Retailer Fees and Miscellaneous	<u>198,500</u>	<u>239,600</u>
Gross Revenues	\$480,584,200	\$480,296,300
Expenditures		
Prizes	\$281,799,100	\$281,633,300
Retailer Compensation	33,744,500	33,723,100
Vendor Payments	11,201,800	11,193,400
General Program Operations	21,221,300	21,221,300
Appropriation to DOJ	373,100	373,100
Appropriation to DOR	276,900	276,900
Miscellaneous Expenses	26,200	26,200
Program Reserves	<u>154,700</u>	<u>310,800</u>
Total Expenditures	\$348,797,600	\$348,758,100
Net Proceeds	\$131,786,600	\$131,538,200
Interest Earnings	\$502,300	\$2,130,700
Gaming-Related Revenue	\$192,900	\$192,900
Total Available for Tax Relief *	\$146,000,300	\$143,473,500
Appropriations for Tax Relief		
Lottery and Gaming Tax Credit	\$121,391,600	\$118,870,400
School Levy Tax Credit (Lottery Fund)	14,850,000	14,850,000
Late Lottery and Gaming Credit Applications	<u>147,000</u>	<u>147,000</u>
Total Appropriations for Tax Relief	\$136,388,600	\$133,867,400
Gross Closing Balance	\$9,611,700	\$9,605,900
Reserve (2% of Gross Revenues)	\$9,611,700	\$9,605,900
Net Closing Balance	\$0	\$0

* Opening balance, net proceeds, interest earnings and gaming-related revenue.

FIGURE 12

2011-13 Lottery Fund Expenditures



	<u>Amount</u>	<u>Percent of Total</u>
Operating Expenditures	(\$697,555,800)	(72.1%)
Prizes	563,432,400	58.2
Retailer Compensation	67,467,700	7.0
General Program Operations	42,442,600	4.4
Vendor Payments	22,395,200	2.3
Appropriations to DOJ and DOR	1,300,000	0.1
Program Reserves and Miscellaneous	517,900	0.1
Appropriations for Tax Relief	(270,256,000)	(27.9)
Lottery Property Tax Credit	240,556,000	24.8
School Levy Tax Credit	<u>29,700,000</u>	<u>3.1</u>
TOTAL	\$967,811,800	100.0%

STATE AGENCY BUDGET SUMMARIES

Administration Through Miscellaneous Appropriations

ADMINISTRATION

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$772,415,400	\$1,024,427,600	\$1,035,908,100	\$1,035,908,100	\$1,035,908,100	\$263,492,700	34.1%
FED	332,178,000	334,462,500	403,397,300	403,397,300	403,397,300	71,219,300	21.4
PR	661,584,600	636,616,900	639,498,300	639,498,300	639,498,300	- 22,086,300	- 3.3
SEG	<u>99,223,600</u>	<u>100,194,000</u>	<u>100,194,000</u>	<u>100,194,000</u>	<u>100,194,000</u>	<u>970,400</u>	1.0
TOTAL	\$1,865,401,600	\$2,095,701,000	\$2,178,997,700	\$2,178,997,700	\$2,178,997,700	\$313,596,100	16.8%

FTE Position Summary						
Fund	2010-11 Base	2012-13 Governor	2012-13 Jt. Finance	2012-13 Legislature	2012-13 Act 32	Act 32 Change Over 2010-11 Base
GPR	91.46	89.20	98.25	98.25	98.25	6.79
FED	112.91	67.56	86.51	86.51	86.51	- 26.40
PR	842.45	801.15	806.45	806.45	806.45	- 36.00
SEG	<u>11.60</u>	<u>11.60</u>	<u>11.60</u>	<u>11.60</u>	<u>11.60</u>	<u>0.00</u>
TOTAL	1,058.42	969.51	1,002.81	1,002.81	1,002.81	- 55.61

Budget Change Items

General Agency Provisions

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide standard budget adjustments to the base totaling \$939,700 GPR, \$2,656,200 FED, \$4,034,400 PR and -\$56,800 SEG and -29.0 FED positions in 2011-12 and \$921,000 GPR, \$1,049,200 FED, \$4,012,100 PR, and -\$56,800 SEG and -0.38 GPR, -41.5 FED and -0.38 PR

	Funding	Positions
GPR	\$1,860,700	- 0.38
FED	3,705,400	- 41.50
PR	8,046,500	- 0.38
SEG	<u>-113,600</u>	<u>0.00</u>
Total	\$13,499,000	- 42.26

positions in 2012-13. Adjustments are for: (a) turnover reduction (-\$106,300 GPR and -\$1,076,000 PR annually); (b) removal of non-continuing elements from the base (-\$1,265,800 FED and -29.0 FED positions in 2011-12 and -\$22,300 GPR, -\$2,872,800 FED, and -\$22,300 PR and -0.38 GPR, -41.50 FED, and -0.38 PR positions in 2012-13); (c) full funding of continuing salaries and fringe benefits (\$1,039,500 GPR, \$3,923,700 FED, \$4,549,900 PR, and -\$57,500 SEG annually); (d) reclassifications (\$6,700 GPR in 2011-12 and \$10,300 GPR in 2012-13); (e) overtime (\$547,800 PR annually); (f) night and weekend differential (\$28,400 PR annually); and (g) full funding of lease costs and directed moves (-\$200 GPR, -\$1,700 FED, -\$15,700 PR, and \$700 SEG annually).

2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE

GPR	- \$955,800
FED	- 807,100
PR	- 8,067,000
SEG	<u>- 133,200</u>
Total	- \$9,963,100

Governor/Legislature: Delete \$4,983,400 in 2011-12 and \$4,979,700 in 2012-13 to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The reductions would include \$477,900 GPR, \$405,400 FED, \$4,033,500 PR, and \$66,600 SEG in 2011-12 and \$477,900 GPR, \$401,700 FED, \$4,033,500 PR, and \$66,600 SEG in 2012-13. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance cost reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

3. AGENCY BUDGET REDUCTIONS

GPR	- \$555,200
PR	<u>- 9,049,000</u>
Total	- \$9,604,200

Governor/Legislature: Reduce funding by \$277,600 GPR and \$4,524,500 PR annually associated with a 10% reduction to supplies and other non-personnel costs. Included in the recommended reductions are several large reductions which are shown below.

<u>Fund</u>	<u>Appropriation</u>	<u>Annual Reduction</u>
GPR	Program Operations	\$175,800
PR	Land Information	\$275,700
	Relay Service	433,600
	Materials and Services to State Agencies	196,800
	Telecommunications Services	1,953,700
	District Attorney Information Technology	282,600
	Financial Services	546,500
	Law Enforcement Grants	136,100

4. ELIMINATE LONG-TERM VACANCIES

Governor/Legislature: Delete \$1,694,500 (all funds) and 28.41 (all funds) positions annually to reflect the elimination of long-term vacant positions under the bill. The reductions would include \$106,200 GPR and 1.88 GPR positions, \$30,600 FED and 0.5 FED position, \$1,484,600 PR and 25.03 PR positions, and \$73,100 SEG and 1.0 SEG position annually. Funding and position reductions are associated with positions that have been vacant for 12 months or more.

	Funding	Positions
GPR	- \$212,400	- 1.88
FED	- 61,200	- 0.50
PR	- 2,969,200	- 25.03
SEG	<u>- 146,200</u>	<u>- 1.00</u>
Total	- \$3,389,000	- 28.41

5. APPROPRIATION OBLIGATION BOND DEBT SERVICE REESTIMATE -- PENSION BONDS

Governor/Legislature: Provide \$258,724,500 in 2012-13 over base level funding of \$274,749,000 in 2010-11 to meet the required debt service appropriation level associated with the appropriation obligation bonds issued to pay the state's Wisconsin Retirement System unfunded prior service liability as well as the accumulated sick leave conversion credit program liability. Corresponding increases would be made in lapses and transfers from state agency operation appropriations to pay for each agency's share of these costs. The estimated appropriation amounts are being increased to reflect the changes in the debt service schedule on the obligations primarily associated with the required refinancing of the variable rate portion of this debt with longer-term obligations.

GPR	\$258,724,500
GPR-Lapse	237,992,300
GPR-Earned	<u>20,732,200</u>
Change to Balance	\$0

The appropriation level must equal the maximum possible payment that could be made in a given year under the debt structure associated with these obligations and all related ancillary agreements. The funding level would be \$274,749,000 in 2011-12 and \$533,473,500 in 2012-13.

Estimate lapses to the general fund of \$145,642,800 in 2011-12 and \$396,012,500 in 2012-13 associated with lapses from agency general fund operations appropriations attributable to the GPR share of debt service on the appropriation obligation bonds, which would represent decrease of \$6,188,700 in 2011-12 and an increase of \$244,181,000 in 2012-13 from the budgeted lapse of \$151,831,500 in the 2010-11 base year. Estimate GPR-Earned under DOA at \$129,105,700 in 2011-12 and \$137,460,500 in 2012-13 attributable to transfers from SEG and PR state agencies to offset a portion of this debt service, which would represent increases of \$6,188,700 in 2011-12 and \$14,543,500 from budgeted GPR-Earned of \$122,917,000 in the 2010-11 base year. The funding adjustments associated with these bonds are shown in the following table:

	<u>2011-12</u>	<u>2012-13</u>	
DOA Appropriation for Debt Service	\$274,749,000	\$533,473,500	GPR
Related GPR-Lapses from Agencies	<u>-145,642,800</u>	<u>-396,012,500</u>	GPR-Lapse
Net GPR Appropriation	\$129,106,200	\$137,461,000	
Related Payments to General Fund			
From PR and SEG Appropriations	\$129,105,700	\$137,460,500	GPR-Earned

6. APPROPRIATION OBLIGATION BOND DEBT SERVICE REESTIMATE -- TOBACCO BONDS

GPR	\$967,500
GPR-Lapse	618,800
GPR-Earned	<u>5,949,600</u>
Change to Balance	\$5,600,900

Governor/Legislature: Specify a decrease in funding of \$125,900 in 2011-12 and an increase in funding of \$1,093,400 in 2012-13 from the base level of \$92,600,000 in 2010-11. These changes are a result of reestimated amounts needed to pay debt service on appropriation obligation bonds issued under the state's transaction to refinance the outstanding bonds of the Badger Tobacco Asset Securitization Corporation, under which the state regained the rights to its tobacco settlement payments. DOA issued the appropriation bonds to carry out this transaction in March, 2009.

Debt service on the appropriation obligation bonds are paid from an annual GPR appropriation and total requested debt service funding would be \$92,474,100 in 2011-12 and \$93,693,400 in 2012-13. Increase GPR-Earned estimates by \$3,173,300 in 2011-12 and \$2,776,300 in 2012-13, compared with the budgeted amount of \$94,412,800 in 2010-11. These revenues are associated with the reacquired tobacco settlement revenues, which are deposited to the general fund after \$50,000,000 annually is transferred to the medical assistance trust fund. In addition, estimate lapses of \$4,000 in 2011-12 and \$614,800 in 2012-13 associated with the tobacco-related appropriation obligation bonds issued under the March, 2009 transaction.

7. DEBT SERVICE REESTIMATE [LFB Paper 183]

GPR	- \$3,289,200
PR	<u>- 9,021,000</u>
Total	- \$12,310,000

Governor/Legislature: Reestimate funding by -\$1,214,900 GPR and -\$3,386,100 PR in 2011-12 and -\$2,074,300 GPR and -\$5,634,900 PR in 2012-13 to reflect the current law reestimate of debt service costs on state general obligation bonds and commercial paper debt issued for the following programs: (a) general fund supported principal and interest for educational technology infrastructure in schools (-\$1,296,000 GPR in 2011-12 and -\$2,151,500 GPR in 2012-13); (b) general fund supported principal and interest for educational technology infrastructure in libraries (\$9,600 GPR in 2011-12 and \$4,900 GPR in 2011-12); (c) general fund supported principal and interest for the Black Point Estate in Lake Geneva (\$71,500 GPR in 2011-12 and \$72,300 GPR in 2012-13); (d) program revenue supported principal and interest for educational technology infrastructure for schools (-\$307,700 PR in 2011-12 and -\$700,300 PR in 2012-13); (e) program revenue supported principal and interest for educational technology infrastructure for public library boards (-\$5,200 PR in 2012-13); (f) principal repayment and interest for parking in Madison (\$2,400 PR in 2011-12 and \$484,700 PR in 2012-13); and (g) principal repayment and interest for buildings used to house state agencies (-\$3,080,800 PR in 2011-12 and -\$5,414,100 PR in 2012-13).

8. GPR DEBT RESTRUCTURING -- DEBT SERVICE [LFB Paper 175]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$2,433,100	\$746,100	- \$1,687,000

Governor: Decrease funding by \$2,552,200 in 2011-12 and increase funding by \$119,100 in 2012-13 to reflect the changes estimated GPR debt service costs associated with the proposed restructuring of general obligation bond and commercial paper GPR principal amounts that would otherwise be paid off in 2011-12. Under the bill, the state would issue refunding bonds to restructure a portion of its outstanding general obligation GPR principal debt and would rollover the principal due on its outstanding commercial paper in 2011-12. The increase in debt service for 2012-13 is associated with the initial interest amount due on the additional debt issued to replace the restructured 2011-12 principal amounts. (see "Building Commission" for additional information regarding this provision).

Joint Finance/Legislature: Modify debt service funding by \$781,500 GPR in 2011-12 and -\$35,400 GPR in 2012-13 associated with a \$100,100,000 reduction in restructuring bonding in 2011-12, for the following: (a) general fund supported principal and interest for educational technology infrastructure in schools (\$772,400 GPR in 2011-12 and -\$34,900 GPR in 2012-13); (b) general fund supported principal and interest for educational technology infrastructure in libraries (\$4,700 GPR in 2011-12 and -\$300 GPR in 2012-13); and (c) general fund supported principal and interest for the Black Point Estate in Lake Geneva (\$4,400 GPR in 2011-12 and -\$200 GPR in 2012-13).

9. ELEMENTARY SCHOOL READING TASK FORCE [LFB

GPR	\$1,200,000
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Paper 100]

Governor/Legislature: Provide \$600,000 annually and create an appropriation for the costs to develop and implement a program to assess and improve literacy in elementary school children. Provide that a task force, created by the Governor by executive order and charged with developing detailed recommendations for a program to assess and improve literacy in elementary school children, may request DOA to release funding from the DOA appropriation for use by DOA to implement the recommendations of the task force after the Governor has approved the detailed recommendations proposed by the task force.

[Act 32 Sections: 726 and 9101(2)]

10. ELIMINATE THE OFFICE OF THE WISCONSIN COVENANT SCHOLARS PROGRAM [LFB Paper 385]

	Funding	Positions
GPR	-\$406,400	- 2.00

Governor/Legislature: Eliminate the Office of the Wisconsin Covenant Scholars program (OWCSP). Delete the appropriation for the Wisconsin Covenant and \$203,200 and 2.0 positions annually and reduce the number of division administrator positions within the DOA by one. Transfer the assets, liabilities, and tangible personal property, including records, of OWCSP to the Higher Educational Aids Board (HEAB) on the effective date of the bill. In addition, transfer all contracts entered into, rules promulgated, and orders issued by OWCSP to HEAB. Specify that all transferred contracts, rules, and orders would remain in effect until their specified expiration date or until amended, repealed, modified, or rescinded by HEAB. Transfer all matters pending with OWCSP to HEAB.

In addition, delete current law requirements of DOA related to the promotion of postsecondary education. These requirements include: (a) serving as the state's liaison agency; (b) coordinating the postsecondary education promotional activities of state agencies, other organizations, and the Wisconsin Covenant Foundation, Incorporated (WCFI), and preventing duplication of effort in conducting those activities; (c) contracting with WCFI to establish and implement a campaign to promote attendance at nonprofit postsecondary institutions in this state if determined to be appropriate by the Secretary of DOA; and (d) reporting annually to the Legislature on the postsecondary educational promotional activities conducted by WCFI with state funding by July 1.

[Act 32 Sections: 83, 84, 95, 209, 725, and 9101(3)]

11. CREATE OFFICE OF BUSINESS DEVELOPMENT
[LFB Paper 101]

	Funding	Positions
GPR	\$363,400	2.00

Governor: Provide \$181,700 and 2.0 unclassified positions annually to create an Office of Business Development attached to DOA. The Office would be at the direction of an unclassified Director. Specify that the Director and the Deputy Director would be appointed by the Governor and serve at the Governor's pleasure. Specify that the Director would be assigned to executive salary group (ESG) 3 and the Deputy Director would be assigned to ESG 2. The Office would perform the functions as determined by the DOA Secretary.

Funding for the Office would be as follows: (a) salary \$132,900 annually, and (b) fringe benefits, \$48,800 annually. No supplies and services funding would be provided. The current salary range for an ESG 2 is \$64,160 to \$99,449 annually. The current salary range for ESG 3 is \$69,294 to \$107,407 annually.

Joint Finance/Legislature: Require the Office of Business Development to provide administrative support for the Small Business Regulatory Review Board.

[Act 32 Sections: 96, 213, 807, 814, and 2761]

12. INFORMATION TECHNOLOGY MANAGERS IN EXECUTIVE SALARY GROUP [LFB Paper 102]

Governor: Specify that the administrator of any division in DOA having responsibility for information technology management would be assigned to executive salary group (ESG) 7. Currently, the Director of the Office of State Employment Relations assigns the ESG level for division administrators with Joint Committee on Employment Relations approval.

The State Budget Office indicates that this provision is intended to apply only to the division administrator of DOA's Division of Enterprise Technology. The division administrator for the Division of Enterprise Technology is currently assigned to ESG 5 (an annual salary range of \$80,826 to \$125,282). Under the Governor's recommendation, this position would move to an

ESG 7 (an annual salary range of \$94,277 to \$146,131).

Joint Finance/Legislature: Specify that the division administrator for DOA's Division of Enterprise Technology would be assigned to ESG 7.

[Act 32 Sections: 91m, 805, and 809]

13. REPLACEMENT OF CLASSIFIED POSITIONS WITH UNCLASSIFIED POSITIONS

	Funding	Positions
FED	- \$228,200	- 1.00
PR	<u>228,200</u>	<u>1.00</u>
Total	\$0	0.00

Governor/Legislature: Delete \$114,100 FED and 1.0 FED position and provide \$114,100 and 1.0 PR position related to the conversion of classified staff to unclassified staff and converting 1.0 position from PR-funded to FED-funded. Convert a total of 3.0 classified positions to unclassified positions under DOA. This would include: (a) converting 1.0 classified position under the Division of Legal Services to unclassified; (b) converting 1.0 classified position under materials and services to state agencies appropriation to unclassified; and (c) deleting \$114,100 FED and 1.0 FED classified position annually from federally funded indirect cost reimbursements appropriation and providing \$61,400 and 0.5 unclassified position under the capital planning and building construction appropriation and \$52,700 and 0.5 unclassified position under the materials and services to state agencies appropriation.

Under 2011 Wisconsin Act 10, 38 classified positions are transferred into the unclassified service to serve as division administrators. Act 10 also redefined "administrators" to include "other managerial positions determined by an appointing authority." The State Budget Office indicates that personnel from three separate employment areas (attorney services positions, communications positions, and legislative liaison positions) will be moved from classified to unclassified service within the specified agencies. The revised unclassified positions were renamed as either chief legal advisors, communications directors, or legislative advisors. Individuals in these unclassified positions are at will employees appointed by the heads of the respective agencies.

The provisions in the 2011-13 biennial budget bill effectuate the intent of 2011 Wisconsin Act 10 in regards to the transfer of classified positions to unclassified positions.

14. DELETE DEPUTY ADMINISTRATOR -- ENTERPRISE OPERATIONS

	Funding	Positions
PR	- \$161,600	- 1.00

Governor/Legislature: Delete \$80,800 and 1.0 classified position annually for a deputy administrator in DOA's Division of Enterprise Operations.

15. DELETE DEPUTY ADMINISTRATOR -- ADMINISTRATIVE SERVICES

	Funding	Positions
PR	- \$236,400	- 1.00

Governor/Legislature: Delete \$118,200 and 1.0

classified position annually for a deputy administrator in DOA's Division of Administrative Services.

16. APPOINTMENT OF FEDERAL RELATIONS OFFICERS

Governor: Delete the requirement that the Joint Committee on Legislative Organization concur with the Governor on the appointment of an unclassified director and staff assistant for staffing a federal-state relations office in Washington, DC.

Joint Finance/Legislature: Delete provision as a non-fiscal policy item.

17. DELETE STATE EMPLOYEE CHILD CARE CENTER SUBSIDY [LFB Paper 103]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$0	-\$587,600	-\$587,600

Governor: Delete the requirement that DOA contract with one or more child care providers to supplement the cost of providing suitable space for child care services offered to the children of state employees who are assigned to work in the central portion of Madison.

Delete the authority of DOA to: (a) in concurrence with the Building Commission, lease space or provide space in any state-owned or state-leased building to be used for a child care provider; or (b) contribute to the space costs incurred by a child care provider serving state employees in central Madison.

Delete the requirement that DOA assess the costs of providing child care facilities for agencies who have employees that are located in central Madison. Delete DOA's authority to assess these agencies on an equitable basis for their share of a subsidy and deposit the revenues into the Department's facilities operations appropriation. Delete language under the appropriation that allows for the expenditure of supplements for child care facilities in central Madison. Delete authority under program supplements for space management that allow supplements to state agency child care facility costs.

Currently, DOA contracts with a child care provider near the Capitol in Madison. In 2010-11 DOA will assess agencies \$293,800 for this subsidy.

Under current law, the child care center that receives this subsidy may provide services to individuals other than state employees as long as state employees are given first opportunity for this service. This requirement would be deleted under the bill.

Delete the requirement that DOA may not authorize construction work for any state office facility in Madison unless DOA first provides suitable space for child care primarily for the use of children of state employees.

Delete the current law requirement that the Office of State Employment Relations Director provide a biennial report to the Building Commission regarding the desirability of child care facility space in the plans for construction or major remodeling projects enumerated in the state building program in the biennial budget act. Delete the specific authority of the Building Commission to direct the inclusion of a child care facility based on such a recommendation.

Specify that these provisions would become effective on September 1, 2011.

Joint Finance/Legislature: Delete \$293,800 annually from DOA's facilities operations appropriation related to the deleted subsidy.

[Act 32 Sections: 39, 43, 264, 267, 727, 776 thru 778, and 9401(1)]

18. LOW-INCOME WEATHERIZATION AND HEATING ASSISTANCE PROGRAMS

Governor: Allow DOA to transfer up to \$10 million from the public benefits fund-supported low-income weatherization program to the low-income heating assistance program in 2011-12 and 2012-13.

This provision would continue a provision that allows the same transfer in the 2009-11 biennium.

Joint Finance/Legislature: Specify that, in the 2011-13 biennium, the Department of Administration could exclude federal funds in excess of the amount of funds received in 2007-08 from the federal government for low-income weatherization and low-income heating assistance, in determining the appropriate amount of funding that must be provided for each of the programs.

Under current law, DOA must ensure that 47% of the following is provided for low-income weatherization: (a) amounts received from the federal government for low-income heating assistance; (b) public benefits funds received for low-income heating assistance; and (c) the amounts charged by municipal utilities and retail electric cooperatives for low-income assistance. In 2007-08, the federal government provided \$60.5 million for low-income heating assistance. Under this provision, if the state received more than that amount in either 2011-12 or 2012-13, amounts received from the federal government that were in excess of \$60.5 million would not be subject to the 47% weatherization formula and could be used for additional low-income heating assistance at DOA's discretion.

[Act 32 Sections: 325d thru 326m]

19. DELETE OFFICE OF ENERGY INDEPENDENCE

Governor/Legislature: Delete the Office of Energy Independence (OEI) and its related duties. Under current law, the Office is headed by an Executive Director and staff sufficient to carry out its statutory duties. Delete \$162,200 and 2.0

	Funding Positions	
FED	- \$324,400	- 2.00

positions annually related to OEI.

Under current law, OEI is attached to DOA and must work on, and facilitate the implementation of, initiatives that have the following goals: (a) advance Wisconsin's vision for energy independence by generating 25% of Wisconsin power and 25% of Wisconsin transportation fuels from renewable resources by 2025; (b) capture 10% of the emerging bio-industry and renewable energy market by 2030; and (c) become a national leader in groundbreaking research that will make alternative energies more affordable and create new, good-paying jobs in Wisconsin, developing biorefineries, and advancing the sale and use of motor vehicle gasoline and biofuel blends of greater than contain at least 10% of the biofuel. These duties would be deleted under the bill.

The Office must also do the following under current law: (a) ensure and facilitate the implementation of Wisconsin's energy independence initiatives; (b) serve as a single-point of contact to assist businesses, local units of government and nongovernmental organizations that are pursuing bio-development, energy efficiency and energy independence; (c) identify barriers to implementation of the Wisconsin's energy independence initiatives; (d) develop energy independence policy options for consideration by the Governor and state agencies; (e) identify federal funding opportunities and facilitate applications for funding by both state/local government and private entities; (f) perform duties necessary to maintain federal designation and federal funding; and (g) in cooperation with the Department of Agriculture, Trade and Consumer Protection (DATCP), pursue the establishment and maintenance of sufficient alternative fuel refueling facilities at public retail outlets to meet the public's traveling needs. Executive branch agencies are required to provide assistance to OEI to the fullest extent possible. All of these duties and requirements would be deleted.

Under current law, the Office must coordinate the preparation of a biennial strategic bioenergy feedstock assessment for assisting producers and users of bioenergy feedstocks and state and local government policy makers to understand trends in the production and use of bioenergy feedstocks in this state and the effects of that production and use. Each assessment must do all of the following, using readily available information: (a) summarize the bioenergy feedstocks currently and projected to be produced in the state, by region; (b) identify the current and projected significant markets of bioenergy feedstocks produced in the state and outside the state; (c) identify key factors that influence the supply of and demand for major bioenergy feedstocks in the state, including the types and amounts of land devoted to producing these feedstocks; (d) assess whether any of the factors identified under par. (c) are likely to change during the period covered by the assessment and, if so, how those changes may affect the availability of future bioenergy feedstocks; (e) assess the impacts of the increased use in the state of biomass for energy production on other consumers of that biomass, land use, environmental quality, and other benefits and services derived from the natural systems in which the biomass is produced; and (f) recommend, as appropriate, legislation or changes in programs or rules of affected agencies, including whether the assessment should be continued. This assessment is currently due by April 30, 2013, and no later than April 30, of each odd-numbered year thereafter. The statutory requirements would be deleted under the bill.

Under current law, DATCP must make annual renewable fuel recommendations. DATCP must determine whether annual sales goals for renewable fuels have been met in Wisconsin. The

Office must currently provide assistance in determining whether the goals have been accomplished. DATCP in consultation with OEI, must also determine whether adequate information is being provided in order to make a determination of renewable fuel sales and may request assistance from the Department of Commerce, the Department of Revenue or OEI to collect information, if it is more cost effective and less burdensome than other means of meeting the reporting requirements. The duties specifically related to OEI would be deleted under the bill.

[Act 32 Sections: 94, 193, 324, 325, 2298, 2309, 2314, and 2315]

20. STATE FUEL USE POLICIES [LFB Paper 104]

Governor/Legislature: Specify that state alternative fuel use requirements would instead be policies.

Under current law, DOA must, when feasible, require agencies to store only gasohol or alternative fuel at state facilities that have refueling equipment for state-owned or state-leased vehicles. Under the bill, DOA could instead only encourage such storage and only if it was cost effective.

Currently, DOA must require state employees to utilize hybrid-electric vehicles or vehicles that operate on gasohol or alternative fuels when using state-owned or state-leased vehicles whenever such utilization is feasible. Under the bill, DOA would be required to encourage the use of such vehicles and fuel, when cost-effective.

Under current law, DOA must require agencies to collectively reduce the use of petroleum based gas and diesel in state-owned vehicles, when compared to 2006 levels, by the following amounts: (a) 20% by 2010 for gasoline; (b) 50% by 2015 for gasoline; (c) 10% by 2010 for diesel; and (d) 25% by 2015 for diesel. The bill would instead require DOA to encourage, when cost effective the following reductions, compared to 2006 levels: (a) 20% by 2015 for gasoline; and (b) 10% by 2015 for diesel. Higher reduction targets are eliminated under the bill.

Under current law, DOA must encourage the distribution of gasohol and alternative fuels and usage of hybrid-electric vehicles or vehicles that operate on gasohol or alternative fuels by individuals that use vehicles on state business and by residents of the state in general. This requirement would be modified under the bill to specify that these activities would be done "whenever feasible and cost-effective."

Delete a requirement that DOA report to the appropriate standing committees concerning the distribution of gasohol and alternative fuels and usage of hybrid electric, gasohol, and alternative fuel vehicles by April 30 of each year.

Under current law, the Office of Energy Independence must adopt, and revise when necessary, a plan to facilitate the states use of alternative fuels in the flex fuel vehicles owned by the state. The plan must ensure that state employees can identify when they are using a flex fuel vehicle, that they are aware of refueling sites that have alternative fuels available, and that state employees strive to refuel with alternative fuels. The bill deletes these provisions.

[Act 32 Sections: 191 and 193 thru 202]

21. STATE ENERGY POLICY MODIFICATION

Governor/Legislature: Require DOA to "develop and implement a cost-effective, balanced, reliable, and environmentally responsible energy strategy to promote economic growth."

Under current law, the Department must implement and promote various state planning regarding energy use. Specifically, through long-range planning, DOA must promote the development and the maximum wise use of energy and natural and human resources in the state. The bill would expand this duty.

[Act 32 Section: 323]

22. DEPARTMENT OF DEFENSE EXCESS PROPERTY PROGRAM [LFB Paper 426]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$256,600	-\$256,600	\$0

Governor: Provide \$128,300 annually to a new PR annual federal resource acquisition appropriation to carry out federal resource acquisition activities. This funding could be utilized by DOA to provide grants to any organization with which DOA contracts to operate federal resource acquisition activities. Modify the Department of Justice's (DOJ) Division of Administrative Services gifts, grants and proceeds appropriation to provide that funding must annually be transferred from the DOJ appropriation to the new DOA federal resource acquisition appropriation. The required transfer would equal the amounts provided for in the DOA federal resource acquisition appropriation.

Under current law, DOJ utilizes its Division of Administrative Services gifts, grants and proceeds appropriation to receive and allocate legal settlement funds that are distributed at the discretion of the Attorney General. The Executive Budget Book indicates that the intent of this recommendation would be transfer "discretionary legal settlement funds" to the new DOA federal resource acquisition appropriation.

The Executive Budget Book further indicates that the provision is intended to provide sufficient funding to eliminate the need for law enforcement agencies to pay a \$500 annual fee to participate in the Section 1033 program. Section 1033 of the National Defense Authorization Act of 1997 permits the federal Department of Defense to transfer excess military property to law enforcement agencies. Eligible law enforcement agencies are government agencies whose primary duty is the enforcement of federal, state, and local laws, and whose compensated full-time law enforcement officers have arrest and apprehension powers. Excess property acquired by law enforcement agencies under the program can be used for counter-drug and other law enforcement activities except for the operation of a jail. The Wisconsin Technical College System Foundation operates the Wisconsin Section 1033 program through an agreement with DOA's Office of Justice Assistance.

Joint Finance/Legislature: Delete \$128,300 PR annually from the new PR annual federal resource acquisition appropriation to provide funding for the Section 1033 excess military property program. Instead, provide that, at the discretion of the Attorney General, up to \$98,300 PR annually in funding may be transferred from the DOJ Division of Administrative Services gifts, grants and proceeds appropriation to the new PR federal resource acquisition appropriation (which would be modified to a PR continuing appropriation). Under the provision, law enforcement agencies participating in the program would continue to pay a \$500 annual fee in order to cover the estimated annual costs to administer the program.

[Act 32 Sections: 336, 694, and 721]

23. YOUTH DIVERSION PENALTY SURCHARGE APPROPRIATION REDUCTIONS -- OFFICE OF JUSTICE ASSISTANCE (OJA) [LFB Paper 424]

PR	-\$190,200
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Governor/Legislature: Reduce expenditure authority under the following agency appropriations by \$95,100 annually (10% annually after any standard budget adjustments).

<u>Appropriation</u>	<u>Annual Reduction</u>
Youth Diversion Grants	-\$74,700
Law Enforcement and Youth Diversion Administrative Funding	<u>-20,400</u>
Total	-\$95,100

Youth Diversion Grant Program Under Current Law. Under current law, OJA is required to utilize \$1,200,000 annually (\$380,000 GPR and \$820,000 PR in penalty surcharge funding) to enter into contracts with organizations in specified counties or localities for the diversion of youths from gang activities into productive activities, including placement in appropriate educational, recreational, and employment programs. Current law also requires OJA to utilize \$300,000 PR annually to enter into a contract with an organization in Milwaukee County for alcohol and other drug abuse education and treatment services for participants in that organization's youth diversion program. [This latter funding comes from the Department of Health Services from federal funds that it administers.] The statutes specifically direct OJA to enter into the following contracts for the following amounts: (a) \$800,000 to an organization in Milwaukee County; (b) \$150,000 to an organization in Racine County; (c) \$150,000 to an organization in Kenosha County; (d) \$150,000 to an organization located in Ward 2 in the City of Racine; (e) \$150,000 to an organization in Brown County; and (f) \$100,000 to an unspecified organization (which OJA has awarded to the City of Racine).

Youth Diversion -- Bill Provisions. Reduce the statutorily directed funding to youth diversion programs as follows: (a) -\$104,300 annually to an organization in Milwaukee County; (b) -\$25,650 annually to an organization in Racine County; (c) -\$25,650 annually to an organization in Kenosha County; (d) -\$25,650 annually to an organization located in Ward 2 in the City of Racine; (e) -\$25,650 annually to an organization in Brown County; and (f) -\$18,100 annually to an unspecified organization (which OJA has awarded to the City of Racine). These

annual reductions of \$225,000 reflect: (a) that base funding for the youth diversion grants PR penalty surcharge appropriation was reduced by \$72,900 annually in prior budgets compared to the funding needed to fully fund the statutory grant amounts; (b) additional reductions of \$74,700 PR annually based on penalty surcharge revenue estimates; (c) that base funding for youth diversion grants from the Department of Health Services was reduced by \$18,400 PR annually in prior budgets compared to the funding needed to fully fund the statutory grant amounts; (d) that base funding for the youth diversion grants GPR appropriation was reduced by \$23,300 annually in prior budgets compared to the funding needed to fully fund the statutory grant amounts; and (e) a 10% annual reduction of \$35,700 GPR to the GPR-funded youth diversion appropriation.

Law Enforcement and Youth Diversion Administrative Funding. Reduce funding to the appropriation by \$20,400 annually, or 10% annually after standard budget adjustments.

Modifications to Appropriations. Require that all unencumbered balances at the end of each fiscal year in all penalty surcharge supported appropriations revert to the penalty surcharge receipts appropriation under the Department of Justice. [See "Justice."]

[Act 32 Sections: 732, 735, and 9101(1)]

24. GRANT FOR WISCONSIN CASA ASSOCIATION -- OFFICE OF JUSTICE ASSISTANCE (OJA)

Governor/Legislature: Delete the directive in statute that OJA provide a grant of \$150,000 FED annually to the Wisconsin CASA (court-appointed special advocates) Association for the support, assistance, and development of court-appointed special advocate programs. The grant has been funded with federal funding received under the Byrne Justice Assistance Grant Program. In abuse and neglect cases, a court-appointed special advocate may provide information to the court regarding the best interests of a child.

[Act 32 Section: 327]

25. DELETE MATERIALS AND SERVICES POSITION

Governor/Legislature: Delete \$75,400 PR and 0.65 PR position annually under the materials and services to state agencies appropriation. All deleted funding would occur under permanent salaries. No corresponding reduction occurred under fringe benefits.

	Funding	Positions
PR	- \$150,800	- 0.65

26. VOLUNTEER HEALTH CARE PROVIDER SERVICES EXPANSION

Joint Finance: Add the following procedures to the list of procedures that could be conducted by volunteer health care providers: (a) procedures that are confined to incision or excision or manipulation of epidermal and dermal skin; (b) skin biopsies to a depth of five millimeters as well as debridement of diabetic ulcers to include subcutaneous tissue; (c)

punch biopsies of epidermal and dermal lesions with incidental removal of minimal fat; (d) liquid nitrogen destruction of epidermal and dermal lesions; and (e) corticosteroid injections of dermal lesions, joints, tendon sheaths and bursae.

Under current law, a volunteer health care professional may apply, in conjuncture with a non-profit agency, school board, or a governing body to DOA for approval to participate in the volunteer health care provider program. Approved volunteers are covered by the state's self-insured risk management program. A volunteer health provider may provide the following services under current law: (a) diagnostic tests; (b) health education; (c) information about available health care resources; (d) office visits; (e) patient advocacy; (f) prescriptions; (g) referrals to health care specialists; (h) dental services, including simple tooth extractions and any necessary suturing related to the extractions, performed by a dentist who is a volunteer health provider; and (i) dental hygiene services, performed by a dental hygienist who is a volunteer health provider. Currently, the Department of Health Services (DHS) is assessed by DOA's Bureau of Risk Management for liability losses for insuring these volunteer health professionals.

Assembly/Legislature: Delete the list of procedures that would be newly covered by the state's risk management program and instead specify that any outpatient surgery that is permitted under the volunteer health care provider's license would be covered. Specify that the following licensed providers would be covered, as long as the provider has the necessary training, experience, equipment, and facilities to provide such care: (a) physicians; (b) dentists or dental hygienists; (c) a registered nurses, practical nurses, or nurse-midwives; (d) optometrists; (e) physician assistants; (f) pharmacists; (g) chiropractors; (h) podiatrists; or (i) physical therapists.

[Act 32 Sections: 2664f, 2664h, and 2664j]

27. WEB SITE INFORMATION ON STATE EXPENDITURES, CONTRACTS, AND GRANTS

Joint Finance: Beginning on July 1, 2013, require DOA to ensure that all state agency expenditures for state operations exceeding \$100, including salaries and fringe benefits paid to state agency employees, are available for inspection on a searchable Internet web site maintained by DOA. Require the Department to categorize the expenditure information on the web site by state agency, expenditure category, expenditure amount, and the person to whom the expenditure is made.

Any person must be able to search on the web site for aggregate expenditures for state operations by state agency, expenditure category, expenditure amount, and the person to whom the expenditure is made.

Beginning with expenditures made on July 1, 2013, require state agencies to provide DOA with all required expenditure information within 60 days of the expenditure. The Department may specify the format in which state agencies provide the expenditure information.

Specify that if any of the expenditure information may be found on other web sites, the Department must ensure that the information is accessible through the searchable Internet web

site.

Beginning on July 1, 2013, require DOA to ensure that all of the following information relating to state agency grants and contracts is available for inspection on a searchable Internet web site: (a) a copy of the contract and grant award; (b) the state agency making the grant or entering into the contract; (c) the name and address of the person receiving the grant or entering into the contract; (d) the purpose of the grant or contract; and (e) the amount of the grant or the amount the state agency must expend under the contract and the name of the state fund from which the grant is paid or moneys are expended under the contract. Require agencies to submit this information to DOA within 10 days after the state agency makes a grant or enters into a contract. Require DOA to make this information available on the searchable Internet web site no later than 30 days after the state agency makes a grant or enters into a contract.

Define financial instrument as any check, draft, warrant, money order, note, certificate of deposit, letter of credit, bill of exchange, credit or credit card, transaction authorization mechanism, marketable security, and any computer representation of them.

Define grant as a payment made to a person, other than aids to individuals and organizations and local assistance and the payment of salaries and fringe benefits for state employees.

Assembly/Legislature: Specify that if an agency is undergoing an upgrade of its computer operations that the agency may request an exemption of the requirements to provide Internet accessible expenditure, contract, and grant information. Specify that this exemption could be requested by the agency in writing and such an exception could be approved by the Joint Committee on Finance under a 14-day passive review process.

Veto by Governor [E-37]: Delete the July 1, 2013, effective date. As a result the provision would become effective on the general effective date of the bill.

Delete the following reporting timelines: (a) agency's requirement to report information to DOA "no later than 10 days after the state agency makes a grant or enters into a contract"; (b) DOA's requirement to make the grant information available on the searchable Internet web site "no later than 30 days after the state agency makes a grant or enters into a contract"; and (c) state agency's requirement to make all required expenditure information available to DOA "no later than 60 days after the expenditure was made."

Delete the ability of agencies to request an exemption from the requirements to provide Internet accessible expenditure, contract, and grant information from the Joint Committee on Finance under a 14-day passive review process.

[Act 32 Section: 215m]

[Act 32 Vetoed Section: 215m]

28. STATE LEASES FROM PRIVATE CONSTRUCTION

Joint Finance/Legislature: Require DOA to study the feasibility of instituting a program

for private construction of buildings for the purpose of leasing those building to the state. Require DOA to submit the findings to the Joint Committee on Finance by December 1, 2011.

Veto by Governor [E-41]: Delete provision.

[Act 32 Vetoed Section: 9101(5q)]

29. STATE BUILDING ENERGY EFFICIENCY STUDY

Joint Finance/Legislature: Require DOA to conduct a study concerning the feasibility of installing energy-efficient heating, ventilating, and air conditioning systems in state-owned buildings to conserve energy and save money. Require DOA to submit the findings to the Joint Committee on Finance by December 1, 2011.

Veto by Governor [E-42]: Delete provision.

[Act 32 Vetoed Section: 9101(1u)]

30. REPORT ON SURPLUS POSITIONS

Joint Finance/Legislature: Modify s. 16.50(3)(f) to require the Department of Administration Secretary to quarterly report to the Joint Committee on Finance: (a) the base number of existing surplus positions in an agency; (b) the number of surplus positions each agency has created; and (c) the amounts spent on surplus positions.

Veto by Governor [E-39]: Delete provision.

[Act 32 Vetoed Section: 218h]

31. BADGERNET SERVICES TO HOSPITALS

Assembly/Legislature: Specify that the Department of Administration may provide BadgerNet services to hospitals.

[Act 32 Section: 335m]

Procurement

1. CONTRACTUAL SERVICES REVIEWS AND COST-BENEFIT ANALYSIS

Governor: Delete the current law requirement that DOA must promulgate rules for contractual services procurement, including prescribing approval and monitoring processes for contractual service contracts. Delete the current requirement for agencies to conduct a uniform

cost-benefit analysis of proposed contractual services purchases and renewals involving an estimated expenditure greater than \$25,000, in accordance to the rules promulgated by DOA. Delete the requirement that DOA include in these rules a requirement to periodically review the appropriateness of continuing the contractual service. Delete a requirement for state officers requesting permission to use vendors for contractual services to submit to DOA written justification for such contracting which currently includes: (a) a description of the contractual services to be procured; (b) justification of need; (c) justification for not contracting with other agencies; (d) a specific description of the scope of contractual services to be performed; and (e) justification for the procurement process if a process other than competitive bidding is to be used. Delete the requirement that DOA could not approve contractual services unless it was satisfied that the justification for contracting conforms to the DOA promulgated rules.

Delete the current law requirement that the Office of State Employment Relations (OSER), under conditions of the DOA contractual services rules, must review the following: (a) that agencies are properly utilizing state employees; (b) that agencies are evaluating the feasibility of using limited-term appointments prior to entering into contracts; and (c) that agencies are not violating collective bargaining agreements.

Delete the current law requirement that DOA must provide a report by October 15, of each year to the Governor, the Joint Committee on Finance, the Joint Audit Committee, and the Chief Clerk of each house of the Legislature, concerning the number, value, and nature of contractual service procurements authorized for each agency during the previous year. Currently, the report must include the following regarding purchases in the previous year: (a) a summary of the cost benefit analyses completed by agencies in the preceding year; and (b) recommendations for elimination of unneeded contractual service procurements and for consolidation or resolicitation of existing contractual service procurements.

Delete the current requirement that DOA document the success of the Division of Legal Services in reducing the state's use of contracted employees.

Under current law, a cost-benefit analysis is defined as a comprehensive study to identify and compare the total cost, quality, technical expertise, and timeliness of service performed by state employees versus through contractual services.

Specify that these provisions would apply to contracts entered into on the effective date of the bill.

Cost benefit analysis requirements for the Department of Transportation to conduct a cost-benefit analysis for engineering services would be continued under the bill.

Joint Finance/Legislature: Delete provision as a non-fiscal policy item.

2. PROCUREMENT BID AND PROPOSAL REQUIREMENTS

Governor: Specify a threshold of \$50,000 for lowest responsible bids, sealed bids and sealed proposals.

Under current law, DOA, with some exceptions, must award contracts and orders to the lowest responsible bidder for materials, supplies, equipment, and contractual services provided to state agencies. In general, bids must be invited when the cost of the order or contract is estimated to exceed \$25,000. Bids may be invited through sealed bids or through a bidding auction. If the estimated cost is less than \$25,000, DOA may award a contract or order under a simplified procedure established by the Department. Under the bill, the threshold would be increased to \$50,000.

Under current law, if the expected cost of a procurement exceeds \$25,000 and the DOA Secretary determines that a competitive sealed bid is not practicable or advantageous to the state, the Secretary may invite competitively sealed proposals. The sealed bid proposals must state the relative importance of price and other evaluation factors. Under the bill, the threshold for invited competitive sealed proposals would be increased to \$50,000.

Under current law, if the DOA Secretary determines it is in the best interest of the state, he or she may waive the bid or proposal processes in favor of purchasing supplies, materials, equipment, or contractual services through: (a) another governmental unit; (b) a consortium of regional or notation nonprofit institutions that support governmental or educational services; or (c) a private contractor (with approval of the Governor). The Governor may issue a general waiver for the bidding and bid proposal processes for up to one year. Printing and stationary are not subject to these waivers. If the DOA Secretary determines it is in the best interest of the state, he or she may waive procurement requirements for Department of Children and Families contracts for administering Wisconsin Works (W-2) in a particular geographic region. Currently, all these waivers apply to contracts or orders of more than \$25,000. Under the bill these waivers would apply to contracts or orders of more than \$50,000.

Specify that these provisions would apply to bids or proposals solicited on the effective date of the bill.

Joint Finance/Legislature: Delete provision as non-fiscal policy item.

Veto by Governor [E-40]: Under a separate provision, the Legislature would have authorized the UW System or the UW-Madison to increase the threshold for requiring bids or competitive sealed proposals from \$25,000 to \$50,000, effective July 1, 2013. The Governor's partial veto deletes the references to the Board of Regents and UW-Madison, as well as the delayed effective date, so that the higher \$50,000 threshold would apply to purchases made by all state agencies immediately.

[Act 32 Sections: 245g thru 248g and 9301(3f)]

[Act 32 Vetoed Sections: 246g, 248g, 9301(3f), and 9452(1d) (as it relates to ss. 16.75(1)(b) and (b)2, and (2m)(b) and (b)2., and 9301(3f))]

3. STANDARDS FOR ENERGY CONSUMING PRODUCTS

Governor/Legislature: Specify that current law requirements for the purchase of energy efficient equipment would not apply to purchases of less than \$5,000 per unit. Under current law,

energy consuming equipment is defined as any equipment that is designed for heating, ventilation, air conditioning, water heating or cooling, lighting, refrigeration, or any other function, and that consumes energy.

Currently, DOA must establish and annually review rules on energy efficiency standards for heating, ventilating, air conditioning, water heating or cooling, lighting, refrigerating, and other energy consuming equipment that is installed as a component of a construction project. Purchasing agents may not purchase energy consuming equipment unless the specifications for the equipment meet the applicable standards for the equipment established under the following: (a) the federal Environmental Protection Agency; (b) the federal energy conservation policy; and (c) the American Society of Heating, Refrigerating and Air-conditioning Engineers. This provision is subject to a determination by a purchasing agent that there is an applicable standard and that the equipment is reasonably available. If there is no applicable standard or the equipment that meets these standards is not reasonably available, then DOA and other purchasing agents must ensure that the equipment purchased maximizes energy efficiency to the extent technically and economically feasible. In determining the reasonableness of equipment the lifetime cost of operating the equipment must be considered. Currently, there is no minimum cost threshold.

[Act 32 Section: 260]

4. PROCUREMENT VIOLATIONS LIST

Governor/Legislature: Require DOA to maintain a list of persons that are, or have been, party to a violation of a contractual services agreement with the state. The parties on the list would be ineligible for state contracts and no state contract could be awarded to a party on this list. Allow DOA to remove names from the list if the agency determines that the party's practices comply with the contractual services statutory provisions and adequate safeguards against future violations have been instituted. The treatment of this provision would take effect on the effective date of the bill.

[Act 32 Sections: 240 and 9301(3)]

5. PRISON INDUSTRY SUPPLIES

Governor/Legislature: Delete the current law requirement that DOA, and its designated purchasing agents, must write specifications for materials, supplies, commodities, equipment, and contractual services, as to allow, to the extent possible, that those products may be supplied by Prison Industries. Specify that purchasing agents must offer Prison Industries with an opportunity to provide products if the price is "equal to or lower than" the same product offered through competitive bids or sealed proposals.

Under current law the Department of Corrections must periodically provide DOA with a current list of all materials, supplies, equipment and contractual services, excluding commodities (products), that are supplied by Prison Industries. The Department of Administration must distribute this list to state purchasing agents. Before a purchasing agent purchases a product that is available through Prison Industries from another vendor (through bids or sealed proposals), the

purchasing agent must offer Prison Industries with the opportunity to provide that product at a price "comparable" to one that could be obtained through competitive bids or sealed proposals.

Under current law, Prison Industries must meet the specifications designated for the product. With some exceptions (in information technology areas) and to the extent possible, purchasing agents must write specifications for the purchase of products that would permit Prison Industries to supply those products.

[Act 32 Sections: 242, 256, and 261]

Transfers

1. TRANSFER COLLEGE SAVINGS PROGRAMS TO DOA [LFB Paper 620]

	Funding	Positions
SEG	\$1,363,400	1.00

Governor/Legislative: Provide \$681,700 and 1.0 positions annually related to transferring the administration of various college savings plans (EdVest, Tomorrow's Scholar, and the College Tuition and Expenses program) from the Office of the State Treasurer to DOA.

Under the bill, various appropriations, currently in the Office of the State Treasurer, would be transferred to DOA's supervision and management functions program.

Specify that the assets, liabilities and tangible property of the Office of the State Treasurer related to the college savings programs and the College Tuition and Expenses program, as determined by the DOA Secretary, would become assets, liabilities and tangible property of DOA on the effective date of the bill.

Specify that all pending matters of the college savings programs and the College Tuition and Expenses program, as determined by the DOA Secretary, would become pending matters of DOA on the effective date of the bill.

All contracts entered into by the Office of the State Treasurer, on the effective date of the bill, would become contracts of DOA, as determined by the DOA Secretary. The Department would be responsible for carrying out the obligations of these contacts unless modified or rescinded by DOA, to the extent allowed under the contract.

Under the bill, the administrative rules promulgated by, and orders issued by, the Office of the State Treasurer relating to the college savings programs and the College Tuition and Expenses program, as determined by the DOA Secretary, would remain in effect until their expiration date or until amended or repealed by DOA.

On the effective date of the bill, 1.0 SEG position from the Office of the State Treasurer would be transferred to DOA. Specify that the DOA Secretary would identify the position to transfer; the bill, however, indicates that the incumbent employee would be transferred. The transferred person would retain their earned rights and status under the state employment

relations laws. Any person transferred would not have to go through a probationary period, if he or she has already obtained permanent status. [See "State Treasurer" for more information.]

[Act 32 Sections: 74, 75 thru 77, 207, 208, 758 thru 766, 868, 904 thru 907, 1756 thru 1760, 3491, 3492, and 9149(1)]

2. TRANSFER LOCAL GOVERNMENT INVESTMENT POOL [LFB Paper 620]

	Funding	Positions
PR	\$362,600	1.00

Governor/Legislature: Provide \$181,300 and 1.0 position annually related to the transfer of the local government pooled-investment fund from the Office of the State Treasurer to the Department of Administration. [See "State Treasurer" for more information.]

[Act 32 Sections: 755, 896, 898 thru 903, and 9149(2)]

3. TRANSFER OF STATE TREASURER MANAGEMENT FUNCTIONS TO DOA [LFB Paper 620]

Governor/Legislature: Transfer the assets, liabilities, and tangible property (including records) of the Office of the State Treasurer that are primarily related to management services, as determined by the DOA Secretary, to DOA.

Specify that all pending matters of the Office of the State Treasurer that are primarily related to management services, as determined by the DOA Secretary, would become pending matters of DOA on the effective date of the bill. Materials submitted to or actions taken by the Office of the State Treasurer that are primarily related to management services would be considered to or taken by DOA.

All contracts entered into by the Office of the State Treasurer that are primarily related to management services, on the effective date of the bill, would become contracts of DOA, as determined by the DOA Secretary. The Department would be responsible for carrying out the obligations of these contacts unless modified or rescinded by DOA, to the extent allowed under the contract.

Under the bill, the administrative rules promulgated by the Office of the State Treasurer that are primarily related to management services, as determined by the DOA Secretary, would remain in effect until the expiration date of the rule or until amended or repealed by DOA. All orders issued by the Office of the State Treasurer that are primarily related to management services, as determined by the DOA Secretary, would remain in effect until the end of their effective date or until modified or rescinded by DOA.

[Act 32 Section: 9149(3)]

4. TRANSFER OF SECRETARY OF STATE ADMINISTRATIVE FUNCTIONS TO DOA [LFB Paper 590]

Governor/Legislature: Transfer the assets, liabilities, and tangible property (including records) of the Office of the Secretary of State that are primarily related to administrative services, as determined by the DOA Secretary, to DOA.

Specify that all pending matters of the Secretary of State related to administrative services, as determined by the DOA Secretary, would become pending matters of DOA on the effective date of the bill. Materials submitted to, or actions taken by, the Secretary of State related to administrative services would be considered to or taken by DOA.

All contracts entered into by the Secretary of State related to administrative services, on the effective date of the bill, would become contracts of DOA, as determined by the DOA Secretary. The Department would be responsible for carrying out the obligations of these contacts unless modified or rescinded by DOA, to the extent allowed under the contract.

Under the bill, the administrative rules promulgated by the Secretary of State related to administrative services, as determined by the DOA Secretary, would remain in effect until the expiration date of the rule or until amended or repealed by DOA. All orders issued by the Secretary of State related to administrative services, as determined by the DOA Secretary, would remain in effect until the end of their effective date or until modified or rescinded by DOA.

[Act 32 Section: 9142(2)]

5. AMERICAN INDIAN ECONOMIC DEVELOPMENT [LFB Paper 115]

PR	\$159,000
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Governor: Provide \$79,500 annually from tribal gaming revenues to DOA's materials and services to state agencies appropriation for unspecified purposes.

Under the bill, various Department of Commerce appropriations would be deleted, including the one for providing technical assistance for American Indian economic development and a corresponding \$79,500 annually.

Under current law this appropriation allows for the payment of tribal assistance grants from moneys provided from tribal gaming revenues. Unencumbered balances in the appropriation at the end of each fiscal year revert to the tribal gaming general operations appropriation and are deposited into the general fund. Currently, technical assistance may be provided for tribal enterprises and Indian businesses for the following: (a) management assistance to existing businesses; (b) start-up assistance to new businesses, including the development of business and marketing plans and assistance in securing development financing; and (c) technical assistance to new and existing businesses in gaining access to tribal, state and federal business assistance and financing programs. Under the bill, this grant would be repealed. Funding would be transferred to DOA, but no purpose for the funding is identified.

Joint Finance/Legislature: Restore the current law purposes of the American Indian

economic development grants under the DOA (rather than Commerce). Create a separate appropriation funded at \$79,500 PR annually, funded from tribal gaming revenues. Specify that the unencumbered balances, as of June 30, of any fiscal year would revert to the Indian gaming receipts appropriation.

[Act 32 Sections: 421m, 740m, and 3442m]

6. TRANSFER RURAL HOSPITAL LOAN GUARANTEE RULE MAKING

Governor/Legislature: Specify that DOA, rather than the Department of Commerce, would be responsible for promulgating rules related to rural hospital loan guarantees.

Under current law, the Wisconsin Health and Educational Facilities Authority is allowed to guarantee loans to rural hospitals. The Authority must enter into a guarantee agreement with any person who: (a) makes loans that will be used to finance the acquisition, construction, remodeling, or conversion of space at a rural hospital; and (b) wishes to have those loans guaranteed. The Authority may use money from the rural hospital loan fund to guarantee loans, if the Authority sets out the terms and conditions of the guarantee in a guarantee agreement. With the advice of the Rural Health Development Council, the Department of Commerce must promulgate rules specifying all of the following with respect to a rural hospital loan guarantee agreement: (a) the form of the agreement; (b) any conditions upon which the Authority may refuse to enter into such an agreement; (c) the procedure for making a demand for payment under the guarantee agreement, or for payment by the Authority under the guarantee agreement, in the event of a default of a guaranteed loan; (d) criteria for determining whether the guarantee is a guarantee of collection or payment; and (e) any procedures that the Authority may impose to carry out the agreement. These agreements must comply with rules promulgated by the Department of Commerce. Under the bill, DOA would be responsible for promulgating these rules.

Specify that the rules promulgated by the Department of Commerce, related to rural hospital loan guarantees, that are in effect on the effective date of the bill, would remain in effect until the expiration date or until amended or repealed by DOA.

Specify that, on the effective date of the bill, the tangible personal property, including records, of the Department of Commerce primarily related to rural hospital loan guarantees, as determined by the DOA Secretary, would be transferred to DOA.

[Act 32 Sections: 2785 thru 2787, and 9110(8)]

7. HUMAN RESOURCES PERSONNEL TRANSFER -- STATE FAIR PARK [LFB Paper 116]

	Funding	Positions
PR	- \$140,100	- 1.00

Governor: Delete \$140,100 and 1.0 position in 2012-13 related to the transfer of human resources functions related to the State Fair Park from centralized DOA services to the State Fair Park, effective July 1, 2012. Reductions include: (a)

\$49,700 for salaries; (b) \$13,400 for limited-term employees; (c) \$26,200 for fringe benefits; and (d) \$50,800 for supplies and services.

Joint Finance/Legislature: Provide that the transferred personnel would retain their earned employment rights and status under the state employment relations statutes. Any person transferred would not have to serve a probationary period if he or she has already obtained permanent status.

[Act 32 Section: 9101(4q)]

8. HUMAN RESOURCES PERSONNEL TRANSFER -- REGULATION AND LICENSING [LFB Paper 116]

	Funding	Positions
PR	- \$122,200	- 1.00

Governor: Delete \$61,100 and 1.0 position annually related to the transfer of human resources functions in the Department of Regulation and Licensing (Department of Safety and Professional Services under the bill) from centralized DOA services to the Department. Reductions include: (a) \$44,900 for salaries; and (b) \$16,200 for supplies and services. [No funds were deleted from fringe benefits.]

Joint Finance/Legislature: Provide that the transferred personnel would retain their earned employment rights and status under the state employment relations statutes. Any person transferred would not have to serve a probationary period if he or she has already obtained permanent status. Delete \$16,200 from fringe benefits rather than supplies and services.

[Act 32 Section: 9101(4q)]

9. TRANSFER HOUSING PROGRAMS FROM COMMERCE [LFB Paper 250]

	Funding	Positions
GPR	\$10,162,800	6.05
FED	68,934,800	18.95
PR	<u>2,027,400</u>	<u>0.00</u>
Total	\$81,125,000	25.00

Joint Finance/Legislature: Transfer housing programs from Commerce to DOA, instead of to WHEDA under the original bill. Include the following: (a) provide DOA with \$5,081,400 GPR and 6.05 GPR positions, \$1,013,700 PR, \$34,467,400 FED and 18.95 FED positions annually; (b) change all references in statute related to Commerce administration of housing programs and appropriations to instead specify DOA; (c) transfer all positions and all incumbent employees holding those positions in Commerce performing duties primarily related to the housing programs, as determined by the Secretary of DOA, to DOA on the effective date of the bill, and specify employees transferred under the provision would have the same rights and employment status, and would not be required to serve a probationary period; (d) transfer from Commerce to DOA all assets, liabilities, tangible property, and records of Commerce related to the transferred housing programs; (e) transfer the authority to request certain surplus real property, at no cost, from other state agencies; (f) transfer the requirement to report on the impact of proposed administrative rules on housing and state housing policy; (g) transfer the requirement to report on the impact of proposed legislation on housing and state housing policy; (h) transfer the requirement to prepare a comprehensive five-year state housing strategy plan; (i)

transfer the requirement to collect from real estate brokers and salespersons any earnings on interest-bearing real estate trust accounts that hold client funds; (j) specify that one of the 25.0 housing positions provided in DOA would be an unclassified division administrator; and (k) amend Chapter 230 to increase the authorization under DOA for unclassified positions by one division administrator.

[Act 32 Sections: 19m thru 25, 434 thru 446m, 738m, 856, 1648, 1664, 2227 thru 2229, 2238, 2433, 2713, 2730e thru 2730s, 2738m, 2821 thru 2823, 2826, 2827, 2895k, 3268 thru 3274m, 3449 thru 3462m, 3474, 3540, and 9110(1)]

10. TRANSFER OF BUSINESS CERTIFICATION PROGRAMS [LFB Paper 243]

	Funding	Positions
GPR	\$369,200	2.00
PR	<u>63,000</u>	<u>0.00</u>
Total	\$432,200	2.00

Joint Finance/Legislature: Transfer to the Bureau of Business Development in DOA the following Commerce programs, funding and, positions that were originally transferred from Commerce to DSPS under the bill: (a) the minority-owned business enterprise (MBE), woman-owned business enterprise (WBE), and disabled veteran-owned business enterprise (DVE) certification programs; (b) annual funding of \$184,600 GPR and 2.0 GPR economic development consultant positions; and (c) the disabled veteran-owned, woman-owned, and minority-owned business certification fees appropriation and annual expenditure of \$31,500 PR.

The assets, liabilities, tangible personal property, and records of Commerce primarily related to disabled veteran-owned, woman-owned, and minority business certifications, as determined by the Secretary of Administration, would become the assets, liabilities, property and records of DOA. Any matter pending related to these activities on the effective date of the bill would be transferred to DOA. Any materials submitted with respect to the pending matters would be considered as having been submitted to or taken by DOA.

All contracts entered into by Commerce before the effective date of the bill that are primarily related to disabled veteran-owned, woman-owned, and minority business certifications, as determined by the Secretary of Administration, remain in effect and would be transferred to DOA. The Department would be required to carry out any obligations under a contract until the contract was modified or rescinded by DOA, to the extent allowed under the contract.

All rules promulgated by Commerce that were in effect on the effective date of the bill that were primarily related to disabled veteran owned, woman-owned, and minority business certifications, would remain in effect until their specified expiration dates, or until amended or repealed by DOA. All orders issued relating to such certifications or grants that were in effect on the effective date of the bill would remain in effect until their specified expiration dates, or until modified or rescinded.

All positions and all incumbent employees holding those positions in the Department of Commerce in the Division of Administrative Services or that are primarily related to disabled veteran-owned, woman-owned, and minority business certifications, as determined by the Secretary of Administration, would be transferred to DOA on the effective date of the bill.

Employees transferred under the provision would have the same rights and status related to state employment relations under Chapters 111 and 230 of the statutes.

The Department of Commerce currently administers the minority-owned business enterprise, woman-owned business enterprise, and disabled veteran-owned business enterprise certification programs. Under the programs, Commerce provides eligible businesses with certification that validates their business ownership as a minority-owned, woman-owned, or disabled-veteran owned business. Minority and disabled veteran-owned businesses are eligible for a low-bid waiver as long as their bid is no higher than 5% of the lowest qualified responsible bidder. Also, at least 5% of state purchasing and contracting is targeted for certified minority-owned businesses. Commerce charged a \$50 certification fee, and \$100 for two one-year renewals of woman-owned business certifications. Fee collections are placed in a separate woman-owned business processing fees appropriation. Commerce was authorized to charge minority-owned and disabled veteran-owned businesses for certification, but did not.

[Act 32 Sections: 250 thru 255, 275, 276, 282, 283, 297, 342 thru 353, 406, 872 thru 875, 1004, 1087, 1091, 1102, 1112, 1133, 1170, 1197, 1678, 2222, 2223, 2225, 2226, 2256, 2394, 2553, 2554, 2716 thru 2718, 2741 thru 2750, 2783, 2784, 2831, 2832, 2872, 2873, 3198, 3317, 3319, 3320, 3465, 3466, and 9110(2u)]

11. TRANSFER STATE RELOCATION UNIT [LFB Paper 239]

	Funding	Positions
GPR	\$202,400	1.00

Joint Finance/Legislature: Transfer the state Relocation Unit, including staff and related funding, to the Department of Administration as follows: (a) transfer administration of the Relocation Unit to DOA; (b) provide 1.0 position to DOA; and (c) transfer annual funding of \$101,200 from Wisconsin Economic Development Corporation (WEDC) to DOA, and deposit the funding in a newly created GPR appropriation to fund the unit's activities.

Also, the assets, liabilities, tangible personal property, and records of Commerce primarily related to the state relocation unit functions, as determined by the Secretary of Administration, would become the assets, liabilities, property and records of DOA. Any matter pending related to these activities on the effective date of the bill would be transferred to DOA. Any materials submitted with respect to the pending matters would be considered as having been submitted to or taken by DOA.

All contracts entered into by Commerce before the effective date of the bill that are primarily related to relocation unit functions, as determined by the Secretary of Administration, remain in effect and would be transferred to DOA. The Department would be required to carry out any obligations under a contract until the contract was modified or rescinded by DOA, to the extent allowed under the contract.

All rules promulgated by Commerce that were in effect on the effective date of the bill that were primarily related to relocation unit functions would remain in effect until their specified expiration dates, or until amended or repealed by DOA. All orders issued relating to

such certifications or grants that were in effect on the effective date of the bill would remain in effect until their specified expiration dates, or until modified or rescinded.

All positions and all incumbent employees holding those positions in the Department of Commerce that are primarily related to relocation unit functions, as determined by the Secretary of Administration, would be transferred to DOA on the effective date of the bill. Employees transferred under the provision would have the same rights and status related to state employment relations under Chapters 111 and 230 of the statutes.

The Department of Commerce currently administers the state Relocation Unit. Under Wisconsin relocation law, public agencies and local governments that undertake a publicly-funded activity that displaces individuals from their homes, farms, or businesses are required to file a relocation plan with the state Relocation Unit. A relocation plan must explain the actions taken by the agency or governmental unit to: (a) assist displaced owners and tenants in finding suitable replacement dwellings, farms, or business locations; (b) inform displaced persons on available state, federal, and local assistance programs; (c) determine the costs of relocation payments and services; (d) and ensure that persons are not required to vacate dwellings until they have a reasonable chance to find replacement dwellings. The Relocation Unit assists local governments and agencies in developing equitable relocation plans, payments and services, as well as assisting in resolving disagreements. The Unit also provides information materials on state relocation and eminent domain laws, and develops sample formats for plans and waivers.

[Act 32 Sections: 448d, 716m, 923 thru 945, and 9110(9u)]

Justice Information System Surcharge

1. JUSTICE INFORMATION SYSTEM SURCHARGE OVERVIEW [LFB Paper 120]

GPR-Earned - \$30,000

Governor: Delete the current law allocation mechanism for justice information system surcharge revenue, which provides that for every assessed \$21.50 justice information system surcharge, revenue will be allocated as follows: (a) \$7.50 to the Department of Administration (DOA) for justice information systems; (b) \$6 to the court system for the circuit court automation program (CCAP); (c) \$4 for grants for indigent civil legal services; (d) \$1.50 to DOA's Office of Justice Assistance (OJA) for the treatment, alternatives, and diversion grant program; (e) \$1.50 to OJA to fund the gathering and analyzing of statistics on the justice system, including racial disparity, uniform crime reporting, and incident-based reporting (this funding may also be transferred to OJA appropriations for traffic stop data collection implementation); and (f) \$1 to the general fund.

Instead, under the bill, all justice information system surcharge revenue would be deposited to a new PR continuing justice information fee receipts appropriation under DOA. This new appropriation would subsequently allocate surcharge revenue to 11 specified

appropriations, based on the amounts specified for these appropriations. This new appropriation would also set aside \$700,000. [Department of Administration staff indicates that the intent would be to transfer \$700,000 annually from justice information system surcharge revenue to the general fund. As GPR-Earned for DOA under the budget bill assumes \$715,000 annually in justice information system surcharge revenues would be deposited to the general fund, a technical correction will be needed to reconcile the bill language with the GPR-Earned estimate for DOA.]

The following table identifies how justice information system surcharge revenues are allocated to various programs under current law, and how the new justice information fee receipts appropriation would allocate surcharge receipts under the bill. The bill would delete current law justice information system surcharge funding for the following programs: (a) \$4 from each assessed surcharge for grants for indigent civil legal services; and (b) \$1.50 from each assessed surcharge to OJA to fund the gathering and analyzing of statistics on the justice system, including racial disparity, uniform crime reporting, and incident-based reporting (this funding may also be transferred to OJA appropriations for traffic stop data collection implementation). Instead, the bill would, for the first time, provide justice information system surcharge funding for the following programs: (a) law enforcement officer supplement grants under OJA; (b) a statewide public safety interoperable communication system under OJA; (c) child advocacy center grant funding under OJA; (d) salaries and fringe benefits funding for assistant district attorneys; (e) victim notification services by the Department of Corrections; and (f) court interpreters for the circuit courts.

Justice Information System Surcharge Fund Under SB 27/AB 40

<u>Program</u>	Surcharge Revenue*	<u>Expenditure Authority</u>	
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
Opening Balance		\$0	\$82,800
Revenue		15,050,000	15,050,000
Information systems supported by fund			
DOA Justice information systems (DA IT)	\$5,225,000	\$4,428,300	\$4,428,300
CCAP Automated information systems	<u>4,177,400</u>	<u>3,780,000</u>	<u>3,780,000</u>
Subtotal	<u>\$9,402,400</u>	<u>\$8,208,300</u>	<u>\$8,208,300</u>
Programs transferred to fund 2009-11			
Indigent civil legal services	\$2,785,200		Deleted
OJA Data gathering and analysis**	1,047,200		Deleted
Traffic stop data collection; state		\$0	\$0
Traffic stop data collection; local		0	0
Treatment, alternatives and diversion program	<u>1,047,200</u>	<u>744,500</u>	<u>744,500</u>
Subtotal	<u>\$4,879,600</u>	<u>\$744,500</u>	<u>\$744,500</u>
Program costs transferred from general fund 2011-13			
Law enforcement officer supplement grants		\$1,224,900	\$1,224,900
Assistant district attorneys		1,000,000	1,000,000
Child advocacy centers		238,100	238,100
Court interpreters		<u>134,000</u>	<u>232,700</u>
Subtotal		<u>\$2,597,000</u>	<u>\$2,695,700</u>
General fund transfers and lapses			
Transfer to general fund***	\$691,000	\$700,000	\$700,000
Lapses to general fund		<u>962,900</u>	<u>962,900</u>
Subtotal		<u>\$1,662,900</u>	<u>\$1,662,900</u>
Program costs transferred from federal funds 2011-13			
Interoperable communications systems		\$1,062,200	\$421,700
Victim notification		<u>511,900</u>	<u>692,600</u>
Subtotal		<u>\$1,574,100</u>	<u>\$1,114,300</u>
Supplements and reserves			
Total	\$14,973,000	\$14,967,200	\$14,550,600
Closing Balance		\$82,800	\$582,200

* Estimated.

** Revenue allocated for data gathering and analysis could also be transferred and utilized for traffic stop data collection expenses.

*** Estimates for DOA must be reduced by -\$15,000 annually, from \$715,000 annually to \$700,000 annually, to conform to the bill language.

Under current law, the justice information system surcharge is generally assessed with a court fee for the commencement or filing of certain court proceedings, including civil, small claims, forfeiture, wage earner, or garnishment actions, an appeal from municipal court, third party complaint in a civil action, or for filing a counterclaim or cross complaint in a small claims action.

Joint Finance/Legislature: Maintain the current law allocation mechanism for justice information system surcharge revenue for the court system for the circuit court automation program (CCAP). As a result, for every assessed \$21.50 justice information system surcharge, \$6 would continue to be allocated to the court system for CCAP.

The remaining \$15.50 from every assessed surcharge would be deposited to a new program revenue continuing justice information fee receipts appropriation under DOA. This new appropriation would subsequently allocate surcharge revenue to specified appropriations, based on the amounts specified for these appropriations. Finally, re-estimate GPR-Earned from DOA by -\$15,000 annually to reflect that the justice information fee receipts appropriation provides for a \$700,000 annual deposit to the general fund, not \$715,000 annually as identified under GPR-Earned estimates for the Department.

[Act 32 Sections: 206, 328, 329, 330e thru 331, 335, 625, 717 thru 719, 728, 729, 731, 734, 735m thru 738, 768, 3477, 9101(4j), and 9301(3j)]

2. CIVIL LEGAL SERVICES FOR THE INDIGENT [LFB

PR	- \$5,092,200
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 Paper 121]

Governor/Legislature: Delete the PR annual indigent civil legal services appropriation and its associated base expenditure authority of \$2,546,100 annually. Under current law, this appropriation is allocated \$4 from every assessed justice information system surcharge of \$21.50.

In addition, delete current law statutory language which governs the administration of this grant program. Under current law, DOA must annually pay the amounts appropriated under the PR annual indigent civil legal services appropriation to the Wisconsin Trust Account Foundation, Inc. The Wisconsin Trust Account Foundation, Inc., must distribute the amount received as grants to programs that provide civil legal services to indigent persons, and those programs may use the grant funds to match other federal and private grants. The grants may only be used for the purposes for which the funding was provided. [The Wisconsin Trust Account Foundation, Inc., was created in 1986 by the Wisconsin Supreme Court to receive funding from the interest on lawyers' trust accounts and to provide grants to agencies providing civil legal services to indigent persons.]

[Act 32 Sections: 206 and 719]

3. LAW ENFORCEMENT OFFICER SUPPLEMENT GRANTS [LFB Paper 122]

GPR	- \$2,722,000
PR	<u>2,722,000</u>
Total	\$0

Governor/Legislature: Delete the GPR annual law enforcement officer supplement grants appropriation and its base funding of \$1,361,000 GPR annually. Instead, create a PR annual law enforcement officer supplement grants appropriation funded from justice information system surcharge revenues, and provide \$1,361,000 PR annually in expenditure authority to this appropriation.

The new PR annual law enforcement officer supplement grants appropriation is also subject to a \$136,100 PR annual budget reduction associated with a 10% reduction to supplies and other non-personnel costs. As a result, the law enforcement officer supplement grants program would have net available funding of \$1,224,900 PR annually for grants to eligible cities.

The law enforcement officer supplement grants program provides grants to cities to employ additional uniformed law enforcement officers whose primary duty is beat patrolling. A city is eligible to apply for a grant under the program if it has a population of at least 25,000. The Office of Justice Assistance must make grant awards to the 10 eligible cities submitting applications that have the highest rates of violent crime index offenses in the most recent full calendar year for which data is available from the Federal Bureau of Investigation's uniform crime reporting system. The Office may not award an annual grant in excess of \$150,000 to any one city.

2010-11 Law Enforcement Officer Supplement Grants

<u>Grantee</u>	<u>Award</u>	<u>Local Match</u>	<u>Project Description</u>
Beloit	\$134,927	\$44,976	Beloit funds a portion of three beat patrol officers.
Fond du Lac	134,927	44,976	Fond du Lac police department funds two street crimes officers.
Green Bay	134,927	44,976	Green Bay maintains five officers to perform beat patrol duties.
Kenosha	134,927	44,976	Kenosha funds are used to support four beat patrol officer positions.
La Crosse	134,927	44,976	La Crosse police department funds one and a half beat patrol officers.
Madison	140,793	46,931	Madison Police Department funds salary and fringe benefits of four officers.
Milwaukee	140,793	46,931	City of Milwaukee funds a portion of salary and fringe benefits of six officers assigned to beat patrol duties.
Racine	134,927	44,976	City of Racine Police Department funds two beat patrol officers.
Wausau	134,926	44,975	Wausau Police Department supports portions of the salary and fringe benefits of four officers.
West Allis	<u>134,926</u>	<u>44,975</u>	West Allis funds a portion of the salary and fringe benefits of two officers assigned to daily patrol duties.
Total:	\$1,361,000	\$453,668	

[Act 32 Sections: 328 and 728]

4. **TRAFFIC STOP DATA COLLECTION INITIATIVE** [LFB Paper 123]

	Funding	Positions
PR	- \$1,528,200	- 3.74

Governor/Legislature: Delete \$764,100 and 3.74 positions annually provided to OJA's traffic stop data collection; state PR appropriation. As a result, no funding or positions would remain in OJA to implement the traffic stop data collection initiative.

Under current law, \$1.50 from every assessed justice information system surcharge of \$21.50 is allocated to the OJA data gathering and analysis PR appropriation. The language of this appropriation authorizes surcharge revenue received by this appropriation to be allocated to the OJA traffic stop data collection; state PR appropriation.

Delete the current law allocation mechanism for justice information system surcharge revenue, which provides that \$1.50 from every assessed \$21.50 justice information system surcharge be deposited to OJA's data gathering and analysis PR appropriation. Delete the current OJA data gathering and analysis appropriation. Instead, create a PR continuing justice

information fee receipts appropriation to allocate justice information system surcharge receipts to OJA traffic stop data collection state and local appropriations. Under the bill, neither of these appropriations would be provided expenditure authority. [Note that none of the programmatic aspects of the traffic stop data collection initiative are affected by the bill. However, 2011 Senate Bill 15 would delete the program. As of this writing, SB 15 passed the Senate but has not been taken up by the Assembly.]

Veto by Governor [A-9]: Delete the OJA traffic stop data collection state and local appropriations. In addition, delete the statutory language which authorizes justice information system surcharge revenues to be deposited to these appropriations.

[Act 32 Section: 736]

[Act 32 Vetoed Sections: 373 (as it relates to ss. 20.505(6)(kq) and (kr)), 717 (as it relates to ss. 20.505(1)(id) 5g. and 5r.), 737, and 738]

5. STATEWIDE INTEROPERABLE COMMUNICATION SYSTEM [LFB Paper 124]

	Funding	Positions
FED	\$0	- 0.35
PR	<u>1,483,900</u>	<u>1.35</u>
Total	\$1,483,900	1.00

Governor: Create a PR annual interoperable communications system appropriation to provide funding to operate a statewide public safety interoperable communication system. Funding to the appropriation would be provided from the justice information system surcharge. Provide \$1,062,200 PR in 2011-12, and \$421,700 PR in 2012-13, and 1.35 PR positions annually to this appropriation. Funding would include: (a) \$193,500 in 2011-12, and \$204,400 in 2012-13, in salary and fringe benefit funding; and (b) \$868,700 in 2011-12, and \$217,300 in 2012-13 in supplies and services funding.

Delete a 0.20 FED grant specialist and a 0.15 FED community services technician annually under OJA's federal aid; homeland security appropriation. This FED position authority would instead be supported by PR funding from the justice information system surcharge under the interoperable communications system appropriation.

In addition to the new justice information systems surcharge funded appropriation, create an additional PR annual public safety interoperable communication system; general usage fees appropriation to provide funding to operate a statewide public safety interoperable communication system. Authorize OJA to charge a person that is not a state agency a fee for the use of the public safety interoperable communication system. Any such fees would be credited to this appropriation. [Current law already permits OJA to charge state agencies that are public safety agencies a fee for the use of the statewide public safety interoperable communication system. These fees are deposited to an existing PR annual appropriation.]

Joint Finance/Legislature: Delete \$651,400 in 2011-12, and provide \$651,400 in 2012-13, in supplies and services funding to the PR annual interoperable communication system appropriation. [This change reflects updated information from the administration that the Department of Transportation (DOT) does not anticipate becoming a daily user of the system during the 2011-13 biennium. As a result, DOT would not be paying the associated daily user

fees for the system during 2012-13 (initially the first year in which it was thought that DOT would completely convert to the new system). This change also reflects the anticipated increased use of federal grant funding to support the initiative in the first year of the biennium.]

As a result of these changes, \$410,800 in 2011-12, and \$1,073,100 in 2012-13, and 1.35 positions annually would be provided to the PR annual interoperable communication system appropriation. Funding would include: (a) \$193,500 in 2011-12, and \$204,400 in 2012-13, in salary and fringe benefits funding; and (b) \$217,300 in 2011-12, and \$868,700 in 2012-13 in supplies and services funding.

[Act 32 Sections: 332, 333, 730, 733, and 734]

6. DISTRICT ATTORNEY INFORMATION TECHNOLOGY [LFB Paper 125]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$616,400	-\$616,400	\$0

Governor: Under current law, \$21.50 is generally assessed with a court fee for the commencement or filing of certain court proceedings, including civil, small claims, forfeiture, wage earner, or garnishment actions, an appeal from municipal court, third party complaint in a civil action, or for filing a counterclaim or cross complaint in a small claims action. Of this amount, \$7.50 is deposited into the justice information system and used for district attorney information technology (DAIT).

The bill would delete the \$7.50 earmark and provide an additional \$308,200 annually for DAIT for unspecified purposes. Total funding under the modified appropriation would be \$4,800,000 annually with 16.2 positions, prior to other budget reductions.

Joint Finance/Legislature: Delete the Governor's recommendation to provide an additional \$308,200 annually for unspecified purposes for DAIT.

[Act 32 Sections: 35, 718, and 722]

7. CHILD ADVOCACY CENTERS [LFB Paper 126]

GPR	-\$529,800
PR	<u>529,200</u>
Total	-\$600

Governor/Legislature: Delete the GPR annual child advocacy centers appropriation and its base funding of \$264,900 GPR annually. Instead, create a PR annual child advocacy centers appropriation funded from the justice information system surcharge, and provide \$264,600 PR annually in expenditure authority to this appropriation.

The new PR annual child advocacy centers appropriation would be subject to a \$26,500 PR annual budget reduction associated with a 10% reduction to supplies and other non-personnel costs. As a result, the child advocacy center grant program would have net available funding of

\$238,100 PR annually for grants to child advocacy centers.

Amend current law to provide that OJA provide individual annual grants of \$17,000 to 14 child advocacy centers located in specified counties for education, training, medical advice, and quality assurance activities. As a result, grants to the 14 child advocacy centers would total \$238,000 annually.

Wisconsin statute currently directs OJA to provide 14 annual grants of \$20,000 each, to child advocacy centers in specified counties for education, training, medical advice, and quality assurance activities. However, due to reduced funding available under the 2009-11 biennial budget, child advocacy centers received annual individual grants totaling \$18,900. The following child advocacy centers are currently receiving funding under the program: (a) Brown County--Sexual Assault Center of Family Services of Northeast WI; (b) Chippewa County--Chippewa Valley Child Advocacy Center; (c) Dane County--Safe Harbor Child Advocacy Center; (d) Green County--CHAT Room; (e) Kenosha County--Children's Hospital of Wisconsin; (f) La Crosse County--Family and Children's Center--Stepping Stones; (g) Marathon County--Child Advocacy Center of Northeastern WI; (h) Milwaukee County--Children's Service Society of Wisconsin-Milwaukee; (i) Racine County--Children's Service Society of Wisconsin-Racine; (j) Rock County--YWCA on behalf of Care House; (k) Walworth County--Children's Hospital of Wisconsin--Kenosha; (l) Waukesha County--Family Service of Waukesha on behalf of C.A.R.E. Center; (m) Winnebago County--Children's Hospital of Wisconsin--Fox Valley Child Advocacy Center; and (n) Wood County--Marshfield Child Advocacy Center.

[Act 32 Sections: 331 and 729]

8. TREATMENT, ALTERNATIVES, AND DIVERSION PROGRAM [LFB Paper 127]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$220,000	\$667,800	\$887,800

Governor: Provide an additional \$110,000 annually in justice information system surcharge funding to provide additional resources for the treatment, alternatives, and diversion (TAD) grant program. Unlike base funding which is provided as local assistance funding, the additional expenditure authority provided under the bill would be provided as supplies and services funding.

The TAD PR annual appropriation is also subject to a \$70,500 annual budget reduction associated with a 10% reduction to supplies and other non-personnel costs. The reduction would be applied to supplies and services funding. As a result, the TAD program would see a net increase of \$39,500 annually from \$705,000 to \$744,500.

Further, provide that any county receiving a grant under the TAD program on or after January 1, 2012, must provide matching funds equal to 25% of the amount of the grant. Department of Administration staff indicates that the intent is to reduce the state-funded grants to

current county TAD programs by a corresponding 25% which would then permit OJA to make TAD grants to additional counties.

The provisions of 2005 Wisconsin Act 25 created the TAD grant program under OJA. The program is intended to provide grants to counties to establish and operate programs, including suspended and deferred prosecution programs and programs based on principles of restorative justice which provide alternatives to prosecution and incarceration for criminal offenders who abuse alcohol or other drugs.

Joint Finance/Legislature: Beginning in 2012-13, and every five years thereafter, require OJA to make TAD grants available to counties on a competitive basis. Existing county TAD grantees would not be precluded from re-applying for TAD grant funding, but the funding would be subject to a competitive grant process.

Provide \$333,900 PR annually in additional funding for TAD grants. For 2011-12, provide this funding as a grant to Milwaukee County for its TAD program. A 25% match requirement would also apply to the receipt of this grant funding by Milwaukee County. Beginning in 2012-13, this TAD grant would also be subject to the competitive grant process discussed in the previous paragraph.

Finally, direct DOA to submit a plan to the Joint Committee on Finance under s. 13.10 of the statutes as to how it will reduce state appropriations by \$1,917,900 over the biennium and lapse the associated funding to the general fund to eliminate the deficit in the \$10 drug offender diversion surcharge fund. [The TAD program was originally funded with revenues from the \$10 drug offender diversion surcharge. Expenditures under the program exceeded revenues leading the fund to operate in deficit. The administration estimates that, under current law, the \$10 drug offender diversion surcharge fund will conclude the 2011-13 biennium with a deficit of \$1,917,900. This provision would eliminate the deficit in the fund. Under current law, OJA retained \$7,500 annually in expenditure authority funded from the \$10 drug offender diversion surcharge to fund Department of Corrections' evaluations of the TAD program. Grants under the program are now funded from the justice information system surcharge.]

Veto by Governor [A-8]: Delete the requirement that DOA submit a plan to the Joint Committee on Finance under s. 13.10 of the statutes as to how it would have reduced state appropriations by \$1,917,900 over the biennium and lapsed the associated funding to the general fund to eliminate the deficit in the \$10 drug offender diversion surcharge fund.

[Act 32 Sections: 330 thru 330s, 731, and 9301(3j)]

[Act 32 Vetoed Section: 9101(4j)]

9. WISCONSIN JUSTICE INFORMATION SHARING PROGRAM [LFB Paper 123]

	Funding	Positions
PR	\$1,583,800	5.30

Joint Finance/Legislature: Create a PR annual Wisconsin Justice Information Sharing Program appropriation under OJA funded from the justice information systems surcharge, to support the costs of the Wisconsin Justice Information

Sharing (WIJIS) program. Provide \$786,500 PR in 2011-12, and \$797,300 PR in 2012-13, and 5.3 PR positions annually in the newly created appropriation.

The WIJIS program has historically been supported with federal grant funding. However, in order to implement the traffic stop data collection initiative under 2009 Act 28, WIJIS was provided base resources of \$364,200 PR and 0.60 PR positions annually, funded from the justice information system surcharge. Under the bill, base funding and positions for implementation and administration of the traffic stop data collection initiative would be deleted, including base funding provided to WIJIS for traffic stop data collection implementation. Office staff expressed the concern that the state could no longer rely on federal funding to support WIJIS, as program costs have shifted from implementation and development costs to ongoing operational costs.

The Justice Gateway under WIJIS is a web-based tool which provides state law enforcement personnel with a single, secure point of read-only access to information stored in separate justice-related state, local, and tribal databases from communities across Wisconsin. The Gateway permit authorized users to do a name search of law enforcement contact, arrest, and investigation records. The Gateway also permits authorized users to access: (a) prosecutor records from the PROTECT system under DA IT; and (b) court records in the Circuit Court Automation Program (CCAP).

The WIJIS Workflow Engine is designed to support many different types of information exchange securely over authenticated Internet connections. The intent of the Workflow Engine is to streamline the processing of criminal justice records across multiple agencies. By providing a central hub for integration, the Workflow Engine allows agencies to implement information exchanges faster and at a lower cost than alternatives requiring multiple point-to-point exchanges. For example, the Workflow Engine product eCitations supports the secure exchange of electronic citations originated by law enforcement agencies. The Workflow Engine routes citations to the courts, prosecutors, local municipal court systems, and two tracking/reporting databases at the Department of Transportation, based on business routing rules established by the users of the system.

[Act 32 Sections: 717 and 735m]

Division of Gaming

1. TRIBAL GAMING APPROPRIATIONS AND GENERAL FUND REVENUE [LFB Paper 130]

	Governor Revenue	Jt. Finance/Leg. Revenue	Net Change (Chg. to Gov)
GPR-Tribal	\$52,583,000	\$54,611,400	\$2,028,400

Governor: Appropriate \$26,952,300 in 2011-12 and \$26,953,600 in 2012-13 in tribal gaming revenue paid to the state under the tribal gaming compacts. The appropriations include: (a) allocations totaling \$24,975,800 in 2011-12 and \$24,977,100 in 2012-13 to various state agencies for programs unrelated to tribal gaming regulation or law enforcement; and (b) appropriations for the regulation of tribal gaming in DOA [\$1,825,100 annually], and tribal gaming law enforcement in the Department of Justice (DOJ) [\$151,400 annually].

Tribal revenue paid to the state is based on provisions under the current state-tribal gaming compacts. Under the compacts, tribes are scheduled to make payments to the state based on a percentage of net revenue (gross revenue minus winnings). The percentages used to calculate state payments vary by tribe and, in some cases, may vary by year for the same tribe.

Under current law, Indian gaming receipts are credited to: (a) the DOJ Indian gaming law enforcement appropriation; (b) the DOA general program operations appropriation relating to Indian gaming regulation; and (c) a DOA appropriation for Indian gaming receipts in the amount necessary to make all the transfers specified under the appropriation to other state programs. Indian gaming receipts not otherwise credited to, or expended from, these appropriation accounts are deposited in the general fund.

Under the bill, tribal payments to the state for gaming in the 2011-13 biennium are projected to total \$53,500,800 in 2011-12 and \$54,660,800 in 2012-13. The general fund condition statement included in the bill shows tribal gaming general fund revenue totaling \$25,700,700 in 2011-12 and \$26,882,300 in 2012-13, and the biennial total of these amounts (\$52,583,000) is shown above. The calculation for the general fund tribal revenue under the bill is summarized in the following table:

2011-13 Tribal Gaming General Fund Revenue

	<u>2011-12</u>	<u>2012-13</u>
1 Estimated Tribal Payments	\$53,500,800	\$54,660,800
2 Miscellaneous Revenue	<u>130,000</u>	<u>130,000</u>
3 Total Revenue	\$53,630,800	\$54,790,800
4 Program Allocations to State Agencies	\$26,952,300	\$26,953,600
5 Program Reserves	<u>41,500</u>	<u>18,600</u>
6 Total Expenditures	\$26,993,800	\$26,972,200
7 Net Tribal Revenue	\$26,637,000	\$27,818,600
8 Net Revenue Adjustment*	-\$936,300	-\$936,300
9 Tribal Gaming General Fund Revenue	\$25,700,700	\$26,882,300

* The annual adjustment amounts (line 8) reflect the reductions to the tribal gaming allocation appropriations relating to increased employee contributions to pension and health insurance benefits and the elimination of long-term vacancies. Because the allocations to state agencies (line 4) already include these savings, the net tribal revenue amounts (line 7) also reflect the savings. However, DOA accounted for the savings as part of a statewide GPR-earned amount in its calculations for the budget bill. Therefore, the adjustment amount was subtracted here so as not to double count the savings associated with these decision items.

Under the bill, the Governor recommends the appropriation of tribal gaming revenue to 16 state agencies, in 44 program areas, including the DOA regulation and DOJ enforcement appropriations. Each of these program areas is listed and briefly described in the following table. Where there is a net fiscal change associated with any of these appropriations (other than standard budget adjustments), it is included under the budget summaries of the affected agency.

Of these 44 program areas, 41 appropriation accounts are authorized under current law. Two new appropriations from tribal gaming revenue reflect current law allocations that are being transferred under the bill. First, an allocation under current law to the Arts Board for state aid for American Indian arts would be provided under the bill to the Department of Tourism to reflect the elimination of the Arts Board and the transfer of certain of its functions to Tourism. Second, an allocation to the UW System under current law for physician and health care provider loan assistance would be provided to UW-Madison under the bill to reflect the separation of UW-Madison from the UW System.

The current law allocations of tribal gaming funding to the Department of Commerce (totaling \$1,271,900 in 2010-11) for certain technical assistance relating to economic development and marketing functions, and economic development and diversification grants and loans to benefit Native Americans would be deleted under the bill to reflect the elimination of the Department. The bill would allocate \$79,500 annually for tribal governmental services and technical assistance to an existing appropriation in DOA for materials and services to state agencies and certain districts.

One program area identified in the table below [Item # 31] is not appropriated funding in the 2011-13 biennium, but is an existing appropriation account under current law that can only be funded with tribal gaming revenue.

Joint Finance/Legislature: Increase tribal gaming revenue credited to the general fund by \$1,086,900 in 2011-12 and \$1,441,500 in 2012-13 as a result of reestimates. Decrease tribal gaming revenue credited to the general fund by \$250,000 annually to reflect the appropriation of funding to the Department of Health Services for reimbursements for high-cost mental health placements by tribal courts (Item 15 in the table below). Tribal gaming general fund revenue under these actions total \$26,537,600 in 2011-12 and \$28,073,800 in 2012-13.

It should also be noted that under Committee action relating to the UW System, the allocation of tribal funding for three UW programs (Items 37, 38, and 39 in the table below) will be deposited in the new segregated fund created for the UW System and will no longer appear separately in the appropriation schedule. These funds will be expended through a new segregated appropriation under the UW System for funds transferred from other state agencies. This action does not change the tribal gaming funding amounts provided to these three programs under the bill.

**2011-13 Tribal Gaming Revenue Appropriations
Act 32**

<u>Agency</u>	<u>Program Revenue</u>		
	<u>2011-12</u>	<u>2012-13</u>	
1 Administration	\$563,200	\$563,200	County management assistance grant program.
2 Administration	247,500	247,500	UW-Green Bay and Oneida Tribe programs.
3 Administration	50,000	50,000	American Indian tribal community reintegration program.
4. Administration	79,500	79,500	Tribal governmental services and technical assistance.
5 Children and Families	395,000	395,000	Indian child high-cost out-of-home care placements.
6 Corrections	75,000	75,000	Indian juvenile out-of-home care placements.
7 Health Services	445,500	445,500	Elderly nutrition; home-delivered and congregate meals.
8 Health Services	106,900	106,900	American Indian health projects.
9 Health Services	242,000	242,000	Indian aids for social and mental hygiene services.
10 Health Services	445,500	445,500	Indian substance abuse prevention education.
11 Health Services	961,700	961,700	Medical assistance matching funds for tribal outreach positions and federally qualified health centers (FQHC).
12 Health Services	712,800	712,800	Health services: tribal medical relief block grants.
13 Health Services	133,600	133,600	Minority health program and public information campaign grants.
14 Health Services	22,500	22,500	American Indian Diabetes and Control
15 Health Services	250,000	250,000	Reimbursements for High-Cost Mental Health Placements by Tribal Courts
16 Higher Education Aids Board	779,700	779,700	Indian student assistance grant program for American Indian undergraduate or graduate students.
17 Higher Education Aids Board	454,200	454,200	Wisconsin Higher Education Grant (WHEG) program for tribal college students.
18 Historical Society	239,700	239,700	Northern Great Lakes Center operations funding.
19 Historical Society	199,100	199,100	Collection preservation storage facility.
20 Justice	631,200	631,200	County-tribal law enforcement programs: local assistance.
21 Justice	92,600	92,600	County-tribal law enforcement programs: state operations.

<u>Agency</u>	<u>Program Revenue</u>		
	<u>2011-12</u>	<u>2012-13</u>	
22 Justice	\$490,000	\$490,000	County law enforcement grant program.
23 Justice	695,000	695,000	Tribal law enforcement grant program.
24 Natural Resources	3,000,000	3,000,000	Transfer to the fish and wildlife account of the conservation fund.
25 Natural Resources	92,100	92,100	Management of an elk reintroduction program.
26 Natural Resources	167,600	167,600	Management of state fishery resources in off-reservation areas where tribes have treaty-based rights to fish.
27 Natural Resources	84,500	84,500	Payment to the Lac du Flambeau Band relating to certain fishing and sports licenses.
28 Natural Resources	1,197,900	1,197,900	State snowmobile enforcement program, safety training and fatality reporting.
29 Natural Resources	62,300	62,300	Reintroduction of whooping cranes.
30 Public Instruction	222,800	222,800	Tribal language revitalization grants.
31 Shared Revenue	0	0	Farmland tax relief credit payments by tribes with casinos associated with certain pari-mutuel racetracks. (No allocations are made in the 2011-13 biennium.)
32 Tourism	160,000	160,000	Grants to local organizations and governments to operate regional tourist information centers.
33 Tourism	9,397,900	9,397,900	General tourism marketing, including grants to nonprofit tourism promotion organizations and specific earmarks.
34 Tourism	30,100	30,100	Law enforcement services at the Kickapoo Valley Reserve.
35 Tourism	24,900	24,900	State aid for the arts.
36 Transportation	247,500	247,500	Elderly transportation grants.
37 University of Wisconsin System	263,400	264,700	Ashland full-scale aquaculture demonstration facility debt service payments.
38 University of Wisconsin System	417,500	417,500	Ashland full-scale aquaculture demonstration facility operational costs.
39 University of Wisconsin System	488,700	488,700	Physician and health care provider loan assistance.
40 Veterans Affairs	61,200	61,200	Grants to assist American Indians in obtaining federal and state veterans benefits.
41 Veterans Affairs	86,300	86,300	American Indian services veterans benefits coordinator position.
42 Wisconsin Technical College System Board	594,000	594,000	Grants for work-based learning programs.

<u>Agency</u>	<u>Program Revenue</u>		
	<u>2011-12</u>	<u>2012-13</u>	
43 Workforce Development	<u>\$314,900</u>	<u>\$314,900</u>	Vocational rehabilitation services for Native American individuals and American Indian tribes or bands.
Subtotal (Non-Regulatory Items)	\$25,225,800	\$25,227,100	
44 Administration	\$1,825,100	\$1,825,100	General program operations for Indian gaming regulation under the compacts.
45 Justice	<u>151,400</u>	<u>151,400</u>	Investigative services for Indian gaming law enforcement.
Subtotal (Regulation/Enforcement)	\$1,976,500	\$1,976,500	
Total Appropriations	\$27,202,300	\$27,203,600	

[Act 32 Section: 371]

2. MODIFY DIVISION OF GAMING FUNDING AND STAFF [LFB Paper 131]

	Funding	Positions
PR	- \$2,864,200	- 10.85

Governor: Delete a total of \$1,432,100 and 10.85 positions annually to reflect the elimination of funding and positions for racing regulation and making minor provisions for other areas of gaming regulation, as follows.

Delete \$1,507,500 and 11.50 positions annually budgeted for the regulation of pari-mutuel wagering and racing in Wisconsin. The Division of Gaming has statutory authority to regulate pari-mutuel wagering and racing; however, the last of the state's dog racetracks closed December 31, 2009. These reductions, as well as a standard budget adjustment, fully delete base funding and positions for this purpose.

In addition, provide \$75,400 and 0.65 positions annually, as follows: (a) \$34,300 and a 0.25 unclassified position for Indian gaming regulation; (b) \$8,200 and a 0.1 classified position for bingo regulation; and (c) \$32,900 and a 0.15 classified position and a 0.15 unclassified position for raffle regulation.

Finally, the bill would convert a 0.4 classified position for racing regulation to a 0.4 unclassified position. The administration indicates that this was done in error and will require a technical modification to correct.

Joint Finance/Legislature: Convert a 0.4 unclassified position for racing regulation to a 0.4 classified position to correct an error under the bill.

3. DELETE OUTDATED TRIBAL GAMING ALLOCATION PROVISION

Governor/Legislature: Delete a provision that specified transfers to be made from tribal gaming revenue to the environmental fund in 2001-02 and 2002-03.

[Act 32 Sections: 747 and 886]

AGRICULTURE, TRADE AND CONSUMER PROTECTION

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$54,622,400	\$54,163,900	\$54,988,200	\$54,988,200	\$54,988,200	\$365,800	0.7%
FED	42,481,400	42,866,100	42,318,100	42,318,100	42,318,100	- 163,300	- 0.4
PR	44,647,000	46,821,500	46,284,900	46,284,900	46,284,900	1,637,900	3.7
SEG	<u>61,583,000</u>	<u>65,703,900</u>	<u>60,274,700</u>	<u>60,274,700</u>	<u>60,274,700</u>	<u>- 1,308,300</u>	<u>- 2.1</u>
TOTAL	\$203,333,800	\$209,555,400	\$203,865,900	\$203,865,900	\$203,865,900	\$532,100	0.3%

FTE Position Summary						
Fund	2010-11 Base	2012-13 Governor	2012-13 Jt. Finance	2012-13 Legislature	2012-13 Act 32	Act 32 Change Over 2010-11 Base
GPR	205.50	209.50	210.00	210.00	210.00	4.50
FED	88.47	89.12	85.62	85.62	85.62	- 2.85
PR	206.58	202.37	197.97	197.97	197.97	- 8.61
SEG	<u>98.77</u>	<u>96.40</u>	<u>97.30</u>	<u>97.30</u>	<u>97.30</u>	<u>- 1.47</u>
TOTAL	599.32	597.39	590.89	590.89	590.89	- 8.43

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide adjustments to the agency base budget for: (a) reductions due to turnover [-\$230,600 GPR and -\$72,300 PR annually]; (b) removal of non-continuing items [-\$79,800 FED in 2011-12 and -\$279,100 FED in 2012-13 with -4.0 positions, and -\$32,000 PR in 2011-12 and -\$127,300 PR in 2012-13 with -2.0 positions]; (c) full funding of salary and fringe benefits for continuing positions [\$2,206,200 GPR annually, -\$1,864,700 FED annually, \$1,275,000 PR annually, and \$1,086,800 SEG annually]; (d) reclassifications and semiautomatic pay progressions [\$3,700 GPR annually, \$16,600 FED in 2011-12 and \$25,500 FED in 2012-13, \$78,500 PR in 2011-12 and \$120,600 PR in 2012-13, and \$43,000 SEG in 2011-12 and \$46,300

	Funding	Positions
GPR	\$4,012,400	0.00
FED	- 4,019,400	- 4.00
PR	2,493,200	- 2.00
SEG	<u>2,292,900</u>	<u>0.00</u>
Total	\$4,779,100	- 6.00

SEG in 2012-13]; (e) full funding of lease costs and other directed moves [\$26,900 GPR annually, \$13,400 FED annually, \$24,000 PR annually, and \$15,000 SEG annually]; and (f) minor transfers within appropriations [within the PR appropriation for computer system staffing and equipment, transfer \$236,900 annually from the unallotted reserve to supplies and services].

2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE

GPR	- \$1,881,800
FED	- 627,600
PR	- 1,505,600
SEG	<u>- 881,800</u>
Total	- \$4,896,800

Governor/Legislature: Delete \$2,448,400 annually to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The annual reductions include \$940,900 GPR, \$313,800 FED, \$752,800 PR, and \$440,900 SEG. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance costs reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

3. ELIMINATE LONG-TERM VACANCIES [LFB Paper 135]

	Funding	Positions
FED	- \$29,200	- 0.35
PR	- 402,000	- 3.11
SEG	<u>- 148,600</u>	<u>- 1.47</u>
Total	- \$579,800	- 4.93

Governor/Legislature: Delete \$289,900 (all funds) and 4.93 positions annually to reflect the elimination of long-term vacant positions under the bill. The annual reductions include \$14,600 FED and 0.35 FED positions, \$201,000 PR and 3.11 PR positions, and \$74,300 SEG and 1.47 SEG positions. Funding and position reductions are associated with positions that have been vacant for 12 months or more. Position eliminations and annual funding reductions are shown below by appropriation.

<u>Fund</u>	<u>Appropriation</u>	<u>Funding</u>	<u>Positions</u>
FED	Reimbursement of indirect costs of grant administration	\$14,600	0.35
PR	Public warehouse regulation	4,900	0.11
PR	Dog regulation, licensing, and rabies control	64,900	1.00
PR	General laboratory services	66,300	1.00
PR	Agricultural education and workforce development council, gifts and grants	64,900	1.00
SEG	Agricultural producer security program administration	<u>74,300</u>	<u>1.47</u>
	Totals	\$289,900	4.93

4. BUDGET REDUCTIONS

GPR	- \$1,816,200
PR	<u>- 1,395,800</u>
Total	- \$3,212,000

Governor/Legislature: Reduce funding by \$1,606,000 annually associated with a 10% reduction to supplies and other non-personnel costs. Reductions include \$908,100 GPR and \$697,900 PR each year. Annual reductions by appropriation are as follows:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Reduction</u>
	Food safety and consumer protection		
GPR	Food safety operations	\$3,406,100	\$67,900
GPR	Meat and poultry inspection	3,283,600	55,500
GPR	Trade regulation and consumer protection	1,505,500	24,100
PR	Grain inspection and certification	1,376,200	18,800
PR	Consumer protection, information and education	164,200	16,400
PR	Telecommunications utility trade practices	415,800	8,000
PR	Ozone-depleting products regulation	480,600	9,200
PR	Food regulation	5,082,600	135,800
PR	Meat and poultry inspection	371,500	18,200
PR	Food- and trade-related services	47,400	4,700
PR	Sale of supplies	28,200	2,800
PR	Weights and measures inspection	1,269,600	46,600
PR	Dairy trade regulation	154,900	1,900
PR	Public warehouse regulation	134,900	2,700
	Subtotal		\$412,600
	Animal health		
GPR	General operations	\$2,565,600	\$34,300
GPR	Paratuberculosis testing assistance	234,700	23,500
PR	Dog regulation, licensing, and rabies control	608,100	14,500
PR	Animal health testing, inspection and enforcement	563,500	16,000
	Subtotal		\$88,300
	Agricultural development services		
GPR	General operations	\$2,164,500	\$69,800
PR	Marketing orders and agreements	92,100	2,900
PR	Something Special from Wisconsin	32,700	3,300
PR	Agricultural development services and materials	160,300	12,900
PR	Stray voltage - rural electric cooperatives	21,800	600
	Subtotal		\$89,500
	Agricultural assistance		
GPR	Aids to county and district fairs	\$396,000	\$39,600
GPR	Agricultural diversification and development grants	356,700	35,700
GPR	Aids to World Dairy Expo, Inc.	22,300	2,200
GPR	Dane County Exposition Center grants	203,000	20,300
	Subtotal		\$97,800
	Agricultural resource management		
GPR	Plant industry services	\$745,800	\$12,900
GPR	Soil and water resource management; county staffing	4,270,100	427,000
GPR	Farmland preservation planning grants	415,800	41,600
PR	Nursery regulation; plant pest control	316,200	12,200
PR	Seed testing and labeling	89,800	4,600
PR	Related services; phytosanitary certificates	262,600	8,900
PR	Fertilizer research assessments	150,700	15,100
PR	Agricultural impact statements	266,400	5,300
PR	Liming material research funds	23,400	2,300
	Subtotal		\$529,900
	Central administrative services		
GPR	Secretary's Office; management services	\$5,352,900	\$44,000
GPR	Agricultural statistics	287,600	9,700
PR	Computer system equipment, staff and services	2,018,700	139,200
PR	No-call list administration	790,700	32,200
PR	Sale of material and supplies	10,700	1,100
PR	Internal laboratory service charges	2,791,200	99,000
PR	General laboratory-related services to public	78,800	3,300
PR	Related services; statistical publications and surveys	93,900	8,300
PR	Central services; meat inspection federal reporting	798,200	51,100
	Subtotal		\$387,900
	Total		\$1,606,000

5. REPLACEMENT OF CLASSIFIED POSITIONS WITH UNCLASSIFIED POSITIONS

Governor/Legislature: Delete 3.0 GPR classified positions and provide 3.0 GPR unclassified positions under DATCP's general operations appropriation for central administrative services.

Under 2011 Act 10, 38 classified positions are transferred into the unclassified service to serve as division administrators. The act also redefines "administrators" to include "other managerial positions determined by an appointing authority." The State Budget Office indicates that personnel from three separate employment areas (attorney services positions, communications positions, and legislative liaison positions) would be moved from classified to unclassified service within specified agencies. The revised unclassified positions would be renamed as either chief legal advisors, communications directors, or legislative advisors. Individuals in these unclassified positions would be at will employees appointed by the heads of the respective agencies.

The provisions in the 2011-13 biennial budget bill would effectuate the intent of Act 10 in regards to the transfer of classified positions to unclassified positions as recommended by the Governor.

6. WORKING LANDS INITIATIVE – ELIMINATE PURCHASE OF AGRICULTURAL CONSERVATION EASEMENTS PROGRAM [LFB Paper 136]

BR	- \$12,000,000
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Governor: Delete statutory authorization for the purchase of agricultural conservation easements (PACE) program. Repeal general obligation bonding authority of \$12 million for the PACE program. Further, repeal the following appropriations: (a) a GPR sum-sufficient appropriation for debt service on PACE bonding authority; (b) a working lands SEG annual appropriation for debt service on PACE bonding authority; (c) a PR continuing appropriation for gifts and grants received by DATCP for purchases of agricultural conservation easements; and (d) an annual appropriation from the segregated working lands fund for the purchase of agricultural conservation easements. (These appropriations do not have any expenditure authority in the 2009-11 biennium.) Amend an annual working lands fund SEG appropriation for administration of working lands programs to delete references to administration of the PACE program. Amend the statutory authorization for the working lands fund to delete reference to penalties or other proceeds from for the sale, modification or termination of an agricultural conservation easement.

The PACE program was authorized under 2009 Act 28 and grants DATCP the authority to enter into voluntary, perpetual easements with owners of agricultural land to preserve the land for future agricultural production. Easements generally prohibit the land from being made unavailable or unsuitable for agricultural use. Such programs are active in other states and certain Wisconsin municipalities, and are also commonly known as the purchase (or transfer) of development rights. DATCP conducted one application period in 2010, under which 16 proposed easements were preliminarily approved and allowed to proceed with appraisals and negotiations.

The 2011 application period closed February 15.

Under current law, DATCP may pay up to 50% of the fair market value of an easement, as determined by appraisal, with remaining amounts paid by cooperating entities. Cooperating entities may include: (a) counties, towns, villages or cities; or (b) nonprofit conservation organizations such as land trusts, which are organized for the purpose of acquiring and managing conservation easements. DATCP also coordinated eight of the applications preliminarily approved in 2010 with the U.S. Department of Agriculture (USDA) under the Farm and Ranch Lands Protection Program, which is a federal program that provides funding for the purchase of agricultural conservation easements. In addition to paying a portion of fair market value, DATCP is authorized to pay reasonable transaction costs associated with an easement purchase. These levels have been established at 80% of eligible costs, up to \$12,000. DATCP has administered the program since 2009 under the advice of a PACE Council, which is authorized under the statutes and appointed by the DATCP Secretary.

Joint Finance/Legislature: Adopt the Governor's recommended repeal of \$12 million in PACE bonding authority, and the repeal of GPR and working lands SEG debt service appropriations. Restore the statutory authorization for the PACE program in s. 93.73 of the statutes, but delete the provision requiring DATCP to annually solicit applications for the program. Restore statutory references to PACE in: (a) a DATCP working lands SEG annual appropriation for administration of working lands programs; and (b) the statutory authorization for the working lands fund for receipt of penalties or other proceeds from the sale, modification or termination of an agricultural conservation easement. Further, restore the following: (a) the PR continuing appropriation for PACE gifts and grants; and (b) the working lands SEG annual appropriation for PACE.

Require the DNR to provide DATCP, from bonding authority for the Knowles-Nelson Stewardship program, amounts necessary, up to \$5.2 million, for the allowable purchase costs under s. 93.73 for easements preliminarily approved in 2010. Specify funding is to be provided from the Stewardship land acquisition subprogram, but that Stewardship criteria do not apply to the PACE easements.

Further, specify DATCP is to evaluate the PACE program, including but not limited to the administration of the program, source of funding, state participation and requirements for a local match. Require DATCP to include options for a replacement program that would be less costly and more efficient for preserving farmland. Specify DATCP is to report findings by June 30, 2012, to the Joint Committee on Finance and the standing committees in each house of the Legislature with responsibility for agricultural matters.

[Act 32 Sections: 377, 379, 779, 797, 862m, 2307c, and 9103(1i)]

7. WORKING LANDS INITIATIVE – REPEAL FEE FOR REZONING FROM FARMLAND PRESERVATION ZONING DISTRICTS [LFB Paper 136]

SEG-REV - \$1,160,000

Governor: Repeal the conversion fee on persons requesting lands to be rezoned from

farmland preservation zoning districts to other designations. Further, repeal requirements that political subdivisions submit to DATCP by each March 1: (a) a conversion fee for acreage rezoned from farmland preservation zoning districts in that jurisdiction in the previous calendar year; and (b) reports stating the total conversion fees collected by the local government for the previous year's conversions. (Local governments are still required to submit to DATCP reports of acreage rezoned in the previous year by each March 1.) Also, repeal provisions specifying for which purposes a political subdivision can use conversion fee revenues if a political subdivision has collected an amount greater than that remitted to DATCP. The repeal takes effect on the act's effective date.

The Working Lands Initiative (WLI) enacted in 2009 Act 28 revised requirements for the farmland preservation program and tax credits, including changing the tax credit from a formula based on property-tax liability and income to the following: (a) \$5 per acre for lands under a farmland preservation agreement; (b) \$7.50 per acre for lands under farmland preservation zoning; or (c) \$10 per acre for lands under both zoning and an agreement. For tax credits based on zoning, eligibility is contingent on DATCP certification of the farmland preservation zoning ordinance. To qualify for certification, an ordinance must limit land uses in farmland preservation zoning districts to agricultural, agriculture-related, accessory, open space or other limited conditional uses. This is in addition to other requirements. A landowner also must comply with state standards for soil and water conservation to be eligible for farmland preservation tax credits.

Previously, the statutes allowed lands in farmland preservation zoning districts to be rezoned if the party requesting the rezoning paid a conversion fee to the zoning authority for the acreage to be rezoned. The minimum conversion fee is three times the highest-value category of tillable cropland in the city, village or town in which the rezoned land is located. This is typically referred to as the Grade 1 use value, and it is established annually for property tax assessments by the Department of Revenue for use value assessment of agricultural land. For 2011, the statewide average for Grade 1 cropland is \$227 per acre, with values ranging from \$156 to \$350. The 2010 statewide average was \$236 per acre. However, many areas under farmland preservation zoning occur in areas with higher use values. As a result, conversion fees for acres converted in 2010 averaged about 750 per acre ($\$250 \times 3$). The conversion fee is not applied if: (a) the rezoning occurs under an ordinance recertification that is approved by DATCP, provided the ordinance remains consistent with the county's farmland preservation plan [farmland preservation zoning plans and ordinances generally must be reviewed and recertified at least every 10 years]; (b) the acreage is no longer designated for agricultural preservation under the certified county farmland preservation plan prior to the rezoning; or (c) the land is annexed by another municipality that zones the land for non-agricultural purposes.

Conversion fees under prior law were submitted to DATCP by March 1, along with reports of total acreage converted and total fees collected by the zoning authorities. Local governments were allowed to establish higher conversion fees individually, but any fees in excess of the tripled Grade 1 use value were to be used by the local government for administration or enforcement of its farmland preservation program. Funds received by DATCP were deposited to the segregated working lands fund for DATCP administration of farmland preservation programs, including local grants for farmland preservation planning, and the purchase of agricultural conservation easements (PACE) program. DATCP received \$590,500 in

conversion fees for 779 acres following the March 1, 2011, deadline. Approximately one-third of municipalities with certified farmland preservation zoning ordinances had responded prior to or shortly after the March 1, 2011, deadline.

DATCP reported conversions prior to 2009 ranged between 6,000 and 12,000 acres annually statewide, although conversion fees under the WLI were expected to vary from year to year. The Department estimated conversions from certified farmland preservation zoning districts in the near term would be 2,000 to 4,000 acres per year, due to slower economic activity, with revenues of between \$1.4 million and \$3.2 million.

The original WLI provisions also require a local government to hold a public hearing for proposed rezonings from farmland preservation zoning districts. A zoning authority must make the following findings before approving a rezoning: (a) the land is better suited for a use not allowed in the farmland preservation zoning district; (b) the rezoning is consistent with any applicable comprehensive plan and substantially consistent with a county farmland preservation plan; and (c) the rezoning will not substantially impair current or future agricultural uses of surrounding parcels that are zoned for or legally restricted to agricultural use. These requirements are not affected by the act. The act also does not affect conversion fees applied to early terminations of farmland preservation agreements.

Joint Finance/Legislature: Adopt provision, but specify that conversion fees collected by a political subdivision for 2011 conversions occurring prior to the bill's effective date be retained by the political subdivision for farmland preservation planning, zoning or compliance monitoring. This provision would be consistent with the requirements on the use of conversion fees collected by political subdivisions in excess of amounts required to be remitted to the state. The Governor's recommendation would repeal requirements that fee collections be remitted to DATCP annually by March 1, but did not include any provision for disposing of conversion fees collected in 2011 prior to the bill's effective date. The revenue loss to the segregated working lands fund under the bill is estimated at \$560,000 in 2011-12 and \$600,000 in 2012-13. The fiscal effect of this provision has been reestimated lower, however, consistent with actual conversions reported in 2010.

[Act 32 Sections: 889, 2279 thru 2287, and 9103(2i)]

8. MEAT SAFETY INSPECTIONS [LFB Paper 137]

	Governor (Chg. to Base) Funding Positions		Jt. Finance/Leg. (Chg. to Gov) Funding Positions		Net Change Funding Positions	
GPR	\$768,000	3.00	\$0	0.00	\$768,000	3.00
FED	1,042,500	5.00	- 548,000	- 3.50	494,500	1.50
PR	<u>0</u>	<u>0.00</u>	<u>- 548,000</u>	<u>- 3.50</u>	<u>- 548,000</u>	<u>- 3.50</u>
Total	\$1,810,500	8.00	- \$1,096,000	- 7.00	\$714,500	1.00

Governor: Provide the following for the meat inspection program: (a) \$254,700 GPR in 2011-12 and \$513,300 GPR in 2012-13, with 3.0 positions beginning in 2012-13; and (b) \$396,300 FED with 2.0 positions in 2011-12 and \$646,200 FED in 2012-13 with 5.0 positions.

The increases noted above for meat inspection would be the net effect to the Department budget. However, the bill would partially offset increases for the meat inspection program with reductions in other appropriations. These changes are intended to mitigate the effect of increases in GPR expenditures for the meat inspection program. As a result, there would be no net increases in GPR positions in 2011-12 under the bill. The table below shows the appropriations affected by the bill.

Bill Changes Related to Meat Inspection

<u>Appropriation</u>	<u>Source</u>	<u>2011-12</u>		<u>2012-13</u>	
		<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>
Meat and poultry inspection	GPR	\$387,600	2.00	\$646,200	5.00
Meat safety inspection	FED	396,300	2.00	646,200	5.00
Agricultural development operations	GPR	-68,000	-1.00	-68,000	-1.00
Central administrative operations	GPR	<u>-64,900</u>	<u>-1.00</u>	<u>-64,900</u>	<u>-1.00</u>
	Total	\$651,000	2.00	\$1,159,500	8.00

DATCP's meat safety program conducts inspection of animal and poultry slaughtering and processing in establishments not otherwise inspected by the USDA Food Safety and Inspection Service (FSIS). State-inspected facilities are typically smaller operations that do not slaughter and process on a daily basis and have sales limited to in-state purchasers. Federally inspected facilities generally slaughter and process daily and ship products outside the state for sale. DATCP currently licenses 285 state-inspected establishments, as well as 56 custom-exempt establishments. (Custom-exempt establishments process meat as a customer service, do not engage in resale, and are generally not subject to inspection.) The state-funded portion of the inspection program is supported by GPR, including a \$200 annual license fee charged to official slaughtering and processing establishments that is deposited to the general fund. USDA also provides matching FED. For 2010-11, the meat inspection program was budgeted the following: (a) \$3,224,300 GPR with 43.12 positions; (b) \$4,240,100 FED with 43.37 positions; and (c) \$47,400 PR. These totals exclude base-level funding of \$274,000 PR with 3.5 positions and \$274,000 FED with 3.5 positions that were authorized under 2009 Act 28; Act 28 required DATCP to create, by administrative rule, fees to fund inspections at slaughter and processing plants. The fee was to be created in consultation with affected industries, but could not require a slaughtering facility to pay a fee based on the number of animals slaughtered. DATCP had not begun promulgating the rule prior to Act 32, and the associated positions were never filled.

DATCP reports the additional GPR and FED positions under Act 32 are required to meet federal requirements that state inspection programs enforce standards that are "at least equal to" federal food-safety standards. This includes having inspections of all slaughtering activities, including ante- and post-mortem inspections of animals, and all processing activities. A February, 2011, FSIS audit of DATCP's program activities in fiscal year 2010 noted that while Wisconsin's meat and poultry inspection program was generally "at least equal to" federal requirements, the Department had to adapt management procedures to the satisfaction of FSIS to demonstrate it consistently met all staffing requirements for inspection of slaughtering establishments.

Joint Finance/Legislature: Adopt the Governor's recommendation. Also, repeal the statutory provision requiring DATCP to promulgate a rule specifying a fee to fund meat and poultry inspection activities. Delete \$274,000 PR annually with 3.5 positions and \$274,000 FED annually with 3.5 positions.

[Act 32 Sections: 373e and 2309g]

9. LABORATORY EQUIPMENT AND SERVICE CHARGES
[LFB Paper 138]

PR	\$966,000
SEG	<u>1,641,500</u>
Total	\$2,607,500

Governor/Legislature: Provide \$302,200 PR and \$768,300 SEG in 2011-12 and \$343,800 PR and \$873,200 SEG in 2012-13 for increased costs associated with laboratory services in the food safety and agricultural chemical programs. Further, provide \$150,000 PR in 2011-12 and \$170,000 PR in 2012-13 for laboratory equipment purchases.

The DATCP Bureau of Laboratory Services analyzes samples gathered during inspections and regulatory actions under the food safety and agrichemical management programs. DATCP's food safety program is responsible for enforcing state sanitary and food purity standards affecting: (a) food processors, warehouses, and retail food establishments; and (b) milk producers, processors and haulers, including enforcement of the Grade A pasteurized milk ordinance. It is funded primarily by annual license fees and monthly procurement fees assessed on dairy processors for milk purchases. The agrichemical management program regulates activities involving animal feed, pesticides, fertilizers, and other agricultural chemicals. This includes monitoring groundwater that may be vulnerable to contamination by the use of agricultural chemicals. The program is supported by the segregated agrichemical management (ACM) fund, which receives various license, product registration, and tonnage fees assessed on agrichemical production and sales. Laboratory services for these programs may provide both evidence in cases of suspected law violations and indications of broader risks to public health and welfare. The Bureau of Laboratory Services charges the food safety and agrichemical management programs for its services. These charges are reflected as expenditures to the food safety and agrichemical management programs and as revenues to the laboratory.

In August, 2013, the laboratory is expected to move into a new facility on Madison's southeast side. This new facility was authorized in the state's 2009-11 building program, and construction is expected to begin in July, 2011. The increased food safety and agrichemical management expenditures would increase the laboratory cash balances in anticipation of potential future cost increases for equipment and building rent. These costs were not known prior to Act 32, but are expected to be higher than current levels. Any charges under this provision exceeding actual amounts needed in 2011-13 would likely be offset in the 2013-15 biennium with lower charges assessed to the food safety and agrichemical management programs.

10. BUY LOCAL, BUY WISCONSIN PROGRAM [LFB Paper 139]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$445,400	\$400,000	- \$45,400

Governor: Repeal the Buy Local, Buy Wisconsin program, and repeal a biennial GPR appropriation for grants under the program. Delete base funding of \$222,700 each year for grants. A 1.0 GPR position and associated funding would remain.

The Buy Local, Buy Wisconsin program is intended to: (a) increase awareness of locally produced foods; and (b) increase the production and distributional capacity of foods for consumption in proximity to where the food is produced. Grants under the program are for: (a) the creation, promotion and support of regional food systems and agricultural tourism trails; and (b) the development of regional food systems, including creating or expanding facilities for production, processing and transport of locally produced food, or strengthening networks of producers and consumers of locally produced food. DATCP administrative rules require a recipient match of at least 33% of the grant total, which is equal to at least 25% of total project costs. Grants also may not exceed \$50,000. Contracts awarding grants generally are limited to two years, although administrative rules allow an extension to a third year upon request.

Joint Finance/Legislature: Restore statutory authority for the Buy Local, Buy Wisconsin program, including the GPR grants appropriation. Provide \$200,000 GPR annually for grants, which would reflect base-level grant funding, less an approximately 10% reduction as applied to most GPR and PR non-personnel costs under the act.

11. TRANSFER DAIRY 2020 AND ADMINISTRATION OF AGRICULTURE-RELATED TAX CREDITS [LFB Paper 238]

	Governor (Chg. to Base) Funding Positions		Jt. Finance/Leg. (Chg. to Gov) Funding Positions		Net Change Funding Positions	
GPR	\$129,800	1.00	\$400,000	0.50	\$529,800	1.50

Governor: Transfer from the Department of Commerce (Commerce) to DATCP administration of the following programs: (a) Dairy 2020, which assists dairy operations with accessing funding for expansions and modernization; and (b) certification of prospective claimants of the dairy manufacturing facility investment tax credit. Provide \$64,900 GPR annually with 1.0 economic development consultant position in DATCP's agricultural development operations appropriation for administration of the programs. Require all records and tangible personal property related to certification of prospective tax credit claimants to be transferred from Commerce to DATCP. Specify all Commerce administrative rules in effect for administration of the tax credit remain in effect until any designated expiration date, or until the rules are modified or repealed by DATCP.

The Dairy 2020 Initiative was created to focus resources available under several Commerce programs toward economic development in the state dairy industry. These programs include: (1) the early planning grant [EPG] program; and (2) the Milk Volume Production [MVP] program, which provides for low-interest loans to dairy farmers. Dairy 2020 is guided by an advisory Dairy 2020 Council, consisting of 26 gubernatorial appointees including dairy farmers, industry representatives, state legislators and officials and representatives of educational institutions.

The act does not transfer from Commerce to DATCP any statutory authorities for the Dairy 2020 financial assistance programs. Commerce and the Department of Administration (DOA) indicate that although Dairy 2020 coordinates dairy industry access to various programs, the programs themselves operate independently. The act repeals statutory authorities and state appropriations for these rural economic development programs. [See entries under "Commerce" for additional information.]

Also, DATCP administers parts of the Dairy Business Initiative (DBI), which was previously known as the Value-Added Dairy Initiative (VADI). DBI/VADI has been supported by federal funding and in-kind efforts of DATCP, Commerce, the University of Wisconsin Center for Dairy Profitability, the UW–Extension, the Wisconsin Technical Colleges, and dairy industry trade groups. DBI/VADI is broadly intended to help the state dairy industry modernize and expand operations, as well as develop supply and distribution chains to economically increase product offerings and market presence of Wisconsin dairy products. Dairy 2020 has generally constituted the Commerce contributions to DBI/VADI operations.

The dairy manufacturing facility investment tax credit provides credits of 10% of investments made to modernize or expand a dairy manufacturing facility. The maximum aggregate credit, which may be claimed by members or shareholders of a partnership, limited-liability company, tax-option corporation, or dairy cooperative, is \$200,000. The \$200,000 limit is applied to each manufacturing facility held by the entity. (A provision in the act applied the \$200,000 per-facility limit solely to dairy cooperatives; other entities are only allowed to allocate to their members or shareholders up to \$200,000 in aggregate credits for all facilities.) Total credits each fiscal year are \$1.4 million, with not more than \$700,000 available to dairy cooperatives and not more than \$700,000 available to other non-cooperative entities.

Joint Finance/Legislature: Adopt the Governor's recommendation. In addition, include the following:

a. Transfer \$200,000 GPR annually from the Wisconsin Economic Development Corporation (WEDC) to a newly-created GPR appropriation to fund grants and loans to dairy producers for promoting the growth of the dairy industry.

b. Transfer administration, including certification, allocation, and verification, of the food processing plant and food warehouse investment tax credit, meat processing facility investment tax credit, and woody biomass harvesting and processing tax credit from Commerce to DATCP. All records and tangible personal property related to certification of tax credit claimants would be transferred from Commerce to DATCP, and all Commerce administrative rules in effect for administration of the tax credit programs would remain in effect until any designated expiration date, or until the rules are modified or repealed by DATCP. (Under the

bill, these programs would have been transferred from Commerce to WEDC.)

c. Provide 0.5 GPR position to administer the programs beginning in 2011-12 in the agricultural development general operations appropriation, but provide no additional funding in 2011-13.

The refundable food processing plant and food warehouse investment tax credit equals 10% of the amount paid in the tax year by the claimant for food processing or food warehousing modernization or expansion. The credit can be claimed for tax years beginning after December 31, 2009, and before January 1, 2017. The total amount of tax credits that can be claimed is limited to \$1,200,000 for fiscal year 2010-11, and \$700,000 for subsequent fiscal years. The maximum aggregate amount of tax credits that can be claimed by a taxpayer is \$200,000, and a credit cannot be claimed for expenses that were deducted as trade or business expenses.

A refundable tax credit may be claimed equal to 10% of the amount the claimant paid in the tax year for meat processing modernization or expansion related to the claimant's meat processing operation. The tax credit can be claimed for tax years beginning after December 31, 2008, and before January 1, 2017. The maximum aggregate amount of meat processing facility investment tax credits that can be claimed by a claimant is \$200,000, and a credit cannot be claimed for expenses that were deducted as trade or business expenses. The total amount of tax credits that can be claimed is \$700,000.

The refundable woody biomass harvesting and processing tax credit is equal to 10% of the amount the claimant pays in the tax year for equipment that is used primarily to harvest or process woody biomass that is used for fuel or as a component of fuel. The credit can be claimed for tax years beginning after December 31, 2009, and before January 1, 2016. The maximum aggregate amount of tax credits that can be claimed by a taxpayer is \$100,000, and a credit cannot be claimed for expenses that are deducted as trade or business expenses. The total amount of tax credits that can be claimed by all taxpayers is limited to \$900,000 for each state fiscal year.

Under the act, DATCP is responsible for certifying the eligibility of persons seeking the tax credits and determining the amount of credits to be allocated to an entity. DATCP is to provide the Department of Revenue with information on those entities certified and the credits allocated. DATCP would have rule-making authority for administration of the programs. [See the entry under "General Fund Taxes -- Income and Franchise Taxes" for additional information.]

Dairy 2020 Early Planning Grants are designed to encourage and stimulate the start up, modernization, and expansion of Wisconsin dairy farms. Under the program, the Wisconsin Entrepreneurs' Network (WEN) of the UW-System have provided grants, with state funding, to help cover a portion of the cost of hiring a for-profit, in-state, independent third party to develop a comprehensive business plan. Eligible applicants include existing and start-up Wisconsin dairy producers. Eligible project costs have been limited to expenses associated with obtaining a business plan to assist the applicant in evaluating the start up, modernization, or expansion of a Wisconsin dairy farm. The Dairy 2020 EPG has been limited to 75% of eligible project costs up to a maximum of \$3,000. Applicants are required to provide a cash match of at least 25% of the eligible project costs from non-state sources.

Milk Volume Production loans finance the equity gap for dairy producers that are undertaking capital improvements to modernize their operations and increase dairy herd size. Commerce made awards from federal community development block grant (CDBG) funds to eligible local governments which used the funds for loans to local dairy producers. Funding from the rural economic development (RED) program had also been used for MVP loans. The loan term was seven years with a fixed interest rate of 2% for the life of the loan. Repayment was deferred for the first year followed by interest only payments in the second year. The loan was then amortized during years three through seven with equal monthly payments of principal and interest. Project costs were limited to the cost of acquiring dairy cows. The maximum award that was be made to an individual producer was \$200,000 (\$100,000 for RED financing), or \$500 for each dairy cow added to the operation. Loans were generally awarded for purchases of between 40 and 400 cows, or \$20,000 to \$200,000. The \$200,000 GPR provided annually to DATCP could support the continuation of the EPG and MVP programs, or similar programs to encourage growth in the dairy industry.

[Act 32 Sections: 375g, 1822 thru 1827, 1835 thru 1845, 1959 thru 1964, 1972 thru 1982, 2071 thru 2076, 2084 thru 2094, 2299r, 3367, 3369, 3370, 3372, and 9110(7)]

12. AGRICULTURAL PRODUCER SECURITY REESTIMATES

SEG	- \$4,300,000
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[LFB Paper 144]

Joint Finance/Legislature: Delete \$2,150,000 annually for the agricultural producer security (APS) program, including \$1,800,000 for security payments to agricultural producers and \$350,000 for payments on contingent financial backing for security payments. Producer security payments would be estimated at \$200,000 annually and contingent financial backing would be estimated at \$0.

The APS program collects assessments from milk contractors, grain dealers, grain warehouse keepers and vegetable contractors on commodities accepted from farmers. The assessments are used: (a) to make payments to farmers in case the contractor defaults on payments; and (b) support administration of the program. DATCP may also use funds to purchase insurance, known as contingent financial backing, in case APS fund balances are insufficient to cover a default. Appropriations for both default payments and contingent financial backing are sum-sufficient, meaning the amounts appearing in the appropriations schedule are the best estimates of payments to be made in the biennium. The APS fund has been liable for default payments once since its inception in 2002, and total payments were \$130,400 in 2005-06. Although recent defaults have been rare, DATCP reports historical defaults since 1980 may suggest fund liabilities of up to \$416,000 per year. Further, DATCP does not expect to pursue contingent financial backing in the near future.

13. FEDERAL REVENUE REESTIMATES

FED	\$4,018,400
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Governor/Legislature: Provide \$2,009,200 each year to reflect expected changes in revenues and expenditures for federal revenue appropriations. Affected appropriations are listed below. Agencies may expend all federal funds received under these appropriations, including

amounts exceeding those in the state appropriations schedule, subject to approval by DOA. Expenditure authority appearing in the schedule for these appropriations therefore represents the best estimates of actual expenditures.

<u>Appropriation</u>	<u>Funding</u>
Food safety inspection	\$313,600
Animal health	960,000
Dairy Business Initiative/Specialty Crop Block Grants	43,400
Agricultural development/farm mediation	90,000
U.S. Dept. of Agriculture - Emerald ash borer management	393,000
Federal grant administrative costs	169,000
Food emergency response	<u>40,200</u>
Total	\$2,009,200

14. PROGRAM REVENUE REESTIMATES

PR	\$1,611,600
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Governor/Legislature: Provide \$805,800 each year to reflect expected changes in revenues and expenditures for program revenue appropriations. Affected appropriations are listed below. All appropriations shown below are continuing appropriations, which allows DATCP to expend all monies received under that appropriation, including amounts exceeding those in the state appropriations schedule, subject to approval by the Department of Administration (DOA). Expenditure authority appearing in the schedule for these appropriations represents the best estimates of actual expenditures.

<u>Appropriation</u>	<u>Funding</u>
Grain inspection	\$96,400
Dog regulation, licensing, and rabies control	72,200
Nonpoint source and gypsy moth programs	53,900
Seed testing and labeling	2,100
Phytosanitary certificates	46,300
Agricultural impact statements	2,000
Telemarketer do-not-call administration	60,100
Services to other state agencies	4,500
Central administration - gifts and grants	233,100
Central administrative services	<u>235,200</u>
Total	\$805,800

15. DEBT SERVICE REESTIMATE [LFB Paper 183]

GPR	\$54,500
SEG	<u>1,319,500</u>
Total	\$1,374,000

Governor/Legislature: Delete \$37,000 GPR in 2011-12 and provide \$91,500 GPR in 2012-13, and provide nonpoint account SEG amounts of \$498,500 in 2011-12 and \$821,000 in 2012-13 for estimated debt service on general obligation bonds authorized for DATCP programs.

GPR-supported debt is associated with the Wisconsin Veterinary Diagnostic Laboratory (WVDL) buildings and payments required from the state under the Conservation Reserve Enhancement Program (CREP). Nonpoint SEG debt service is for bonds issued to fund the installation of structural best management practices to limit sediment and nutrient runoff at agricultural sites under DATCP's soil and water resource management (SWRM) program. Under the bill, estimated debt service in the 2011-13 biennium would be as follows: (a) for WVDL facilities, \$4,600 GPR in 2011-12 and \$12,900 GPR in 2012-13; (b) for CREP, \$412,100 GPR in 2011-12 and \$1,908,800 GPR in 2012-13; and (c) for SWRM, \$3,061,800 SEG in 2011-12 and \$3,384,300 SEG in 2012-13.

16. GPR DEBT RESTRUCTURING -- DEBT SERVICE [LFB Paper 175]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$1,279,800	\$24,300	- \$1,255,500

Governor: Decrease funding by \$1,341,500 in 2011-12 and increase funding by \$61,700 in 2012-13 to the reflect changes in estimated GPR debt service costs associated with the proposed restructuring of general obligation bond and commercial paper GPR principal amounts that would otherwise be paid off in 2011-12. Under the original bill, the state would have issued refunding bonds to restructure a portion of its outstanding general obligation GPR principal debt, and would have rolled over the principal due on its outstanding commercial paper in 2011-12. [See "Building Commission" for additional information regarding this provision.]

Joint Finance/Legislature: Modify debt service by \$25,500 GPR in 2011-12 and -\$1,200 GPR in 2012-13 associated with a \$100,100,000 reduction in restructuring bonding in 2011-12.

17. SOIL AND WATER RESOURCE MANAGEMENT BONDING

BR	\$7,000,000
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Governor/Legislature: Provide \$7 million in additional general obligation bonding authority for the soil and water resource management (SWRM) program. Bond proceeds are used for structural best management practices at agricultural sites to limit water pollution that may occur from sediment and nutrient runoff, including animal waste.

DATCP's SWRM bonding authority prior to Act 32 was \$40,075,000. The authority has been increased by \$7 million each biennium beginning with 2007-09. Debt service is paid by the nonpoint account of the segregated environmental fund.

[Act 32 Section: 796]

**18. AGRICULTURAL CHEMICAL CLEANUP PROGRAM
FUND [LFB Paper 143]**

SEG	- \$1,231,800
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Joint Finance/Legislature: Delete \$615,900 annually from the segregated agricultural chemical cleanup program (ACCP) fund to reestimate cleanup reimbursements expected in 2011-13. Cleanup reimbursements are estimated at \$2.2 million each year.

Further, require DATCP to study and evaluate the condition of the ACCP fund and the segregated agrichemical management (ACM) fund and make recommendations to correct any structural imbalances by which authorized expenditures exceed annual revenues. Require DATCP to report findings to the Joint Committee on Finance by December 31, 2011.

The segregated agricultural chemical funds are supported by tonnage fees on fertilizer and other agricultural chemicals, license fees from producers of commercial feed and certain agricultural chemicals, pesticide applicator license fees and pesticide product registration fees. The ACM fund supports administration of the agricultural chemical programs, including the cleanup program. The ACCP fund is estimated to have a \$1.3 million shortfall by June 30, 2013, with annual revenues of approximately \$1.9 million and annual appropriations of \$2.8 million. The ACM fund is estimated to have a June 30, 2013, balance of \$0.9 million, but with annual revenues estimated at \$6.9 million in 2012-13 and expenditures of \$7.2 million.

Veto by Governor [A-1]: Delete the December 31, 2011, deadline for submitting a report. Under the act, DATCP would still be required to submit the report on the agricultural chemical fund conditions, but the report would not be required by any specific date.

[Act 32 Section: 9103(2u)]

[Act 32 Vetoed Section: 9103(2u)]

**19. WISCONSIN FERTILIZER RESEARCH PROGRAM
FUNDING**

SEG-REV	- \$98,000
PR	\$98,000

Joint Finance/Legislature: Require DATCP in 2012-13 to transfer, from the ACM fund to the DATCP PR continuing appropriation for the Wisconsin Fertilizer Research Program in the University of Wisconsin System, an amount equal to 7¢ per ton of fertilizer sold or distributed in the state for the 12 months ending June 30, 2012. Reestimate the fertilizer research appropriation by \$98,000 PR in 2012-13 as one-time funding in 2012-13.

The Wisconsin Fertilizer Research Program is supported by: (a) 10¢ per ton of fertilizer sold or distributed in Wisconsin as reported to DATCP each August for the year ending the previous June 30; and (b) 10¢ per ton of soil and plant additives sold or distributed in Wisconsin as reported each March 31 for the previous calendar year. The collections are made by DATCP and forwarded to the University of Wisconsin System at the end of each fiscal year. Funds are to be used for: (a) research on soil management, soil fertility, plant nutrition problems, and surface or groundwater problems that may be related to fertilizer usage; (b) dissemination of the results

of research; or (c) activities tending to promote the correct usage of fertilizer. Total transfers for fertilizer research are estimated at \$135,600 in 2011-12 and \$233,600 in 2012-13.

[Act 32 Section: 9203(1f)]

20. COMPUTER SYSTEM EQUIPMENT, STAFF AND SERVICES

PR	\$192,100
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Governor/Legislature: Provide \$95,700 in 2011-12 and \$96,400 in 2012-13 for increased costs expected for information technology services. The DATCP appropriation for computer system equipment, staff and services supports departmental information technology services and receives charge-backs from other DATCP programs. The appropriation had revenues and expenditures of approximately \$1.9 million in 2009-10. The act provides \$1,944,900 in 2011-12 and \$1,945,600 in 2012-13 for computer equipment, staff and services.

21. WEIGHTS AND MEASURES EQUIPMENT ACQUISITIONS

PR	\$80,000
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[LFB Paper 141]

Governor: Provide \$40,000 annually in permanent property for DATCP to enter into master leases for: (a) a prover trailer for inspections of liquefied petroleum (LP) gas meters; and (b) two prover trailers for inspections of vehicle tank meters. A prover trailer is a 100-gallon test measure used by weights and measures inspectors to determine whether meters used in commerce accurately report amounts of substances delivered. The prover trailers would augment, and eventually replace, the Department's existing units. The Department reports the condition of the current trailers is deteriorating with age, and the frequency of repairs to the units may not be cost-effective. The term of the master lease is expected to be five years, after which time the Department would have full ownership of the units.

Joint Finance/Legislature: Adopt the Governor's recommendation, but specify \$37,000 each year associated with the master lease is one-time funding. This amount would be removed from base funding in the 2013-15 biennium. DATCP could request amounts necessary for master lease payments in each subsequent biennial budget until the expiration of the lease.

22. SOMETHING SPECIAL FROM WISCONSIN

PR	\$48,400
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Governor/Legislature: Provide \$19,800 in 2011-12 and \$28,600 in 2012-13 for the Something Special for Wisconsin program. The increased authority is intended to reflect additional expenditures attributable to increasing participation expected in the 2011-13 biennium. Participation in Something Special from Wisconsin has increased from 256 participants in 2009 to an estimated 420 participants in 2011. Participants in the Something Special from Wisconsin program pay annual fees for use of the program's trademark, and participants' fees are based on gross annual sales. Products featuring the program's trademark must have at least 50% of their value attributable to Wisconsin ingredients or production and processing activities. The program had revenues of \$35,100 in 2009-10. The act authorizes

expenditures of \$49,200 in 2011-12 and \$58,000 in 2012-13.

23. TRANSFER REGULATORY AUTHORITIES FOR HOUSING-RELATED UNFAIR TRADE PRACTICES TO DEPARTMENT OF SAFETY AND PROFESSIONAL SERVICES [LFB Paper 145]

Governor: Provide that beginning on the effective date of the bill, DATCP may not issue any order, promulgate any rule, or enforce any order or rule relating to the following subjects: (a) remodeling or otherwise improving residential or noncommercial property; (b) basement waterproofing; (c) real estate advertising; (d) renting of mobile-home sites and sales of mobile homes; and (e) renting of residential dwelling units and mobile homes. Specify that the Department of Safety and Professional Services (DSPS) may issue orders and promulgate rules on those subject matters beginning with the effective date of the bill. Further, specify that rules and orders in effect on the effective date of the bill remain in effect until their specified expiration, if any, or until DSPS modifies or repeals the rule or order.

Chapter 100 of the statutes prohibits unfair methods of competition in business and DATCP has general rule-making authority to enforce these prohibitions. The prohibition on unfair trade practices is often referred to by DATCP as the "Little FTC Act," due to its similarity to the Federal Trade Commission Act on which it is based. The Department has promulgated multiple administrative rules specifying prohibited conduct methods of competition, including practices related to: (a) home improvements [ATCP 110]; (b) basement waterproofing [ATCP 111]; (c) real estate advertising [ATCP 114]; (d) rentals in mobile home parks [ATCP 125]; and (e) residential rental (landlord-tenant) agreements [ATCP 134]. These rules would remain in effect under the original bill, but administration of these rules would be the responsibility of DSPS. This provision is intended to consolidate housing-related regulations in DSPS, which the bill would create from the Department of Regulation and Licensing, certain Commerce environmental programs, and the Commerce Division of Safety and Buildings.

The original bill would not have affected DATCP administration of other rules specifying prohibited trade practices, including rules related to: (a) price discrimination; (b) price comparison advertising; (c) gasoline advertising; (d) chain distribution schemes and referral selling plans; (e) telecommunications and cable television services; (f) direct marketing; and (g) motor vehicle repair.

Joint Finance/Legislature: Delete provision. All regulatory authorities identified above would remain with DATCP.

24. AGRICULTURAL DEVELOPMENT AND DIVERSIFICATION PROGRAM [LFB Paper 142]

Governor: Increase the maximum grant under the agricultural development and diversification (ADD) grant program from \$50,000 to \$100,000. Delete a provision requiring DATCP, in conjunction with Commerce, to research and plan means to promote and establish deer farms. Also, delete obsolete statutory provisions directing DATCP to make grants in

support of commercial aquaculture development during the 1993-95 biennium.

Under current law, DATCP administers the ADD program, which is generally intended to increase production and marketing potential of Wisconsin agricultural products. Part of the ADD program includes grants for research, demonstration projects, and feasibility analyses that would develop new or alternative practices in production and processing of agricultural commodities. The statutes require ADD grants to serve one of the following purposes: (a) creation of jobs in the agricultural industry; (b) new capital investment and expansion in the agricultural industry; (c) agricultural product market development and expansion; (d) diversification and expansion of the production, processing and distribution of agricultural products, or forestry products that are used to produce alternative fuels, heat, or electricity; (e) commercial application of new technologies or practices related to agricultural products, or to the production of alternative fuels, heat, or electricity from forestry products; (f) increased use of surplus agricultural products; (g) improvement of the competitive position of this state's agricultural industry; or (h) efficient use of farmland and other agricultural resources. The ADD grant program had base funding of \$356,700 GPR in 2010-11 and is appropriated \$321,000 GPR each year of the 2011-13 biennium. Projects receiving grants may not last longer than three years. In addition to the \$50,000 cap under current law, grants also may not exceed 75% of total project costs, therefore requiring a recipient match of at least 25%.

Joint Finance/Legislature: Delete provision increasing the maximum ADD grant to \$100,000. Further, specify an ADD grant may not exceed 67% of total project costs. A recipient match of at least 33% would be required for future grants.

[Act 32 Sections: 2303, 2305, and 2305c]

25. POSITION REALIGNMENT [LFB Paper 135]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding Positions		Funding Positions		Funding Positions	
PR	\$86,600	0.90	-\$86,600	- 0.90	\$0	0.00
SEG	<u>- 102,600</u>	<u>- 0.90</u>	<u>102,600</u>	<u>0.90</u>	<u>0</u>	<u>0.00</u>
Total	-\$16,000	0.00	\$16,000	0.00	\$0	0.00

Governor: Provide the following adjustments to DATCP appropriations: (a) delete \$51,300 SEG annually with 0.90 position from the agricultural producer security (APS) fund for administration of the producer security program; and (b) provide \$43,300 PR annually with 0.90 position for fruit and vegetable inspection and grading. Net funding would decrease by \$8,000 each year; total authorized positions would not be changed by the provision.

The 0.9 PR position for fruit and vegetable inspection and grading would be allocated among nine 0.9 produce inspector positions to make each full-time, commensurate with the current workload of each inspector.

Joint Finance/Legislature: Delete provision. This corrects a double deletion of the 0.9

APS SEG position, which had also been identified for deletion in the separate item eliminating long-term vacancies. The original bill would have required eliminating an occupied 0.9 SEG position in APS administration.

26. GRAIN INSPECTION PROGRAM [LFB Paper 140]

Joint Finance/Legislature: Require DATCP to report, to the Joint Committee on Finance by January 1, 2012, on specific actions taken or administrative efforts planned to correct the annual and accumulated deficits in the grain inspection program.

The DATCP grain inspection program carries out weighing, testing and inspection of grain being exported from the United States through the port of Superior. These inspections are federally required, and the DATCP program operates under authority delegated by the USDA. The program also provides inspection services for domestic grain shipments, although inspection of domestic grain shipments is not required under federal law. As of June 30, 2010, the grain inspection PR continuing appropriation carried a deficit of \$658,500. The estimated appropriation condition, without corrections, is shown below.

DATCP Grain Inspection Appropriation Condition

	Actual <u>2008-09</u>	Actual <u>2009-10</u>	Estimated <u>2010-11</u>	Bill <u>2011-12</u>	Bill <u>2012-13</u>
Opening Balance	-\$472,500	-\$470,900	-\$658,500	-\$671,100	-\$713,900
Revenues	1,549,600	1,388,300	1,788,500	1,358,000	1,358,000
Expenditures	-1,548,000	-1,520,200	-1,801,100	-1,400,800	-1,400,800
General Fund Transfers	<u>0</u>	<u>-55,700</u>	<u>0</u>	<u>0</u>	<u>0</u>
Closing Balance	-\$470,900	-\$658,500	-\$671,100	-\$713,900	-\$756,700

Veto by Governor [A-2]: Delete provision.

[Act 32 Vetoed Section: 9103(3q)]

27. PROHIBIT SALE OF MERCURIC OXIDE BUTTON CELL BATTERIES

Joint Finance: Specify that no person may sell or offer for sale a mercuric oxide button cell battery. Federal law bans the sale of mercuric oxide button cell batteries. This provision is intended to make state law consistent with the federal prohibition on mercuric oxide button cell batteries.

Assembly/Legislature: Delete provision.

ARTS BOARD

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$4,835,400	\$0	\$0	\$0	\$0	-\$4,835,400	- 100.0%
FED	1,518,200	0	0	0	0	- 1,518,200	- 100.0
PR	<u>1,091,200</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>- 1,091,200</u>	- 100.0
TOTAL	\$7,444,800	\$0	\$0	\$0	\$0	- \$7,444,800	- 100.0%

FTE Position Summary						
Fund	2010-11 Base	2012-13 Governor	2012-13 Jt. Finance	2012-13 Legislature	2012-13 Act 32	Act 32 Change
						Over 2010-11 Base
GPR	4.00	0.00	0.00	0.00	0.00	- 4.00
FED	5.00	0.00	0.00	0.00	0.00	- 5.00
PR	<u>1.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>- 1.00</u>
TOTAL	10.00	0.00	0.00	0.00	0.00	- 10.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide adjustments to the base budget for the following: (a) full funding of continuing salaries and fringe benefits (-\$500 GPR, \$14,400 FED, and \$10,400 PR annually); and (b) full funding of lease and directed moves costs (\$1,500 GPR annually).

GPR	\$2,000
FED	28,800
PR	<u>20,800</u>
Total	\$51,600

2. ACROSS THE BOARD REDUCTIONS

Governor/Legislature: Delete \$14,400 FED and 4.0 FED positions and 1.0 GPR position. This provision would delete \$237,900 FED annually from federal grants -- state

	Funding	Positions
GPR	\$0	- 1.00
FED	<u>- 28,800</u>	<u>- 4.00</u>
Total	- \$28,800	- 5.00

operations and increase funding by \$223,500 FED for federal grants--aids to individuals and organizations. Also, 1.0 GPR classified position authorized for general program operations would be deleted.

3. REDUCE GPR APPROPRIATIONS [LFB Paper 150]

GPR	- \$3,319,200
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Governor: Reduce funding for general program operations by \$64,500 annually, from base level funding of \$352,400. Reduce funding for state aid for the arts by \$1,595,100 annually, from base level funding of \$1,948,600. Staff from DOA indicates these reductions were made in order to match state funding to federal funding for the Arts Board, which was intended to allow the state to retain grants from National Endowment for the Arts (NEA) that require a state match.

Under current law, state aid for the arts provides contracts with or grants-in-aid to groups or individuals engaged in or concerned with the arts. No grantee may receive grants under the program unless the grantee provides at least 50% of the estimated total cost of the project, either in the form of moneys or in-kind contributions of equivalent value.

Joint Finance/Legislature: Provide \$175,700 annually in the Joint Finance Committee's reserve appropriation for release to the state aid for arts appropriation if federal NEA matching moneys are available in the 2011-13 biennium.

4. ELIMINATE PERCENT FOR ART PROGRAM

	Funding	Positions
PR	- \$1,022,200	- 1.00

Governor/Legislature: Delete \$511,100 PR and 1.0 position annually and eliminate the percent for art program.

Delete an appropriation to receive funds from other state agencies, and an appropriation for administration, related to the percent for art program. Delete statutory requirements related to expenditures for art in state buildings open to the public. Provide that any contract entered into by the Arts Board for the procurement of a work of art that is in effect on the day before the effective date of the bill remains in effect. Require the Arts Board carry out any obligation under the contract, unless the contract is modified or rescinded as permitted under the contract. Require the Arts Board ensure that the work of art procured under the contract is properly executed and installed, as required under current law. Repeal the statutory definition of a work of art. Under current law, work of art means any original creation of visual art, and does not include: (a) any reproduction of an original work unless directly controlled by the artist as part of a limited edition; (b) any decorative, ornamental, functional, or landscape element of a state building, unless an artist is specifically commissioned to create unique decorative, ornamental, functional, or landscape elements for a particular state building; (c) any art object that is mass-produced or of standard design; or (d) any elements peripheral to the work of art itself, including but not limited to site preparation, or any services necessary for activation of the work of art including but not limited to electricity, water, lighting, security, maintenance, and publicity.

Under the current law percent for art program, for state building projects costing over \$250,000 and that are normally open for entry by the general public, at least 0.2% of the appropriation for the construction, reconstruction, renovation, or remodeling of or addition to a

state building must be used to acquire one or more works of art to be incorporated into the structure or displayed inside or on the grounds of the structure, and to fund all administrative costs of the Arts Board in acquiring the art.

Also under current law, the Arts Board is responsible to properly maintain and display artwork already acquired under the program on the grounds of the state building for at least 25 years. When the Arts Board, in consultation with the agency using the building, determines the art should be removed, the Board is responsible for loaning the work to an accredited museum in the state or to an educational or other appropriate public institution capable of maintaining and exhibiting the art. Under the bill, these responsibilities would remain.

[Act 32 Sections: 47, 513, 514, 1185, 1186, 1220 thru 1228, and 9104(1)]

5. TRANSFER ARTS BOARD TO THE DEPARTMENT OF TOURISM [LFB Paper 150]

	Funding	Positions
GPR	-\$1,518,200	- 3.00
FED	- 1,518,200	- 1.00
PR	<u>- 89,800</u>	<u>0.00</u>
Total	-\$3,126,200	- 4.00

Governor: Delete \$759,100 GPR and 3.0 positions, \$759,100 FED and 1.0 position, and \$44,900 PR annually and transfer the Arts Board and its powers and duties to the Department of Tourism, under the direction of the Secretary of Tourism. Provide that the composition of the Board would remain the same as under current law, including 15 members appointed for three-year terms who are residents of the state, known for their concern for the arts, and with at least two members from each of the four geographic corners of the state. Under current law, the Arts Board is attached to the Department of Tourism for administrative purposes only.

Transfer from the Arts Board to the Department of Tourism appropriations and statutory language for the following programs: (a) general program operations for the Arts Board; (b) state aid for the arts, for grants to groups or individuals engaged in the arts; (c) funding for portraits of governors; (d) the arts challenge grant program, to encourage fundraising by local arts agencies; (e) an annual grant to the Milwaukee Foundation, Inc. for the high point fund; (f) the Wisconsin regranting program, for grants to local arts agencies and municipalities for which matching funds are received; (g) gifts and grants--state operations, for the purposes for which moneys are received; (h) gifts and grants--aids to individuals and organizations, for the purposes for which moneys are received; (i) support of arts programs, including all moneys received from the Wisconsin Artistic Endowment Foundation for operating support of arts organizations and for grants under the regranting program; (j) state aid for the arts--Indian gaming receipts, a program identical to state aid for the arts, but for grants or payments only to American Indian groups, individuals, organizations, and institutions, and funded from Indian gaming revenues; (k) federal grants--state operations; and (L) federal grants--aids to individuals and organizations.

Provide that the Secretary of Tourism, rather than the Arts Board, would appoint an Executive Director of the Board outside the classified service, to serve at the pleasure of the Secretary.

Provide that all incumbent employees holding positions in the Arts Board are transferred

on the effective date of the bill to the Department of Tourism. Provide that employees so transferred have all the rights and the same status under Tourism that they enjoyed in the Arts Board immediately before the transfer. Provide that no employee transferred who has attained permanent status in class is required to serve a probationary period.

A corrective amendment would be needed to accomplish the intent of the bill.

Joint Finance/Legislature: Modify the provision to allow the Arts Board to continue to appoint the Executive Director of the Board outside of the classified service, to serve at the pleasure of the Board. Make technical corrections to statutory language to accomplish the intent of the bill and specify that the incumbent employees to be transferred to Tourism would include those primarily related to grants administration, as determined by the Secretary of Administration.

[Act 32 Sections: 168, 502 thru 512, 515 thru 517, 739, 1177, 1179, 1182 thru 1184, 1187 thru 1219, 1229 thru 1236, 1742 thru 1745, 2867, 2868, and 9104(2)]

BOARD FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$39,600	\$51,800	\$51,800	\$51,800	\$51,800	\$12,200	30.8%
FED	<u>2,769,400</u>	<u>2,551,600</u>	<u>2,551,600</u>	<u>2,551,600</u>	<u>2,551,600</u>	<u>- 217,800</u>	- 7.9
TOTAL	\$2,809,000	\$2,603,400	\$2,603,400	\$2,603,400	\$2,603,400	- \$205,600	- 7.3%

FTE Position Summary						
Fund	2010-11 Base	2012-13 Governor	2012-13 Jt. Finance	2012-13 Legislature	2012-13 Act 32	Act 32 Change Over 2010-11 Base
FED	7.75	6.25	6.25	6.25	6.25	- 1.50

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$16,200
FED	<u>24,000</u>
Total	\$40,200

Governor/Legislature: Provide \$20,100 (\$8,100 GPR and \$12,000 FED) annually to adjust the agency's base budget for the following: (a) full funding of salaries and fringe benefits (-\$5,500 FED annually); and (b) lease and directed move costs (\$8,100 GPR and \$17,500 FED annually).

2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE

FED	- \$59,800
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Governor/Legislature: Delete \$29,900 annually to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance cost reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

3. 10% ACROSS-THE-BOARD REDUCTION FOR NON-STAFF COSTS

GPR	- \$4,000
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Governor/Legislature: Delete \$2,000 annually to reduce by 10% the agency's GPR-funded base budget for supplies and services (\$19,800). The bill would reduce funding for non-salary and non-fringe benefit costs by 10% for most GPR and PR appropriations.

4. ELIMINATE LONG-TERM VACANCIES

	Funding	Positions
FED	- \$182,000	- 1.50

Governor/Legislature: Delete \$91,000 and 1.50 positions annually to reflect the elimination of long-term vacant positions under the bill. Funding and position reductions are associated with positions that have been vacant for 12 months or more.

BOARD OF COMMISSIONERS OF PUBLIC LANDS

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
FED	\$105,400	\$105,400	\$105,400	\$105,400	\$105,400	\$0	0.0%
PR	<u>3,007,400</u>	<u>2,989,000</u>	<u>2,989,000</u>	<u>2,989,000</u>	<u>2,989,000</u>	<u>- 18,400</u>	- 0.6
TOTAL	\$3,112,800	\$3,094,400	\$3,094,400	\$3,094,400	\$3,094,400	- \$18,400	- 0.6%

FTE Position Summary						
Fund	2010-11 Base	2012-13 Governor	2012-13 Jt. Finance	2012-13 Legislature	2012-13 Act 32	Act 32 Change Over 2010-11 Base
PR	8.50	8.50	8.50	8.50	8.50	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	\$71,600
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Governor/Legislature: Provide an increase of \$35,800 annually for adjustments to the base budget as follows: (a) \$18,400 for full funding of continuing salaries and fringe benefits; (b) \$15,000 for staff reclassifications; and (c) \$2,400 for full funding of lease costs and directed moves.

2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE

PR	- \$90,000
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Governor/Legislature: Delete \$45,000 annually to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance costs reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

3. NORMAL SCHOOL FUND DISTRIBUTION

Joint Finance/Legislature: Specify that all income and interest from the normal school fund (excluding allowable expenses deducted from gross receipts) be deposited in an appropriation to be distributed as follows: (1) to make need-based grants totaling \$100,000 annually to students who are members of underrepresented groups and who are enrolled in a program leading to a certificate or a bachelor's degree from the Nelson Institute for Environmental Studies at the University of Wisconsin-Madison; (2) to provide annual scholarships totaling \$100,000 to students enrolled in the sustainable management degree program through the University of Wisconsin-Extension; and (3) the remainder to the University of Wisconsin-Stevens Point for environmental programs. In addition, reestimate income and interest from the normal school fund to \$300,000 annually (an increase of \$95,600 annually to the bill) and reduce general fund revenues by \$4,400 annually.

Section 24.80 of the statutes specifies that "all lands, moneys, loans, investments and securities set apart to the normal school fund and all swamp lands and income and interest received on account of the capital of that fund constitute a separate and perpetual fund". Under prior law, income and interest from the normal school fund (not including allowable BCPL expenses) was distributed to the Department of Public Instruction for an environmental education consultant in DPI (\$74,800 in 2008-09 and \$97,600 in 2009-10) and to the University of Wisconsin System for need-based grants totaling \$100,000 to students who are members of underrepresented groups enrolled in a program at the Nelson Institute for Environmental Studies at the University of Wisconsin-Madison and for annual scholarships totaling \$100,000 to students enrolled in the sustainable management degree program through the University of Wisconsin-Extension. Any remaining income was paid into the general fund as general purpose revenue. The act deletes the distribution to DPI. Normal school fund net income is estimated at approximately \$300,000 annually meaning approximately \$100,000 annually would be expected to be available for UW-Stevens Point. The act specifies that all normal school fund income and interest (excluding allowable expenses deducted from gross receipts) be distributed to the University of Wisconsin for the two environmental scholarships provided under existing law, and, that any remaining funds be distributed to the University of Wisconsin-Stevens Point for environmental programs.

[Act 32 Sections: 577m, 866, and 1014m]

BOARD ON AGING AND LONG-TERM CARE

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$2,033,800	\$2,154,400	\$2,154,400	\$2,154,400	\$2,154,400	\$120,600	5.9%
PR	<u>3,127,600</u>	<u>2,935,200</u>	<u>3,106,800</u>	<u>3,106,800</u>	<u>3,106,800</u>	<u>- 20,800</u>	- 0.7
TOTAL	\$5,161,400	\$5,089,600	\$5,261,200	\$5,261,200	\$5,261,200	\$99,800	1.9%

FTE Position Summary						
Fund	2010-11 Base	2012-13 Governor	2012-13 Jt. Finance	2012-13 Legislature	2012-13 Act 32	Act 32 Change
						Over 2010-11 Base
GPR	15.53	14.73	14.73	14.73	14.73	- 0.80
PR	<u>19.47</u>	<u>18.27</u>	<u>19.27</u>	<u>19.27</u>	<u>19.27</u>	<u>- 0.20</u>
TOTAL	35.00	33.00	34.00	34.00	34.00	- 1.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide \$174,100 (\$166,600 GPR and \$7,500 PR) annually and delete 1.0 position, beginning in 2011-12, to adjust the Board's base budget for: (a) removal of non-continuing items (-\$67,800 PR annually and -1.0 PR position, beginning in 2011-12); (b) full funding of continuing position salaries and fringe benefits (\$127,800 GPR and \$12,100 PR annually); (c) reclassifications and semiautomatic pay progression (\$33,000 GPR and \$55,200 PR annually); and (d) full funding of lease and directed moves costs (\$5,800 GPR and \$8,000 PR annually).

	Funding	Positions
GPR	\$333,200	0.00
PR	<u>15,000</u>	<u>- 1.00</u>
Total	\$348,200	- 1.00

2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE

Governor/Legislature: Delete \$125,100 annually to reflect

GPR	- \$109,000
PR	<u>- 141,200</u>
Total	- \$250,200

fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The reductions would include \$54,500 GPR and \$70,600 PR. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance cost reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

3. ELIMINATE LONG-TERM VACANCIES

Governor/Legislature: Delete \$48,600 (all funds) and 1.00 position annually to reflect the elimination of long-term vacant positions under the bill. The reductions would include \$38,800 GPR and 0.80 GPR positions and \$9,800 PR and 0.20 PR positions annually. Funding and position reductions are associated with positions that have been vacant for 12 months or more.

	Funding	Positions
GPR	- \$77,600	- 0.80
PR	<u>- 19,600</u>	<u>- 0.20</u>
Total	- \$97,200	- 1.00

4. 10% REDUCTION -- SUPPLIES AND SERVICES

Governor/Legislature: Reduce funding for supplies and services by \$36,300 (-\$13,000 GPR and -\$23,300 PR) annually, as part of the Governor's recommendation to reduce base funding for most GPR and PR appropriations, excluding funding for salary and fringe benefits, by 10 percent, beginning in 2011-12. Base funding for the Board's non-salary and non-fringe benefits costs, which is budgeted for supplies and services, is \$362,900 (\$129,800 GPR and \$233,100 PR) annually.

GPR	- \$26,000
PR	<u>- 46,600</u>
Total	- \$72,600

5. OMBUDSMAN RELOCATION SPECIALIST

Joint Finance/Legislature: Provide \$85,800 annually and 1.0 position, beginning in 2011-12, to convert 1.0 relocation ombudsman specialist position from a project position, which is scheduled to terminate on June 30, 2011, to a permanent position. Increase funding for the Department of Health Services (DHS) by \$85,800 PR annually, from civil monetary penalty revenues, which DHS would transfer to BOALTC to support the position. (The fiscal effect of this item for DHS is summarized under "Health Services -- Medical Assistance -- Services.")

	Funding	Positions
PR	\$171,600	1.00

The position provides advocacy services exclusively to clients that are relocated from nursing homes. In this capacity, the relocation ombudsman specialist facilitates meetings with clients, families, resident and family councils, and facilities. The ombudsman relocation specialist also advocates for proper assessments of clients transitioning from one nursing home to another, assists with the appeals and grievance process, and educates clients, families, and facility staff on issues relating to relocation stress. In addition, the ombudsman relocation specialist has edited brochures, booklets, sample forms, and other documents relating to relocation issues.

BONDING AUTHORIZATION

1. GENERAL OBLIGATION BONDING AUTHORITY

Governor/Building Commission: Provide general obligation bonding authority of \$1,454,610,800 for the following:

Joint Finance: Provide general obligation bonding authority of \$1,038,937,800 for the following:

Assembly/Legislature: Provide general obligation authority of \$1,036,937,800 for the following:

<u>Agency and Purpose</u>	<u>Governor/ Bldg Comm.</u>	<u>Jt. Finance</u>	<u>Assembly/ Legislature</u>	<u>Source of Debt Service Funding</u>
Administration				
Energy conservation	\$100,000,000	\$100,000,000	\$100,000,000	PR
Agriculture, Trade and Consumer Protection				
Soil and water	\$7,000,000	\$7,000,000	\$7,000,000	SEG
Agricultural conservation easements	-12,000,000	-12,000,000	-12,000,000	GPR
Building Commission				
Refunding tax-supported and self amortizing debt incurred before July 1, 2013	364,300,000	264,200,000	264,200,000	GPR
Other public purposes	188,420,700	195,420,700	193,420,700	GPR/PR
Housing state departments	18,711,300	18,711,300	18,711,300	PR
Lac du Flambeau Indian tribal cultural center	250,000	250,000	250,000	GPR
Corrections				
Correctional facilities	20,801,800	20,801,800	20,801,800	GPR
Self-amortizing facilities	-5,442,900	-5,442,900	-5,442,900	PR
Educational Communications Board				
Communications facilities	521,700	521,700	521,700	GPR
Environmental Improvement Fund				
Safe drinking water loan program	9,400,000	9,400,000	9,400,000	GPR
Clean water fund	0	6,700,000	6,700,000	GPR
Health Services				
Mental health facilities	3,445,700	3,445,700	3,445,700	GPR
Historical Society				
History Center	0	-10,000,000	-10,000,000	PR
Museum facility	75,000,000	10,000,000	10,000,000	GPR
Marquette University				
Dental clinic and education facilities	8,000,000	8,000,000	8,000,000	GPR
Military Affairs				
Armory facilities	-8,747,400	-8,747,400	-8,747,400	GPR

<u>Agency and Purpose</u>	<u>Governor/ Bldg Comm.</u>	<u>Jt. Finance</u>	<u>Assembly/ Legislature</u>	<u>Source of Debt Service Funding</u>
Natural Resources				
Stewardship 2000	\$0	-\$234,000,000	-\$234,000,000	GPR/SEG
Nonpoint source	7,000,000	7,000,000	7,000,000	SEG
Environmental repair	3,000,000	3,000,000	3,000,000	SEG
Urban nonpoint source cost-sharing	6,000,000	6,000,000	6,000,000	SEG
Contaminated sediment removal	5,000,000	5,000,000	5,000,000	SEG
Dam safety projects	4,000,000	4,000,000	4,000,000	GPR
Environmental SEG administrative facilities	692,700	692,700	692,700	SEG
SEG supported facilities	9,346,500	9,346,500	9,346,500	SEG
Public Instruction				
Residential schools	4,982,900	4,982,900	4,982,900	GPR
State Fair Park				
Self-amortizing facilities	450,000	450,000	450,000	PR
Transportation				
Southeast Wisconsin transit improvements	-100,000,000	-100,000,000	-100,000,000	GPR
Marquette interchange, Zoo interchange and I-94 north-south corridor	151,200,000	151,200,000	151,200,000	SEG
Harbor improvements	12,700,000	10,700,000	10,700,000	SEG
Rail acquisitions and improvements	60,000,000	30,000,000	30,000,000	SEG
State highway rehabilitation projects	115,351,500	115,351,500	115,351,500	GPR
State highway rehabilitation certain projects	50,000,000	81,000,000	81,000,000	SEG
Major highway projects	50,000,000	50,000,000	50,000,000	SEG
University of Wisconsin				
Academic facilities	122,904,500	122,904,500	122,904,500	GPR
Self-amortizing facilities	176,851,100	157,578,100	157,578,100	PR
Veterans Affairs				
Self-amortizing housing	<u>5,470,700</u>	<u>5,470,700</u>	<u>5,470,700</u>	PR
TOTAL General Obligation Bonds	\$1,454,610,800	\$1,038,937,800	\$1,036,937,800	

[Act 32 Section: 372]

2. REVENUE OBLIGATION BONDING

Governor/Legislature: Provide revenue bonding authority of \$694,763,100 for the following purposes:

<u>Agency and Purpose</u>	<u>Gov/Bldg Comm.</u>	<u>Jt. Finance</u>	<u>Assembly/Leg.</u>
Environmental Improvement Fund			
Clean water fund program	\$353,000,000	\$353,000,000	\$353,000,000
Transportation			
Major highway projects, transportation facilities	<u>341,763,100</u>	<u>341,763,100</u>	<u>341,763,100</u>
TOTAL Revenue Obligation Bonds	\$694,763,100	\$694,763,100	\$694,763,100
GRAND TOTAL General and Revenue Obligation Bonds	\$2,149,373,900	\$1,733,700,900	\$1,731,700,900

[Act 32 Section: 372]

BUDGET MANAGEMENT AND COMPENSATION RESERVES

Budget Change Items

1. COMPENSATION RESERVES [LFB Paper 165]

Governor: Provide, in the 2011-13 general fund condition statement, total compensation reserves of \$56,388,100 in 2011-12 and \$159,881,000 in 2012-13 for the increased cost of state employee salaries and fringe benefits. Total compensation reserve amounts by fund source and fiscal year are shown in the following table:

<u>Fund Source</u>	<u>2011-12</u>	<u>2012-13</u>
General Purpose Revenue	\$26,790,000	\$77,910,000
Federal Revenue	16,662,700	45,710,000
Program Revenue	5,932,000	16,643,600
Segregated Revenue	<u>7,003,400</u>	<u>19,617,400</u>
Total	\$56,388,100	\$159,881,000

Details on the component funding amounts included by the Governor in these reserve amounts were not provided by the administration. Typically, amounts within the compensation reserves are funds to pay for such items as: (a) the employer share of increased premium costs in the forthcoming fiscal biennium for state employee health insurance; (b) the costs of any negotiated pay increases; (c) increases in the employer share of contributions to the state retirement fund for employees' future state retirement benefits; and (d) pension obligation bond payments for the state's unfunded prior service liability for retirement benefits and the accumulated sick leave conversion credit program.

Joint Finance/Legislature: Modify GPR compensation reserves, as follows: (a) increase the reserve by \$7,000,000 in 2011-12 and \$14,000,000 in 2012-13 to restore moneys that had been provided directly to the proposed UW-Madison Authority; and (b) reduce the reserve by \$5,000,000 in 2011-12 and \$10,000,000 in 2012-13. Total GPR compensation reserves under Joint Finance/Legislature would be \$28,790,000 in 2011-12 and \$81,910,000 in 2012-13, as shown in the following table:

<u>Fund Source</u>	<u>2011-12</u>	<u>2012-13</u>
General Purpose Revenue	\$28,790,000	\$81,910,000
Federal Revenue	16,662,700	45,710,000
Program Revenue	5,932,000	16,643,600
Segregated Revenue	<u>7,003,400</u>	<u>19,617,400</u>
Total	\$58,388,100	\$163,881,000

[Act 32 Section: 371]

2. DOA SECRETARY AUTHORITY TO LAPSE \$145 MILLION TO THE GENERAL FUND [LFB Paper 166]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-Earned	\$145,000,000	\$29,300,000	\$174,300,000

Governor: Require the Secretary of the Department of Administration (DOA) to lapse \$145 million during each of the 2011-13 and 2013-15 biennia from the unencumbered balances of GPR and PR appropriations to executive branch state agencies, other than sum sufficient and federal appropriations. Define executive branch state agency as any office, department, or independent agency in the executive branch of state government. Before lapsing any moneys under this provision, the Secretary would have to develop a plan for lapsing the moneys and submit the plan to the Joint Committee on Finance for approval under a 14-day passive review process.

Provide that these lapses could not occur if the lapse would violate: (a) a condition imposed by the federal government; or (b) the federal or state constitution. Specify that no lapse could be made from PR appropriations of the UW System.

These lapses would be treated as increases in GPR-Earned.

Joint Finance/Legislature: Increase the required lapse by \$29,300,000, for a total biennial lapse requirement of \$174,300,000. It is estimated that \$123,151,000 of these moneys would accrue in 2011-12 and \$51,149,000 in 2012-13.

[Act 32 Sections: 9255(1)(a),(b)&(e)]

3. DOA SECRETARY AUTHORITY TO LAPSE MONEYS FROM PR APPROPRIATIONS OF SPECIFIED AGENCIES [LFB Paper 166]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-Earned	\$90,668,460	-\$8,056,060	\$82,612,400

Governor: Require the Secretary of Administration to lapse to the general fund the amounts shown in the following table in each fiscal year of the 2011-13 and 2013-15 biennia from the unencumbered balances of PR appropriations of the following executive branch agencies and the courts. Provide that these lapses could not occur if the lapse would violate: (a) a condition imposed by the federal government; or (b) the federal or state constitution. Although the UW System is not included in the list, specify that no lapses could be made from PR appropriations of the UW System. These lapses would be treated as GPR-Earned.

DOA budget documents indicate that the PR lapses in this item and the following item are associated with: (a) employee compensation reductions; (b) eliminating long-term vacancies; (c) across-the-board reductions to nonsalary and fringe benefits funding for most agencies; and (d) funding eliminated for the two percent wage increase for represented staff that was approved in

June, 2009.

Joint Finance/Legislature: Modify the required lapses as follows: (a) eliminate the Courts' lapse (-\$638,200 annually) and reduce the lapse for DOA by -\$420,000 annually of related funding, and instead establish a separate lapse requirement (see "Supreme Court"); (b) eliminate the lapse for Insurance (-\$1,337,700 annually) and instead establish a separate lapse provision (see "Insurance"); and (c) reduce the annual lapse requirement by -\$105,500 for Agriculture, Trade and Consumer Protection, -\$141,200 for Child Abuse and Neglect Prevention Board, -\$267,600 for the Educational Communications Board, -\$5,100 for Justice, -\$6,920 for Public Instruction, -\$20,000 for State Fair Park, and -\$1,085,810 for the Wisconsin Technical College System. The reductions under c. are corrections to the bill identified by DOA. In total, the lapse requirement would be reduced by \$4,028,030 annually.

<u>Agency</u>	<u>Governor Annual Lapse</u>	<u>Jt. Finance/Leg. Annual Lapse</u>
Administration	\$7,461,200	\$7,041,200
Aging and Long-Term Care	103,700	103,700
Agriculture, Trade and Consumer Protection	1,566,600	1,461,100
Child Abuse and Neglect Prevention	369,600	228,400
Children and Families	578,000	578,000
Corrections	765,800	765,800
Courts	638,200	0
District Attorneys	40,800	40,800
Educational Communications Board	281,300	13,700
Employment Relations Commission	41,000	41,000
Financial Institutions	1,417,500	1,417,500
Government Accountability Board	38,600	38,600
Health Services	13,510,200	13,510,200
Insurance	1,337,700	0
Justice	1,990,000	1,984,900
Military Affairs	569,800	569,800
Natural Resources	2,800,500	2,800,500
Office of State Employment Relations	692,600	692,600
Public Defender Board	117,800	117,800
Public Instruction	2,366,120	2,359,200
Public Service Commission	91,200	91,200
Regulation and Licensing	3,252,300	3,252,300
Revenue	1,107,800	1,107,800
Secretary of State	50,600	50,600
State Fair Park	20,000	0
Tourism	3,600	3,600
Wisconsin Technical College System	1,142,910	57,100
Workforce Development	<u>2,978,800</u>	<u>2,978,800</u>
Total	\$45,334,230	\$41,306,200

[Act 32 Sections: 9255(1)(c)&(e)]

4. DOA SECRETARY AUTHORITY TO LAPSE MONEYS FROM GPR AND PR APPROPRIATIONS OF SPECIFIED AGENCIES [LFB Paper 166]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-Earned	\$31,129,200	-\$258,400	\$30,870,800

Governor: Require the Secretary of Administration to lapse to the general fund the amounts shown in the following table in each fiscal year of each biennium from the unencumbered balances of GPR and PR appropriations of the following executive branch agencies. Provide that these lapses could not occur if the lapse would violate: (a) a condition imposed by the federal government; or (b) the federal or state constitution. Although the UW System is not included in the list, specify that no lapses could be made from PR appropriations of the UW System. Specify that in submitting their agency budget requests for the 2013-15 biennial budget, each agency subject to this lapse provision would be required to adjust its base GPR appropriations to reflect any GPR lapses. These lapses would be treated as GPR-Earned.

<u>Agency</u>	<u>2011-13 Biennium</u>	<u>2013-15 Biennium</u>
Administration	\$291,600	\$236,800
Aging and Long-Term Care	26,300	15,000
Agriculture, Trade and Consumer Protection	273,800	130,300
Children and Families	178,200	14,200
Corrections	8,701,100	133,400
District Attorneys	513,900	2,500
Educational Communications Board	20,400	0
Financial Institutions	120,000	120,000
Government Accountability Board	11,600	1,600
Health Services	1,937,000	99,300
Higher Educational Aids Board	6,700	0
Historical Society	89,500	11,900
Insurance	129,200	129,200
Justice	454,600	55,400
Military Affairs	84,500	31,700
Natural Resources	427,900	207,500
Office of State Employment Relations	1,100	1,100
Public Defender Board	632,600	900
Public Instruction	291,700	74,000
Regulation and Licensing	268,500	268,500
Revenue	928,800	80,500
Secretary of State	600	600
Tourism	12,600	0
Transportation	14,400	14,400
Wisconsin Technical College System	23,200	8,000
Workforce Development	<u>124,800</u>	<u>8,200</u>
Total	\$15,564,600	\$1,645,000

Joint Finance/Legislature: Delete the \$129,200 annual lapse required for Insurance (see "Insurance").

[Act 32 Sections: 9255(1)(d)&(e)]

5. REQUIRED GENERAL FUND STATUTORY RESERVE [LFB Paper 167]

Governor/Legislature: Provide that the required general fund statutory balance would be \$65 million for 2013-14 and 2014-15. Specify that beginning in 2015-16, the required balance would equal 2% of total GPR appropriations plus GPR compensation reserves for each fiscal year.

Under current law, the required balance is \$65 million for 2011-12 and 2012-13 and 2% of total GPR appropriations plus GPR compensation reserves for each fiscal year beginning in 2013-14.

A comparison of current law and the statutory balance requirements under the bill is shown in the following table.

	<u>Current Law</u>	<u>Proposal</u>
2011-12	\$65,000,000	\$65,000,000
2012-13	65,000,000	65,000,000
2013-14	2%*	65,000,000
2014-15	2%*	65,000,000
2015-16 and thereafter	2%*	2%*

*The required balance equals 2% of gross GPR appropriations plus GPR compensation reserves in that year. As an example, a 2% calculation for 2012-13 under the bill equals \$296.1 million.

[Act 32 Sections: 368 thru 370]

6. LIMIT ON INTERFUND CASHFLOW BORROWING [LFB Paper 168]

Governor: Increase the limit on interfund borrowing to support the general fund's cashflow by three percentage points, from 8% of GPR appropriations in a fiscal year to 11% of GPR appropriations for that year.

Under current law, the Secretary of DOA is authorized to temporarily reallocate to the general fund an amount equal to 5% of total GPR appropriations in order to support the general fund's cashflow (approximately \$699 million in 2011-12 and \$736 million in 2012-13), from available balances in the state investment fund. In addition, under current law, the Secretary may permit a further 3% to be used for temporary reallocations to the general fund for a period not to exceed 30 days, which cannot be made for consecutive periods (approximately \$420 million in 2011-12 and \$442 million in 2012-13). This limit would be increased to 6% under the bill. In total, under current law, 8% of GPR appropriations (\$1,119 million in 2011-12 and \$1,178 million in 2012-13) may be allocated to the general fund on a temporary basis. Under the Governor's recommendation these aggregate limits would be \$1,539 million in 2011-12 and \$1,620 million in 2012-13. The following table compares the limits under the recommendation

with current law. For funds other than the general fund, up to \$400 million can be reallocated between the general fund, certain segregated funds, and the local government investment pool. Funds that borrow money through temporary reallocations are charged interest at the earnings rate of the state investment fund. In the 2009-11 biennium, the 5% threshold described above was increased to be 7% through June 30, 2011.

**Limits on Temporary Reallocations to Support the General Fund's Cashflow
(\$ in Millions)**

<u>Limit</u>	<u>Current Law</u>		<u>Limit</u>	<u>Governor</u>	
	<u>2011-12</u>	<u>2012-13</u>		<u>2011-12</u>	<u>2012-13</u>
5%	\$699	\$736	5%	\$699	\$736
3% (30-day limit)	<u>420</u>	<u>442</u>	6% (30-day limit)	<u>840</u>	<u>884</u>
Total	\$1,119	\$1,178	Total	\$1,539	\$1,620

Joint Finance/Legislature: Delete provision and instead increase the separate more general 5% limit that applies to temporary reallocations by four percentage points to 9% during the 2011-13 biennium.

[Act 32 Section: 367m]

7. REPEAL GENERAL FUND SPENDING LIMIT

Governor/Legislature: Repeal the current provision that limits the amount by which a specified portion of the total GPR budget can increase, over the base budget year, in each year of the following biennium.

Under current law, the GPR budget for a specified portion of total GPR appropriations cannot exceed a level that is calculated by multiplying the total of those appropriations for the second year of the prior fiscal biennium by the estimated percentage increases in state personal income for the two calendar years that start before the July 1 of each fiscal year of the ensuing biennium. All GPR appropriations are subject to this statutory limit except: (a) all appropriations to the Higher Educational Aids Board, the Department of Public Instruction, and the University of Wisconsin System; (b) any appropriation for tax relief; (c) any appropriation for debt service on public debt or operating notes; (d) appropriations for debt service costs on appropriation obligation bonds relating to unfunded liabilities for the Wisconsin Retirement System and the sick leave credit conversion program, as well as to the tobacco settlement repurchase transaction; (e) any appropriation for payment to honor statutory moral obligation pledges; (f) any appropriation for payments to the federal government to avoid a designation of state bonds as arbitrage bonds; (g) any appropriations for payments for legal expenses and the costs of judgments, orders, and settlements of actions and appeals incurred by the state; and (h) any appropriation to transfer moneys from the general fund to the budget stabilization fund. In 2010-11, \$7.8 billion of GPR appropriations (55.4%) are not subject to the limit and \$6.3 billion of GPR appropriations (44.6%) are subject to the limit, out of the total of \$14.1 billion in that year.

[Act 32 Section: 33]

8. BASE BUDGET REVIEW REPORT

Joint Finance/Legislature: Specify that that the DOA Secretary would require all state agencies to submit a base budget review report every six years that contains the following: (a) a description of each programmatic activity of the state agency; (b) for each programmatic activity of the state agency, an accounting of all expenditures, arranged by revenue source and the categories in each of the prior three fiscal years; (c) for each programmatic activity of the state agency, an accounting of all expenditures, arranged by revenue source and category in the last two quarters in each of the prior three fiscal years. Require the DOA Secretary to develop categories for state agencies to use for the purpose of organizing the expenditure information that is required to be reported. Specify that once a state agency has used a certain format for its report, the agency would be required to use that format for all future reports

Require the DOA Secretary to specify which one-third of state agencies would be required to submit their base budget review report as follows: (a) no later than September 15, 2012, and every third fiscal biennium thereafter; (b) no later than September 15, 2014, and every third fiscal biennium thereafter; and (c) no later than September 15, 2016, and every third fiscal biennium thereafter. Specify that the DOA Secretary would be required to incorporate any new state agency into the above base budget review requirement cycle on the next September 15 report date that would occur after the agency is created.

Specify that the base budget review reports for the current biennium be included in the summary of agency requests that DOA compiles by November 20 of even-numbered years.

A similar base budget review report requirement was established under 2001 Act 109, and was later repealed effective July 1, 2009, under 2009 Act 28.

Veto by Governor [E-38]: Delete provision.

[Act 32 Vetoed Sections: 218d and 218e]

9. BUDGET STRUCTURAL BALANCE

Assembly/Legislature: Require that no bill may be adopted by the Legislature if the bill would cause general fund expenditures to exceed general fund revenues (taxes and departmental revenues, but excluding the opening balance) in the second fiscal year of each biennium, rather than annually as under current law.

[Act 32 Section: 370m]

BUILDING COMMISSION

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$50,566,200	\$58,950,000	\$62,218,900	\$62,218,900	\$62,218,900	\$11,652,700	23.0%
PR	4,236,800	5,196,300	5,196,300	5,724,400	5,724,400	1,487,600	35.1
SEG	<u>2,048,400</u>	<u>2,048,400</u>	<u>2,048,400</u>	<u>2,048,400</u>	<u>2,048,400</u>	<u>0</u>	0.0
TOTAL	\$56,851,400	\$66,194,700	\$69,463,600	\$69,991,700	\$69,991,700	\$13,140,300	23.1%

FTE Position Summary
There are no full time positions authorized for the Building Commission.

Budget Change Items

1. GPR DEBT RESTRUCTURING [LFB Papers 175 and 180]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
BR	\$364,300,000	- \$100,100,000	\$264,200,000

Governor: Provide \$364,300,000 of general obligation refunding bonding for the purpose of restructuring outstanding principal on GPR-supported, general obligation bonds. Under the proposed restructuring, the proceeds from the authorized refunding bonds would be used pay \$332,637,600 in principal due in 2011-12 on state GPR-supported public debt that would otherwise be retired in that year. Although this bonding could be used to restructure both tax-supported and self-amortizing bonds, the administration indicates that only GPR-supported bonds would be restructured. These bonds could not be issued after June 30, 2013. In addition, GPR debt service amounts under the bill also reflect the administration's plans to restructure \$104,810,800 in GPR commercial paper principal that is otherwise scheduled to be retired in 2011-12.

Under the bill, the proposed debt restructuring actions would reduce individual agency, GPR debt service appropriations by \$437,448,400 in 2011-12. These reductions would occur from the use of the refunding bond proceeds to make the principal payments due in 2011-12 and by deferring payment on outstanding GPR commercial paper. Under both debt restructuring actions, the principal on existing general obligation debt and commercial paper remains outstanding for a longer period of time and thus additional interest costs would be incurred by the state. Consequently, under the bill, agency GPR debt service costs increase by a total of \$19,668,300 in 2012-13 associated with the initial interest payment on the expected ten-year amortization of the restructured principal amounts. (The fiscal effect of the debt service changes associated with the proposed debt restructuring are included in the "GPR Debt Restructuring -- Debt Service" entries shown under individual agency budgets). As a result of these restructuring actions, under the bill, GPR debt service would total \$208,947,900 in 2011-12 and \$682,769,700 in 2012-13.

Joint Finance/Legislature: Reduce the amount of GPR restructuring bonding to be authorized by \$100,100,000. As a result, a total of \$264,200,000 in GPR restructuring bonding would be authorized.

[Act 32 Section: 798]

2. CURRENT LAW DEBT SERVICE REESTIMATE [LFB Paper 183]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-Lapse	\$0	\$10,942,900	\$10,942,900
GPR	\$26,623,400	\$0	\$26,623,400
PR	<u>959,500</u>	<u>0</u>	<u>959,500</u>
Total	\$27,582,900	\$0	\$27,582,900

Governor: Increase funding by \$6,317,200 GPR in 2011-12 and \$20,306,200 GPR in 2012-13 to reflect the current law reestimate of GPR debt service costs on state general obligation bonds and commercial paper debt issued for the following purposes. Increase funding by \$64,600 PR in 2011-12 and \$894,900 PR in 2012-13 for debt service on PR funded bonds.

	Current Law	
	<u>Debt Service Changes</u>	
	<u>2011-12</u>	<u>2012-13</u>
GPR Debt Service Appropriation		
Capitol and Executive Residence	\$5,336,600	\$4,554,700
Amounts Not Initially Allocated to Agencies	760,900	14,105,100
Other Public Purposes	-746,200	35,000
Children's Research Institute	432,100	440,000
AIDS Network, Inc.	23,000	22,900
Grand Opera House in Oshkosh	12,500	40,200
Aldo Leopold climate change classroom and interactive library	12,500	40,200
Bradley Center Sports and Entertainment Corp.	252,000	387,100
AIDS Resource Center of Wisconsin, Inc.	61,100	61,100
Madison's Children Museum	19,200	19,100
Myrick Hixon EcoPark, Inc.	46,200	40,400
Marshfield Clinic	125,000	526,300
HR Academy Youth Center	6,100	11,500
Milwaukee Police Youth Activity Center	4,400	10,000
Hmong Cultural Centers	-29,400	-28,700
Civil War Exhibit at Kenosha Museum	16,200	16,100
Bond Health Center	<u>-15,000</u>	<u>25,200</u>
 Total GPR	 \$6,317,200	 \$20,306,200
 PR Debt Service Appropriation		
Energy Conservation Projects	\$64,600	\$894,900

Joint Finance/Legislature: Decrease the net amount of GPR debt service required in the 2011-13 biennium by \$5,414,400 in 2011-12 and \$5,528,500 in 2012-13 to reflect the projected lapses from GPR debt service appropriations in the biennium. These reestimated lapse amounts are associated with: (a) an increase in costs of \$2,208,900 in 2011-12 and a decrease in costs of \$348,700 in 2012-13 to reflect the updated estimate of debt service costs from GPR debt service appropriations; (b) increases in annual lapses of \$250,000 from estimated interest earnings on the bond security redemption fund being proportionately applied to GPR debt service appropriations in the biennium; (c) increased lapses of \$7,663,300 in 2011-12 and \$7,229,800 in 2012-13 to reflect the GPR interest savings associated with the federal interest subsidy on Build America Bonds issued by the state, which will be applied to the GPR debt service appropriation for the specific purposes for which those bonds were issued; and (d) reduced lapses of \$290,000 in 2011-12 and \$2,300,000 in 2012-13 to reflect reestimates made under "Natural Resources."

3. GPR DEBT RESTRUCTURING -- DEBT SERVICE [LFB Paper 175]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$18,239,600	\$3,268,900	-\$14,970,700

Governor: Decrease funding by \$19,098,200 in 2011-12 and increase funding by \$858,600 in 2012-13 to reflect the changes in estimated GPR debt service costs for debt service appropriations housed under the Building Commission associated with the proposed restructuring of general obligation bond and commercial paper GPR principal amounts that would otherwise be paid off in 2011-12. Other GPR funding adjustments relating to the GPR debt restructuring are shown under each individual agency's GPR debt service appropriation. Under the bill, the state would issue refunding bonds to restructure a portion of its outstanding general obligation GPR principal debt and would rollover the principal due on its outstanding commercial paper in 2011-12. The \$858,600 increase in debt service for 2012-13 is associated with the initial interest amount due on the additional debt issued to replace the 2011-12 restructured principal amounts.

Joint Finance/Legislature: Modify debt service funding by \$3,404,600 in 2011-12 and -\$135,700 associated with a \$100,100,000 reduction in restructuring bonding in 2011-12. The following table lists debt service changes by bonding purpose for the proposed restructuring GPR principal amounts in 2011-12.

	<u>Governor Debt Service Changes</u>		<u>Jt. Finance/Leg. Debt Service Changes</u>		<u>Net Debt Service Changes</u>	
	<u>2011-12</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2012-13</u>
GPR Debt Service Appropriation						
Capitol and Executive Residence	-\$9,709,700	\$435,800	\$2,780,700	-\$111,800	-\$6,929,000	\$324,000
Amounts Not Initially Allocated to Agencies	-7,550,000	341,100	300	-100	-7,549,700	341,000
Other Public Purposes	-1,035,800	40,400	575,500	-21,500	-460,300	18,900
Children's Research Institute	-526,400	28,600	25,500	-1,200	-500,900	27,400
AIDS Network, Inc.	-9,100	500	0	0	-9,100	500
Bradley Center Sports and Entertainment Corp.	-75,600	3,500	0	0	-75,600	3,500
AIDS Resource Center of Wisconsin, Inc.	-24,200	1,100	0	0	-24,200	1,100
Madison's Children Museum	-7,600	400	0	0	-7,600	400
Myrick Hixon EcoPark, Inc.	-15,200	700	0	0	-15,200	700
HR Academy Youth Center	-66,200	2,900	0	0	-66,200	2,900
Milwaukee Police Youth Activity Ctr.	-53,600	2,400	22,600	-1,100	-31,000	1,300
Hmong Cultural Centers	-8,600	400	0	0	-8,600	400
Civil War Exhibit at Kenosha Museum	-16,200	800	0	0	-16,200	800
Total GPR	-\$19,098,200	\$858,600	\$3,404,600	-\$135,700	-\$15,693,600	\$722,900

4. DEBT SERVICE FOR AQUACULTURE DEMONSTRATION FACILITY

PR	\$528,100
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Assembly/Legislature: Provide \$263,400 in 2011-12 and \$264,700 in 2012-13 for debt service on an existing aquaculture demonstration facility. The debt service appropriation and related tribal gaming funding would be shifted over from the UW System to the Building Commission.

[Act 32 Sections: 574rm and 738pm]

BUILDING PROGRAM

Budget Change Items

1. 2011-13 ENUMERATED PROJECTS

	Bldg. Comm. (Chg. to Base)	Jt. Finance (Chg. to BC)	Assembly/Leg. (Chg. to JFC)	Net Change
All Funds	\$1,017,684,300	\$13,000,000	- \$63,707,000	\$966,977,300

Building Commission: Provide \$1,017,684,300 from all funding sources of enumerated 2011-13 financing authority for: (a) specific enumerated projects (\$656,949,600); and (b) all agency projects (\$360,734,700).

Specify that funding for these projects be drawn from the following sources: (a) \$727,102,200 from new general obligation bonding authority; (b) \$80,891,200 from general obligation bonding authority that is currently authorized; (c) \$7,997,300 from revenue bonding authority; (d) \$34,290,900 from agency operating funds; (e) \$89,266,900 from federal funds; and (f) \$78,135,800 from gifts, grants and other receipts.

Joint Finance: Increase the amount of funding from all funding sources by \$13,000,000 as follows: (a) provide \$7,000,000 in GPR supported bonding for the facility maintenance and repair all agency bonding category to finance additional state facility maintenance projects in the biennium; and (b) provide \$2,000,000 in existing GPR supported bonding and \$4,000,000 in gifts, grants, and other receipts to fund the enumeration of a National Soldiers Home Historic Site in Milwaukee.

Assembly/Legislature: Decrease the amount of funding from all sources by \$63,707,000 associated with the following modifications to the 2011-13 state building program: (a) deleting the \$64,092,000 readiness center and field maintenance shop in Wisconsin Rapids under the Department of Military Affairs (DMA) and the related funding of \$3,724,000 in existing GPR supported bonding and \$60,368,000 in federal funding; (b) deleting the \$1,385,000 command suite addition in Madison under DMA and the related funding of \$346,200 in existing GPR supported bonding and \$1,038,800 in federal funds; (c) enumerating a DMA fusion center in Madison under DMA and providing \$3,720,200 in existing GPR supported bonding, \$2,082,800 in federal funding, and \$1,000,000 in agency operating funds; (d) deleting the \$6,000,000 enumeration of a National Soldiers Home Historic Site in Milwaukee and the related funding of \$2,000,000 in existing GPR supported bonding and \$4,000,000 in gifts, grants, and other receipts; (e) deleting \$2,000,000 of GPR supported bonding for all agency facility maintenance and repair projects; and (f) enumerating a \$2,967,000 Birge Hall greenhouse addition project on UW Madison campus to be funded entirely with gifts, grants, and other receipts.

The funding sources for the 2011-13 enumerated project authority by agency are shown in Table 1. A listing of individual major agency projects enumerated as part of the 2011-13 state building program is provided in Table 2.

[Act 32 Section: 9106(1)]

TABLE 1-A
Building Commission Recommended Financing Sources
for the 2011-13 Enumerated Projects

	<u>New General Obligation Bonds</u>			<u>Revenue Bonds*</u>	<u>Existing General Obligation Bonds</u>	<u>Agency Funds</u>	<u>Gifts, Operating and Other</u>	<u>Federal</u>	<u>Total</u>
	<u>GPR</u>	<u>PR</u>	<u>SEG</u>						
Building Commission	\$250,000	\$0	\$0	\$0	\$0	\$0	\$1,373,000	\$0	\$1,623,000
Corrections	12,054,400	0	0	0	11,851,600**	0	0	0	23,906,000
Educational Communications Board	521,700	0	0	0	0	0	0	0	521,700
Health Services	3,445,700	0	0	0	0	0	0	0	3,445,700
Marquette University	8,000,000	0	0	0	0	0	8,000,000	0	16,000,000
Military Affairs	0	0	0	0	4,376,100	0	0	69,918,500	74,294,600
Natural Resources	0	0	8,399,300	0	13,437,200	0	400,000	1,700,000	23,936,500
Public Instruction	4,982,900	0	0	0	0	0	0	0	4,982,900
State Historical Society	79,350,000	0	0	0	0	0	4,300,000	0	83,650,000
Transportation	0	0	0	2,956,500	0	0	0	0	2,956,500
University of Wisconsin System	122,904,500	167,572,000	0	0	46,663,500	19,442,000	60,980,000	0	417,562,000
Veterans Affairs	4,070,700	0	0	0	0	0	0	0	4,070,700
Subtotal	\$235,579,900	\$167,572,000	\$8,399,300	\$2,956,500	\$76,328,400	\$19,442,000	\$75,053,000	\$71,618,500	\$656,949,600
All Agency									
Facilities Repair and Renovation	\$100,000,000	\$18,696,100	\$1,639,900	\$5,040,800	\$4,562,800	\$14,057,200	\$1,234,800	\$13,877,000	\$159,108,600
Utilities Repair and Renovation	46,000,000	15,094,000	0	0	0	214,700	0	3,213,000	64,521,700
Health, Safety and Environmental Protection	18,000,000	121,000	0	0	0	359,000	0	290,300	18,770,300
Energy Conservation	0	100,000,000	0	0	0	0	0	0	100,000,000
Preventive Maintenance Program	2,000,000	0	0	0	0	0	0	0	2,000,000
Programmatic Remodeling and Renovation	5,000,000	0	0	0	0	218,000	1,848,000	268,100	7,334,100
Land and Property Acquisition	4,000,000	0	0	0	0	0	0	0	4,000,000
Capital Equipment and Acquisition	5,000,000	0	0	0	0	0	0	0	5,000,000
Subtotal	\$180,000,000	\$133,911,100	\$1,639,900	\$5,040,800	\$4,562,800	\$14,848,900	\$3,082,800	\$17,648,400	\$360,734,700
TOTAL	\$415,579,900	\$301,483,100	\$10,039,200	\$7,997,300	\$80,891,200	\$34,290,900	\$78,135,800	\$89,266,900	\$1,017,684,300

* Transportation revenue bonds included under the Department of Transportation's 2011-13 operating budget.

** Of the existing bonding enumerated for Department of Corrections, \$8,747,400 is associated with a Department of Military Affairs bonding authorization. Department of Corrections bonding would be increased under the Building Commission's recommendations by \$20,801,800 associated with its enumerated projects.

TABLE 1-B

**Joint Finance Committee Recommended Financing Sources
for the 2011-13 Enumerated Projects**

	<u>New General Obligation Bonds</u>			<u>Revenue Bonds*</u>	<u>Existing General Obligation Bonds</u>	<u>Agency Funds</u>	<u>Gifts, Operating and Other</u>	<u>Federal</u>	<u>Total</u>
	<u>GPR</u>	<u>PR</u>	<u>SEG</u>						
Building Commission	\$250,000	\$0	\$0	\$0	\$2,000,000	\$0	\$5,373,000	\$0	\$7,623,000
Corrections	12,054,400	0	0	0	11,851,600**	0	0	0	23,906,000
Educational Communications Board	521,700	0	0	0	0	0	0	0	521,700
Health Services	3,445,700	0	0	0	0	0	0	0	3,445,700
Marquette University	8,000,000	0	0	0	0	0	8,000,000	0	16,000,000
Military Affairs	0	0	0	0	4,376,100	0	0	69,918,500	74,294,600
Natural Resources	0	0	8,399,300	0	13,437,200	0	400,000	1,700,000	23,936,500
Public Instruction	4,982,900	0	0	0	0	0	0	0	4,982,900
State Historical Society***	79,350,000	0	0	0	0	0	4,300,000	0	83,650,000
Transportation	0	0	0	2,956,500	0	0	0	0	2,956,500
University of Wisconsin System	122,904,500	167,572,000	0	0	46,663,500	19,442,000	60,980,000	0	417,562,000
Veterans Affairs	<u>4,070,700</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,070,700</u>
Subtotal	\$235,579,900	\$167,572,000	\$8,399,300	\$2,956,500	\$78,328,400	\$19,442,000	\$79,053,000	\$71,618,500	\$662,949,600
All Agency									
Facilities Repair and Renovation	\$107,000,000	\$18,696,100	\$1,639,900	\$5,040,800	\$4,562,800	\$14,057,200	\$1,234,800	\$13,877,000	\$166,108,600
Utilities Repair and Renovation	46,000,000	15,094,000	0	0	0	214,700	0	3,213,000	64,521,700
Health, Safety and Environmental Protection	18,000,000	121,000	0	0	0	359,000	0	290,300	18,770,300
Energy Conservation	0	100,000,000	0	0	0	0	0	0	100,000,000
Preventive Maintenance Program	2,000,000	0	0	0	0	0	0	0	2,000,000
Programmatic Remodeling and Renovation	5,000,000	0	0	0	0	218,000	1,848,000	268,100	7,334,100
Land and Property Acquisition	4,000,000	0	0	0	0	0	0	0	4,000,000
Capital Equipment and Acquisition	<u>5,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,000,000</u>
Subtotal	\$187,000,000	\$133,911,100	\$1,639,900	\$5,040,800	\$4,562,800	\$14,848,900	\$3,082,800	\$17,648,400	\$367,734,700
TOTAL	\$422,579,900	\$301,483,100	\$10,039,200	\$7,997,300	\$82,891,200	\$34,290,900	\$82,135,800	\$89,266,900	\$1,030,684,300

* Transportation revenue bonds included under the Department of Transportation's 2011-13 operating budget.

** Of the existing bonding enumerated for Department of Corrections, \$8,747,400 is associated with a Department of Military Affairs bonding authorization. Department of Corrections bonding would be increased under the Building Commission's recommendations by \$20,801,800 associated with its enumerated projects.

*** State Historical Society Enumerations include \$75,000,000 GPR Supported bonding for a joint museum facility with the Department of Veterans Affairs. However, only \$10,000,000 in GPR supported bonding would be provided under the Committee's modifications.

TABLE 1-C

**Assembly/Legislature Recommended Financing Sources
for the 2011-13 Enumerated Projects**

	New General Obligation Bonds			Revenue Bonds*	Existing General Obligation Bonds	Agency Funds	Gifts, Operating and Other	Federal	Total
	GPR	PR	SEG						
Building Commission	\$250,000	\$0	\$0	\$0	\$0	\$0	\$1,373,000	\$0	\$1,623,000
Corrections	12,054,400	0	0	0	11,851,600**	0	0	0	23,906,000
Educational Communications Board	521,700	0	0	0	0	0	0	0	521,700
Health Services	3,445,700	0	0	0	0	0	0	0	3,445,700
Marquette University	8,000,000	0	0	0	0	0	8,000,000	0	16,000,000
Military Affairs	0	0	0	0	4,026,100	1,000,000	0	10,594,500	15,620,600
Natural Resources	0	0	8,399,300	0	13,437,200	0	400,000	1,700,000	23,936,500
Public Instruction	4,982,900	0	0	0	0	0	0	0	4,982,900
State Historical Society***	79,350,000	0	0	0	0	0	4,300,000	0	83,650,000
Transportation	0	0	0	2,956,500	0	0	0	0	2,956,500
University of Wisconsin System	122,904,500	167,572,000	0	0	46,663,500	19,442,000	63,947,000	0	420,529,000
Veterans Affairs	4,070,700	0	0	0	0	0	0	0	4,070,700
Subtotal	\$235,579,900	\$167,572,000	\$8,399,300	\$2,956,500	\$75,978,400	420,442,000	\$78,020,000	\$12,294,500	\$601,242,600
All Agency									
Facilities Repair and Renovation	\$105,000,000	\$18,696,100	\$1,639,900	\$5,040,800	\$4,562,800	\$14,057,200	\$1,234,800	\$13,877,000	\$164,108,600
Utilities Repair and Renovation	46,000,000	15,094,000	0	0	0	214,700	0	3,213,000	64,521,700
Health, Safety and Environmental Protection	18,000,000	121,000	0	0	0	359,000	0	290,300	18,770,300
Energy Conservation	0	100,000,000	0	0	0	0	0	0	100,000,000
Preventive Maintenance Program	2,000,000	0	0	0	0	0	0	0	2,000,000
Programmatic Remodeling and Renovation	5,000,000	0	0	0	0	218,000	1,848,000	268,100	7,334,100
Land and Property Acquisition	4,000,000	0	0	0	0	0	0	0	4,000,000
Capital Equipment and Acquisition	5,000,000	0	0	0	0	0	0	0	5,000,000
Subtotal	\$185,000,000	\$133,911,100	\$1,639,900	\$5,040,800	\$4,562,800	\$14,848,900	\$3,082,800	\$17,648,400	\$365,734,700
TOTAL	\$420,579,900	\$301,483,100	\$10,039,200	\$7,997,300	\$80,541,200	\$35,290,900	\$81,102,800	\$29,942,900	\$966,977,300

* Transportation revenue bonds included under the Department of Transportation's 2011-13 operating budget.

** Of the existing bonding enumerated for Department of Corrections, \$8,747,400 is associated with a Department of Military Affairs bonding authorization. Department of Corrections bonding would be increased under the Building Commission's recommendations by \$20,801,800 associated with its enumerated projects.

*** State Historical Society Enumerations include \$75,000,000 GPR Supported bonding for a joint museum facility with the Department of Veterans Affairs. However, only \$10,000,000 in GPR supported bonding would be provided under the Committee's modifications.

TABLE 2

**State Agency 2011-13 Enumerated Major Projects
Total Project Authority (All Funding Sources)**

	<u>Bldg. Comm.</u>	<u>Jt. Finance</u>	<u>Assembly/ Legislature</u>
Building Commission			
Lac du Flambeau Indian Tribal Cultural Center	\$1,623,000	\$1,623,000	\$1,623,000
Old Soldiers Home Historical District	<u>0</u>	<u>6,000,000</u>	<u>0</u>
Total	\$1,623,000	\$7,623,000	\$1,623,000
Corrections			
Green Bay Correctional Institution - Shower Buildings	\$3,834,000	\$3,834,000	\$3,834,000
Green Bay Correctional Institution - Visiting Building	3,812,000	3,812,000	3,812,000
St. Croix Correctional Institution - Housing Replacement	3,234,000	3,234,000	3,234,000
Waupun Correctional Institution - Food Service Renovation	6,026,000	6,026,000	6,026,000
Waupun Correctional Institution - Boiler Conversion	<u>7,000,000</u>	<u>7,000,000</u>	<u>7,000,000</u>
Total	\$23,906,000	\$23,906,000	\$23,906,000
Educational Communications Board			
WHSA-FM Tower Replacement - Brule	\$521,700	\$521,700	\$521,700
Health Services			
Mendota Mental Health Institute - Patient Skilled Learning Center	\$1,442,000	\$1,442,000	\$1,442,000
Wisconsin Resource Center - Visitor and Gatehouse Modifications	<u>2,003,700</u>	<u>2,003,700</u>	<u>2,003,700</u>
Total	\$3,445,700	\$3,445,700	\$3,445,700
Marquette University			
Dental School Addition	\$16,000,000	\$16,000,000	\$16,000,000
Military Affairs			
Motor Vehicle Storage Building - Beloit	\$725,000	\$725,000	\$725,000
Command Suite Addition - Madison	1,385,000	1,385,000	0
Tactical Unmanned Aircraft System Facility - Camp Williams	8,092,600	8,092,600	8,092,600
Readiness Center and Field Maintenance Shop - Wisconsin Rapids	64,092,000	64,092,000	0
Fusion Center - Madison	<u>0</u>	<u>0</u>	<u>6,803,000</u>
Total	\$74,294,600	\$74,294,600	\$15,620,600
Natural Resources			
Dam Reconstruction - Montello	\$9,000,000	\$9,000,000	\$9,000,000
Rib Mountain State Park Development - Phase II	686,100	686,100	686,100
Entrance and Visitor Station - Amnicon Falls State Park	643,600	643,600	643,600
Flambeau River State Forest Improvements	2,513,700	2,513,700	2,513,700
Buckhorn State Park - Campground Development	2,199,400	2,199,400	2,199,400
Straight Lake State Park Development - Phase I	1,258,100	1,258,100	1,258,100
Horicon Marsh International Education Center Displays	3,236,300	3,236,300	3,236,300
Old Abe State Trail Resurfacing	850,000	850,000	850,000
Fire Control Heavy-Unit-Drive-thru Vehicle Storage Garages	2,525,900	2,525,900	2,525,900
Poynette State Game Farm - Pheasant Hatchery Building	<u>1,023,400</u>	<u>1,023,400</u>	<u>1,023,400</u>
Total	\$23,936,500	\$23,936,500	\$23,936,500
Public Instruction			
Wisconsin School for the Deaf - Walker Hall Replacement	\$4,982,900	\$4,982,900	\$4,982,900
State Historical Society			
Joint Museum	\$75,000,000	\$75,000,000	\$75,000,000
Preservation and Storage Facility Capital Equipment	4,350,000	4,350,000	4,350,000
Stonefield Village Storage Facilities	<u>4,300,000</u>	<u>4,300,000</u>	<u>4,300,000</u>
Total	\$83,650,000	\$83,650,000	\$83,650,000
Department of Transportation			
Division of State Patrol Gap Filler Towers - Statewide	\$2,956,500	\$2,956,500	\$2,956,500

		<u>Bldg. Comm.</u>	<u>Jt. Finance</u>	<u>Assembly/ Legislature</u>
University of Wisconsin System				
Extension	Upham Woods Outdoor Learning Center - Shower Facility	\$971,000	\$971,000	\$971,000
La Crosse	Parking Ramp	12,131,000	12,131,000	12,131,000
	Storage Facility	1,092,000	1,092,000	1,092,000
Madison	School of Nursing	52,240,000	52,240,000	52,240,000
	Badger Athletic Performance Center	76,800,000	76,800,000	76,800,000
	Carson Gully Commons Renovation	10,049,000	10,049,000	10,049,000
	Alumni Plaza	8,000,000	8,000,000	8,000,000
	Elizabeth Waters Hall Renovation	7,100,000	7,100,000	7,100,000
	West Campus/Hospital Parking Ramp Addition	26,253,000	26,253,000	26,253,000
	Library Storage Facility	1,500,000	1,500,000	1,500,000
	University Ridge Golf Course - All Seasons Practice Facility	2,500,000	2,500,000	2,500,000
	Utility Improvements	3,124,000	3,124,000	3,124,000
	Birge Hall Greenhouse Addition	0	0	2,967,000
Milwaukee	School of Public Health	12,250,000	12,250,000	12,250,000
Oshkosh	Lincoln School Remodeling	4,476,000	4,476,000	4,476,000
Platteville	Residence Hall Upgrades	12,179,000	12,179,000	12,179,000
River Falls	Health and Human Performance Building	63,512,000	63,512,000	63,512,000
Stevens Point	North Debot Residence Hall Renovation	11,720,000	11,720,000	11,720,000
Stout	Fleming Residence Hall Renovation	6,599,000	6,599,000	6,599,000
Superior	Ross and Hawkes Halls Renovation	15,276,000	15,276,000	15,276,000
Whitewater	Bigelow and Benson Halls Renovation	12,223,000	12,223,000	12,223,000
	Carlson Hall Renovation	17,000,000	17,000,000	17,000,000
	Drumlin Dining Hall Renovation	4,627,000	4,627,000	4,627,000
	Young Auditorium Addition	940,000	940,000	940,000
System	Oshkosh, Platteville, Stout, & Superior - Major Facilities Renov.	50,000,000	50,000,000	50,000,000
	Classroom Renovation/Instructional	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
Total		<u>\$417,562,000</u>	<u>\$417,562,000</u>	<u>\$420,529,000</u>
Veterans Affairs				
	Preservation and Storage Facility Capital Equipment	\$4,070,700	\$4,070,700	\$4,070,700
All Agency				
	Facilities Maintenance and Repair	\$159,108,600	\$166,108,600	\$164,108,600
	Utilities Repair and Renovation	64,521,700	64,521,700	64,521,700
	Health, Safety and Environmental Protection	18,770,300	18,770,300	18,770,300
	Energy Conservation	100,000,000	100,000,000	100,000,000
	Preventive Maintenance Program	2,000,000	2,000,000	2,000,000
	Programmatic Remodeling and Renovation	7,334,100	7,334,100	7,334,100
	Land and Property Acquisition	4,000,000	4,000,000	4,000,000
	Capital Equipment Acquisition	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
Total		<u>\$360,734,700</u>	<u>\$367,734,700</u>	<u>\$365,734,700</u>
Grand Total -- All Agencies		\$1,017,684,300	\$1,030,684,300	\$966,977,300

2. BONDING AUTHORIZATIONS FOR 2011-13 BUILDING PROGRAM

	Bldg. Comm. (Chg. to Base)	Jt. Finance (Chg. to BC)	Assembly/Leg. (Chg. to JFC)	Net Change
BR	\$735,849,600	-\$58,000,000	-\$2,000,000	\$675,849,600

Building Commission: Provide \$735,849,600 in new general obligation bonding authority for 2011-13 building program projects.

Joint Finance: Reduce bonding by \$58,000,000.

Assembly/Legislature: Reduce bonding by \$2,000,000.

<u>Purpose</u>	<u>Bldg. Comm.</u>	<u>Jt. Finance</u>	<u>Assembly/ Legislature</u>
Administration			
Energy Conservation Projects	\$100,000,000	\$100,000,000	\$100,000,000
Building Commission			
Other Public Purposes (All Agency Projects)	188,420,700	195,420,700	193,420,700
Housing State Agencies	18,711,300	18,711,300	18,711,300
Lac du Flambeau Indian Tribal Cultural Center	250,000	250,000	250,000
Corrections			
Correctional Facilities	20,801,800*	20,801,800*	20,801,800*
Educational Communications Board			
Educational Communications Facilities	521,700	521,700	521,700
Health Services			
Mental Health Facilities	3,445,700	3,445,700	3,445,700
Marquette Dental School			
Dental Clinic and Education Facility	8,000,000	8,000,000	8,000,000
Natural Resources			
SEG Fund Supported Administration Facilities	9,346,500	9,346,500	9,346,500
Environmental Fund SEG Supported Facilities	692,700	692,700	692,700
Public Instruction			
Schools and Library Facilities	4,982,900	4,982,900	4,982,900
State Fair Park			
Self-Amortizing Facilities	450,000	450,000	450,000
State Historical Society			
Museum Facility	75,000,000	10,000,000**	10,000,000**
University of Wisconsin			
Academic Facilities	122,904,500	122,904,500	122,904,500
Self-Amortizing Facilities	176,851,100	176,851,100	176,851,100
Veterans Affairs			
Self-Amortizing Facilities	<u>5,470,700</u>	<u>5,470,700</u>	<u>5,470,700</u>
GRAND TOTAL	\$735,849,600	\$677,849,600	\$675,849,600

*The bonding authorized for the Department of Corrections would exceed the project enumeration by \$8,747,400.

**State Historical Society Enumerations include \$75,000,000 of GPR Supported bonding for a joint museum facility with the Department of Veterans Affairs. However, only \$10,000,000 of GPR supported bonding would be provided under the Committee's modifications.

[Act 32 Sections: 779g, 780, 785m, 785p, 795m, 795s, 797m, 798g thru 798p, 798r, 798v, and 798w]

3. DELAYED BONDING AUTHORIZATIONS

Building Commission: Specify that the following general fund supported bonding amounts authorized under the 2011-13 building program could not be issued until after June 30, 2013, for the following projects listed for the 2013-15 biennium, or until after June 30, 2015, for the project listed for the 2015-17 biennium.

	<u>General Fund Supported Bonding</u>		
	<u>2013-15</u>	<u>2015-17</u>	<u>Total</u>
University of Wisconsin System			
School of Nursing – UW Madison	\$17,413,500	\$0	\$17,413,500
Health and Human Performance Project - UW River Falls	50,491,000	0	50,491,000
Historical Society and Veterans Affairs			
Joint Museum Facility	<u>0</u>	<u>70,000,000</u>	<u>70,000,000</u>
Total	\$67,904,500	\$70,000,000	\$137,904,500

Joint Finance/Legislature: Delete \$65,000,000 in bonding for the State Historical Society's joint museum facility with the Department of Veterans Affairs, which would leave \$10,000,000 in bonding, none of which would be delayed.

The fiscal effect of these projects is included in the totals under Items 1 and 2.

[Act 32 Sections: 9106(5)&(6)]

4. 2009-11 AUTHORIZED BUILDING PROGRAM DELETIONS

BR	- \$14,190,300
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Building Commission/Joint Finance: Delete the following projects authorized under the 2009-11 authorized state building program and adjust the 2009-11 building program totals.

	<u>Bonding</u>		<u>Federal</u>	<u>Total</u>
	<u>GPR</u>	<u>PR</u>		
Corrections				
Fox Lake Correctional Institution - Methane Digester	\$0	-\$5,442,900	\$0	-\$5,442,900
Military Affairs				
Armory – Wisconsin Rapids	<u>-8,747,400</u>	<u>0</u>	<u>-28,400,000</u>	<u>-37,147,400</u>
Total	-\$8,747,400	-\$5,442,900	-\$28,400,000	-\$42,590,300

The Department of Military Affairs armory project was originally enumerated with \$13,000,000 in general fund supported bonding under the 2009-11 building program. The Building Commission recommendations would provide \$4,252,600 of this bonding for projects enumerated under the 2011-13 building program.

Assembly/Legislature: Modify the 2011-13 state building program to use only \$3,902,600 of this existing GPR supported bonding for enumerated projects under the Department of Military Affairs. The remaining \$350,000 in existing bonding would remain authorized, but unassigned to a specific Department of Military Affairs project.

[Act 32 Sections: 795p, 798t, and 9106(2)]

5. **AUTHORIZED UNISSUED BONDING AUTHORITY** [LFB Paper 181]

BR	- \$29,273,000
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Joint Finance/Legislature: Delete \$29,273,000 in program revenue supported bonding associated with the following currently authorized bonding amounts: (a) \$19,273,000 in UW System PR supported bonding associated with the purchase of the 21 North Park Street office building at UW Madison; and (b) \$10,000,000 in State Historical Society PR supported bonding associated with the Wisconsin History Center project.

[Act 32 Sections: 780 and 798q]

6. **INDEXING OF BUILDING PROJECT THRESHOLDS** [LFB Paper 182]

Building Commission: Require that, no later than March 1 of each odd-numbered year, the Department of Administration (DOA) would determine the percentage increase or decrease in the construction cost index, as published by the Engineering News-Record, or its successor index as determined by DOA. Require DOA to determine the percentage increase or decrease in the index during the 24-month period ending on the preceding December 31, as compared to the index for the last day of the second preceding 24-month period. Specify that DOA would multiply the number one plus or minus the construction cost index percentage increase or decrease, as determined by the Department, by the following:

a. the enumeration threshold (currently \$500,000) at which projects involving the design and construction of a state facility, building or structure, the repair, remodeling, or improvement of an existing facility, or the acquisition of land are required to be enumerated in the biennial state building program;

b. the threshold (currently \$500,000) at which the Building Commission may authorize a project for any state agency in accordance with priorities to be established by the Commission and may adjust the priorities by deleting, substituting or adding new projects as needed to reflect changing program needs and unforeseen circumstances;

c. the threshold (currently \$150,000) on the size of contract for construction, reconstruction, or remodeling of state facilities that requires Building Commission approval of final plans for the project; and

d. the threshold (currently \$40,000) on the size of contract for which DOA is required to seek bids from the lowest responsible qualified bidder and meet the requirements for soliciting those bids.

Specify that the resulting product would be in effect in lieu of the current law, or indexed, threshold amounts upon publication in the Wisconsin administrative register for the period beginning on July 1 of the same year. Specify that the indexed amount would remain in effect until a subsequent determination under this indexing provision by the Department becomes effective. Specify that if a threshold amount has been previously indexed by DOA, DOA would

be required to multiply the number one plus or minus the change in the construction cost index by the existing, indexed threshold amount.

These provisions would first apply with respect to approvals and authorizations granted and solicitations made on July 1, 2013. Specify that proposed modification to certain current law provisions relating to the acquisition of property sufficient for the construction of a facility to meet the space needs of the state law library, the Legislative Reference Bureau library and legislative and judicial branch agencies and support would first take effect on July 1, 2002, or upon completion of the acquisition. This 2002 effective date would be consistent with provisions established in 1997 Acts 5 and 27 that include a 2002 effective date in one version of this subsection of the statutes.

Joint Finance/Legislature: Delete the proposed indexing provisions. Instead, adjust the building project thresholds as follows:

a. increase the threshold at which a project would be required to be enumerated in the state building program from \$500,000 to \$760,000, and include the proposed 2002 effective date provision under the Building Commission relating to acquisition of certain property;

b. increase the threshold at which the Building Commission may authorize a project for any state agency in accordance with priorities to be established by the Commission and may adjust the priorities by deleting, substituting or adding new projects as needed to reflect changing program needs and unforeseen circumstances from \$500,000 to \$760,000.

c. increase the threshold on the size of contract for construction, reconstruction, or remodeling of state facilities that would require Building Commission approval of final plans for the project from \$150,000 to \$185,000; and

d. increase the threshold on the size of contract for which DOA would be required to seek bids from the lowest responsible qualified bidder and meet the requirements for soliciting those bids from \$40,000 to \$50,000.

[Act 32 Sections: 44p, 47, 276m, 277, 289b, 815g thru 815i, and 9401(2i)]

7. SALE OF STATE PROPERTIES

Building Commission/Legislature: Modify the current law procedures outlined under 2005 Act 25 related to the sale of state properties, and extend this authority indefinitely, which is scheduled to expire on June 30, 2011. Specify that if DOA receives an offer to purchase property offered for sale, the Department may submit a report to the Building Commission recommending acceptance of the offer. Require the report to contain a description of the property and the reasons for the sale recommendation. Specify that current law procedures governing the sale of property by the Building Commission would not apply to these properties pending disposition of the proposed transaction.

As allowed under current law, authorize DOA to sell a parcel of property with or without approval of the agency having jurisdiction of the property, but would have to obtain Building

Commission approval of the proposed sale before selling the property. Define "agency" as an office, department, independent agency, institution of higher education, association, society, or other body in state government authorized or created by the Constitution, or any law, that is entitled to expend money appropriated by law, including the Legislature and the courts. "Agency" would not include the Wisconsin Aerospace Authority, Health Insurance Risk Sharing Plan Authority, Wisconsin Quality Home Care Authority, Health and Education Facilities Authority, University of Wisconsin Hospital and Clinics Authority, Wisconsin Housing and Economic Development Authority, Fox River Navigational System Authority, or the Lower Fox River Remediation Authority.

DOA's authority would continue to be subject to the current law limitation that restricts DOA from using this authority to authorize the closure or sale of any facility or institution that is required by law to be operated. In addition, the current law limitation that specifies that DOA does not have the authority to sell the following state-owned properties would continue to apply: (a) property under the jurisdiction of the Board of Regents of the University of Wisconsin System; (b) property received as part of DOA's federal resource acquisition activities; (c) lands under the jurisdiction of the Board of Commissioners of Public Lands; (d) property under the jurisdiction of the Department of Natural Resources, except central or district office facilities; (e) lands acquired with revenues collected under the state forestry tax; (f) property that is subject to sale under the Department of Veterans Affairs mortgage lending program; and (g) certain specified property under the Department of Military Affairs, Department of Corrections, Department of Transportation, and the Department of Health Services.

Under the current law process for the sale of these properties, the proceeds from the sale, after any outstanding debt on the property sold is retired, are deposited to the general fund. Under the Building Commission's recommendations, the proceeds would be used to pay principal and interest costs on other outstanding debt. Specify that for the purposes of paying principal and interest costs on other outstanding debt, the DOA Secretary could cause any outstanding bonds to be called for redemption on or following their optional redemption date, establish one or more escrow accounts to redeem bonds at their optional redemption date, or purchase bonds in the open market.

Require the DOA Secretary, to the extent practical, to consider all of the following in determining which public debt to redeem: (a) accord preference to the redemption of general obligation debt within the same statutory bond purpose that was used to acquire, build or improve the property being sold; (b) maintain compliance with federal tax law applicable to the general obligation debt that was issued to acquire, build, or improve the property being sold; (c) the extent to which general obligation debt was issued to acquire, build, or improve the property being sold is subject to current optional redemption, would require establishment of an escrow, or could be assigned for accounting purposes to another statutory bond purpose; (d) the fiscal benefit of redeeming outstanding debt at higher interest costs; and (e) the costs of federal tax law compliance in the selection of general obligation debt to be redeemed.

[Act 32 Sections: 50g, 50h, 265g thru 265j, and 3567o]

8. SALE OF UW SYSTEM PROPERTIES -- USE OF PROCEEDS

Building Commission/Legislature: Specify that at the discretion of the Board of Regents, the receipts from the sale of UW System properties could be used for the payment of principal and interest costs incurred in financing the acquisition, construction, development, enlargement, or improvement of University academic or self amortizing facilities or to make payments under any agreement or ancillary arrangement related to the issuance of debt for these purposes. Provide that these payments could be made through the bond security redemption fund appropriation. This authorization to use sale proceeds to pay debt service would be in addition to current law that authorizes the UW System to spend these moneys on general operations.

Delete obsolete statutory references on time limits relating to UW System's authority to sell properties.

[Act 32 Sections: 554, 560, 561, and 1003]

9. MARQUETTE DENTAL SCHOOL ADDITION

Building Commission/Legislature: Enumerate a \$16,000,000 dental school addition at Marquette University under the 2011-13 state building program. Increase the amount of general fund supported bonding that the Building Commission may authorize to aid in the construction of dental clinic and educational facility at Marquette by \$8,000,000 from \$15,000,000 to \$23,000,000.

Specify that the current law requirements associated with state aid for the construction of the facility would apply to the additional \$8,000,000 in general fund supported bonding, including: (a) the state funding commitment would be in the form of the construction grant to Marquette University; (b) the Building Commission would be required to make a determination that the organization has secured additional funding commitments of at least \$8,000,000 from nonstate revenue sources for the construction of the project; (c) the dental clinic and education facility addition would not be used for the purpose of devotional activities, religious worship or sectarian instruction; and (d) no religious instruction could be required as a condition for admission to, or graduation from, the Marquette University School of Dentistry.

The fiscal effect of this project is included in the totals under Items 1 and 2.

[Act 32 Sections: 56g, 56h, 798m, and 9106(1)(k)]

10. LAC DU FLAMBEAU INDIAN TRIBAL CULTURAL CENTER

Building Commission/Legislature: Authorize the Building Commission to issue up to \$250,000 in general fund supported bonding for the purpose of making a grant to aid in the construction of a Lac du Flambeau Indian Tribal Cultural Center. Require that the state funding commitment be in the form of a grant to the Lac du Flambeau band of Lake Superior Chippewa. Specify that before approving any state funding commitment and before awarding the

construction grant, the Building Commission would be required to make a determination that the Lac du Flambeau band of Lake Superior Chippewa has secured additional funding commitments of at least \$1,373,000 from nonstate donations for construction of the project. Require that if the Building Commission makes a grant for the construction of the facility, the state would retain an ownership interest in the facility equal to the amount of the state's grant if the facility is not used as a tribal cultural center.

Specify that Legislature finds and determines that it is in the public interest and it is the public policy of the state to assist the Lac du Flambeau band of Lake Superior Chippewa in the construction of a tribal cultural center for the following reasons: (a) that the Lac du Flambeau Band of the Lake Superior Chippewa have played a vital part in the course of Wisconsin history and contributed in countless and significant ways to the cultural richness and diversity of this state; and (b) that Wisconsin citizens, including students, can benefit from learning more about the history and the culture of the Lac du Flambeau band.

Specify that the Building Commission could not make a grant to the Lac du Flambeau Band of Lake Superior Chippewa for the construction of a tribal cultural center unless DOA has reviewed and approved the plans for the project, although DOA could not supervise any services or work or let any contract for the project.

Create a GPR sum sufficient appropriation to fund the debt service payments and any payments on an agreement or ancillary arrangement associated with the bonding authorized for the project. Provide that these payments could be made through the bond security redemption fund appropriation.

The fiscal effect of this project is included in the totals under Items 1 and 2.

[Act 32 Sections: 56p, 798k, 798y, and 9106(1)(L)&(7)]

11. NATIONAL SOLDIERS HOME HISTORIC DISTRICT

Joint Finance: Enumerate a \$6,000,000 National Soldiers Home Historic District in Milwaukee as part of the 2011-13 state building program. Specify that the project would be funded with \$2,000,000 in existing, GPR supported bonding and \$4,000,000 in gifts, grants, and other receipts.

Specify that the following requirements associated with state aid for the construction of the facility: (a) the state funding commitment would be in the form of the construction grant to the Soldiers Home Foundation, Inc; (b) the Building Commission would be required to make a determination that the organization has secured additional funding commitments from nonstate revenue sources for the construction of the project that would at least equal the amount of state grant; (c) if the Building Commission makes a grant for the construction of the facility, the state would retain an ownership interest in the facility equal to the amount of the state's grant if the facility is not used as a veterans' facility.

Specify that the Building Commission could not make a grant to the Soldiers Home Foundation, Inc., for the restoration of these facilities unless DOA has reviewed and approved

the plans for the project, although DOA could not supervise any services or work or let any contract for the project.

Specify that the existing bonding would be provided under the Building Commission's other public purposes bonding authorization. Create a GPR sum sufficient appropriation to fund the debt service payments and any payments on an agreement or ancillary arrangement associated with the bonding authorized for the project. Provide that these payments could be made through the bond security redemption fund appropriation.

Specify that the Legislature recognizes finds and determines that Wisconsin Veterans have performed an invaluable service for this country and state. It is therefore in the public interest and it is also the public policy of this state to improve facilities that provide care, outreach, counseling, and other assistance to state veterans, especially its homeless veterans, and that this need is a statewide public concern.

The fiscal effect of this project is included in the totals under Items 1 and 2.

Assembly/Legislature: Delete provision.

12. 2011-13 FACILITY MAINTENANCE AND REPAIR PROJECTS

Joint Finance/Legislature: Provide the DOA Secretary the authority to disburse up to \$5,000,000 of the facility maintenance and repair "All Agency" bonding amounts to fund needed facility maintenance projects in the 2011-13 biennium without Building Commission approval.

[Act 32 Section: 9106(9)]

13. STATEMENT OF BUILDING PROGRAM CONTINUATION

Building Commission/Legislature: Continue the building and financing authority enumerated under the previous state building program into the 2011-13 biennium. Each building program is approved only for the current biennium; this provision would continue the past state building program into the 2011-13 biennium.

[Act 32 Section: 9106(3)]

14. PROJECT LOANS

Building Commission/Legislature: Authorize the Building Commission, during the 2011-13 biennium, to make loans from general fund-supported borrowing or the building trust fund to state agencies for any 2011-13 building program projects funded from non-GPR sources.

[Act 32 Section: 9106(4)]

CHILD ABUSE AND NEGLECT PREVENTION BOARD

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$2,215,200	\$1,999,200	\$1,999,200	\$1,999,200	\$1,999,200	- \$216,000	- 9.8%
FED	1,240,200	1,230,200	1,230,200	1,230,200	1,230,200	- 10,000	- 0.8
PR	4,068,000	2,665,800	2,720,800	2,720,800	2,720,800	- 1,347,200	- 33.1
SEG	<u>46,200</u>	<u>46,200</u>	<u>46,200</u>	<u>46,200</u>	<u>46,200</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$7,569,600	\$5,941,400	\$5,996,400	\$5,996,400	\$5,996,400	- \$1,573,200	- 20.8%

FTE Position Summary						
Fund	2010-11 Base	2012-13 Governor	2012-13 Jt. Finance	2012-13 Legislature	2012-13 Act 32	Act 32 Change Over 2010-11 Base
GPR	1.00	1.00	1.00	1.00	1.00	0.00
FED	1.00	1.00	1.00	1.00	1.00	0.00
PR	<u>5.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>- 1.00</u>
TOTAL	7.00	6.00	6.00	6.00	6.00	- 1.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide annual adjustments of -\$500 GPR, -\$800 FED, and \$54,800 PR for: (a) full funding of continuing salaries and fringe benefits (-\$500 GPR, -\$800 FED, and \$50,300 PR annually); and (b) full funding of lease costs and directed moves (\$4,500 PR annually).

GPR	- \$1,000
FED	- 1,600
PR	<u>109,600</u>
Total	\$107,000

2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE

Governor/Legislature: Delete \$27,200 annually to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage.

GPR	- \$7,200
FED	- 8,400
PR	<u>- 38,800</u>
Total	- \$54,400

The reductions would include \$3,600 GPR, \$4,200 FED, and \$19,400 PR. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance cost reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

3. ELIMINATE LONG-TERM VACANCIES [LFB Paper 194]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance/Leg.</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>
PR	-\$129,600	-1.00	\$55,000	0.00	-\$74,600	-1.00

Governor: Delete \$64,800 and 1.00 position annually to reflect the elimination of long-term vacant positions under the bill. Funding and position reductions are associated with positions that have been vacant for 12 months or more.

Joint Finance/Legislature: Increase funding by \$27,500 annually to reflect elimination of the correct vacant position of office associate, rather than the senior human services program coordinator.

4. BIRTH CERTIFICATE REVENUE

PR	-\$1,000,000
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Governor/Legislature: Reduce funding by \$500,000 annually to reflect a reestimate of the program revenue the Child Abuse and Neglect Prevention (CANP) Board receives from the birth certificate fee. Under current law, the CANP Board receives \$7 of the \$20 fee for a duplicate birth certificate. The CANP Board anticipates a decrease in the birth certificate revenue based on recent reductions due to a declining birth rate and an increase in the birth certificate fees under 2007 Act 20 (from \$10 to \$20). Base funding is \$1,465,200.

5. BUDGET EFFICIENCY MEASURES

GPR	-\$207,800
PR	- 343,400
Total	-\$551,200

Governor/Legislature: Reduce funding by \$103,900 GPR annually in the Board's grants to organizations appropriation and \$171,700 PR annually in the general program operations appropriation to reflect the administration's initiative to create additional efficiencies and balance the budget. Base funding is \$1,107,600 GPR for the grants to organizations appropriation and \$568,800 PR for the general program operations appropriation.

CHILDREN AND FAMILIES

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$693,857,200	\$1,001,858,100	\$702,673,700	\$702,673,700	\$702,673,700	\$8,816,500	1.3%
FED	1,312,873,200	1,240,869,200	1,252,669,500	1,252,669,500	1,252,669,500	- 60,203,700	- 4.6
PR	229,010,800	215,098,000	216,279,000	216,279,000	216,279,000	- 12,731,800	- 5.6
SEG	<u>18,679,400</u>	<u>18,679,400</u>	<u>18,679,400</u>	<u>18,679,400</u>	<u>18,679,400</u>	<u>0</u>	0.0
TOTAL	\$2,254,420,600	\$2,476,504,700	\$2,190,301,600	\$2,190,301,600	\$2,190,301,600	- \$64,119,000	- 2.8%

FTE Position Summary						
Fund	2010-11 Base	2012-13 Governor	2012-13 Jt. Finance	2012-13 Legislature	2012-13 Act 32	Act 32 Change Over 2010-11 Base
GPR	218.03	217.69	217.65	217.65	217.65	- 0.38
FED	316.47	281.74	281.43	281.43	281.43	- 35.04
PR	158.21	191.62	191.62	191.62	191.62	33.41
SEG	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL	692.71	691.05	690.70	690.70	690.70	- 2.01

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide adjustments of \$1,210,800 GPR annually; \$143,100 FED in 2011-12, -\$89,300 FED in 2012-13, and -1.16 FED position, beginning in 2011-12; and \$1,027,400 PR annually. Adjustments are for: (a) turnover reduction (-\$241,800 GPR, -\$286,900 FED, and -\$189,300 PR annually); (b) removal of noncontinuing elements from the base (-\$1,267,400 FED and -\$77,800 PR in 2011-12, -\$1,549,800 FED and -\$77,800 PR in 2012-13, and -1.16 FED position, beginning in 2011-12); (c) full funding of continuing salaries and fringe benefits (\$609,500 GPR, \$1,209,200 FED, and

	Funding	Positions
GPR	\$2,421,600	0.00
FED	53,800	- 1.16
PR	<u>2,054,800</u>	<u>0.00</u>
Total	\$4,530,200	- 1.16

\$1,129,600 PR in 2011-12 and \$609,500 GPR, \$1,259,200 FED, and \$1,129,600 PR in 2012-13); (d) overtime (\$247,400 GPR, \$22,700 FED, and \$4,300 PR annually); (e) night and weekend differential (\$135,400 GPR, \$12,400 FED, and \$1,300 PR annually); and (f) full funding of lease costs and directed moves (\$460,300 GPR, \$453,100 FED, and \$159,300 PR annually).

2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE [LFB Paper 195]

GPR	- \$1,811,800
FED	- 2,576,000
PR	<u>- 1,518,400</u>
Total	- \$5,906,200

Governor/Legislature: Delete \$2,953,100 annually to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The reductions would include \$905,900 GPR, \$1,288,000 FED, and \$759,200 PR. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance cost reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

3. ELIMINATE LONG-TERM VACANCIES [LFB Paper 196]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance/Leg.</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>
GPR	- \$38,200	- 0.34	- \$3,600	- 0.04	- \$41,800	- 0.38
FED	<u>- 606,000</u>	<u>- 4.16</u>	<u>- 27,400</u>	<u>- 0.31</u>	<u>- 633,400</u>	<u>- 4.47</u>
Total	- \$644,200	- 4.50	- \$31,000	- 0.35	- \$675,200	- 4.85

Governor: Delete \$322,100 and 4.50 positions annually to reflect the elimination of long-term vacant positions under the bill. The reductions would include \$19,100 GPR and 0.34 GPR position and \$303,000 FED and 4.16 FED positions annually. Funding and position reductions are associated with positions that have been vacant for 12 months or more.

Joint Finance/Legislature: Reduce funding by \$15,500 (-\$1,800 GPR and -\$13,700 FED) annually, and eliminate 0.35 FTE position (0.04 GPR position and 0.31 FED position), beginning in 2011-12, to reflect an additional 0.35 FTE vacant position.

4. REPLACEMENT OF CLASSIFIED POSITIONS WITH UNCLASSIFIED POSITIONS

Governor/Legislature: Delete 1.85 GPR, 0.15 FED, and 1.00 PR classified positions and provide 1.85 GPR, 0.15 FED, and 1.00 PR unclassified positions under DCF's general administration general program operations, administrative and support services, and federal project activities appropriations.

Under 2011 Act 10, 38 classified positions would be transferred into the unclassified service to serve as division administrators. Act 10 also redefined "administrators" to include "other managerial positions determined by an appointing authority." The State Budget Office indicates that personnel from three separate employment areas (attorney services positions, communications positions, and legislative liaison positions) would be moved from classified to unclassified service within specified agencies. The revised unclassified positions would be renamed as either chief legal advisors, communications directors, or legislative advisors. Individuals in these unclassified positions would be at will employees appointed by the heads of the respective agencies.

The provisions in the 2011-13 biennial budget bill effectuate the intent of Act 10 in regards to the transfer of classified positions to unclassified positions as recommended by the Governor.

5. TRANSFER FOODSHARE [LFB Paper 355]

Governor: Transfer the federal supplemental nutrition assistance program (SNAP), known in Wisconsin as FoodShare, and the SNAP employment and training program, formerly known as the food stamp employment and training (FSET) program, from the Department of Health Services (DHS) to the Department of Children and Families (DCF) beginning January 1, 2013.

Once SNAP is transferred to DCF, remove the program from DHS's income maintenance program. Instead, require DCF to administer, and enter into contracts for the administration of, SNAP. Specify that administration of SNAP would include the following: (a) receiving applications; (b) determining eligibility; (c) conducting fraud investigation and fraud prevention activities; (d) implementing error reduction procedures; and (e) recovering overpayments of benefits. Require DCF to include SNAP in its program to periodically match and review the records of recipients. Require DCF to withhold payment to a tribe under a contract for the administration of SNAP for the value of any losses for which a tribe is liable.

Modify current state law to change the name of the food stamp program to SNAP and to refer to SNAP benefits, rather than food coupons, once the program has been transferred to DCF. Require DCF to deliver SNAP benefits by an electronic benefit transfer system. Repeal the statutory exception for a tribe's liability for lost food coupons due to natural disasters, and repeal the exceptions to the requirement that SNAP benefits be transferred electronically, beginning January 1, 2013.

The bill would not transfer any positions or funding from DHS to DCF for SNAP or the SNAP employment and training program. Instead, the DOA Secretary would determine which positions and funding would be transferred as of January 1, 2013.

Joint Finance/Legislature: Delete provision.

6. TRANSFER SOCIAL SECURITY INCOME (SSI) AND CARETAKER SUPPLEMENT PROGRAMS [LFB Paper 365]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$292,770,800	-\$292,770,800	\$0

Governor: Provide \$145,179,200 in 2011-12 and \$147,591,600 in 2012-13 to reflect the transfer of the supplemental security income (SSI) program and the caretaker supplement program from DHS to DCF on the effective date of the bill. Include these programs in DCF's activities to reduce errors and fraud and to collect overpayments.

Joint Finance/Legislature: Delete provision.

7. POSITION REALIGNMENT

Governor/Legislature: Reduce funding by \$148,900 (-\$216,400 FED and \$67,500 PR) annually and eliminate 2.0 FTE positions (-2.51 FED and 0.51 PR), beginning in 2011-12, to reflect the transfer of 3.0 FTE (-2.51 FED and -0.49 PR) positions from DCF to DHS for activities related to the client assistance for reemployment and economic support (CARES) computer system and the transfer of 1.0 PR position from the Department of Workforce Development (DWD) to DCF for a finance position related to the contract reporting system.

	Funding	Positions
FED	-\$432,800	- 2.51
PR	<u>135,000</u>	<u>0.51</u>
Total	-\$297,800	- 2.00

The bill would transfer 3.0 FTE positions, and the incumbent employees, if any, holding these positions, whose duties are primarily related to automation security for the CARES system, as determined by the Secretary of DOA, from DCF to DHS. Funding for DCF would be reduced by \$259,000 annually, which would have supported salaries (\$152,300 FED and \$30,000 PR) and fringe benefits (\$64,100 FED and \$12,600 PR). There is an increase of funding and positions in DHS to reflect this transfer.

The bill would also transfer 1.0 FTE, and the incumbent employee, if any, holding this position, whose duties are primarily related to local agency reimbursement contracts for programs administered by DCF, as determined by the DOA Secretary, from DWD to DCF. Funding for DCF of \$110,100 annually would support salaries (\$77,300 PR) and fringe benefits (\$32,800 PR). There is a decrease of funding and a position in DWD to reflect this transfer.

The bill would specify that the employees would be transferred on the effective date of the bill and that all employees transferred would have all of the same state employment rights and status after the transfer that they enjoyed immediately before the transfer. Finally, the bill would specify that any transferred employee who had attained permanent status in class would not be required to serve a probationary period after the transfer.

[Act 32 Sections: 9108(1) and 9154(1)]

8. PROGRAM AND FEDERAL REVENUE REESTIMATES

FED	\$894,000
PR	<u>- 41,199,600</u>
Total	- \$40,305,600

Governor/Legislature: Reduce funding by \$19,355,900 (\$450,400 FED and -\$19,806,300 PR) in 2011-12 and \$20,949,700 (\$443,600 FED and -\$21,393,300 PR) in 2012-13 to reflect reestimates of: (a) the amount of funding that is being transferred to and from DWD and DHS for the CARES computer system and for the correct alignment of funding among the agencies due to the creation of DCF during the 2007-09 biennium (-\$14,500,000 PR annually); (b) the amount of federal funding for the Head Start collaboration grant for the Early Childhood Advisory Council under the American Recovery and Reinvestment Act (ARRA) of 2009 (\$450,400 FED in 2011-12 and \$443,600 FED in 2012-13); and (c) the federal share of assigned child support collections (-\$5,306,300 PR in 2011-12 and -\$6,893,300 PR in 2012-13).

9. POSITION AND FUNDING REALIGNMENT [LFB Paper 195]

	Funding	Positions
FED	- \$11,865,000	- 27.56
PR	<u>11,865,000</u>	<u>27.56</u>
Total	\$0	0.00

Governor/Legislature: Decrease funding by \$5,932,500 FED annually and eliminate 27.56 FED positions, beginning in 2011-12, and increase funding by \$5,932,500 PR annually and add 27.56 PR positions, beginning in 2011-12, to more accurately reflect the needs and organizational structure of DCF. In addition, transfer \$305,900 GPR annually and 2.02 GPR positions, beginning in 2011-12, from DCF's children and family services and economic support programs to DCF's general administration program to more accurately reflect the duties of these positions.

Children and Families

1. MILWAUKEE CHILD WELFARE AIDS [LFB Paper 200]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$12,905,500	- \$5,158,300	\$7,747,200
FED	- 16,049,600	- 1,642,500	- 17,692,100
PR	<u>6,000,000</u>	<u>0</u>	<u>6,000,000</u>
Total	\$2,855,900	- \$6,800,800	- \$3,944,900

Governor: Provide \$1,278,900 (\$3,350,900 GPR, -\$8,072,000 FED, and \$6,000,000 PR) in 2011-12 and \$1,577,000 (\$9,554,600 GPR and -\$7,977,600 FED) in 2012-13 to reflect the projected costs of aids expenses administered by the Bureau of Milwaukee Child Welfare (BMCW). The federal funding is available under Title IV-E of the Social Security Act. Program revenue consists of Milwaukee child welfare collections. [Collections are SSI, Social Security Administration (SSA) survivor and disability payments, and child support payments for children

in out-of-home care that are collected and retained by the state to offset the costs of providing out-of-home care to those children.] Base funding for Milwaukee child welfare aids is \$107,655,400 (\$54,887,100 GPR, \$21,572,900 FED, and \$31,195,400 PR).

This item would: (a) transfer \$600,000 GPR annually from the BMCW operations appropriation to the BMCW aids appropriation to reflect that funding for nurses is a contracted service; (b) replace decreasing federal Title IV-E funds with GPR (\$7,945,700 GPR and -\$8,139,400 FED in 2011-12 and \$7,898,900 GPR and -\$8,092,600 FED in 2012-13); (c) fund projected increases in the costs per case for children in foster homes, group homes, and residential care centers (\$1,519,100 GPR and \$18,700 FED in 2011-12 and \$1,769,600 GPR and \$66,300 FED in 2012-13); (d) fund the foster care rate increase approved under 2009 Act 28 (\$137,500 GPR and \$48,700 FED annually); (e) reduce BMCW aids contracts (-\$251,400 GPR annually); and (f) provide accumulated one-time revenue from collections and correspondingly decrease GPR funding for BMCW aids (-\$6,000,000 GPR and \$6,000,000 PR in 2011-12).

The overall reduction in the BMCW aids contracts of \$251,400 GPR annually represents changes to the following contracted services: (a) permanency planning review (\$35,300 annually); (b) psychological evaluations (-\$52,300 annually); (c) court initiative permanency counselor (\$2,000 annually); (d) foster parent crisis intervention (-\$116,400 annually); (e) child abuse review team facilitator (\$15,000 annually); and (f) subsidized guardianship waiver evaluation (-\$135,000 annually).

Joint Finance/Legislature: Reduce funding by \$3,429,200 (-\$2,634,300 GPR and -\$794,900 FED) in 2011-12 and by \$3,371,600 (-\$2,524,000 GPR and -\$847,600 FED in 2012-13) to reflect more recent estimates of caseloads and expenditures based on the three-month period from January, 2011, through March, 2011.

2. FOSTER CARE, ADOPTION ASSISTANCE, AND SUBSIDIZED GUARDIANSHIP REESTIMATE [LFB Papers 201 and 202]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$5,212,800	- \$2,981,500	\$2,231,300
FED	<u>2,400,600</u>	<u>- 2,215,500</u>	<u>185,100</u>
Total	\$7,613,400	- \$5,197,000	\$2,416,400

Governor: Provide \$2,166,700 (\$1,940,100 GPR and \$226,600 FED) in 2011-12 and \$5,446,700 (\$3,272,700 GPR and \$2,174,000 FED) in 2012-13 to reflect reestimates, based on historical expenditures, of the amount of funding required to support foster care payments for children with special needs who are under the state's guardianship (but do not live in Milwaukee County), adoption assistance payments for children with special needs who have been adopted, and subsidized guardianship payments. Funding also includes an increase in foster care rates approved under 2009 Act 28. [Funding for foster care payments DCF makes on behalf of children with special needs in Milwaukee County is budgeted as part of the BMCW budget.] Base funding for these programs is \$100,530,400 (\$50,937,000 GPR and \$49,593,400 FED).

The federal funding is from Title IV-E of the Social Security Act.

The state serves as guardian for children with special needs following termination of parental rights. The state pays the costs of out-of-home placements for these children while they await adoption and makes adoption assistance payments to families who adopt children with special needs.

Based on a federal waiver, in Milwaukee County, the state makes payments to legal guardians if certain criteria are met. Foster care payments terminate when a child is placed with a legal guardian, and subsidized guardianship payments are an effort to encourage permanence for a child by continuing assistance to the licensed foster care parent after the foster parent is appointed a legal guardian for the child. Federal funding for subsidized guardianship is eliminated in 2011-12 due to the anticipated expiration of the federal waiver.

Joint Finance/Legislature: Reduce funding by \$2,196,100 (-\$1,500,500 GPR and -\$695,600 FED) in 2011-12 and by \$3,000,900 (-\$1,481,000 GPR and -\$1,519,900 FED) in 2012-13. Of these amounts, a reduction of \$2,405,900 (-\$1,403,600 GPR and -\$1,002,300 FED) in 2011-12 and \$3,304,900 (-\$1,478,900 GPR and -\$1,826,000 FED) in 2012-13 reflects reestimates of the amount of funding required to support foster care payments for children with special needs who are under the state's guardianship and adoption assistance payments for children with special needs who have been adopted.

Funding of \$209,800 (-\$96,900 GPR and \$306,700 FED) in 2011-12 and \$304,000 (-\$2,100 GPR and \$306,100 FED) in 2012-13 reflects a reestimate of costs for subsidized guardians in Milwaukee County under a new statewide subsidized guardianship program, described in further detail in the "Statewide Subsidized Guardianship Program" item below.

Funding for Milwaukee County under the statewide subsidized guardianship program would total \$2,303,600 (\$1,690,200 GPR and \$613,400 FED) in 2011-12 and \$2,303,600 (\$1,691,400 GPR and \$612,200 FED) in 2012-13. This funding level represents elimination of the subsidized guardianship program under the federal waiver, implementation of a new statewide subsidized guardianship program, and a transfer of funds from BMCW to reflect that the additional funds needed for the new subsidized guardianship program in Milwaukee County would come from funds that would have been paid to foster parents in BMCW. These funds would no longer be needed in BMCW because these foster parents would now become subsidized guardians under the new program.

With these changes, funding transferred from BMCW to DCF's subsidized guardianship program in Milwaukee County would total \$1,151,800 (\$845,100 GPR and \$306,700 FED) in 2011-12 and \$1,151,800 (\$845,700 GPR and \$306,100 FED) in 2012-13.

3. INCOME AUGMENTATION

Governor/Legislature: Create a program revenue appropriation in DCF's general administration program, the interagency and intra-agency aids; income augmentation services receipts appropriation, to receive income augmentation funds transferred from DHS and delete

the federal income augmentation services receipts appropriation, to reflect that the income augmentation funds transferred from DHS are program revenue, not federal revenue. In addition, eliminate statutory references that allow DCF to expend federal targeted case management (TCM) funds directly received from the federal Department of Health and Human Services (DHHS) because those funds are deposited with DHS, not DCF. TCM funds are federal medical assistance (MA) matching funds the state claims for services counties provide to children in out-of-home care whose costs are not reimbursable under Title IV-E. In DHS, modify the income augmentation services receipts appropriation to specify that TCM funds received would be transferred to this new appropriation in DCF.

Income augmentation revenues are statutorily defined as federal moneys DHS and DCF receive under Title XIX (medical assistance or MA), Title XVIII (Medicare), and Title IV-E (child welfare) of the Social Security Act as a result of income augmentation activities (maximizing federal reimbursement) for which the state has contracted. The state may use these funds for any purpose.

The amount of Title IV-E matching funds earned by the state has decreased due to: (a) federal policy changes under the federal Deficit Reduction Act of 2005; (b) audit practices implemented through the Title IV-E eligibility process; and (c) ongoing federal review of state IV-E claiming practices. Therefore, income augmentation revenue received by the state has not contained IV-E matching funds since calendar year 2008. As a result, the sole source of income augmentation revenue DCF currently receives is from TCM funds transferred from DHS (other MA and Medicare funds are retained by DHS), which is program revenue, rather than federal revenue.

[Act 32 Sections: 660, 681, 682, and 1325 thru 1328]

4. CHILDREN AND FAMILY AIDS PROGRAM REVENUE

FED	- \$16,571,400
PR	<u>16,571,400</u>
Total	\$0

Governor/Legislature: Transfer \$8,285,700 annually from DCF's federal aid; children and family aids appropriation to DCF's interagency and intra-agency aids; children and family aids; local assistance appropriation, a program revenue appropriation created under the bill, in DCF's children and family services program.

Under current law, children and family aids distributed to county departments of human/social services are supported with temporary assistance for needy families (TANF) block grant funds, social services block grant (SSBG) funds, Title IV-E of the Social Security Act, Title IV-B of the Social Security Act, and GPR. SSBG funds, and TANF funds that are transferred to the SSBG, are budgeted directly in DHS. DHS then transfers these funds to DCF. As a result, these funds should be placed in a PR appropriation in DCF, rather than a federal appropriation. This bill would create a new PR appropriation for these SSBG and TANF funds for distribution to county departments as children and family aids. The bill would also authorize the transfer of TANF funds within DCF to this new appropriation for distribution as children and family aids.

[Act 32 Sections: 659d, 662 thru 664, 667, 673, 1324, 1329, and 1330]

5. CHILDREN AND FAMILY AIDS [LFB Paper 203]

FED	- \$9,354,700
PR	<u>14,122,100</u>
Total	\$4,767,400

Governor: Provide \$2,383,700 (-\$3,890,500 FED and \$6,274,200 PR) in 2011-12 and \$2,383,700 (-\$5,464,200 FED and \$7,847,900 PR) in 2012-13 to fully fund an increase in foster care rates approved under 2009 Act 28, to implement the levels of care foster care licensing system required under Act 28, and to reflect reestimates of federal and program revenues. Adjust federal and program revenue funding budgeted to support children and family aids by: (a) increasing funding from Title IV-B of the Social Security Act by \$198,000 FED in 2011-12 and \$162,800 FED in 2012-13; (b) increasing Title IV-E support by \$581,000 FED in 2011-12 and reducing Title IV-E support by \$957,500 FED in 2012-13; (c) increasing SSBG funding by \$33,600 in 2011-12 and \$12,600 in 2012-13 (although this is PR in DCF, it shows as -\$57,000 FED in 2011-12 and -\$78,000 FED in 2012-13 and \$90,600 PR annually because the SSBG appropriation in DCF has been a FED appropriation, but the bill would create a new PR appropriation as described in the entry above); (d) increasing the amount of TANF funding for the SSBG by \$337,500 in 2011-12 and \$358,500 in 2012-13 (this shows as FED funding, but should be PR funding as described in the entry above); (e) eliminating stimulus funds under ARRA due to the enhanced federal medical assistance percentage (fmap) of \$4,950,000 FED annually; and (f) increasing TCM funds in the amount of \$6,183,600 PR in 2011-12 and \$7,757,300 PR in 2012-13. The net effect of these funding changes is to use TCM funds to replace the loss of federal funds and to fund the estimated increase in costs.

TCM funds are income augmentation funds described in the "Income Augmentation" item above. The allocation of funds not budgeted during the biennial budget or in separate legislation must be approved by the Joint Committee on Finance in a plan submitted by DHS and DCF in September. This provision would allocate \$6,183,600 in 2011-12 and \$7,757,300 in 2012-13 of the amount of TCM funds that the administration expects the state to receive during the 2011-13 biennium.

With these changes, total funding for children and family aids would be increased from the base amount of \$64,687,500 to \$67,071,200 in each year of the 2011-13 biennium. The following table identifies the total amount of funding that would be budgeted for children and family aids under the bill. Under the bill, several PR appropriations, including the SSBG appropriation, would be created for PR-S revenue received from DHS to replace existing FED appropriations. The table reflects that the funding from the SSBG and TANF for SSBG is PR funding, rather than FED funding.

**Funding for Children and Family Aids Related Programs
Governor's 2011-13 Biennial Budget Bill**

	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>Total</u>
Base Funding	\$30,403,900	\$26,278,400	\$8,005,200	\$64,687,500
2011-12 Funding Changes Under this Item				
Title IV-B Support		\$198,000		\$198,000
Title IV-E Support		581,000		581,000
SSBG			\$33,600	33,600
TANF for SSBG			337,500	337,500
Loss of ARRA Funds		-4,950,000		-4,950,000
TCM Funds			<u>6,183,600</u>	<u>6,183,600</u>
Subtotal	<u>\$0</u>	<u>-\$4,171,000</u>	<u>\$6,554,700</u>	<u>\$2,383,700</u>
Total	\$30,403,900	\$22,107,400	\$14,559,900	\$67,071,200
2012-13 Funding Changes Under this Item				
Title IV-B Support		\$162,800		\$162,800
Title IV-E Support		-957,500		-957,500
SSBG			\$12,600	12,600
TANF for SSBG			358,500	358,500
Loss of ARRA Funds		-4,950,000		-4,950,000
TCM Funds			<u>7,757,300</u>	<u>7,757,300</u>
Subtotal	<u>\$0</u>	<u>-\$5,744,700</u>	<u>\$8,128,400</u>	<u>\$2,383,700</u>
Total	\$30,403,900	\$20,533,700	\$16,133,600	\$67,071,200

Joint Finance/Legislature: Specify under section 48.563(2) of the Wisconsin statutes that the basic county allocation for children and family aids is \$66,475,500 in each fiscal year.

[Act 32 Section: 1324f]

6. PROGRAM IMPROVEMENT PLAN (PIP) [LFB Paper 202]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$2,041,200	\$0	\$2,041,200
PR	<u>3,170,800</u>	<u>- 50,000</u>	<u>3,120,800</u>
Total	\$5,212,000	- \$50,000	\$5,162,000

Governor: Provide \$2,608,800 (\$680,400 FED and \$1,928,400 PR) in 2011-12 and \$2,603,200 (\$1,360,800 FED and \$1,242,400 PR) in 2012-13 for the Department's child welfare program improvement plan (PIP). Program revenue funding is from federal TCM income augmentation funds. Federal funds are from the SSBG and TANF block grant.

The PIP is a comprehensive child welfare plan to address deficiencies identified in the second federal child and family services review of Wisconsin. If the state does not make progress

on these deficiencies, it could face a maximum annual penalty of \$1.3 million in federal funding at the end of the PIP improvement period. The PIP consists of five primary strategies: (a) improving permanency planning and case review; (b) improving family engagement and well-being; (c) improving safety timeliness and response; (d) building service capacity; and (e) professional development enhancements.

Funding would support: (a) case planning and review technical assistance and training (\$335,200 PR annually); (b) case planning and review permanency consultants (\$363,000 PR in 2011-12 and \$427,000 PR in 2012-13); (c) safety intervention standards technical assistance and training (\$335,200 PR annually); (d) safety intervention standards eWISACWIS system change costs (\$650,000 PR in 2011-12); (e) safety intervention standards new training curriculum and training (\$100,000 PR in 2011-12); (f) purchase of a learning management system to track training of foster parents (\$20,000 PR annually); (g) enhancing and improving KidStat, the performance-based data management program (\$100,000 PR annually); (h) subsidized guardianship new training curriculum and training (\$25,000 PR annually); and (i) competitive grants for expanding in-home services (\$680,400 FED in 2011-12 and \$1,360,800 FED in 2012-13).

Joint Finance/Legislature: Reduce funding by \$25,000 PR annually to delete funding for the subsidized guardianship new training curriculum and training. Instead, require DCF to submit to the Secretary of the Department of Administration by September 1, 2011, a proposal for a subsidized guardianship training curriculum and a statewide guardianship training program, including an estimate of the cost of providing that training program, as part of its annual income augmentation plan.

[Act 32 Sections: 1399 and 9108(1u)(b)]

7. KINSHIP CARE

FED	- \$3,284,800
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Governor/Legislature: Reduce funding by \$1,642,400 annually in federal TANF funds to reflect estimates of the amount of funding that will be required to fully fund kinship care benefits during the 2011-13 biennium. The funding decreases reflect that some kinship care providers will become licensed under the new levels of care foster care licensing system, and, therefore, be paid under children and family aids, as well as estimates of the cost of funding projected caseloads during the 2011-13 biennium. The estimates are based on the average number of the following cases from July, 2009, through September, 2010: (a) TANF-funded cases; (b) cases on waiting lists; (c) county-funded cases; and (d) tribal-funded cases.

Counties pay, and in Milwaukee County DCF pays, a benefit of \$220 per month per child to kinship care relatives if: (a) there is a need for the child to be placed with the relative and the placement is in the best interests of the child; (b) the child meets the criteria, or would be at risk of meeting the criteria, for a child in need of protection or services or a juvenile in need of protection or services, if the child were to remain at home; and (c) the relative meets other non-financial requirements. Total funding for kinship care benefits would be \$21,375,800 per year.

[Act 32 Section: 1398]

8. BRIGHTER FUTURES [LFB Paper 204]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$3,459,800	\$1,729,800	- \$1,730,000
PR	<u>1,730,000</u>	<u>0</u>	<u>1,730,000</u>
Total	- \$1,729,800	\$1,729,800	\$0

Governor: Reduce funding by \$864,900 (-\$1,729,900 GPR and \$865,000 PR) annually for the brighter futures program and create a program revenue appropriation, the interagency aids; brighter futures initiative appropriation, in DCF's children and family services program. The bill would provide \$856,000 GPR to DHS for grants for community programs and require DHS to transfer not more than \$865,000 of this funding to DCF for the brighter futures program. Base funding is \$1,729,900 GPR.

The brighter futures program seeks to: (a) prevent and reduce the incidence of youth violence and other delinquent behavior; (b) prevent and reduce the incidence of youth alcohol and other drug use and abuse; (c) prevent and reduce the incidence of child abuse and neglect; (d) prevent and reduce the incidence of non-marital pregnancy and increase the use of abstinence to prevent non-marital pregnancy; and (e) increase adolescent self-sufficiency by encouraging high school graduation, vocational preparedness, improved social and other interpersonal skills, and responsible decision-making.

DHS has indicated that it uses \$865,000 of the brighter futures funding as maintenance-of-effort (MOE) for the substance abuse and prevention and treatment block grant (SAPTBG). However, DHS also indicates that in order to be used as MOE for the SAPTBG, these general fund dollars must be budgeted directly in DHS. The bill would budget these funds directly in DHS and then require DHS to transfer not more than \$865,000 to DCF.

The administration has indicated that the intent of the bill was to comply with federal law and regulations and not to eliminate any of the funding or allow DHS to retain any brighter futures funding.

Joint Finance/Legislature: Increase funding by \$864,900 GPR annually to restore the brighter futures program to base funding of \$1,729,900. The \$864,900 GPR annually would be appropriated directly in DCF, and DHS would transfer another \$865,000 PR annually to DCF for the brighter futures program.

[Act 32 Sections: 653e, 661, and 1323]

9. CHILD WELFARE PROVIDER RATE REGULATION

Governor/Legislature: Provide \$324,300 (\$35,700 FED and \$288,600 PR) in 2011-12, \$488,800 (\$53,700 FED and \$435,100 PR) in 2012-13, 0.55 FED position and 4.45 PR positions beginning in 2011-12, and

	Funding	Positions
FED	\$89,400	0.66
PR	<u>723,700</u>	<u>5.34</u>
Total	\$813,100	6.00

an additional 0.11 FED position and 0.89 PR position beginning in 2012-13 to implement the third phase of rate regulation required under 2009 Act 28, and modified by 2009 Act 335, which requires DCF to establish per-client rates for residential care centers and group homes, establish factors to consider when reviewing provider rates, establish procedures for reviewing proposed rates and ordering rates when mediation or negotiation fails, develop forms and instructions, establish underlying policies regarding the information DCF needs in order to regulate provider rates, and notify the provider community of the new policies. Federal funding is from Title IV-E of the Social Security Act and the program revenue is from TCM funds.

Funding would support salaries (\$21,100 FED and \$170,800 PR in 2011-12 and \$31,600 FED and \$255,300 PR in 2012-13), fringe benefits (\$10,400 FED and \$84,500 PR in 2011-12 and \$15,600 FED and \$126,300 PR in 2012-13), and supplies and services (\$4,200 FED and \$33,300 PR in 2011-12 and \$6,500 FED and \$53,500 PR in 2012-13) for the following positions, beginning in 2011-12: (a) 2.0 auditors; (b) 1.0 program and policy analyst; (c) 1.0 accountant; and (d) 1.0 legal staff. Funding in 2012-13 would also support an additional 1.0 licensing specialist.

10. CHILD WELFARE ALTERNATIVE RESPONSE PILOT PROGRAM

Governor/Legislature: Eliminate the child welfare alternative response pilot program restrictions that require DCF to select an agency in a county having a population of 500,000 or more and to select no more than four county departments to participate in the pilot program. Instead, require DCF to select any agency or county department to participate in the pilot program.

Provisions of 2009 Act 28 established a pilot program that authorized participating county departments of human/social services (or an agency in Milwaukee County) to use alternative responses to reports of suspected or threatened child abuse or neglect. This pilot program was intended to focus on responses to low-risk families by providing services in a less adversarial environment in order to prevent future abuse or neglect. The pilot program was limited to five counties, and Milwaukee County was required to be one of these five counties.

[Act 32 Section: 1342]

11. COMMUNITY SERVICES BLOCK GRANT

Governor/Legislature: Transfer funding (\$8,461,200 FED annually) and positions (1.25 FED positions, beginning in 2011-12) associated with the federal community services block grant from the federal block grant operations and federal block grant aids appropriations in DCF's children and families program to the community services block grant; federal funds appropriation, created under the bill, in DCF's economic support program.

Repeal DCF's economic support federal program aids appropriation. There is no base funding for this appropriation.

[Act 32 Sections: 665, 666, 675, 676, and 1415]

12. CHILD WELFARE POSITION AND FUNDING REALIGNMENT

Governor/Legislature: Transfer \$3,942,600 GPR and \$1,145,600 FED annually and 3.42 GPR positions and a 0.86 FED position, beginning in 2011-12, between appropriations to consolidate and align funding and positions with the correct appropriations within DCF's children and family services program.

These transfers would: (a) consolidate position authority for staff that support eWISACWIS in the DCF central office (\$392,600 GPR and \$88,000 FED annually and 3.42 GPR positions and a 0.86 FED position, beginning in 2011-12); (b) move expenditure authority for contracted services managed centrally for eWISACWIS from BMCW to the DCF central office (\$1,892,900 GPR and \$913,500 FED annually); and (c) move administrative support funding from BMCW operations to aids to reflect that vendors would be responsible for their own administrative support (\$1,657,100 GPR and \$144,100 FED annually).

13. CHILD WELFARE REVENUE REESTIMATES [LFB Papers 195 and 205]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$8,557,000	\$2,532,900	\$11,089,900
PR	<u>-17,636,200</u>	<u>19,400</u>	<u>-17,616,800</u>
Total	<u>-9,079,200</u>	<u>\$2,552,300</u>	<u>-\$6,526,900</u>

Governor: Reduce funding by \$4,335,800 (\$4,477,300 FED and -\$8,813,100 PR) in 2011-12 and \$4,743,400 (\$4,079,700 FED and -\$8,823,100 PR) in 2012-13 to reflect reestimates of the following child welfare revenue sources: (a) an increase in Chafee foster care independence funding (\$383,100 FED annually); (b) an increase in Chafee employment and training vouchers funding (\$99,300 FED annually); (c) a decrease in child abuse prevention and treatment act funding (-\$24,400 FED annually); (d) an increase in methamphetamine grants funding (\$114,800 FED annually); (e) an increase in family connections grants (\$463,700 FED in 2011-12 and \$116,000 FED in 2012-13); (f) an increase in safe havens funding (\$47,300 FED in 2011-12); (g) an increase in the community services block grant (\$841,400 FED annually); (h) an increase in domestic abuse funding (\$28,900 FED annually); (i) an increase in home visiting funding (\$1,160,800 FED annually); (j) an increase in Title IV-E of the Social Security Act (\$1,274,800 FED annually); (k) an increase in Title IV-B of the Social Security Act (\$87,600 FED in 2011-12 and \$85,000 FED in 2012-13); (l) an increase in grants and gifts (\$321,200 PR annually); (m) a reduction in the funding DCF receives from counties for the costs of implementing and operating the electronic statewide automated child welfare information system [eWISACWIS] (-\$194,300 PR annually); (n) a reduction in TANF block grant funding transferred to a PR appropriation for child welfare, safety, prevention, Milwaukee child welfare, and eWISACWIS activities to reflect that these activities will be funded directly from the TANF FED appropriation rather than transferred to a separate PR appropriation (-\$9,190,800 PR annually); (o) an increase in SSBG funding transferred from DHS (\$162,900 PR in 2011-12 and \$152,900 PR in 2012-13); (p) an increase in project launch funding (\$80,000 PR annually); and (q) an increase in administrative fees (\$7,900 PR annually).

Joint Finance/Legislature: Increase funding by \$1,281,200 (\$1,271,500 FED and \$9,700 PR) in 2011-12 and \$1,271,100 (\$1,261,400 FED and \$9,700 PR) in 2012-13 to reflect more recent estimates of: (a) domestic abuse funding (\$63,700 FED annually); (b) home visiting funding (\$55,400 FED annually); (c) Title IV-B youth aids funding (\$876,000 FED in 2011-12 and \$865,900 FED in 2012-13); (d) adoption incentive payments (\$276,400 FED annually); and (e) the amount of SSBG funding transferred to DCF from DHS (\$9,700 PR annually).

14. FAMILY FOUNDATIONS GRANTS

Joint Finance/Legislature: Require DCF to allocate 10% annually of the funds available for family foundations grants to counties, private agencies, or Indian tribes that have not previously received the grants. Funding for family foundation grants totals \$985,700 GPR annually. Therefore, \$98,600 annually would be set aside for these new recipients.

DCF distributes grants for the prevention of child abuse and neglect. These family foundations grants support home visitation programs and intervention programs for families determined to be at risk of child abuse and neglect.

[Act 32 Sections: 1342e and 1342f]

15. STATEWIDE SUBSIDIZED GUARDIANSHIP PROGRAM [LFB Paper 202]

Joint Finance/Legislature: Require DCF to amend its state plan for foster care and adoption assistance to allow DCF and county departments of social or human services to enter into subsidized guardianship agreements. Authorize subsidized guardianship payments under these agreements to be made from the children and family aids allocation for county departments (other than Milwaukee County) and from DCF's state foster care, guardianship, and adoption services appropriation for Milwaukee County under a new, statewide subsidized guardianship program.

Repeal the subsidized guardianship program under current state law, which provides subsidized guardianship payments in Milwaukee County under a federal waiver, including removing references to the current subsidized guardianship program from the long-term kinship care program and the independent living program, as well as changing statutory references from the current program to the new statewide subsidized guardianship program, as appropriate. Implement a new statewide subsidized guardianship program described below.

Permanency Plan

The permanency plan for a child or juvenile or, in the case of an Indian child or juvenile, in the best interests of the Indian child or juvenile, who is placed with a relative or other person who is like kin under the statewide guardianship program must contain a description of the following: (a) the steps the agency has taken to determine that it is not appropriate for the child or juvenile to be returned to his or her home or adopted; (b) the reasons for separating the child or juvenile and his or her siblings during the placement if a decision has been made not to place

the child or juvenile and his or her siblings in a joint placement; (c) the reasons why a permanent placement with a fit and willing relative or other person who is like kin through a subsidized guardianship arrangement is in the best interests of the child or juvenile; (d) the ways in which the child or juvenile and the relative or other person who is like kin meet the eligibility requirements for the receipt of subsidized guardianship payments; (e) the efforts the child welfare agency has made to discuss adoption of the child or juvenile by the relative or other person like kin as a more permanent alternative to guardianship and documentation of the reasons for not pursuing adoption, if adoption is not pursued; and (f) the efforts the child welfare agency has made to discuss the subsidized guardianship arrangement with the child's or juvenile's parents, or if those efforts were not made, documentation of the reasons for not making those efforts.

Modify current law to clarify that once a subsidized guardianship is in place, the subsidized guardian is no longer subject to ongoing permanency planning.

Specify that a person who is like kin must have a significant emotional relationship with the child and, prior to the child's placement in out-of-home care, had an existing relationship with the child that is similar to a familial relationship.

Eligibility Requirements for Child

Specify that in order for a guardian to receive subsidized guardianship payments under the statewide subsidized guardianship program, a child for whom the payments are made must meet all of the following eligibility requirements: (a) the child has been removed from his or her home under a voluntary agreement, or a substantially similar tribal law, or under a court order that found continued placement of the child in his or her home would be contrary to the welfare of the child; (b) the child has been residing in the home of the guardian for not less than six consecutive months; (c) the child's situation precludes return of the child to his or her home or adoption as appropriate permanency options for the child; (d) the child demonstrates a strong attachment to the guardian; and (e) if the child is 14 years of age or older, the child has been consulted regarding the guardianship arrangement.

However, in addition, authorize placement of, and require subsidized guardianship payments be made if placement occurs for, a child who does not meet these eligibility requirements with the guardian if the child is a sibling of a child who does meet these eligibility requirements and the county department or DCF, in Milwaukee County, and the guardian agree that it is appropriate to also place the sibling with the guardian.

Finally, specify that if a county department of DCF knows or has reason to know that the child is an Indian child, the Indian child's parent, Indian custodian, and tribe have been provided with notice of the child's placement in the home of the guardian and the court has found that the home of the guardian is in compliance with the order of placement preference unless the court found good cause for departing from that order. Specify that a strong attachment of the child to the person or a strong commitment of the person to caring permanently for the child does not, in itself, constitute good cause for departing from that order.

Eligibility for Guardians

Specify that in order for a guardian to receive subsidized guardianship payments under the statewide subsidized guardianship program, the guardian must meet all of the following eligibility requirements: (a) the guardian is a relative or a person who is like kin; (b) the guardian has a strong commitment to caring permanently for the child; (c) the guardian is licensed as the child's foster parent and the guardian and all adults residing in the guardian's home have undergone a background check process described in further detail below; (d) prior to being named as the guardian of the child, the guardian entered into a subsidized guardianship agreement with the county department or DCF in Milwaukee County.

Interim Caretaker

Require a county department or, in Milwaukee County, DCF to provide subsidized guardianship payments for up to 12 months to an interim caretaker if the guardian dies, becomes incapacitated, resigns, or is removed as guardian if all of the following conditions are met: (a) the county department or DCF inspects the home of the interim caretaker, interviews the interim caretaker, and determines that placement of the child with the interim caretaker is in the best interests of the child; (b) the county department or DCF conducts a background investigation of the interim caretaker and any nonclient residents of the home of the interim caretaker, determines that those individuals meet the specified requirements, and provides DHS with information about each person who is denied monthly subsidized guardianship payments or permission to reside in the home of an interim caretaker; and (c) the interim caretaker cooperates with the county department or DCF in finding a permanent placement for the child.

If a county department or DCF knows or has reason to know that the child is an Indian child, notice of the Indian child's placement in the home of the interim caretaker must be provided to the Indian child's parent, Indian custodian, and tribe, and the home of the interim caretaker must be determined to comply with the order of placement preference unless a county department or DCF finds good cause for departing from that order. Specify that a strong attachment of the child to the person or a strong commitment of the person to caring permanently for the child does not, in itself, constitute good cause for departing from that order.

Background Checks for Interim Caretakers

Include an interim caretaker as a "caregiver" and an interim caretaker who receives a subsidized guardianship payment as an "entity" for purposes of required criminal history and child abuse record searches. In addition, include denial of a subsidized guardianship payment for an interim caretaker as information that county departments, DCF, contracted agencies, child welfare agencies, or school boards must obtain from DHS when conducting background checks for persons seeking a license, certification, or contract to operate a child welfare agency, foster homes, group homes, shelter care facilities, child care centers, child care programs contracted for by school boards, certified child care providers, temporary employment agencies that provide caregivers, or for interim caretakers seeking to receive subsidized guardianship payments, and nonclient residents of these entities. Also include denial of a subsidized guardianship payment for an interim caretaker as information that entities must obtain from DHS when conducting background checks of their caregivers.

Require a county department or, in Milwaukee County, DCF to: (a) request a fingerprint-based check of the national crime information databases for the interim caretaker; (b) conduct a child abuse or neglect registry check in any state or other U.S. jurisdiction within the preceding five years if the interim caretaker or an adult nonclient resident of the interim caretaker is not, or has not at any time during the preceding five years, lived in Wisconsin; (c) conduct a background check every four years for the interim caretaker or adult nonclient residents of the interim caretaker, or at any time within the four years that a county department, child welfare agency, or DCF considers appropriate; (d) not provide a subsidized guardianship payment for an interim caretaker who has been convicted of a serious crime, has abused or neglected any client, has misappropriated the property of any client, has abused or neglected a child, or is not current or is limited with a required credential such that the person is restricted from providing adequate care to a client; and (e) require the interim caretaker to complete a background information form that is provided by DCF. Specify that information under (a) may be released only as permitted under federal law and that information under (b) may not be used for any purpose other than the interim caretaker's background check.

Authorize a county department or, in Milwaukee County, DCF to make subsidized guardianship payments to an interim caretaker if: (a) DCF or a county department receives information indicating that the interim caretaker is not ineligible for payments; or (b) the interim caretaker demonstrates by clear and convincing evidence and in accordance with procedures established by DCF or a tribe that he or she has been rehabilitated. Specify that nonclient residents may also reside with the interim caretaker with a demonstration of rehabilitation. Also, specify that the list of offenses for which rehabilitation is not permitted for foster parents also applies to interim caretakers.

Finally, authorize DCF or a county department to refuse subsidized guardianship payments to an interim caretaker if the interim caretaker has been convicted or adjudicated delinquent on or after his or her 12th birthday of an offense that is not a serious crime, but that is, in the estimation of DCF or a county department, substantially related to the care of a client. Specify that an interim caretaker may refuse to allow a nonclient resident to reside with him or her under these same circumstances.

Subsidized Guardianship Agreements

Require a county department or, in Milwaukee County, DCF to negotiate and enter into a written, binding subsidized guardianship agreement with the proposed guardian and provide the proposed guardian with a copy of the agreement before subsidized guardianship payments may be made.

Require the subsidized guardianship agreement to specify all of the following: (a) the amount of the monthly subsidized guardianship payments provided under the agreement and the manner in which those payments would be adjusted periodically, in consultation with the guardian, based on the circumstances of the guardian and the needs of the child; (b) any additional services and assistance for which the child or guardian will be eligible under the agreement, a description of the additional services and assistance for which the child or guardian will be eligible, and the procedures by which the guardian may apply for those additional

services and assistance; (c) the county department or DCF will pay the total cost of the nonrecurring expenses that are associated with obtaining guardianship of the child, not to exceed \$2,000; (d) the agreement remains in effect without regard to the state of the guardian's residence; and (e) placement of the child in the home of the guardian and any subsidized guardianship payments made must be considered never to have been made in determining eligibility for adoption assistance for the care of the child in order for the guardian to remain eligible for adoption assistance.

Subsidized Guardianship Payments

Require subsidized guardianship payments to be in an amount equal to the foster care maintenance payment the guardian of the child received for the month immediately preceding the month in which the guardianship order was granted under state law or a substantially similar tribal law. However, specify that the subsidized guardianship payment may be for a lesser amount if agreed to by the guardian and specified in the subsidized guardianship agreement. Specify that a guardian or interim caretaker is not eligible to receive foster care or kinship care payments for that child.

Prohibit a subsidized guardianship payment from being made unless: (a) an order that placed, or continued a placement for, a child in out-of-home care has been terminated or any proceeding in which the child has been adjudged to be in need of protection or services has been dismissed; and (b) a subsidized guardianship agreement is entered into before the guardianship order is granted. Specify that if a child's permanency plan calls for placement of the child in the home of a guardian and for the provision of monthly payments to the guardian, the petition must include a statement that the eligibility requirements for the child and the guardian and the requirements under (a) in this paragraph have been met and a request for the court to include in the court's findings those determinations. Require monthly subsidized guardianship payments to be made if the court finds that the eligibility requirements of the child and the guardian and the requirement under (a) in this paragraph have been met and has appointed a guardian for the child under a subsidized guardianship agreement.

Establish procedures to modify subsidized guardianship payments. Authorize a guardian to request that the subsidized guardianship agreement be amended to increase the amount of the subsidized guardianship payment if the guardian believes that there has been a substantial change in circumstances, as defined by rules promulgated by DCF. Require, upon receipt of this request, a county department or, in Milwaukee, DCF to determine whether there has been a substantial change in circumstances and whether there has been a substantiated report of abuse or neglect of the child by the guardian. Require DCF or a county department to offer to increase the amount of the subsidized guardianship payment based on criteria established by rules promulgated by DCF if there has been a substantial change in circumstances and if there has been no substantiated report of abuse or neglect of the child by the guardian. Require, if the offered increase in the subsidized guardianship payment is agreed to by the guardian, DCF or a county department to amend the subsidized guardianship agreement in writing to specify the increased amount of those payments.

Require a county department or DCF to review a subsidized guardianship agreement that

has been amended to increase payments annually to determine whether the substantial change in circumstances that was the basis for amending the agreement continues to exist. Require the agreement, as amended, to remain in effect if the substantial change in circumstances continues to exist. Require the county department or DCF to offer to decrease the amount of the monthly subsidized guardianship payments, based on criteria established by rules promulgated by DCF, if the substantial change in circumstances no longer exists. Require the county department or DCF to amend the subsidized guardianship agreement in writing to specify the decreased amount of those payments if the decreased amount is agreed to by the guardian. Authorize the guardian to appeal the decision to lower the subsidized guardianship payment if the guardian does not agree to the decrease.

Authorize a county department or DCF to propose to a guardian that the subsidized guardianship agreement be amended to adjust the amount of the subsidized guardianship payments. Require the agreement to be amended in writing to specify the adjusted amount of those payments if an adjustment in the amount of the payments is agreed to by the guardian.

Finally, authorize a subsidized guardianship agreement to be amended more than once to adjust the amount of the subsidized guardianship payment.

Overpayment Recovery

Authorize a county department or, in Milwaukee County, DCF to recover an overpayment made to a guardian or interim caretaker who continues to receive subsidized guardianship payments by reducing the amount of the person's monthly payment. Authorize DCF to specify other methods for recovering overpayments by rule. Authorize a county department that recovers a subsidized guardianship overpayment due to the efforts of its officers and employees to retain a portion of the amount recovered, as specified in rules promulgated by DCF.

Annual Review

Require a county department or, in Milwaukee County, DCF to review a placement of a child with a guardian who receives subsidized guardianship payments not less than every 12 months after the county department or DCF begins making those payments to determine whether the child and the guardian remain eligible for those payments. Require a county department or DCF to discontinue subsidized guardianship payments if the child or the guardian is no longer eligible for those payments.

Appeal

Establish a process for a review of an action or failure to act with respect to the denial of an application for subsidized guardianship payments, the failure to act promptly on an application for subsidized guardianship payments, a decrease in subsidized guardianship payments, or subsidized guardianship payments that have been terminated. Specify that the review would not be available if the action or failure to act arose more than 45 days before submission of the petition for review.

Require DCF to give an applicant for or recipient of subsidized guardianship payments reasonable notice and an opportunity for a fair hearing upon receipt of a timely petition for

review. Authorize DCF to make such additional investigation as it considers necessary. Require notice of the hearing to be given to the applicant or recipient and to the county department or subunit of DCF whose action or failure to act is the subject of the petition. Authorize the county department or subunit of DCF to be represented at the hearing. Require DCF to render its decision as soon as possible after the hearing and send a certified copy of its decision to the applicant or recipient and to the county department or subunit of DCF whose action or failure to act is the subject of the petition. Require DCF's decision to have the same effect as an order of the county department or subunit of DCF whose action or failure to act is the subject of the petition. Specify that the decision is final, but may be revoked or modified as altered conditions may require. Require DCF to deny a petition for review or refuse to grant relief if any of the following applies: (a) the petitioner withdraws the petition in writing; (b) the sole issue in the petition concerns an automatic payment adjustment or change that affects an entire class of recipients and is the result of a change in state law; or (c) the petitioner abandons the petition. Specify that abandonment occurs if the petitioner fails to appear in person or by a representative at a scheduled hearing without good cause, as determined by DCF.

Prohibit subsidized guardianship payments from being decreased or discontinued until a decision is rendered after the hearing if a recipient requests a hearing within 10 days after the date of notice that his or her payments are being decreased or discontinued. However, specify that payments made pending the hearing decision may be recovered by DCF if the contested action or failure to act is upheld. Require DCF to promptly notify the county department or subunit of DCF whose action or failure to act is the subject of the hearing that the applicant or recipient has requested. Require subsidized guardianship payments to be decreased or discontinued if the recipient is contesting a state law or a change in state law and not the determination of the payment made on the recipient's behalf.

Finally, require the recipient to be promptly informed in writing if his or her payments are to be decreased or discontinued pending the hearing decision.

Rules

Require DCF to promulgate rules to implement the new statewide subsidized guardianship program. Specify that the rules must include: (a) a rule that defines the substantial change in circumstances under which a guardian may request that a subsidized guardianship agreement be amended to increase the amount of the subsidized guardianship payment; (b) rules that establish the requirements for submitting a request for an increase in subsidized guardianship payments and criteria for determining the amount of the increase in the monthly payment that a county department or, in Milwaukee County, DCF must offer if there has been a substantial change in circumstances and if there has been no substantiated report of abuse or neglect of the child by the guardian; and (c) rules that establish the criteria for determining the amount of the decrease in monthly subsidized guardianship payments that DCF must offer if a substantial change in circumstances no longer exists. Specify that the criteria under (c) include a requirement that the amount of the decrease offered by DCF cannot result in a monthly subsidized guardianship payment that is less than the initial monthly payment provided.

Specify that the new statewide subsidized guardianship program would begin on the bill's

general effective date.

[Act 32 Sections: 660s, 667e, 1321j thru 1321n, 1330s thru 1332y, 1333n, 1333p, 1334c, 1335c, 1335e thru 1335k, 1336c, 1337c thru 1339f, 1341r thru 1341w, 1376n thru 1377f, 3526gm, 3526h, 3526q, and 9108(1u)(a)]

16. COMMUNITY PARTNERSHIPS

Joint Finance/Legislature: Require DCF to prepare a plan to provide funding to community-based nongovernmental organizations to establish partnerships with agencies that license foster homes. Specify that these partnerships must center on those organizations providing advocacy for children and serving as liaison between families and staff of those agencies with the goal of improving educational outcomes and promoting and teaching greater self-sufficiency. Require DOA to include this plan as part of a community partnerships plan that DOA must submit for approval by January 10, 2012, to the Joint Committee on Finance under section 13.10 of the statutes.

[Act 32 Section: 9101(3i)]

Economic Support and Child Care

1. W-2 AND TANF RELATED REVENUES AND EXPENDITURES [LFB Paper 210]

Governor: Table 1 shows the Wisconsin Works (W-2) and temporary assistance for needy families (TANF) related revenue estimates and expenditures recommended by the Governor. Those items are addressed in detail in the entries that follow according to the number listed in the right-hand column of the table.

Revenues Available for W-2 and TANF Related Programs

As shown, the administration estimates total revenues for W-2 and TANF related programs at \$638,780,600 in 2011-12 and \$610,069,400 in 2012-13. Overall, total revenues would decrease by \$26,237,000 in 2011-12 and decrease by \$54,948,200 in 2012-13 compared to the amount available in 2010-11. The decrease primarily reflects a reduction in the amount of excess TANF funding carried over from the prior year as one-time federal stimulus funds are spent.

State funding would include \$174,817,800 (\$160,313,500 GPR, \$5,364,600 PR, and \$9,139,700 SEG) in 2011-12 and \$173,673,800 (\$160,313,500 GPR, \$4,220,600 PR, and \$9,139,700 SEG) in 2012-13. The program revenue includes the state's share of aid to families with dependent children (AFDC) overpayment recoveries, child support collections that are assigned to the state by public assistance recipients, child care licensing fees, W-2 agency filing fees, and the SSBG funding transferred from DHS for the child welfare program improvement

plan. The segregated revenue is from the Department of Administration's public benefits funding.

Federal funding is estimated at \$463,962,800 in 2011-12 and \$436,395,600 in 2012-13. Federal funds include monies from the TANF block grant, child care development block grant (CCDBG), recoveries of overpayments to W-2 recipients, and carryover of the ending TANF balance from 2010-11.

It should be noted that Congress has extended the TANF program until September 30, 2011, at the same funding levels. The budget bill assumes the federal TANF program would continue beyond that date at the same funding levels through the end of the 2011-13 biennial budget.

Expenditures for W-2 and TANF Related Programs

Under the Governor's recommendations, overall expenditures for W-2 and TANF related programs would be \$612,210,900 in 2011-12 and \$583,521,100 in 2012-13. These amounts include all funds, and represent an increase from the base budget of \$1,330,200 in 2011-12 and a decrease from the base budget of \$27,359,600 in 2012-12. The changes in funding reflect reestimates, increased funding for some existing programs, and decreased funding for other existing programs, which are described in the entries below. Expenditures include: W-2 cash grants and wage subsidies; child care subsidies; benefits for the kinship care program, the caretaker supplement, and emergency assistance; state administration and other support services; grants to the Boys and Girls Clubs; and expenditures for other programs.

Federal law allows the state to carry forward unexpended TANF funding without fiscal year limitation. The projected TANF balance at the end of the 2011-13 biennium would be \$26,548,300, which could be carried over into the 2013-15 biennium.

TABLE 1**W-2 and TANF Related Revenues and Expenditures Under the Governor's Budget Bill**

	<u>2011-12</u>	<u>2012-13</u>	Change to Base		<u>Item #</u>
			<u>2011-12</u>	<u>2012-13</u>	
Revenues					
State General Purpose Revenue in DCF (GPR)	\$160,313,500	\$160,313,500	\$0	\$0	
AFDC Overpayment Recoveries (PR)	292,900	200,000	0	-92,900	18
W-2 Agency Filing Fees (PR)	1,000	1,000	0	0	
Overpayment Recoveries (FED)	3,530,000	3,530,000	1,000,000	1,000,000	18
TANF Block Grant (FED)	314,499,400	314,499,400	0	0	
Child Care Block Grant (FED)	91,796,500	91,796,500	5,670,000	5,670,000	18
Public Benefits Fund (SEG)	9,139,700	9,139,700	0	0	
Child Support Collections (PR)	3,092,900	2,041,800	-2,502,000	-3,553,100	18
Child Care Licensing Fees (PR)	1,877,800	1,877,800	8,300	8,300	18
SSBG from DHS (PR)	100,000	100,000	100,000	100,000	18
TANF Carryover (FED)	<u>54,136,900</u>	<u>26,569,700</u>	<u>-30,513,300</u>	<u>-58,080,500</u>	
Total Revenues	\$638,780,600	\$610,069,400	-\$26,237,000	-\$54,948,200	
Expenditures					
W-2 Agency Contracts					
Benefits	\$78,787,800	\$61,779,400	\$8,271,200	-\$8,737,200	2
Administration	11,830,800	11,117,100	460,400	-253,300	3
Services	54,846,300	45,637,000	5,940,700	-3,268,600	3
Child Care					
Direct Child Care Subsidies	290,042,500	288,018,300	-51,957,500	-53,981,700	7
Child Care State Administration and Licensing*	21,061,700	21,143,400	1,020,200	1,101,900	8,10
Quality and Availability Programs	13,486,700	13,169,400	-623,900	-941,200	8,9
Other Benefits					
Kinship Care	21,375,800	21,375,800	-1,642,400	-1,642,400	**
Caretaker Supplement for Children of SSI Recipients	31,232,200	31,232,200	1,299,000	1,299,000	11
Emergency Assistance	6,200,000	6,000,000	200,000	0	12
Administrative Support					
State Administration*	12,322,400	12,322,400	125,600	125,600	13
Fraud Prevention/Program Integrity	605,500	605,500	0	0	
Other Support Services					
Children First	1,140,000	1,140,000	0	0	
Grant Programs					
Boys and Girls Clubs	350,000	350,000	0	0	
Expenditures in Other Programs					
Earned Income Tax Credit	43,664,200	43,664,200	37,000,000	37,000,000	14
Social Services Block Grant	15,393,800	15,414,800	556,500	577,500	15
Child Welfare Safety Services	6,350,300	6,350,300	0	0	
Child Welfare Program Improvement Plan	680,400	1,360,800	680,400	1,360,800	**
Child Welfare Prevention Services	1,489,600	1,489,600	0	0	
Milwaukee Child Welfare/eWISACWIS	<u>1,350,900</u>	<u>1,350,900</u>	<u>0</u>	<u>0</u>	
Total Expenditures	\$612,210,900	\$583,521,100	\$1,330,200	-\$27,359,600	
Ending Balance	\$26,569,700	\$26,548,300			

*Amounts do not reflect employee contributions to pensions and health insurance or the entire amount of the realignments and administrative transfers included in entries under "Departmentwide."

**These entries are described above under the "Children and Families" section.

Joint Finance/Legislature: Table 2 shows the W-2 and TANF related revenue estimates and expenditures under Act 32.

As shown, total revenues for W-2 and TANF related programs are estimated at \$652,875,900 in 2011-12 and \$610,319,600 in 2012-13. Compared to the Governor's proposal, these numbers represent an increase of \$14,095,300 in 2011-12 and \$250,200 in 2012-13. These increases reflect additional child support collections assigned to the state, accumulated revenue from the random moment sample variance, and additional carryover from 2010-11.

Overall expenditures for W-2 and TANF related programs would be \$621,235,500 in 2011-12 and \$603,875,200 in 2012-13. Compared to the Governor's recommendations, these amounts represent an increase of \$9,024,600 in 2011-12 and \$20,354,100 in 2012-13. The net increase results from reestimates of direct child care subsidies and the tiered reimbursement system under YoungStar, as well as extending the transitional jobs demonstration project for one year.

There would be an estimated balance in TANF funding of \$6,444,400 on June 30, 2013, under Act 32.

TABLE 2**W-2 and TANF Related Revenues and Expenditures Under Act 32**

	<u>Act 32</u>		<u>Change to Governor</u>		<u>Item #</u>
	<u>2011-12</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2012-13</u>	
Revenues					
State General Purpose Revenue in DCF (GPR)	\$160,313,500	\$160,313,500	\$0	\$0	18
AFDC Overpayment Recoveries (PR)	292,900	200,000	0	0	
W-2 Agency Filing Fees (PR)	1,000	1,000	0	0	
Overpayment Recoveries (FED)	3,530,000	3,530,000	0	0	
TANF Block Grant (FED)	314,057,800	313,616,200	-441,600	-883,200	18
TANF Stimulus Funds*	6,000,000	0	6,000,000	0	
Child Care Block Grant (FED)	87,418,000	87,418,000	-4,378,500	-4,378,500	18
Public Benefits Fund (SEG)	9,139,700	9,139,700	0	0	
Child Support Collections (PR)	4,163,300	2,783,000	1,070,400	741,200	18
Child Care Licensing Fees (PR)	1,577,800	1,577,800	-300,000	-300,000	18
SSBG from DHS (PR)	100,000	100,000	0	0	
TANF Carryover (FED)	66,281,900	31,640,400	12,145,000	5,070,700	
Total Revenues	\$652,875,900	\$610,319,600	\$14,095,300	\$250,200	
Expenditures					
W-2 Agency Contracts					
Benefits	\$74,650,100	\$72,131,500	-\$4,137,700	\$10,352,100	2, 19, 20
Administration	10,107,200	10,107,200	-1,723,600	-1,009,900	3
Services	47,229,300	47,229,300	-7,617,000	1,592,300	3
Transitional Jobs Demonstration Project	12,000,000	0	12,000,000	0	6
Child Care					
Direct Child Care Subsidies	301,631,000	298,523,500	11,588,500	10,505,200	7, 20
Child Care State Administration and Licensing**	19,702,100	19,783,800	-1,359,600	-1,359,600	8, 10
Automated Attendance Funding in JFC Approp.	1,000,000	1,000,000	1,000,000	1,000,000	10
Quality and Availability Programs	13,486,700	13,169,400	0	0	8, 9
Other Benefits					
Kinship Care	21,375,800	21,375,800	0	0	***
Caretaker Supplement for Children of SSI Recipients	31,232,200	31,232,200	0	0	11
Emergency Assistance	6,200,000	6,000,000	0	0	12
Administrative Support					
State Administration**	11,568,000	11,568,000	-754,400	-754,400	13
Fraud Prevention/Program Integrity	605,500	605,500	0	0	
Other Support Services					
Children First	1,140,000	1,140,000	0	0	
Grant Programs					
Boys and Girls Clubs	350,000	350,000	0	0	
Expenditures in Other Programs					
Earned Income Tax Credit	43,664,200	43,664,200	0	0	14
Social Services Block Grant	15,422,200	15,443,200	28,400	28,400	15
Child Welfare Safety Services	6,350,300	6,350,300	0	0	
Child Welfare Program Improvement Plan	680,400	1,360,800	0	0	***
Child Welfare Prevention Services	1,489,600	1,489,600	0	0	
Milwaukee Child Welfare/eWISACWIS	1,350,900	1,350,900	0	0	
Total Expenditures	\$621,235,500	\$603,875,200	\$9,024,600	\$20,354,100	
Ending Balance	\$31,640,400	\$6,444,400			

*Not new revenue. Funds are subtracted out of carryover to show receipt in 2011-12, rather than 2010-11.

**Amounts now reflect employee contributions to pensions and health insurance and the entire amount of realignments, administrative transfers, and vacant positions included in entries under "Departmentwide."

*** These entries are described above under the "Children and Families" section.

2. W-2 CASH BENEFITS [LFB Papers 211 and 212]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	- \$466,000	\$13,031,300	\$12,565,300

Governor: Provide \$8,271,200 in 2011-12 and reduce funding by \$8,737,200 in 2012-13 for payments to W-2 participants in subsidized employment positions, trial job subsidies, caretaker of newborn infant grants, and at-risk pregnant women grants under current law.

Reduce the monthly grant for community service job (CSJ) placements and CSJ technical college placements from \$673 per month to \$653 per month and reduce the monthly grant for transitional placements and transitional technical college placements from \$628 per month to \$608 per month. These reductions would first apply to individuals who are participating in W-2 on the effective date of the bill. Monthly grants for caretakers of newborn infants and at-risk pregnant women would remain at \$673 per month.

Benefits funding would total \$78,787,800 in 2011-12 and \$61,779,400 in 2012-13. Funding would be provided for the last 18 months of the 2010-2012 W-2 agency contracts (July 1, 2011, through December 31, 2012) and the first six months of the next set of W-2 agency contracts that begin January 1, 2013. The administration's estimates assume that W-2 caseloads would decline at the rate of 2% per month during the 2011-13 biennium, with a monthly caseload of 14,307 in July, 2011, and a monthly caseload of 8,990 in June, 2013. The average monthly caseload is estimated at 12,834 families in 2011-12 and 10,070 families in 2012-13. As of this writing, the most recent monthly caseload was 14,566 in January, 2011. Base funding for W-2 benefits is \$70,516,600.

Joint Finance/Legislature: Reduce funding by \$1,865,400 in 2011-12 and increase funding by \$14,896,700 in 2012-13 to reflect reestimates of: (a) W-2 cash benefits under current law (-\$2,945,500 in 2011-12 and \$14,683,100 in 2012-13); and (b) savings due to reducing grants for community service jobs, transitional placements, and technical college placements by \$20 per month (\$1,080,100 in 2011-12 and \$213,600 in 2012-13). In addition, reduce the hourly sanction for a W-2 participant who fails to participate in a required W-2 activity from \$5.15 to \$5.00 to reflect the hourly wage amount under the new grant amount. Finally, specify that the \$20 reduction in benefits and the change in the hourly sanction begin on October 1, 2011. With these changes, as well as a change to the caretaker of a newborn infant grants and implementation of a job-ready category described in separate entries below, W-2 benefits funding would total \$74,650,100 in 2011-12 and \$72,131,500 in 2012-13.

[Act 32 Sections: 1358 thru 1361f, 1389, 9308(4), 9308(5i), 9408(3i), and 9408(3j)]

3. W-2 AGENCY CONTRACTS -- ADMINISTRATION AND SERVICES [LFB Paper 211]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$2,879,200	- \$8,758,200	- \$5,879,000

Governor: Increase funding by \$6,401,100 in 2011-12 and decrease funding by \$3,521,900 in 2012-13 under the W-2 agency contracts for W-2 services (\$5,940,700 in 2011-12 and -\$3,268,600 in 2012-13) and for local administration of W-2 (\$460,400 in 2011-12 and -\$253,300 in 2012-13). Services funding would total \$54,846,300 in 2011-12 and \$45,637,000 in 2012-13. Funding for local administration of W-2 would total \$11,830,800 in 2011-12 and \$11,117,100 in 2012-13. Base funding for services is \$48,905,600 and for administration is \$11,370,400.

Funding would be provided for the last 18 months of the 2010-2012 W-2 agency contracts (July 1, 2011, through December 31, 2012) and the first six months of the next set of W-2 agency contracts that begin January 1, 2013.

In addition, modify the economic support fees for administrative services appropriation to eliminate language allowing the fees to support any costs for DCF of filing statements of economic interest and adding language to allow the support of costs of administering the W-2 agency contracts.

Finally, in the economic support federal block grant operations appropriation, make a technical correction to eliminate the reference to the amounts withheld from W-2 agencies for failing to meet performance standards as being subtracted out of the amounts appropriated for operating and administering the TANF block grant and CCDBG.

Joint Finance/Legislature: Reduce funding by \$9,340,600 in 2011-12 and increase funding by \$582,400 under the W-2 agency contracts for W-2 services (-\$7,617,000 in 2011-12 and \$1,592,300 in 2012-13) and for local administration of W-2 (-\$1,723,600 in 2011-12 and -\$1,009,900 in 2012-13). Services funding would total \$47,229,300 annually. Funding for local administration of W-2 would total \$10,107,200 annually.

[Act 32 Sections: 670, 672, 1390, and 1391]

4. W-2 PROGRAM CHANGES [LFB Paper 213]

Governor: Modify the W-2 program requirements, first applicable to individuals who are participating in W-2 on the effective date of the bill, regarding the maximum time limit for participation in each employment position and the maximum hours required for employment versus education and training activities as follows:

Maximum Time Limit for Subsidized W-2 Employment Positions. Limit participation in a trial job employment position, CSJ employment position, and transitional employment position

to 24 months for each position, which need not be consecutive. Authorize DCF, or the W-2 agency with DCF's approval, to grant an extension of the 24-month limit for each W-2 subsidized employment position on a case-by-case basis. Specify that in order for trial job and CSJ participants to receive an extension, the participant must have made all appropriate efforts to find unsubsidized employment, and local labor market conditions must preclude a reasonable job opportunity for that participant, as determined by the W-2 agency and approved by DCF. In addition, for the CSJ employment position, require the W-2 agency, with DCF's agreement, to determine that no trial job opportunities are available in order to extend the 24-month limit.

Authorize an individual to participate in a specific trial job for a maximum of three months, with an opportunity for a three-month extension under circumstances determined by the W-2 agency. Specify that an individual would be allowed to participate in more than one trial job, but generally would not be allowed to exceed the 24-month time limit.

Authorize an individual to participate in a specific CSJ for a maximum of six months, with an opportunity for a three-month extension under circumstances approved by DCF. Specify that an individual would be allowed to participate in more than one CSJ, but generally would not be allowed to exceed the 24-month time limit.

Specify that these 24-month time limits for trial job, CSJ, or transitional employment positions would also apply during receipt of a caretaker of newborn infant grant if the individual was participating in one of these employment positions before receipt of the grant and the child was born more than 10 months after the individual was first determined eligible for W-2. However, if the child was conceived as a result of a sexual assault or incest, which has been reported to a physician and law enforcement, then the 24-month time limit would not apply.

Maximum Hours for Subsidized Employment Activities. Limit the number of hours an individual in a CSJ or transitional placement may participate in work activities and in education and training activities.

Specify that a W-2 agency may require: (a) a CSJ participant to work up to 30 hours per week and to participate in education and training activities for up to 10 hours per week, for a total of 40 hours per week; and (b) a transitional placement participant to work up to 28 hours per week and to participate in education and training activities for up to 12 hours per week, for a total of 40 hours per week.

Under current law, an individual in a CSJ or transitional placement may participate up to 40 hours per week for all activities, with no distinction between work activities and education and training activities.

These provisions were part of the W-2 statutes prior to 2009 Act 28.

Joint Finance/Legislature: Limit only the number of hours an individual in a CSJ or transitional placement may participate in education and training activities to 10 hours per week for a CSJ and 12 hours per week for a transitional placement, beginning October 1, 2011. As a result, participants could work up to 40 hours per week or participate in combined work and education and training activities up to 40 hours per week, with a limit on the education and

training activities of 10 or 12 hours per week. Specify that the Governor's other recommended changes for the maximum time limits for subsidized W-2 employment positions begin January 1, 2012.

[Act 32 Sections: 1348 thru 1357f, 1362 thru 1364, 9308(4), 9308(5i), 9408(3i), and 9408(3j)]

5. **W-2 SANCTIONS** [LFB Paper 214]

Governor: Modify current law to eliminate the following requirements that must be met before sanctioning a W-2 participant, first applicable to individuals participating in W-2 on the effective date of the bill:

Actions Before Determining Nonparticipation. Under current law, before a W-2 agency determines that a W-2 participant is ineligible to participate in W-2 because that individual demonstrated a refusal to participate, the W-2 agency must: (a) determine whether the failure of the individual to participate is because the individual refuses or is unable to participate; (b) ensure that the services offered to the individual are appropriate for him or her; and (c) determine whether good cause exists for the failure to participate. The bill would eliminate this provision.

Conciliation Period for Compliance. Under current law, if a W-2 agency, in accordance with rules promulgated by DCF and after following the "actions before determining nonparticipation" described above, determines that an individual has refused to participate without good cause, the W-2 agency must allow the individual a conciliation period during which he or she must participate in all assigned activities unless good cause exists that prevents compliance during this period. DCF is required to establish the length of the period by rule. The bill would eliminate this provision.

Oral Explanation Before Sanction. Under current law, before a W-2 agency can take any action against an individual that would result in a 20% or more reduction to the individual's benefits or in termination of the individual's eligibility to participate in W-2, the W-2 agency must: (a) explain to the individual orally in person or by phone, or make reasonable attempts to explain to the individual orally in person or by phone, the proposed action and the reasons for the proposed action; (b) after providing the oral explanation, provide to the individual written notice of the proposed action and of the reasons for the proposed action; and (c) after the explanation and notice, allow the individual a reasonable time to rectify the deficiency, failure, or other behavior to avoid the proposed action.

The bill would eliminate the requirement that the W-2 agency explain the proposed action and the reasons for the proposed action orally in person or by phone.

Joint Finance/Legislature: Specify that these changes to sanction procedures begin October 1, 2011.

[Act 32 Sections: 1365 thru 1367, 1368 thru 1371, and 9408(3i)]

6. **TRANSITIONAL JOBS DEMONSTRATION PROJECT** [LFB Paper 215]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$0	\$12,000,000	\$12,000,000

Governor: Eliminate the transitional jobs demonstration project.

Provisions under 2009 Act 28 required DCF to conduct a demonstration project that offers transitional jobs to low-income adults. DCF implemented a two-year demonstration project on July 1, 2010. To be eligible, an individual must: (a) be at least 21 but not more than 64 years of age; (b) be ineligible for W-2; (c) have an annual household income below 150% of the poverty line; (d) be unemployed for at least four weeks; and (e) be ineligible to receive unemployment insurance benefits.

The transitional jobs demonstration project must also include the following requirements: (a) DCF must pay a wage subsidy to any employer that employs an individual for a minimum of 20 hours per week at a location in this state equal to the amount of wages that the employer actually pays, up to 40 hours per week at minimum wage; (b) an employer must pay the individual for hours actually worked, up to 40 hours per week, at not less than minimum wage; (c) limit participation to 1,040 hours actually worked; and (d) employment under the program may not fill a vacancy created by terminating or reducing hours of a regular employee, fill a position when any other person is on layoff or strike regarding the same or substantially equivalent job, or fill a position when any other person is engaged in a labor dispute regarding the same or substantially equivalent job.

The bill would eliminate this demonstration project, beginning on the effective date of the bill. As a result, this demonstration project would last approximately one year, rather than the anticipated two-year period.

Joint Finance/Legislature: Provide \$12,000,000 in 2011-12 for the transitional jobs demonstration project. Modify the transitional jobs demonstration project to: (a) in the case of a natural disaster for which the Governor has declared a state of emergency, give preference to any work crew placement or host site involved in natural disaster recovery; and (b) in all other cases, require host sites to be for-profit businesses, and work crews to be placed with for-profit businesses. Finally, sunset the transitional jobs demonstration project on June 30, 2013. No additional funding would be provided in 2012-13.

Veto by Governor [B-11]: Delete the provision that would have modified the transitional jobs demonstration project to: (a) in the case of natural disaster for which the Governor has declared a state of emergency, give preference to any work crew placement or host site involved in natural disaster recovery; and (b) in all other cases, require host sites to be for-profit businesses and work crews to be placed with for-profit businesses. However, the Governor, in his veto message, indicates that he will direct DCF to give preference to host sites that are for-profit businesses.

[Act 32 Sections: 1346, 1385, 1393L, 2391, 3568 thru 3570, and 9408(3f)]

[Act 32 Vetoed Sections: 1385 and 1385c]

7. CHILD CARE SUBSIDIES AND COST SAVING MEASURES [LFB Paper 216]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	- \$105,939,200	\$20,882,400	- \$85,056,800

Governor: Reduce funding by \$51,957,500 in 2011-12 and \$53,981,700 in 2012-13 for direct child care services under the Wisconsin Shares program, including funding for child care subsidies, local administration, on-site child care at job centers and counties, and migrant child care. Funding for the Wisconsin Shares program under the bill would total \$290,042,500 in 2011-12 and \$288,018,300 in 2012-13.

In addition, authorize DCF to implement a number of cost saving measures for the Wisconsin Shares program to ensure that expenditures for the program would not exceed the amounts budgeted.

Provider Reimbursement Rates. Prohibit DCF from increasing the maximum reimbursement rates for child care providers before June 30, 2013, except for the tiered reimbursement rates described below under "Child Care Quality Rating and Information System." Provider reimbursement rates are the maximum hourly rates, with a maximum weekly ceiling, that may be paid to a provider who cares for a child participating in Wisconsin Shares, and vary throughout the state based on where the provider is located. Reimbursement rates have not been increased since 2006. This provision would retain the provider reimbursement rates established in 2006.

Notwithstanding this rate freeze, authorize DCF to adjust the amount of reimbursement paid to child care providers who provide child care services under Wisconsin Shares. Notwithstanding the maximum reimbursement rates and the reimbursement rate schedule, DCF would be allowed to adjust the amount of reimbursement paid, either more or less than indicated in the rate schedule, to any child care provider, as long as the overall effect of all of the cost-savings measures reduces costs in Wisconsin Shares. For example, DCF would be allowed to reduce the amount of reimbursement paid to a specific child care provider that is under the reimbursement rate schedule and pay another child care provider above the maximum reimbursement rate, as long as all of the actions taken under these cost savings measures reduce overall Wisconsin Shares expenditures.

Increase Copayments. Authorize DCF to increase the copayment amount that an individual must pay toward the cost of child care received under Wisconsin Shares. Copayments are paid by the parents, which results in savings to the child care subsidies program. Under the schedule used by DCF, the weekly copayment amount varies based on the family's size, the family's income, and the number of children in subsidized care.

Waiting List. Authorize DCF to implement a waiting list for the receipt of a child care subsidy. An applicant on a waiting list would not receive a child care subsidy unless the available funding was sufficient to allow the applicant to receive a subsidy.

Income Eligibility. Authorize DCF to adjust the gross income levels for eligibility for receipt of a child care subsidy under Wisconsin Shares. Under current law, an individual's gross income must be at or below 185% of the federal poverty level (200% once receiving a subsidy) in order for the person to be eligible for a child care subsidy.

The following table shows the administration's projected costs of child care subsidies under current law, additional anticipated savings from the implementation of an automated attendance tracking system authorized under 2009 Act 2, additional anticipated savings from program integrity measures, savings from implementation of tiered reimbursements for the quality rating and information system, and the anticipated cumulative savings from the above-mentioned cost saving measures.

Child Care Subsidies Under SB 27/AB 40

	<u>2011-12</u>	<u>2012-13</u>
Estimated Cost of Child Care Subsidies Under Current Law*	\$310,261,100	\$312,358,600
Cost Saving Measures		
Automated Attendance Tracking System	-\$2,282,000	-\$3,406,000
Program Integrity Measures	-2,668,000	-2,721,000
Tiered Reimbursement	-14,468,600	-14,613,300
Cost Saving Measures	<u>-800,000</u>	<u>-3,600,000</u>
Total	-\$20,218,600	-\$24,340,300
Child Care Subsidies Allocation Under AB 40	\$290,042,500	\$288,018,300

*Includes \$24,695,200 in 2011-12 and \$23,937,000 in 2012-13 for local child care administration, on-site child care, and migrant child care.

The administration has not estimated savings for each of the cost saving measures. Instead, DCF would have the authority to implement any of the above-mentioned cost saving measures in any combination to achieve the savings shown in the table.

Joint Finance/Legislature: Increase funding by \$11,184,700 in 2011-12 and \$9,697,700 in 2012-13 to reflect: (a) a reestimate of direct child care subsidies (-\$5,565,900 in 2011-12 and -\$2,821,600 in 2012-13); (b) a reestimate of the savings from the tiered reimbursement system under YoungStar (\$14,468,600 in 2011-12 and \$9,113,300 in 2012-13); and (c) elimination of the savings from the automated attendance tracking system due to the cancellation of the contract for this system by DCF (\$2,282,000 in 2011-12 and \$3,406,000 in 2012-13).

In addition, prohibit W-2 participants from being placed on any waiting list that DCF implements.

Finally, require DCF to submit a report to the Joint Committee on Finance that sets out its plan for implementing the cost saving measures, if DCF intends to implement any of the cost saving measures.

The following table shows the projected costs of child care subsidies following the actions taken by the Committee and the Legislature.

Child Care Subsidies Under the Joint Committee on Finance/Legislature

	<u>Reestimate</u>		<u>Change to Governor</u>	
	<u>2011-12</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2012-13</u>
Estimated Costs of Child Care Subsidies Under Current Law*	\$304,695,200	\$309,537,000	-\$5,565,900	-\$2,821,600
Cost Savings				
Automated Attendance Tracking System	0	0	2,282,000	3,406,000
Program Integrity Measures	-2,668,000	-2,721,000	0	0
Tiered Reimbursement	0	-5,500,000	14,468,600	9,113,300
New Cost Saving Measures	<u>-800,000</u>	<u>-3,600,000</u>	<u>0</u>	<u>0</u>
Total	<u>-\$3,468,000</u>	<u>-\$11,821,000</u>	<u>\$16,750,600</u>	<u>\$12,519,300</u>
Total Current Law and Cost Saving Estimates	\$301,227,200	\$297,716,000	\$11,184,700	\$9,697,700
CNI Grant Reduction Child Care Costs**	\$403,800	\$807,500	\$403,800	\$807,500
Total Direct Child Care Allocation	\$301,631,000	\$298,523,500	\$11,588,500	\$10,505,200

*Includes \$24,695,200 in 2011-12 and \$23,937,000 in 2012-13 for local child care administration, on-site child care, and migrant child care.

**Costs are included in separate entry.

[Act 32 Sections: 1379, 1383, and 1394]

8. CHILD CARE QUALITY RATING AND IMPROVEMENT SYSTEM [LFB Paper 217]

FED	- \$1,905,400
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Governor: Reduce funding by \$791,200 in 2011-12 and \$1,114,200 in 2012-13 to reflect ongoing costs of the child care quality rating and improvement system (YoungStar). Reduce funding for the administration of YoungStar by \$167,300 in 2011-12 and \$173,000 in 2012-13 for the following: (a) information technology (-\$150,000 annually); and (b) ongoing evaluation (-\$17,300 in 2011-12 and -\$23,000 in 2012-13).

Reduce funding for YoungStar technical assistance and grants by \$1,436,100 in 2011-12 and \$1,753,400 in 2012-13 for the following: (a) technical assistance (-\$655,300 annually); (b) child care provider improvement grants (-\$288,600 in 2011-12 and -\$577,100 in 2012-13); and (c) start-up funding and grant administration (-\$492,200 in 2011-12 and -\$521,000 in 2012-13). In addition, provide \$812,200 annually for quality assurance monitoring.

Authorize DCF to use a severity-index tool, as described in the Department's YoungStar plan, to disqualify child care providers who receive a low quality rating, as described in the YoungStar plan, from providing child care services to individuals under YoungStar. DCF's YoungStar plan indicated that a children and families severity index tool would be implemented with licensed and certified child care providers to determine one-star providers, but a description

of the tool was not provided. The Joint Committee on Finance prohibited DCF from implementing this severity index tool. This provision would again authorize DCF to use this severity index tool.

Authorize DCF to modify child care provider reimbursement rates based on the provider's assessed rating, as described in the YoungStar plan, as follows: (a) deny reimbursement for a child care provider who receives a one-star rating; (b) reduce the maximum reimbursement rate by up to 5% for a child care provider who receives a two-star rating; (c) pay the maximum reimbursement rate for a child care provider who receives a three-star rating; (d) increase the maximum reimbursement rate by up to 5% for a child care provider who receives a four-star rating; and (e) increase the maximum reimbursement rate by up to 10% for a child care provider who receives a five-star rating. However, it should be noted that another provision in the bill would allow DCF to adjust child care provider reimbursement rates for any child care provider notwithstanding this tiered reimbursement structure for YoungStar. Funding related to the tiered reimbursement rates is included in costs of direct child care subsidies as described above in "Child Care Subsidies and Cost Savings Measures." That entry also includes a description of the cost-saving measure related to child care reimbursement rates.

DCF's YoungStar plan created a five-star quality rating system for all child care providers. Any provider that participated in Wisconsin Shares must be rated under YoungStar, and any child care provider that wanted to be rated under YoungStar must be willing to accept Wisconsin Shares participants. Under DCF's YoungStar plan, child care provider reimbursement rates would be modified as follows: (a) deny reimbursement for one-star providers; (b) current base reimbursement rate for two-star providers; (c) a 5% increase to the base reimbursement rate for three-star providers; (d) a 10% increase to the base reimbursement rate for four-star providers; and (e) a 25% increase to the base reimbursement rate for five-star providers. The bill would modify these provisions as described in the previous paragraph.

Finally, include contracts and grants to implement the child care quality rating system as one of the child care allocations that DCF must fund with the CCDBG.

The amount allocated to administer YoungStar would be \$8,327,200 in 2011-12 and \$8,004,200 in 2012-13. As noted in the preceding entry, the tiered reimbursement provisions are estimated to result in savings of \$14,468,600 in 2011-12 and \$14,613,300 in 2012-13.

Joint Finance/Legislature: Modify the Governor's tiered rate reimbursement proposal as follows: (a) prohibit, rather than authorize, DCF from providing reimbursements under Wisconsin Shares to one-star providers; (b) specify that three-star child care providers may be paid "up to" the maximum reimbursement rate, rather than require DCF to pay the maximum reimbursement rate; and (c) implement this tiered reimbursement proposal, as modified, beginning July 1, 2012. Also, modify the severity index tool to prohibit low quality child care providers from receiving payment under Wisconsin Shares, rather than prohibiting these child care providers from providing services to Wisconsin Shares children.

In addition, authorize DCF to increase the maximum reimbursement rate for five-star providers by 25%, beginning January 1, 2013. The cost for this change to the tiered reimbursement proposal is estimated at \$1,700,000 in 2012-13.

Finally, require DCF to assign a child care provider that is accredited from the Council on Accreditation a four-star or five-star rating, whichever DCF determines is appropriate. This provision would include the Council on Accreditation as one of the accrediting agencies for which DCF would automatically assign four or five stars to an accredited child care provider.

With reestimates of the tiered reimbursement system, which includes a delay of implementation until July 1, 2012, an increase of reimbursement to five-star providers by up to 25% on January 1, 2013, and other modifications of the proposal as described above, savings to direct child care subsidies are estimated at \$5,500,000 in 2012-13, as shown in the previous entry.

[Act 32 Sections: 1375, 1380 thru 1382g, 1395, and 1396]

9. QUALITY CARE FOR QUALITY KIDS

Governor/Legislature: Eliminate the prohibition against transferring any of the TANF block grant to the CCDBG.

Under federal law, states are required to spend a minimum of 4% of their child care allotments from the CCDBG for consumer education activities for parents and the public, to increase parental choice, and to improve quality and availability (including resource and referral services). If TANF funds are transferred to the CCDBG, the 4% requirement is based on the combined amount of these funds, rather than just the CCDBG, which increases the amount of child care funds that must be spent on child care quality and availability programs. As a result, fewer child care funds would be available for child care subsidies.

In addition, specify base funding of \$3,975,000 for the child care scholarship and bonus program and of \$8,767,000 for child care licensing activities in the statutory child care allocations that DCF must fund with the CCDBG.

[Act 32 Sections: 1373, 1374, and 1376]

10. CHILD CARE STATE ADMINISTRATION AND LICENSING [LFB Paper 218]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$1,865,200	-\$2,039,400	-\$174,200

Governor: Provide \$888,900 in 2011-12 and \$976,300 in 2012-13 to reflect increases in state administration of the Wisconsin Shares child care subsidy program. Funding would support increases in: (a) fraud detection and prevention activities (\$135,300 in 2011-12 and \$146,900 in 2012-13); (b) Milwaukee Early Care Administration, which administers Wisconsin Shares in Milwaukee County following the state takeover of these activities (\$252,100 in 2011-12 and \$265,300 in 2012-13); (c) fringe benefits due to a higher rate for child care licensors (\$250,000 annually); (d) compensation and health insurance reserve amounts (\$223,500 in 2011-12 and

\$286,100 in 2012-13); (e) an increase due to standard budget adjustments (\$19,700 annually); and (f) an increase in child care licensing (\$8,300 annually). Item "e" is already included in the "standard budget adjustments" entry above and has, therefore, been added in to child care state administration twice.

Combined with child care licensing costs, standard budget adjustments, and administration of YoungStar, the child care state administration and licensing allocation would total \$21,061,700 in 2011-12 and \$21,143,400 in 2012-13.

Joint Finance/Legislature: Reduce funding by \$19,700 annually to eliminate funding that had been added in twice to restore funding for the furlough days that had been imposed during the 2011-13 biennium.

In addition, transfer \$1,000,000 annually from DCF's economic support federal block grant operations appropriation to the Joint Committee on Finance's federal funds general program supplementation appropriation for an automated attendance tracking system (AATS). Require DCF to submit a request for these funds under a 14-day passive review process, by January 1, 2012, along with a plan that details how the AATS system would work and how these funds would be spent.

Veto by Governor [B-15]: Eliminate the deadline of January 1, 2012, by which DCF must submit its request and plan for AATS funding to the Committee. As a result, DCF must submit its request and plan for AATS funding to the Committee as described above, but there is no date by which the plan must be submitted.

[Act 32 Sections: 1395 and 9108(1v)]

[Act 32 Vetoed Section: 9108(1v)(b)]

11. CARETAKER SUPPLEMENT

FED	\$2,598,000
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Governor/Legislature: Increase TANF funding by \$1,299,000 annually for benefits and administration of the caretaker supplement for children of recipients of SSI, administered by DHS. TANF funding under the bill would total \$31,232,200 annually.

[It should be noted that the budget would provide \$1,207,000 annually, rather than \$1,299,000, for the caretaker supplement in DHS. The bill would also transfer the caretaker supplement program from DHS to DCF on the effective date of the bill, as described above in "Transfer Social Security Income and Caretaker Supplement Programs."]

[Act 32 Section: 1397]

12. EMERGENCY ASSISTANCE

FED	\$200,000
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Governor/Legislature: Provide \$200,000 in 2011-12 to increase funding for the emergency assistance program to reflect increased demand for the program, which provides

assistance to needy persons in cases of fire, flood, natural disaster, energy crisis, homelessness, or impending homelessness. Funding for the program would total \$6,200,000 in 2011-12 and \$6,000,000 in 2012-13.

In addition, modify the TANF statutory emergency assistance allocation to authorize the transfer of emergency assistance funding to the Department of Administration for low-income energy or weatherization assistance programs.

[Act 32 Section: 1393]

13. STATE ADMINISTRATION OF PUBLIC ASSISTANCE PROGRAMS [LFB Paper 218]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$3,735,400	- \$251,200	\$3,484,200

Governor: Provide \$1,867,700 annually for state administration of public assistance programs to partially offset reductions under the standard budget adjustments, realignments, and administrative transfers. Of this funding, \$125,600 annually was already included in the "standard budget adjustments" entry above and has, therefore, been included in state administration of public assistance programs twice. Funding for state administration would total \$12,322,400 annually.

It should be noted that Table 1 only reflects the increase of \$125,600 annually because the remainder of the increase was offset by reductions in the "Standard Budget Adjustments," "Position and Funding Realignment," and "Position Realignment" entries under "Departmentwide."

Joint Finance/Legislature: Reduce funding by \$125,600 annually to eliminate funding that had been added in twice to restore funding for the furlough days that had been imposed during the 2011-13 biennium.

[Act 32 Section: 1392]

14. EARNED INCOME TAX CREDIT

FED	\$74,000,000
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Governor/Legislature: Provide \$37,000,000 annually to pay the refundable portion of the state earned income tax credit (EITC) with TANF funding. Total TANF funding for the EITC would be \$43,664,200 annually. [Other changes regarding the EITC are described under "General Fund Taxes -- Income and Franchise Taxes."]

[Act 32 Section: 1400]

15. SOCIAL SERVICES BLOCK GRANT [LFB Paper 210]

Governor: Provide an additional \$556,500 in 2011-12 and \$577,500 in 2012-13 in TANF funds that would be transferred to the SSBG. States may transfer up to 10% of the TANF block grant to the SSBG. The current amount of funds transferred to the SSBG is \$14,837,300 per year. The additional transfer of funds is due to former kinship care providers becoming licensed under the new levels of care foster care licensing system that was required under 2009 Act 28. As a result, less TANF funding is needed for kinship care and more SSBG funds are needed for children and family aids for out-of-home care costs of licensed foster parents. The increase would also provide funding for the child welfare program improvement plan. These funds are appropriated directly in DHS, so the increase in funding would be reflected in DHS.

In 2010-11, a total of \$31.2 million FED from the SSBG and TANF funds transferred to the SSBG is distributed to counties through community aids (administered by DHS) and children and family aids (administered by DCF). States may use SSBG funds to provide services directed toward at least one of five goals: (a) to prevent, reduce, or eliminate economic dependency; (b) to achieve or maintain self-sufficiency; (c) to prevent neglect, abuse, or exploitation of children and adults; (d) to prevent or reduce inappropriate institutional care; and (e) to secure admission or referral for institutional care when other forms of care are not appropriate.

Joint Finance/Legislature: Provide an additional \$28,400 annually in TANF funds that would be transferred to the SSBG to reflect a reestimate of the actual amount needed to be transferred for community aids and children and family aids.

16. WISCONSIN SHARES AND INCOME MAINTENANCE ADMINISTRATION [LFB Paper 355]

Governor: Eliminate the Milwaukee County enrollment services unit from the definition of "county department or agency" under Wisconsin Shares and prohibit DCF from contracting with this unit to administer Wisconsin Shares in Milwaukee County, beginning on the date specified in the Wisconsin Administrative Register, as determined by DHS, or on May 1, 2012, whichever is earlier. This provision is part of an item under DHS to eliminate the Milwaukee County enrollment services unit.

In addition, renumber income maintenance administration statutory sections related to DCF to relocate and consolidate these statutes under DCF, rather than have them located under DHS income maintenance sections.

Joint Finance/Legislature: Delete provision.

17. MODIFICATIONS TO TANF RELATED APPROPRIATIONS

Governor/Legislature: Specify the following changes to TANF-related appropriations and the description of appropriations used for TANF-related programs: (a) eliminate the appropriation created for the child care stimulus funds; (b) modify the segregated economic

support -- public benefits appropriation to specify that these funds may be used for any TANF-related allocation, not just those listed under the W-2 program; and (c) modify the listing of appropriations that may be used for the TANF-related allocations to exclude the appropriation eliminated under (a) and to include the appropriation for the state supplement to the federal SSI program.

[Act 32 Sections: 674, 680, and 1388]

18. TANF REVENUE ADJUSTMENTS [LFB Paper 210]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	- \$2,266,900	- \$11,912,100	- \$14,179,000
PR	<u>- 5,931,400</u>	<u>1,211,600</u>	<u>- 4,719,800</u>
Total	- \$8,198,300	- \$10,700,500	- \$18,898,800

Governor: Increase funding by \$1,043,600 (\$3,437,300 FED and -\$2,393,700 PR) in 2011-12 and decrease funding by \$9,241,900 (-\$5,704,200 FED and -\$3,537,700 PR) in 2012-13 to reflect: (a) a reestimate of funding generated from the state's share of AFDC overpayment recoveries (-\$92,900 PR in 2012-13); (b) a reestimate of the state's share of child support collections used to fund W-2 (-\$2,502,000 PR in 2011-12 and -\$3,553,100 PR in 2012-13); (c) a reestimate of child care licensing fees (\$8,300 PR annually); (d) SSBG funding for the TANF program (\$100,000 PR annually); and (e) an increase in TANF funds to correspond to the overall loss of program revenue (\$2,393,700 FED in 2011-12 and \$3,537,700 FED in 2012-13).

In addition modify TANF funds to reflect action taken in the Joint Committee on Finance for YoungStar, a reduction in TANF funds to correspond to an increase of GPR in base funding, and other appropriated, but unallocated, TANF funds (\$1,043,600 FED in 2011-12 and -\$9,241,900 FED in 2012-13).

Joint Finance/Legislature: Reduce funding by \$10,493,000 (-\$11,263,400 FED and \$770,400 PR) in 2011-12 and by \$207,500 (-\$648,700 FED and \$441,200 PR) in 2012-13 to reflect: (a) a reestimate of the state's share of child support collections used to fund W-2 (\$1,070,400 PR in 2011-12 and \$741,200 PR in 2012-13); (b) a reestimate of child care licensing fees (-\$300,000 PR annually); (c) a decrease in TANF funds to correspond to the overall increase in program revenue (-\$770,400 FED in 2011-12 and -\$441,200 FED in 2012-13); and (d) a decrease in TANF expenditure authority to correspond to actual expenditures in the 2011-13 biennium (-\$10,493,000 FED in 2011-12 and -\$207,500 FED in 2012-13).

19. JOB-READY CATEGORY IN W-2 PROGRAM

FED	- \$4,800,000
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Joint Finance/Legislature: Modify current law, beginning January 1, 2012, to create a case management services placement, also known as the "job-ready" category, that authorizes a W-2 agency to provide case management services to an individual who applies for a W-2 employment position in lieu of placing the individual in a trial job, community service job, or

transitional placement if the W-2 agency determines all of the following: (a) the individual meets the W-2 eligibility requirements; (b) the individual is willing to work and has no barriers to employment that cannot be addressed with W-2 services; (c) the individual is job-ready, based on the individual's employment history or education; and (d) the most appropriate placement for the individual is in unsubsidized employment. Require a W-2 agency to review placement in the job-ready category every 30 days to determine whether the individual should be placed in a trial job, community service job, or transitional placement if the individual is unsuccessful in obtaining unsubsidized employment after legitimate efforts to secure employment. Require DCF to promulgate rules that specify the criteria for this review process.

Specify that: (a) an individual placed in the job-ready category must search for unsubsidized employment during the period that his or her application is being processed as a condition of eligibility and must continue to search for unsubsidized employment throughout his or her participation; (b) a W-2 agency may require a participant in the job-ready category to engage in training activities; (c) a W-2 agency must give priority to placement in unsubsidized employment and in the job-ready category over placements in trial jobs, community service jobs, and transitional placements; (d) placement in the job-ready category must be included as a W-2 agency decision that may be petitioned for review and, if inappropriately placed in the job-ready category, the W-2 agency must place the individual in the first available W-2 employment position appropriate for the individual; and (e) a second custodial parent may be eligible for employment training and job search assistance services if the first custodial parent has been placed in the job-ready category.

Under current law, case management services include, but are not limited to: (a) the provision of employment skills training; (b) English as a second language classes, if the W-2 agency determines that the course will facilitate the individual's efforts to retain employment; (c) a course of study meeting the standards established for the granting of a declaration of equivalency of high school graduation; and (d) other remedial education courses.

[Act 32 Sections: 1347c thru 1347f, 1367c, 1367e, 1384c, and 9408(3q)]

20. CARETAKER OF NEWBORN INFANT (CNI) GRANTS

FED	- \$805,600
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Joint Finance/Legislature: Reduce funding by \$268,500 in 2011-12 and by \$537,100 in 2012-13 to reflect a reduction in the time period allowed for receipt of a CNI grant in the W-2 program from 12 weeks to eight weeks, beginning January 1, 2012. Savings for W-2 benefits would total \$672,300 in 2011-12 and \$1,344,600 in 2012-13. Costs for the Wisconsin Shares program due to an increase in the need for child care as a result of a return to the workforce sooner are estimated at \$403,800 in 2011-12 and \$807,500 in 2012-13.

[Act 32 Sections: 1361s and 9408(1d)]

21. MARKETING IN WISCONSIN SHARES

Joint Finance/Legislature: Prohibit an individual eligible under the Wisconsin Shares

program from benefiting personally from any marketing or promotional offerings made by a child care provider to attract clients or increase business. Specify that this provision would not apply to marketing or promotional offerings that directly benefit an eligible individual's child for whom the child care provider is providing child care services.

[Act 32 Sections: 1378g and 1378h]

22. CHILD CARE SUBSIDIES FOR CHILDREN OF CHILD CARE PROVIDERS

Joint Finance/Legislature: Unless a child's parent has applied for and been granted a waiver by a county department or agency or by DCF, prohibit child care subsidies under Wisconsin Shares from being distributed for services provided to a child: (a) by a child care provider who is the parent of the child or who resides with the child; or (b) if the child's parent is a child care provider and child care services are provided by another child care provider who is not the child's parent. Require DCF to promulgate rules to specify the circumstances, or standards for determining the circumstances, under which DCF would grant a waiver.

In addition, require DCF to submit the proposed rules to the Legislative Council staff no later than the first day of the fourth month beginning after the bill's general effective date.

This provision would first apply to child care services provided for a child who first receives child care services under Wisconsin Shares on the bill's general effective date.

Veto by Governor [B-14]: Delete the provision that requires DCF to submit the proposed rules to the Legislative Council staff no later than the first day of the fourth month beginning after the bill's general effective date. However, the Governor, in his veto message, indicates that he will direct DCF to submit these proposed rules by January 1, 2012.

[Act 32 Sections: 1378c, 1378d, and 9308(5c)]

[Act 32 Vetoed Section: 9108(2c)]

23. FINGERPRINTING OF CHILD CARE PROVIDERS

Joint Finance/Legislature: Specify that DCF, a county department, an agency contracted with to certify child care providers under Wisconsin Shares at the local level, or a school board must require individuals who are seeking a license to operate a child center, certification as a child care provider, or a contract with a school board to operate a child care program to be fingerprinted on two fingerprint cards, each bearing a complete set of the person's fingerprints. Authorize the Department of Justice to provide for the submission of the fingerprint cards to the Federal Bureau of Investigation for the purposes of verifying the identity of the person fingerprinted and obtaining records of his or her criminal arrests and convictions.

Veto by Governor [B-13]: Delete provision. However, the Governor, in his veto message, indicates that he will direct DCF to amend the administrative rules for certified and licensed child care providers to require that any provider who wishes to participate in the

Wisconsin Shares program submit fingerprints to DCF, a county department, or agency contracted with to administer the Wisconsin Shares program.

[Act 32 Vetoed Section: 1335d]

24. LOCAL FRAUD INVESTIGATION INCENTIVE PROGRAM

Joint Finance/Legislature: Require DCF to promulgate rules to establish an incentive program that rewards county departments, W-2 agencies, and tribal governing bodies that administer Wisconsin Shares for identifying fraud in Wisconsin Shares. Require the rules to specify that for identifying fraudulent activity by a child care provider under Wisconsin Shares, the entity identifying the fraud must receive an amount equal to the average monthly subsidy payment per child during the prior fiscal year, multiplied by the number of children participating in the subsidy program for whom the provider provides care, multiplied by 1.5 months. These amounts would be funded from the direct child care subsidy allocation and could be used for any TANF-related purpose. Require DCF to submit a plan for the incentive program, no later than January 1, 2012, to the Joint Committee on Finance under a 14-day passive review process. This program would replace the current local fraud investigation program, which allows county departments, W-2 agencies, or tribal governing bodies to establish their own fraud programs and retain any amounts recovered.

[Act 32 Section: 1405g]

Child Support

1. PROGRAM REVENUE REESTIMATE

PR	- \$4,000,000
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Governor/Legislature: Reduce funding by \$2,000,000 annually to reflect a revised estimate of revenues from the annual centralized receipt and disbursement (CR&D) fee (-\$900,000 annually) and a reduction in the amount of program revenue carried over from prior years (-\$1,100,000 annually). The \$65 CR&D fee is paid by child support obligors and helps fund the CR&D system, which processes child support, maintenance (alimony), health care expenses, birth expenses, and other child support related payments. Program revenue consists of the CR&D fee, a \$25 annual fee, and a tax intercept fee (deducted from the tax intercept before it is passed through to the custodial parent).

2. CONFIDENTIAL FORMS IN ACTIONS AFFECTING THE FAMILY

Governor/Legislature: Modify current law regarding the submission of a separate confidential form when filing a petition to commence an action affecting the family to specify

that: (a) the form must contain the name, date of birth, and social security number of each minor child of the parties and of each child who was born to the wife during the marriage and who is a minor; (b) in a paternity action, the party who filed the petition must submit this form within five days after paternity is adjudicated; and (c) this confidential form must be maintained with the confidential financial disclosure statements or maintained separately from the case file.

Under current law, when a petition in an action affecting the family is filed with the court, the petitioner must submit a separate form, furnished by the court, that contains: (a) the name, date of birth, and social security number of each party; and (b) the name, date of birth, and social security number of each minor child of the parties and of each child born to the wife during marriage. In addition, these forms must be maintained with the confidential information obtained during an annual exchange of financial information or maintained separately. These forms may only be disclosed to parties and their attorneys, a county child support enforcement agency, and any other person authorized by law or court order to have access to the information on the form.

The bill would: (a) eliminate the requirement that the petitioner would have to submit the name, date of birth, and social security number of adult children born to the wife during marriage; (b) require that these forms be filed within five days of the adjudication of paternity in paternity actions; and (c) require that the forms be maintained with the financial disclosure statements completed at the beginning of an action affecting the family, rather than in annual exchanges of financial information, or maintained separately.

The requirement to file the form within five days of adjudication of paternity would first apply to paternity actions commenced on the effective date of the bill. The elimination of the requirement to provide the confidential information in the form for adult children born to the wife of the marriage would first apply to petitions filed on the effective date of the bill.

[Act 32 Sections: 3478 thru 3481, and 9308(2)&(3)]

3. CHILD SUPPORT DISTRIBUTION CHANGES

Governor/Legislature: Specify that state law directing how child support payments should be applied to current support, arrearages, and interest be subject to and preempted by any applicable federal statutes or regulations. This provision would first apply to payments for child support received on the effective date of the bill.

Current state law specifies that all payments received for child support must be applied as follows: (a) first, to payment of child support due within the calendar month during which the payment is received; (b) second, to payment of unpaid child support due before the payment is received; and (c) third, to payment of interest accruing on unpaid child support.

Under federal law, payments received for child support may be distributed in a different order if the payee is receiving or has received aid under the TANF block grant program. Under federal law, for payees that formerly received TANF assistance, arrearages (both actual arrearages and interest on those arrearages) that have not been assigned to the state must be paid

before arrearages that have been assigned to the state. This requires interest on unassigned arrearages to be paid before actual assigned arrearages. For current TANF recipients, assigned arrearages (both actual arrearages and interest on those arrearages) must be paid before arrearages owed to the family. This requires interest on assigned arrearages to be paid before actual arrearages not assigned to the state. In both of these cases, some of the interest must be paid before some of the arrearages, contrary to state law. The bill would specify that if federal law requires a different order of distribution of child support payments than state law, then support would be distributed according to federal law.

[Act 32 Sections: 3482 and 9308(1)]

4. FEDERAL REVENUE REESTIMATE FOR STATE ADMINISTRATION [LFB Paper 225]

FED	-\$4,194,400
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Joint Finance/Legislature: Reduce funding by \$2,097,200 annually to reflect reestimates of the following revenues for administration of the child support enforcement program at the state level: (a) the state's share of federal child support incentive payments (\$257,800 annually); (b) federal matching funds for DCF expenditures (-\$1,355,000 annually); and (c) federal matching funds for expenditures in other state agencies (-\$1,000,000 annually).

5. LOCAL ADMINISTRATION OF CHILD SUPPORT ENFORCEMENT ACTIVITIES [LFB Paper 226]

Joint Finance: Require DCF to develop a detailed plan for distributing child support incentive payments to counties during calendar years 2012 and 2013 and submit the plan to the Joint Committee on Finance under a 14-day passive review process no later than August 31, 2011. Specify that that plan must: (a) describe the method DCF used to calculate the distributions to counties under the plan; (b) not be based on across-the-board reductions to child support incentive payments made in calendar year 2011; and (c) require the distribution method to reward counties that demonstrate proficiency in providing child support enforcement services. Specify that a county's proficiency level be based on performance standards, determined by DCF, including the county's rate, per full-time employee, of establishing child support orders, establishing paternity, and collecting current child support. Prohibit DCF from distributing child support incentive payments after December 31, 2011, unless the plan is approved by the Committee.

Assembly/Legislature: Specify that the distribution method may reward, rather than require the distribution method to reward, counties that demonstrate proficiency in providing child support enforcement services. In addition, specify that a county's proficiency level may be based on, rather than require the level to be based on, performance standards, determined by DCF, including the county's rate, per full-time employee, of establishing child support orders, establishing paternity, and collecting current child support.

Veto by Governor [B-12]: Delete the prohibition of basing reductions to child support incentive payments on across-the-board reductions to incentive payments made in calendar year

2011. As a result, DCF may also consider across-the-board reductions in its plan submitted to the Committee.

[Act 32 Section: 9108(2i)]

[Act 32 Vetoed Section: 9108(2i)(a)2]

CIRCUIT COURTS

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$191,580,000	\$180,496,800	\$192,697,000	\$192,697,000	\$192,697,000	\$1,117,000	0.6%
PR	0	366,700	366,700	366,700	366,700	366,700	N.A.
TOTAL	\$191,580,000	\$180,863,500	\$193,063,700	\$193,063,700	\$193,063,700	\$1,483,700	0.8%

FTE Position Summary						
Fund	2010-11 Base	2012-13 Governor	2012-13 Jt. Finance	2012-13 Legislature	2012-13 Act 32	Act 32 Change Over 2010-11 Base
GPR	527.00	527.00	527.00	527.00	527.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$1,117,000
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Governor/Legislature: Provide adjustments for full funding of salaries and fringe benefits (\$558,900 annually) and full funding of lease and directed moves costs (-\$400 annually).

2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE [LFB Paper 626]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$7,264,800	\$7,264,800	\$0

Governor: Delete \$3,632,400 annually to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The calculation of retirement savings is based on employee WRS

contributions equal to 5.8% of salary. Health insurance cost reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

Joint Finance/Legislature: Convert the appropriation reductions under the Circuit Courts to a biennial lapse requirement of \$16,960,400 under the Circuit Courts, the Court of Appeals and the Supreme Court, applicable to both the 2011-13 and 2013-15 biennia. [See "Supreme Court," Item #7.]

3. APPROPRIATION REDUCTIONS [LFB Paper 626]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$4,935,400	\$4,935,400	\$0

Governor: Reduce funding by \$2,467,700 annually associated with a 10% reduction to supplies and other non-personnel costs. Circuit court appropriations would be reduced as follows: (a) -\$143,400 annually from the court interpreter reimbursement appropriation; (b) -\$1,855,200 annually from the circuit court support payments appropriation; and (c) -\$469,100 annually from guardian ad litem costs.

Joint Finance/Legislature: Convert the appropriation reductions under the Circuit Courts to a biennial lapse requirement of \$16,960,400 under the Circuit Courts, the Court of Appeals and the Supreme Court, applicable to both the 2011-13 and 2013-15 biennia. [See "Supreme Court," Item #7.]

4. COURT INTERPRETER REIMBURSEMENT [LFB Paper 230]

PR	\$366,700
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Governor/Legislature: Create a program revenue appropriation and provide \$134,000 in 2011-12 and \$232,700 in 2012-13 for state reimbursement to counties for court interpreter services, as follows: (a) \$57,300 in 2011-12 and \$117,000 in 2012-13 for projected increased caseload; and (b) \$76,700 in 2011-12 and \$115,700 in 2012-13 for projected increased use of certified court interpreters. Funding for the new appropriation would come from revenue from the justice information system surcharge. [See "Administration -- Justice Information System Surcharge Overview" for additional information.]

Under current law, the state reimburses counties for actual expenses for interpreters used in circuit court proceedings from a GPR appropriation. Base funding for court interpreter reimbursement is \$1,433,500 GPR. The bill would create an additional PR appropriation for court interpreter reimbursement.

[Act 32 Sections: 768 and 3477]

5. CREATE NEW PROGRAM REVENUE RECEIPTS APPROPRIATION -- PROGRAM MATERIALS AND SERVICES-RECEIPTS

Governor/Legislature: Create a program revenue continuing appropriation for monies received, other than from state agencies, by circuit courts from the sale of materials or services for general program operations of the courts. According to the courts, possible uses for the appropriation would include: court training and committee work with other governmental units, county-purchased judicial legal resources, file sharing, and intergovernmental purchase agreements.

[Act 32 Section: 767]

6. COUNTY AUTHORITY TO CREATE AND ASSESS FEES FOR COURT SELF-HELP CENTERS [LFB Paper 231]

Governor: Authorize a county board to direct its clerk of courts to operate a self-help center in the county courthouse to provide individuals with information regarding the court system. The clerk of courts may staff a self-help center with county employees or volunteers, although no one who works or volunteers at the center may provide legal advice to patrons. Authorize the county board to impose on and collect a fee from individuals who use the services of the self-help center.

Information regarding the court system that a self-help center may provide would include: (a) how to represent oneself in circuit court; (b) how to obtain legal assistance or legal information; (c) information regarding legal proceedings such as small claims actions, family law, and foreclosure; (d) how to file an appeal; (e) information about people and offices in the courthouse; (f) where to obtain, and how to fill out, legal forms; and (g) answers to frequently asked questions concerning the legal system.

Joint Finance/Legislature: Delete provision.

7. COURT-DETERMINATION FOR VIDEOCONFERENCING IN INVOLUNTARY COMMITMENT FOR TREATMENT HEARINGS

Joint Finance: Modify current law to specify that in court proceedings under Chapter 51 (State Alcohol, Drug Abuse, Developmental Disabilities, and Mental Health Act), the court may determine whether or not the individual attends the hearing in person by videoconferencing.

Assembly/Legislature: Modify the Joint Committee on Finance provision to specify that the court may determine whether or not an individual attends a hearing in person by videoconferencing related to involuntary commitment for treatment under Chapter 51, to instead modify Chapter 885 related to video conferencing for criminal cases and proceedings under Chapters 48, 51, 55, 938, and 980, as follows: (a) delete language that an individual is entitled to be physically present in the courtroom at all critical stages of the proceedings, including evidentiary hearings, or fact finding hearings, plea hearings at which a plea or guilty or no contest, or an admission will be offered; (b) specify that if an objection is made by the defendant

or respondent in a matter under Chapters 48, 51, 55, 938, and 980, and the objection regards any proceeding where he or she is entitled to be physically present, the court must sustain the objections; and (c) specify for objections in all other proceedings in a matter under Chapters 48, 51, 55, 938, and 980, the court will determine the objection in the exercise of its discretion.

Currently, s. 885.60 provides for the use of video-conferencing in criminal cases and proceedings under Chapter 48, 51, 55, 938, and 980. Current law specifies that a defendant or respondent is entitled to be physically present in the courtroom at all critical stages of the proceedings, including evidentiary hearings, trials or fact-finding hearings, plea hearings at which a plea of guilty or no contest, or an admission, will be offered, and sentencing or dispositional hearings. The amendment would delete the language related to critical stages of the proceedings, including evidentiary hearings, or fact finding hearings, plea hearings at which a plea or guilty or no contest, or an admission will be offered. As a result, the defendant or respondent would be entitled to be physically present in the court room at all trials, and sentencing or dispositional hearings.

Also under current law, if an objection is made by the defendant or respondent in a matter under Chapter 48, 51, 55, 938, and 980, the court must sustain the objection. The amendment would specify that the court must sustain the objection in those proceedings where the defendant or respondent is entitled to be physically present. In other proceedings, the court would determine the objection in the exercise of its discretion.

[Act 32 Sections: 3492r and 3492w]

8. INCREASE JURISDICTIONAL LIMIT FOR SMALL CLAIMS ACTIONS

Joint Finance/Legislature: Increase the jurisdictional amount for small claims actions from \$5,000 or less to \$10,000 or less, except for third party complaints, personal injury claims, or tort claims, which would remain at the current jurisdictional amount. The provisions would first apply to actions commenced on the effective date of the bill.

Small claims actions are civil actions where the amount claimed is \$5,000 or less, if the actions or proceedings are: (a) for money judgments only, except for cognovit judgments (default judgments on agreements where the debtor accepted liability); (b) for garnishment or most attachments; or (c) to enforce a lien upon personalty (movable assets). The cost to file a small claims action is \$94.50, including a \$22 filing fee, \$51 court support services surcharge, and \$21.50 justice information surcharge. The cost to file a civil action where the amount is \$5,001 or more is \$265.50, including a \$75 filing fee, \$169 court support services surcharge, and \$21.50 justice information surcharge.

By increasing the jurisdictional limit for small claims actions, a shift of cases would likely occur from large claims cases to small claims cases. Since civil action filings are not classified by specific dollar amounts, and many large claims filing do not identify amounts sought, the number of cases that would shift is unknown. Under the current \$94.50 and \$265.50 filing costs, each case shifted from large claims to small claims would result in a reduction of -\$171 in total revenue.

The provision would increase the small claims jurisdictional limit to \$10,000, except for third party, personal injury, and tort claims, which would remain at the current jurisdictional amount. The modification would also result in an increase from \$5,000 to \$10,000 in the maximum amount the state could pay for claims against the state without submission of a claims bill to the Legislature.

[Act 32 Sections: 3484k thru 3484q and 9309(1g)]

9. BAIL BOND SURETIES AND LICENSING REQUIREMENTS

Joint Finance/Legislature: Modify current law to specify that no surety may be compensated for acting as a surety except an agent of an admitted surety insurance company, who must be compensated at the rate of ten percent of the face of the bond set. Specify that surety corporations and agents must be licensed and regulated under the Department of Safety and Professional Services (DSPS) in order to receive compensation. Require an annual licensing fee of \$1,000 for surety corporations and agents. Require the Department to file with the clerk of each county a list of licensed surety corporations. Specify that surety corporations do not have to be state residents. Create an annual program revenue appropriation under DSPS to collect fee revenue. [See "Department of Safety and Professional Services"]

Under current law, a surety must be a Wisconsin resident and a natural person, except for guaranteed traffic arrest bonds, and no surety may be compensated for acting as a surety. A court may require a surety to justify by oath its ability to pay the amount specified by the bond. The surety must provide such evidence of financial responsibility as required by the judge.

Veto by Governor [D-32]: Delete provision.

[Act 32 Vetoed Sections: 496m, 3205p, 3205r, 3212m, 3541g, 3541r, and 9140(5c)]

COMMERCE

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$53,648,200	\$0	\$0	\$0	\$0	- \$53,648,200	- 100.0%
FED	144,661,000	0	0	0	0	- 144,661,000	- 100.0
PR	88,913,600	0	0	0	0	- 88,913,600	- 100.0
SEG	<u>79,233,600</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>- 79,233,600</u>	<u>- 100.0</u>
TOTAL	\$366,456,400	\$0	\$0	\$0	\$0	- \$366,456,400	- 100.0%

FTE Position Summary						
Fund	2010-11 Base	2012-13 Governor	2012-13 Jt. Finance	2012-13 Legislature	2012-13 Act 32	Act 32 Change Over 2010-11 Base
GPR	59.15	0.00	0.00	0.00	0.00	- 59.15
FED	56.70	0.00	0.00	0.00	0.00	- 56.70
PR	206.45	0.00	0.00	0.00	0.00	- 206.45
SEG	<u>70.55</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>- 70.55</u>
TOTAL	392.85	0.00	0.00	0.00	0.00	- 392.85

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide adjustments of \$453,700 GPR, \$1,140,700 FED, \$2,007,800 PR, and \$594,000 SEG annually. Adjustments are for (a) turnover reduction (-\$226,700 PR annually); (b) full funding of continuing position salaries and fringe benefits (\$453,700 GPR, \$1,093,500 FED, \$2,226,500 PR, and \$565,200 SEG annually); (c) reclassifications and semi-automatic pay progression (\$47,200 FED and \$28,800 SEG annually); and (d) overtime (\$8,000 PR annually).

GPR	\$907,400
FED	2,281,400
PR	4,015,600
SEG	<u>1,188,000</u>
Total	\$8,392,400

2. REESTIMATE WOMAN'S BUSINESS ENTERPRISE FEES

Governor/Legislature: Reduce expenditure authority for women's business enterprise

PR	- \$512,000
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fees by \$256,000 annually to more closely reflect actual fee collections. Annual expenditure authority would be \$35,000. Commerce certifies women-owned businesses and charges a certification fee of \$50 to fund administrative costs.

3. APPROPRIATION CHANGE FOR FEDERAL POSITIONS

Governor/Legislature: Transfer \$94,400 FED and 2.0 FED positions annually from the federal aid state operations appropriation under economic and community development to the federal aid state operations appropriation under housing assistance. The positions administer the Neighborhood Stabilization Program which provides financial assistance to communities for activities related to home foreclosures. The appropriation change would fund these activities under the program that funds the Department's housing assistance programs and related activities.

4. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE [LFB Paper 232]

PR	- \$349,800
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Governor: Delete \$174,900 annually to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage for certain program revenue staff. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance cost reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs. No reductions are reflected for staff funded from sources other than PR.

Joint Finance/Legislature: Delete additional funding associated with economic development programs moved to WEDC, Safety and Buildings and Environmental Regulatory Services staff transferred to DSPS, and housing staff transferred to DOA. Entries under WEDC, DSPS, and DOA reflect the funding reductions.

5. ELIMINATE LONG-TERM VACANCIES

Governor/Legislature: Delete \$3,368,800 (all funds) and 56.45 positions annually to reflect the elimination of long-term vacant positions under the bill. The reductions would include \$533,100 GPR and 8.65 GPR positions, \$437,300 FED and 10.70 FED positions, \$2,185,000 PR and 33.85 PR positions, and \$213,400 SEG and 3.25 SEG positions annually. Funding and position reductions are associated with positions that have been vacant for 12 months or more.

	Funding	Positions
GPR	- \$1,066,200	- 8.65
FED	- 874,600	- 10.70
PR	- 4,370,000	- 33.85
SEG	- 426,800	- 3.25
Total	- \$6,737,600	- 56.45

6. BUDGET REDUCTIONS

PR	- \$2,424,200
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Governor/Legislature: Delete \$1,212,100 PR annually to reduce funding for supplies and services, permanent property, unallotted reserve, aids to individuals and organizations, and local assistance. Funding would be reduced in the following appropriations: administration of grants and loans; woman-owned business certification processing fees; Wisconsin Development

Fund, repayments; gaming economic development and diversification, repayments; minority business projects, repayments; rural economic development loan repayments; manufactured housing rehabilitation and recycling; American Indian economic development, technical assistance; housing program services, other entities; funding for the homeless; housing program services; regulation of industry, safety and buildings, auxiliary services; safety and building operations; interagency agreements; executive and administrative services, sale of materials or services; and administrative services.

7. ELIMINATE DEPARTMENT OF COMMERCE -- OVERVIEW

Governor: Eliminate the Department of Commerce. Transfer certain economic development programs to the Wisconsin Economic Development Corporation (WEDC). Transfer certain economic development functions and executive and administrative services personnel to the Department of Regulation and Licensing, which would be renamed the Department of Safety and Professional Services (DSPS) under the bill. Transfer the Division of Safety and Buildings and the Division of Environmental Regulatory Services and incumbent staff to DSPS. Transfer housing programs to the Wisconsin Housing and Economic Development Authority (WHEDA).

The following table summarizes funding provided to Commerce under current law, and funding provided to WEDC, DSPS, and WHEDA under the bill related to the elimination of Commerce. Following the table are several summary entries in Commerce that provide detail about funding and positions that are eliminated or transferred. No incumbent Commerce staff are transferred to WEDC and WHEDA, as those entities are not state agencies, and their employees are not state employees. Administration and Commerce officials have indicated that it is expected that all incumbent Commerce staff will be transferred to DSPS, or will be offered positions with WEDC or WHEDA. The figures shown under "Commerce Adjustments" are the sum of the items #1 thru #6 above.

Funding and Positions Related to the Reorganization of Commerce Functions Under the Bill

<u>Department/Fund Source</u>	<u>2011-12 Appropriation</u>	<u>2012-13 Appropriation</u>	<u>2012-13 Positions</u>
Commerce Adjustments*			
GPR	-\$79,400	-\$79,400	-8.65
FED	703,400	703,400	-10.70
PR	-1,820,200	-1,820,200	-33.85
SEG	<u>380,600</u>	<u>380,600</u>	<u>-3.25</u>
Total	-\$815,600	-\$815,600	-56.45
Economic Development and Administrative Services Programs			
<i>Commerce</i>			
GPR	-\$18,866,700	-\$18,866,700	-45.55
FED	-36,632,900	-36,632,900	-16.45
PR	-9,917,700	-9,917,700	-34.60
SEG	<u>-21,702,800</u>	<u>-21,702,800</u>	<u>-3.00</u>
Total	-\$87,120,100	-\$87,120,100	-99.60

<u>Department/Fund Source</u>	<u>2011-12 Appropriation</u>	<u>2012-13 Appropriation</u>	<u>2012-13 Positions</u>
<i>Wisconsin Economic Development Corporation</i>			
GPR	\$18,743,700	\$16,399,600	
FED	36,390,600	36,390,600	
PR	4,861,200	4,861,200	
SEG	<u>38,850,000</u>	<u>39,850,000</u>	
Total	\$98,845,500	\$97,501,400	**
<i>Safety and Professional Services</i>			
GPR	\$534,500	\$534,500	4.00
FED	242,300	242,300	3.00
PR	3,786,000	3,786,000	27.00
SEG	<u>194,000</u>	<u>194,000</u>	<u>2.00</u>
Total	\$4,756,800	\$4,756,800	36.00
Subtotal -- Economic Development Programs	\$16,482,200	\$15,138,100	-63.60**
Safety and Buildings, Environmental Regulatory Services			
<i>Commerce</i>			
GPR	-\$2,815,000	-\$2,815,000	0.00
FED	-1,768,600	-1,768,600	-15.60
PR	-31,705,200	-31,705,200	-138.00
SEG	<u>-18,294,600</u>	<u>-18,294,600</u>	<u>-64.30</u>
Total	-\$54,583,400	-\$54,583,400	-217.90
<i>Safety and Professional Services</i>			
GPR	\$2,338,600	\$2,338,600	0.00
FED	1,768,600	1,768,600	15.60
PR	31,705,200	31,705,200	136.00
SEG	<u>13,744,600</u>	<u>13,744,600</u>	<u>66.30</u>
Total	\$49,557,000	\$49,557,000	217.90
Subtotal -- Safety and Buildings, and Environmental Regulatory Services	-\$5,026,400	-\$5,026,400	0.00
Housing Programs			
<i>Commerce</i>			
GPR	-\$5,063,000	-\$5,063,000	-4.95
FED	-34,632,400	-34,632,400	-13.95
PR	-1,013,700	-1,013,700	0.00
SEG	<u>0</u>	<u>0</u>	<u>0.00</u>
Total	-\$40,709,100	-\$40,709,100	-18.90
<i>Wisconsin Housing and Economic Development Authority</i>			
GPR	5,063,000	\$5,063,000	
FED	34,632,400	34,632,400	
PR	1,013,700	1,013,700	
SEG	<u>0</u>	<u>0</u>	
Total	\$40,709,100	\$40,709,100	**
Subtotal -- Housing Programs	\$0	\$0	-18.90**

<u>Department/Fund Source</u>	<u>2011-12 Appropriation</u>	<u>2012-13 Appropriation</u>	<u>2012-13 Positions</u>
Grand Total			
<i>Commerce</i>			
GPR	-\$26,824,100	-\$26,824,100	-59.15
FED	-72,330,500	-72,330,500	-56.70
PR	-44,456,800	-44,456,800	-206.45
SEG	<u>-39,616,800</u>	<u>-39,616,800</u>	<u>-70.55</u>
Commerce Total	-\$183,228,200	-\$183,228,200	-392.85
<i>Wisconsin Economic Development Corporation</i>			
GPR	\$18,743,700	\$16,399,600	
FED	36,390,600	36,390,600	
PR	4,861,200	4,861,200	
SEG	<u>38,850,000</u>	<u>39,850,000</u>	
WEDC Total	\$98,845,500	\$97,501,400	**
<i>Safety and Professional Services</i>			
GPR	\$2,873,100	\$2,873,100	4.00
FED	2,010,900	2,010,900	18.60
PR	35,491,200	35,491,200	164.00***
SEG	<u>13,938,600</u>	<u>13,938,600</u>	<u>68.30</u>
DSPS Total	\$54,313,800	\$54,313,800	254.90
<i>Wisconsin Housing and Economic Development Authority</i>			
GPR	\$5,063,000	\$5,063,000	
FED	34,632,400	34,632,400	
PR	1,013,700	1,013,700	
SEG	<u>0</u>	<u>0</u>	
WHEDA Total	\$40,709,100	\$40,709,100	**
<i>Grand Total</i>			
GPR	-\$144,300	-\$2,488,400	-55.15
FED	703,400	703,400	-38.10
PR	-3,090,700	-3,090,700	-42.45
SEG	<u>13,171,800</u>	<u>14,171,800</u>	<u>-2.25</u>
Reorganization Total	\$10,640,200	\$9,296,100	-137.95**

*Includes items related to standard budget adjustments, reestimated spending authority for woman-owned business fees, employee contributions for pension and health insurance, budget reductions, and elimination of long-term vacancies.

**WEDC and WHEDA are not state agencies, and their employees are not state employees. Administration officials indicate they expect that all current Commerce employees will be transferred to DSPS, or offered positions at WEDC or WHEDA.

***In addition to transferring funds and positions from Commerce to DSPS, the table includes a position created in DSPS by transferring funds from supplies to salary and fringe. The administration indicates the position would be used for centralized administrative support, and a corresponding position is deleted in DOA.

Joint Finance/Legislature: Make a number of modifications as described in the following entries and in separate entries under "Safety and Professional Services," "Wisconsin

Economic Development Corporation," "Administration," "Wisconsin Housing and Economic Development Authority," and "Agriculture, Trade and Consumer Protection."

8. ELIMINATE DIVISION OF BUSINESS DEVELOPMENT AND ECONOMIC AND COMMUNITY DEVELOPMENT FUNCTIONS [LFB Papers 233, 235, 236, and 237]

	Funding	Positions
GPR	-\$34,510,200	- 38.05
FED	- 72,239,800	- 11.55
PR	- 12,263,400	- 6.50
SEG	<u>- 43,017,600</u>	<u>- 1.00</u>
Total	-\$162,031,000	- 57.10

Governor: Delete \$17,255,100 GPR, 38.05 GPR positions, \$36,119,900 FED, 11.55 FED positions, \$6,131,700 PR, 6.5 PR positions, \$21,508,800 SEG, and 1.0 SEG position annually to eliminate the Division of Business Development and certain economic and community development functions performed by the Department of Commerce. (The Wisconsin Economic Development Corporation [WEDC] would create and administer most state economic development programs.

Transfer of Funding and Positions. The following table shows the appropriations deleted from Commerce. The table includes the base funding in Commerce and the deleted appropriation, related funding and positions. Other summary items under Commerce, including standard budget adjustments, employee contributions to pensions and health insurance, budget reductions, removal of long-term vacant positions, and re-estimating woman-owned business certification fees also affect appropriation amounts and position authority and are shown in separate entries.

The bill would repeal the manufactured housing rehabilitation and recycling program appropriation. Currently, Commerce contracts with a tax-exempt organization to provide grants to: (a) municipalities, organizations, and persons to dispose of abandoned manufactured homes; (b) assist eligible low- to moderate- homeowners with critical repairs of the manufactured home in which they reside; and (c) offset costs of administering the program. The program is funded from a \$7 fee per new or transferred certificate of title for a manufactured home. The bill retains the fee, and transfers collection of the fee to DSPS, but it does not provide an alternative to the repealed appropriation for deposit of the fees. (Administration officials indicate the Governor intended to transfer the program and appropriation to DSPS. The bill would need to be amended to accomplish this.)

Deleted Commerce Economic and Community Development Appropriations and Funding

<u>Appropriation Name</u>	<u>Commerce 2010-11 Base Funding</u>	<u>Base Positions</u>	<u>Annual Funding Eliminated</u>	<u>Annual Positions Eliminated</u>
Economic and Community Development				
<i>General Fund</i>				
General program operations	\$3,959,900	40.35	\$3,829,000	33.55
Economic development promotion; plans and studies	28,200		28,200	
Wisconsin venture fund	136,000		136,000	
Value supply chain grants	0		0	
Wisconsin development fund; grants, loans, reimbursements, and assistance	9,462,000		9,462,900	
Community-based, nonprofit organization grant for educational project	0		0	
Rural outsourcing grants	250,000		250,000	
High-technology business development corporation	534,700		534,700	
Main street program	383,100	4.50	434,000	4.50
Technology-based economic development	0		0	
Hazardous pollution prevention; contract	0		0	
Rural economic development program	569,300		569,300	
International trade; business and economic development grant	0		0	
Forward innovation fund; grants and loans	884,600		884,600	
Manufacturing extension center grants	1,126,400		1,126,400	
Woman's business incubator grant	0		0	
Total GPR	<u>\$17,334,200</u>	<u>44.85</u>	<u>\$17,255,100</u>	<u>38.05</u>
<i>Program Revenue</i>				
Gifts, grants, and proceeds	\$492,000	2.50	\$475,000	2.00
Office of regulatory assistance	0	0.00	0	0.00
Recycling and renewable energy fund; repayments	0		0	
Administration of grants and loans	216,100	2.50	225,500	2.50
Wisconsin development fund; entrepreneurial assistance grants	45,000		45,000	
Economic development operations	0		0	
Certified capital companies	0		0	
Loans to manufacturing businesses; repayments	0		0	
Wisconsin development fund; repayments	3,801,500		3,421,300	
Gaming economic development and diversification; repayments	328,500		295,600	
Grant and loan repayments; forward innovation fund	0		0	
Rural economic development loan repayments	113,900		102,500	
Manufactured housing rehabilitation and recycling; program revenue	65,700		59,100	
Sale of materials or services	0		0	
Sale of materials and services- local assistance	0		0	
Sale of materials and services - individuals and organizations	0		0	
Clean air act compliance assistance	232,500	2.00	237,200	2.00
American Indian economic development; technical assistance	88,300		79,500	
American Indian economic liaison and gaming grants specialist and program marketing	104,200	1.00	111,600	
American Indian economic development; liaison grants	0		0	
Gaming economic development and diversification; grants and loans	1,079,400		1,079,400	
Funds transferred from other state agencies	0		0	
Total PR	<u>\$6,567,100</u>	<u>8.00</u>	<u>\$6,131,700</u>	<u>6.50</u>

<u>Appropriation Name</u>	<u>Commerce 2010-11 Base Funding</u>	<u>Base Positions</u>	<u>Annual Funding Eliminated</u>	<u>Annual Positions Eliminated</u>
<i>Federal Funds</i>				
Federal aid, state operations	\$1,473,700	17.05	\$1,719,900	11.55
Loans to manufacturing businesses	0		0	
Federal aid, local assistance	34,400,000		34,400,000	
Federal aid, individuals and organizations	0		0	
Total FED	<u>\$35,873,700</u>	<u>17.05</u>	<u>\$36,119,900</u>	<u>11.55</u>
<i>Segregated Funds</i>				
Brownfields grant program and related grants; environmental fund	\$6,570,500		\$6,570,500	
Wisconsin development fund grants & loans; recycling & renewable energy fund	14,850,000		14,850,000	
Wisconsin development fund, administration; recycling & renewable energy fund	<u>69,700</u>	<u>1.00</u>	<u>88,300</u>	<u>1.00</u>
Total SEG	<u>\$21,490,200</u>	<u>1.00</u>	<u>\$21,508,800</u>	<u>1.00</u>
Total Economic and Community Development	\$81,265,200	70.90	\$81,015,500	57.10

Statutory provisions creating the Department of Commerce, the Division of International and Export Development, the Economic Policy Board, and two unclassified positions engaged in advertising, marketing, and promotional activities within the U.S. for business recruitment would be deleted. The Small Business Regulatory Review Board would be transferred to the Department of Administration. The following statutory provisions, including almost all specific Commerce economic development programs and community development functions, would be repealed:

1. Organization of the Department.
2. Duties and powers of the secretary.
3. Business and industrial development functions. A statutory provision under this section that relates to industrial development activities being directed by the Governor would remain. Administration officials indicate that the provision was intended to be deleted. The bill would need to be amended to accomplish this.
4. Reallocation of recovery zone facility bonds.
5. Community development functions.
6. Administration of federal community development block grants (CDBG)
7. Capital access program.
8. Powers and duties related the disposition of state land and buildings for economic development.
9. Authority to provide coordinating services to state and local groups and to coordinate, communicate, and provide economic development related research to state, local, and

federal agencies.

10. Economic and community development planning and research.
11. The state Main Street program and related council.
12. The small business environmental council.
13. Renewable energy grants and loans.
14. Loans to manufacturing businesses (green to gold) and related statutory provisions.
15. Gaming economic diversification grants and loans.
16. Grants to the Center for Advanced Technology and Innovation in Racine.
17. Economic adjustment program. Including the Department's responsibilities related to notification for business closing and mass layoffs.
18. Business employees' skills training (BEST) grant program.
19. Entrepreneurial assistance grants.
20. International services, including the Wisconsin trade project program.
21. Rural economic development (RED) program and related Board.
22. Authority to contract for pollution prevention services from the UW-Extension solid and hazardous waste center, and related activities.
23. Targeted microloan program.
24. Manufacturing extension center grants.
25. Grants to the Wisconsin Angel Network.
26. High-technology business development corporation (Wisconsin Technology Council) grants.
27. The Wisconsin Development Fund (WDF) including technology commercialization grant and loan programs.
28. Technology transfer grant and loan program.
29. Wisconsin Venture Fund.
30. Forward Innovation Fund.
31. Office of Regulatory Assistance and regulatory ombudsman.
32. Entrepreneurial assistance network responsibilities.

33. American Indian economic development programs, including technical assistance and liaison grants. (The Department of Administration tribal gaming revenue appropriation for materials and services to state agencies and certain districts would be increased by \$79,500 PR annually. Administration officials indicate that this funding would be used for the American Indian economic development, technical assistance grants. However, the statutory program provisions are not transferred to DOA.)

34. Technology-based economic development responsibilities.

35. Small business ombudsman and clearinghouse.

Councils and Memberships. The Department's membership and required activities with the Mississippi River Parkway Commission would be repealed. The bill would also eliminate a provision authorizing any state agency, local public body, commission or agency, if permitted by law, to allocate funds under their control to fund programs recommended by the Commission. Commerce responsibility to support Commission programs that promote statewide economic development would be deleted as well. The Department's responsibilities with regard to the Council on Forestry would be repealed. Commerce would be deleted as a member of: (a) the Council on Offender Reentry; (b) the Small Business Regulatory Review Board; and (c) the Rural Health Development Council. Commerce would also be deleted as a liaison representative to the Kickapoo Valley Reserve Management Board.

Other Modifications to Department Functions. The following statutory requirements would be repealed: (a) that Commerce, in conjunction with other state agencies and local governments, make a biennial comprehensive report to the Governor and legislature on the effects and impacts of town tax incremental financing districts; (b) that copies municipal certifications of incorporation be sent to the Department; (c) that the Secretary of Commerce or designee serve as a nonvoting member of a regional planning commission of a first class city (Milwaukee); (d) that the Department of Transportation (DOT) be required to consult with Commerce in constructing an interchange of I-90 for certain businesses; (e) that DOT establish criteria for evaluating applications for harbor assistance grants (the administration has indicated this provision is repealed in error), and that the Department consult with Commerce in developing these criteria; (f) that the Department of Agriculture, Trade and Consumer Protection (DATCP) and Commerce enter into a memorandum of understanding for a strategic plan for international agribusiness marketing; (g) that applicants who wish to raise and remove sunken logs from state lands include a business plan approved by Commerce with their applications; (h) that state agencies notify Commerce before promulgating rules that would affect small businesses. Statutory cross references to the definition of "permit" would be modified to reflect repeal of that definition under Commerce. Department functions related to the Health and Educational Facilities Authority, and the job training reserve fund and job training loan guarantee program under the Wisconsin Housing and Economic Development Authority would be deleted.

The Division of Business Development provides technical and financial assistance to assist businesses in planning, site selection, initial capitalization, permitting (including environmental), employee training, research and development, business expansion, and export

development. The Department's community development activities include providing financial assistance to local governments through the CDBG program for business development projects, constructing and improving local infrastructure, and preparing economic development plans. Blight elimination and brownfields redevelopment grants fund development projects in environmentally contaminated areas. The Main Street program provides technical assistance for redeveloping downtown business districts.

Joint Finance/Legislature: Modify provisions related to the elimination of Division of Business Development and Economic and Community Development Functions;

a. *Harbor Assistance Program.* Restore the statutory provision that requires DOT to establish criteria for evaluating harbor assistance grants, but delete the requirement that DOT consult with Commerce in establishing the criteria. The Harbor Assistance Program is administered by the Bureau of Transit, Local Roads, Railroads, and Harbors, in the Department of Transportation (DOT), and provides financial assistance to harbor facilities on the Great Lakes and Mississippi River for projects that improve waterborne commerce. The original bill would have deleted the statutory requirement that requires DOT, in consultation with Commerce, to establish criteria for evaluating applications for Harbor Assistance program grants.

b. *General Business and Industrial Development.* Delete the statutory provision under Commerce industrial development functions that requires Commerce to perform such other functions as the Governor may direct to aid in the industrial development of the state. Most statutory provisions that require Commerce to provide specific leadership in certain business and industrial development functions would be repealed. However, a statutory provision that relates to performing industrial development functions directed by the Governor would have inadvertently remained.

c. Transfer the manufactured housing rehabilitation and recycling program to DSPS (instead of deleting it) and make the following modifications: (a) amend the main Safety and Buildings general operations PR appropriation to specify the manufactured home title fees be deposited in that appropriation (instead of depositing in a separate appropriation under current law); (b) provide expenditure authority of \$59,100 PR annually in the Safety and Buildings general operations PR appropriation (instead of a separate appropriation) for the program; and (c) transfer the 2010-11 unencumbered balance of the repealed separate appropriation to the Safety and Buildings general operations PR appropriation on the effective date of the bill. (Funding of \$59,100 PR annually is deleted under WEDC.)

d. Transfer the Small Business Environmental Council from Commerce to DNR. DNR would assume full responsibility for the small business clean air assistance program.

[Act 32 Sections: 79 thru 81, 101 thru 109, 115, 117b, 117d, 169, 175, 228, 364, 384 thru 399, 401 thru 405, 407 thru 412, 414 thru 429, 431 thru 433, 590, 740m thru 743, 869, 908, 909, 987, 993k, 1168, 1169, 1695, 1719, 1721, 1740, 1741, 2216, 2240m, 2301, 2404, 2708 thru 2711, 2722, 2723, 2729, 2731 thru 2734, 2762, 2785 thru 2787, 2818, 2847 thru 2850, 2852, 2853, 2955, 2993, 3200, 3285 thru 3288, 3290 thru 3304, 3306 thru 3314, 3316, 3322 thru 3326, 3328, 3331, 3332, 3334b, 3339, 3340, 3342 thru 3354, 3362, 3373 thru 3394, 3396 thru 3407, 3439 thru 3447, 3464, and 9210 (2q)]

9. TRANSFER OF ECONOMIC AND COMMUNITY DEVELOPMENT FUNCTIONS TO THE WISCONSIN ECONOMIC DEVELOPMENT CORPORATION
[LFB Paper 238]

Governor: Transfer the following economic development functions from Commerce to the Wisconsin Economic Development Corporation (WEDC), created by 2011 Wisconsin Act 7:

a. Authority to enter into agreements, subject to approval by the Secretary of Administration, regarding compensation, space and other administrative matters necessary to operate offices in other states and foreign countries.

b. Providing assistance to new and small businesses receiving economic loans or assistance from the Wisconsin Housing and Economic development authority (WHEDA) in locating venture capital and obtaining state licenses and permits.

c. Allocating the volume cap on industrial revenue bonds. Industrial revenue bonds (IRBs) are primarily used to finance manufacturing projects. Commerce allocates IRB volume cap amounts to cities, villages, towns, and counties. The municipality or county sells the IRBs and loans the proceeds to the business conducting the project.

d. Administering employment impact estimates for IRB and WHEDA economic development projects.

e. Requiring the repayment of grants, loans, and tax credits if persons receiving the tax benefits cease conducting the economic activity in the state for which the tax benefits were received.

f. Preparing and submitting an annual report to the State of Wisconsin Investment Board (SWIB) describing the types of investments in businesses in Wisconsin that would enhance economic development in the state.

g. Monitoring notification of position openings by recipients of IRBs or state grants or loans.

h. Administration of the brownfields grant program and the annual report on brownfields redevelopment. The program provides financial assistance to individuals, trustees, municipalities, businesses and nonprofit organizations that conduct brownfields redevelopment and related environmental remediation projects. Under the bill, no related funding would be transferred directly from Commerce to WEDC for program grants. The \$1.25 million grant limit and requirement that rules establishing program criteria be established would be deleted.

i. Administration of the electronic medical records tax credit. The tax credit equals 50% of the amount paid by a health care provider in a tax year for information technology hardware or software that is used to maintain medical records in an electronic form. Commerce is required to implement a program to certify health care providers as eligible to claim the tax credit and to allocate tax credits to individual claimants.

j. Administration of early stage business investment tax credits. The program includes

the angel investment tax credit and the early stage seed investment tax credit. The angel investment tax credit equals 25% of the claimant's bona fide angel investment made directly in a qualified new business venture (QNBV) for the tax year. The early stage seed investment tax credit is equal to 25% of the claimant's investment paid in the tax year to a certified fund manager that the fund manager invests in a QNBV certified by Commerce. Commerce must verify and certify angel and early stage seed investments before tax credits can be claimed. Commerce is also required to certify QNBVs and fund managers and to perform other administrative functions related to revocation of certifications, transfer of credits, verification of investments and credits, and processing and compiling reports.

k. Administration of the jobs tax credit. The credit equals 10% of wages between \$20,000 or \$30,000, and \$100,000 depending upon location. However, under the bill, the jobs tax credit would be changed to equal the lesser of 10% of wages or \$10,000. (see General Fund Taxes, Income and Franchise Taxes). A credit can also be claimed for expenses for improving the job-related skills of any eligible employee, training any eligible employee on the use of job-related new technologies, or providing job-related training to any eligible employee whose employment represents the employee's first full-time job. Commerce is required to allocate tax credits and certify claimants as eligible for the credits, and verify tax credit claims.

l. Administration of the food processing plant and food warehouse investment tax credit. The credit equals 10% of the amount paid in the tax year by the claimant for food processing or food warehousing modernization or expansion. Commerce is required to certify taxpayers, allocate tax credits, and verify tax credit claims.

m. Administration of the meat processing facility investment tax credit. A refundable tax credit may be claimed equal to 10% of the amount the claimant paid in the tax year for meat processing modernization or expansion. Commerce is required to certify claimants and allocate credits.

n. Administration of the woody biomass harvesting and processing tax credit. The credit is equal to 10% of the amount the claimant pays in the tax year for equipment that is used primarily to harvest or process woody biomass that is used for fuel or as a component of fuel. Commerce is required to certify taxpayers as eligible for tax credits and to allocate the credits.

o. Administration of the economic development tax credit. The credit can be claimed by businesses that conduct a job creation, capital investment, employee training, or corporate headquarters location or retention projects. In general, jobs credits ranging from \$3,000 to \$10,000 per job created or retained can be claimed, depending upon the type and location of the project, and the wages paid to the employee. In order to claim an economic development tax credit, a business must apply to Commerce for certification and allocation of tax credits.

p. Administration of statutory economic development zone programs. Provisions included in 2009 Act 2 discontinued the development zones, enterprise development zones, agricultural development zones, airport development zones (a technical correction is necessary), and technology zones programs and created the economic development tax credit (described above). The bill would provide WEDC with statutory authority to administer the zone programs. However, as noted, these programs were essentially discontinued under provisions in Act 2.

q. Administration of the enterprise zone tax credits. The program provides tax credits, which can be claimed for increased employment, retraining employees, capital investment, and purchases from Wisconsin vendors, for businesses in a zone. The enterprise zone jobs tax credit equals up to 7% of the wages of new employees in excess of \$20,000 or \$30,000, depending on measures of economic distress in the county in which a project is located. A tax credit of up to 7% is provided for an increase in payroll for employees with wages in excess of \$20,000 or \$30,000, depending upon economic distress indicators, and only if the number of employees is the same or increased from the year in which the zone was created. A credit can also be claimed for retaining jobs, if the business makes a significant capital investment, and is an original equipment manufacturer, or has more than 500 full-time employees in an enterprise zone. A credit can also be claimed for up to 1% of the amount of certain purchases of goods and services from Wisconsin vendors. Twelve zones have been authorized. Commerce is required to designate zones and certify and allocate tax credits to a business if it meets certain criteria related to job creation, investment, wages, and benefits paid, and purchases from Wisconsin businesses.

r. Administration of development opportunity zones. Under 2009 Act 28 Commerce was required to designate an area in the City of Kenosha, and an area in the City of Janesville as development opportunity zones that exist for five years. Any business that locates and conducts activity in the zones is eligible to claim the development zone environmental remediation and jobs tax credit and the development zone capital investment tax credit, and the maximum amount of tax credits that can be claimed by businesses in each zone is \$5.0 million. In order to claim tax credits, a business that conducts economic activity in the Kenosha or Janesville development opportunity zone must submit a project plan to Commerce, and comply with other statutory provisions governing development opportunity zones. Commerce can extend the zone an additional five years, and provide an additional \$5.0 million in tax credits, if it supports economic development in the city.

WEDC would be authorized to adopt rules to administer the programs that would be transferred, though the Authority would not be subject to most administrative rule promulgation requirements applicable to state agencies.

Transfer of Assets, Records and Contracts. The bill would provide that the assets, liabilities, tangible personal property, and records of Commerce primarily related to the Department's transferred economic and community development functions, except for those functions transferred to the Departments of Administration (DOA) and Agriculture, Trade, and Consumer Protection (DATCP), as determined by the Secretary of Administration, would become the assets, liabilities, property and records of WEDC.

All contracts entered into by Commerce before the effective date of the bill that are primarily related to transferred Commerce economic and community development functions, except for contracts related to functions transferred to DOA or DATCP, as determined by the Secretary of Administration, remain in effect and would be transferred to WEDC. The Corporation would be required to carry out any obligations under a contract until the contract was modified or rescinded by WEDC, to the extent allowed under the contract.

Transfer of Unencumbered Appropriation Balances. The bill would transfer all

unencumbered appropriation account balances that would be deleted under Commerce economic and community development, including federal funds, to WEDC.

Other Provisions Related to the Transfer to WEDC. Current law exceptions from disclosure requirements for officials and employees of Commerce for receiving anything of value for activities related to foreign trade trips and hosting individuals to promote tourism, and the related required Department report, would be transferred to WEDC. Statutory cross references to the Department of Commerce would be changed to reflect the transfer to WEDC including provisions related to: coordinating activities with county and town industrial agencies; Department of Transportation statement of determinations for acquisition of abandoned rail property; promotion with DATCP of agricultural products in the state; promotion of aeronautics in the state; providing information to state agencies for economic impact reports on proposed administrative rules; and functions related to WHEDA economic development programs. Statutory cross references to the definition of "qualified new business venture", "economic development program" and "brownfields" would be changed to reflect administrative transfer to WEDC. The statutory definitions of "business," "governing body," and "job" would be recreated under Department of Transportation facilities and economic assistance and development provisions.

Economic Development Audits and Accountability Measures. The financial and performance audit of state agency economic development programs prepared by the Legislative Audit Bureau and due on July 1, 2012, and the audit of the economic development tax credit due on July 2014, would include WEDC rather than Commerce. Current law provisions that require certain state agencies to consult with Commerce in developing accountability measures and goals for economic development programs and to provide comprehensive annual reports assessing economic development programs to Commerce would be modified to reflect the transfer of economic development functions to WEDC. In addition, the bill would specify that each Department would be required to coordinate any economic development assistance with WEDC. These provisions would apply to the following agencies: (a) the Department of Natural Resources; (b) the University of Wisconsin System; (c) Department of Tourism; (d) Department of Transportation; and (e) the Wisconsin Housing and Economic Development Authority.

Annual Comprehensive Report. The bill would repeal an annual comprehensive report on economic development programs required to be submitted by Commerce to the Joint Audit Committee and legislative standing committees by each October 1 and to be readily available on the Internet. A similar provision was created for WEDC under 2011 Act 7. However, the report repealed under Commerce requires items not currently included under the WEDC provision. These would include the following: (a) quantifiable performance measures directly relating to the purpose of the economic development program, including, when applicable, the location by municipality and the industry classification of each job created or retained; and, (b) the amount and recipient of each tax credit allocation made.

Transfer of Councils and Memberships. Membership on the following entities would be transferred from Commerce to WEDC: (a) WHEDA; (b) the Agricultural Education and Workforce Development Council; (c) Investment and Local Impact Fund Board; and (d) the World Dairy Authority. Department functions related to the Lake States Wood Utilization Consortium would be transferred to WEDC.

Joint Finance/Legislature: Modify the Governor's recommendations to transfer certain programs from Commerce to WEDC as follows:

a. Transfer administration of the food processing plant and food warehouse investment tax credit, meat processing facility investment tax credit, and woody biomass harvesting and processing tax credit to the Department of Agriculture, Trade, and Consumer Protection (DATCP).

b. Transfer administration of the electronic medical records tax credit to the Department of Revenue (DOR).

[Act 32 Sections: 63, 66, 67, 99, 167, 358 thru 362, 499, 500, 592, 857 thru 860, 868 thru 875, 910, 911, 915, 950, 959, 960, 986, 1088, 1090, 1092 thru 1094, 1161 thru 1167, 1677, 1685, 1731 thru 1739, 1762, 1765 thru 1801, 1803 thru 1821, 1828 thru 1834, 1836, 1843, 1846 thru 1863, 1865 thru 1871, 1898 thru 1938, 1940 thru 1958, 1965 thru 1971, 1973, 1979, 1980, 1983 thru 2002, 2008, 2016 thru 2070, 2077 thru 2083, 2085, 2091, 2092, 2095 thru 2113, 2129, 2133 thru 2135, 2151, 2153 thru 2176, 2192, 2196 thru 2199, 2230 thru 2232, 2239, 2293 thru 2300, 2393, 2432, 2703, 2714, 2715, 2819, 2820, 2824, 2825, 2828 thru 2830, 2833 thru 2846, 2851, 2854, 2924, 2987, 2989, 3289, 3305, 3315, 3318, 3327, 3329, 3333, 3341, 3355g thru 3358, 3365, 3366, 3371, 3408 thru 3438, 3448, 9110(6), and 9210(2)&(3)]

10. TRANSFER CERTAIN ECONOMIC DEVELOPMENT AND EXECUTIVE AND ADMINISTRATIVE SERVICES FUNCTIONS TO THE DEPARTMENT OF SAFETY AND PROFESSIONAL SERVICES [LFB Papers 239 thru 241, 243, and 244]

	Funding	Positions
GPR	- \$3,223,200	- 7.50
FED	- 1,026,000	- 4.90
PR	- 7,572,000	- 28.10
SEG	<u>- 388,000</u>	<u>- 2.00</u>
Total	- \$12,209,200	- 42.50

Governor: Delete \$1,611,600 GPR, 7.5 GPR positions, \$513,000 FED, 4.9 FED positions, \$3,786,000 PR, 28.1 PR positions, \$194,000 SEG and 2.0 SEG positions annually and transfer certain economic development functions and executive and administrative services personnel to the Department of Safety and Professional Services. (See the entry under Regulation and Licensing for the recommendation that the agency be renamed the Department of Safety and Professional services (DSPS) and the funding provided to that Department.)

Economic development and administrative funding and personnel that would be transferred would include:

a. Administration of the Women's Business Initiative Corporation (WBIC) grant (\$99,000 GPR annually). WBIC provides access to capital through direct lending, individualized business assistance, and business education focused on women, minority, and low-income individuals.

b. Administration of the minority, woman-owned, and disabled veteran owned certification programs. The woman-owned business processing fees appropriation (\$31,500 PR annual expenditure authority) would be renamed disabled veteran-owned, woman-owned, and minority business certification fees and transferred to DSPS. The Department would be authorized to charge fees to minority business for certification. Statutory cross-references to the definitions of "minority", "minority business", "woman-owned business", and "disabled veteran-

owned business" would be changed to reflect the transfer. Under the minority, woman-owned, and disabled-veteran owned business certification programs, Commerce certifies such businesses as eligible for bid preference for state contracts. The Department charges a \$50 certification fee, and \$100 for two one-year renewals.

c. Administration of small business innovation research (SBIR) assistance grants. The bill would transfer the minority business projects; repayments appropriation, and \$510,500 PR annual expenditure authority to DSPS for the grants. The program provides financial aid to small Wisconsin high-technology businesses to help them obtain seed, early-stage or research and development funding. Funding is provided to: (a) businesses in the early stage research and development phase preceding eligibility for grants under the federal SBIR program; (b) businesses preparing for SBIR applications; and (c) businesses that have received prior federal SBIR funding and are in the commercialization phase of this activity.

d. The brownfields redevelopment activities appropriation (annual funding of \$194,000 environmental fund SEG and 2.0 positions). The positions administer the Department's blight elimination and brownfields redevelopment (BEBR) grant program. BEBR provides financial assistance to individuals, businesses and local governments for assessing and remediating the environmental contamination of an abandoned, idle, underused or blighted industrial or commercial facility or site. (Administration officials indicate that this appropriation, and the related funding and positions, was intended to be deleted as part of eliminating the Department of Commerce. The bill would need to be amended to accomplish this.)

e. Funding and positions deleted from the Commerce Division of Administrative Services includes \$1,512,600 GPR and 7.5 GPR positions, \$513,000 FED and 4.9 FED positions, \$3,244,000 PR and 28.1 PR positions. The Division provides internal management services, including personnel, payroll and benefits, affirmative action, employee health and safety, labor relations, telecommunications, property and space management. The administrative services general program operations appropriation would be renamed general program operations -- executive and administrative services under DSPS. The sale of materials and services program revenue appropriation would be renumbered under DSPS. The gifts, grants, and proceeds program revenue, and federal aid, state operations appropriations would be repealed. Resources provided to DSPS are shown in the following table.

f. The state relocation unit would be transferred to DSPS. Under Wisconsin relocation law, public agencies and local governments that undertake a publicly-funded activity that displaces them from their homes, farms or businesses are required to file a relocation plan with the state relocation unit. A relocation plan must explain the actions taken by the agency or governmental unit to: (a) assist displaced owners and tenants in finding suitable replacement dwellings, farms, or business locations; (b) inform displaced persons on available state, federal, and local assistance programs; (c) determine the costs of relocation payments and services; (d) and ensure that persons are not required to vacate dwellings until they have a reasonable chance to find replacement dwellings. The Relocation Unit assists local governments and agencies in developing equitable relocation plans, payments and services, as well as assisting in resolving disagreements. The Unit also provides information materials on state relocation and eminent domain laws, and develops sample formats for plans and waivers.

g. Authority to promulgate administrative rules related to administration of the rural hospital loan guarantee program under the Wisconsin Health and Educational Facilities

Authority (WHEFA) would be transferred to the Department of Administration (DOA).

Transfer of Funding and Positions. The table shows the appropriations transferred from Commerce to DSPS. The table includes the base funding in Commerce and the appropriation amounts and position authority in DSPS. Other summary items under Commerce, including standard budget adjustments, employee contributions to pensions and health insurance, budget efficiencies, removal of long-term vacant positions, and re-estimating woman-owned business certification fees also affect appropriation amounts and position authority and are summarized separately.

**Commerce Economic and Community Development
and Executive and Administrative Services Appropriations Transferred
to the Department of Safety and Professional Services**

	Commerce 2010-11 Base Funding	Base Positions	Appropriated to DSPS		Positions 2012-13
			2011-12 Funding	2012-13 Funding	
Economic and Community Development					
<i>General Fund</i>					
Woman's business initiative corporation	\$99,000		\$99,000	\$99,000	
<i>Program Revenue</i>					
Disabled veteran-owned, woman-owned, and minority business certification fees	291,000		31,500	31,500	
Minority business projects; repayments	<u>567,200</u>		<u>510,500</u>	<u>510,500</u>	
Total PR	\$858,200		\$542,000	\$542,000	
<i>Segregated Funds</i>					
Brownfields redevelopment activities; administration	\$190,500	2.25	\$194,000	\$194,000	2.00
Executive and Administrative Services					
<i>General Fund</i>					
General program operations - executive and administrative services	\$1,447,000	7.50	\$435,500	\$435,500	4.00
<i>Program Revenue</i>					
Sale of materials or services	39,600		35,600	35,600	
Sale of materials and services - local assistance	0		0	0	
Sale of materials and services - individuals and organizations	0		0	0	
Administrative services	3,629,000	33.45	3,196,400	3,196,400	27.00
Gifts, grants and proceeds	12,000		12,000	12,000	
Transfer of unappropriated balances	<u>0</u>		<u>0</u>	<u>0</u>	
Total PR	\$3,680,600	33.45	\$3,244,000	\$3,244,000	27.00
<i>Federal Funds</i>					
Federal aid, local assistance	0		0	0	
federal aid, individuals and organizations	0		0	0	
Indirect cost reimbursements	<u>459,900</u>	<u>6.90</u>	<u>242,300</u>	<u>242,300</u>	<u>3.00</u>
Total FED	\$459,900	6.90	\$242,300	\$242,300	3.00
Fund Source Totals					
GPR	\$1,546,000	7.50	\$534,500	\$534,500	4.00
PR	4,538,800	33.45	3,786,000	3,786,000	27.00
FED	459,900	6.90	242,300	242,300	3.00
SEG	<u>190,500</u>	<u>2.25</u>	<u>194,000</u>	<u>194,000</u>	<u>2.00</u>
Total	\$6,735,200	50.10	\$4,756,800	\$4,756,800	36.00

Transfer of Program Assets, Employees, and Matters. The bill would provide that the assets, liabilities, tangible personal property, and records of Commerce primarily related to disabled veteran-owned, woman-owned, and minority business certifications, women's business

initiative corporation grants, and small business innovation research grants, as determined by the Secretary of Administration, would become the assets, liabilities, property and records of DSPS. Any matter pending related to these activities on the effective date of the bill would be transferred to DSPS. Any materials submitted with respect to the pending matters would be considered as having been submitted to or taken by DSPS.

All contracts entered into by Commerce before the effective date of the bill that are primarily related to disabled veteran-owned, woman-owned, and minority business certifications, women's business initiative corporation grants, and small business innovation research grants, as determined by the Secretary of Administration, remain in effect and would be transferred to DSPS. The Department would be required to carry out any obligations under a contract until the contract was modified or rescinded by DSPS, to the extent allowed under the contract.

All rules promulgated by Commerce that were in effect on the effective date of the bill that were primarily related to disabled veteran owned, woman-owned, and minority business certifications, women's business initiative corporation grants, and small business innovation research grants would remain in effect until their specified expiration dates, or until amended or repealed by DSPS. All orders issued relating to such certifications or grants that were in effect on the effective date of the bill would remain in effect until their specified expiration dates, or until modified or rescinded.

All positions and all incumbent employees holding those positions in the Department of Commerce in the Division of Administrative Services or that are primarily related to disabled veteran-owned, woman-owned, and minority business certifications, women's business initiative corporation grants, and small business innovation research grants, as determined by the Secretary of Administration, would be transferred to DSPS on the effective date of the bill. Employees transferred under the provision would have the same rights and status related to state employment relations under Chapters 111 and 230 of the statutes. Transferred employees who have attained permanent status would not be required to serve a probationary period. The bill specifies that the incumbent administrator of the Division of Administrative Services who was transferred from a classified position in Commerce to an unclassified position in DSPS would retain protections afforded employees in the classified service related to demotion, suspension, discharge, layoff, or reduction in base pay. It should be noted that, the Division of Administrative Services is one of six divisions in Commerce, and the statutes currently authorize six, unclassified division administrators. Authority for the division administrator positions is not repealed in the bill. An amendment to the bill would be necessary to eliminate the authorized Commerce division administrators.

Transfer of Councils and Memberships. Commerce membership on the following statutorily designated councils and boards would be transferred to DSPS: (a) Council on Small Business, Veteran-Owned Business and Minority Business Opportunities; and (b) Wisconsin Land Council.

Joint Finance/Legislature: Modify the Governor's recommendations to transfer certain programs from Commerce to DSPS as follows:

- a. Transfer the state relocation unit to the Department of Administration.

b. Delete the SBIR grant program, and the minority business development (MBD) program revenue repayments appropriation from DSPS.

c. Transfer to the Bureau of Business Development in DOA: (1) the minority-owned business enterprise (MBE), woman-owned business enterprise (WBE), and disabled veteran-owned business enterprise (DVE) certification programs; (2) annual funding of \$184,600 GPR and 2.0 GPR economic development consultant positions; and (3) the disabled veteran-owned, woman-owned, and minority-owned business certification fees appropriation and annual expenditure of \$31,500 PR.

d. Delete administration of the Women's Business Initiative Corporation grant program, including statutory provisions, and the WBIC grants appropriation from DSPS, and transfer the related \$99,000 GPR annual funding, to WEDC.

e. Delete the brownfields redevelopment activities appropriation, including \$194,000 SEG annually and 2.0 SEG positions from DSPS.

[Act 32 Sections: 97, 250 thru 255, 257, 262, 275, 276, 282, 283, 297, 342 thru 353, 400, 400m, 406, 413, 413m, 430, 448d, 477 thru 488, 716m, 872 thru 875, 923 thru 945, 1004, 1089, 1091, 1102, 1112, 1133, 1170, 1197, 1678, 2222 thru 2226, 2256, 2394, 2553, 2554, 2741 thru 2750, 2783 thru 2787, 2831, 2832, 2872, 2873, 3282, 3317, 3319 thru 3321, 3321m, 3395, 3395m, 3465, 3466, and 9110(2u),(4)&(9u)]

11. TRANSFER DIVISIONS OF SAFETY AND BUILDINGS AND ENVIRONMENTAL REGULATORY SERVICES TO DEPARTMENT OF SAFETY AND PROFESSIONAL SERVICES [LFB Papers 245, 246, 247, 248, 249, and 251]

	Funding	Positions
PR-REV	- \$139,000	
GPR	- \$5,630,000	0.00
FED	- 3,537,200	- 15.60
PR	- 63,410,400	- 138.00
SEG	<u>- 36,589,200</u>	<u>- 64.30</u>
Total	- \$109,166,800	- 217.90

Governor: Delete \$2,815,000 GPR, \$1,768,600 FED and 15.6 FED positions, \$31,705,200 PR and 138.0 PR positions, and \$18,294,600 SEG and 64.3 SEG positions annually to transfer the Division of Safety and Buildings and the Division of Environmental Regulatory Services to the Department of Safety and Professional Services (DSPS). (See the entry under "Regulation and Licensing" for the recommended renaming of that Department to the Department of "Safety and Professional Services" and the provision of funding to DSPS.)

Current Responsibilities. The Division of Safety and Buildings administers building codes for public and private buildings, places of employment and residential structures. The Division provides plan review and inspection for commercial, industrial, and multifamily buildings, and for systems such as electrical, plumbing, private sewage, elevator, heating, ventilating, and air conditioning, boilers, mechanical, fire protection, amusement rides, swimming pools, and manufactured homes. It delegates responsibility for administration of the one- and two-family dwelling code and associated construction site erosion control to many municipalities, and administers the code in many other municipalities. The Division also issues credentials, licenses, and certifications for many occupations such as electrician, plumber, building inspector, building contractor, liquid petroleum gas supplier, thermal system insulation mechanic, and automatic fire sprinkler contractor. It administers programs related to mine

safety, fireworks, and fire prevention. The Division administers the private sewage system rehabilitation and replacement grant program (also known as the Wisconsin Fund), which provides financial assistance to owner-occupants of a principal residence and owners of small commercial businesses who meet certain income and eligibility criteria, to cover a portion of the cost of repairing or replacing failing private sewage systems. The Division also administers a fire department dues program, which uses revenues collected from insurers doing a fire insurance business in the state to fund a portion of costs of state and local fire prevention and fire protection programs. The program distributes most of the revenues to each city, village or town maintaining a local fire department that complies with state law.

The Division of Environmental Regulatory Services is responsible for: (a) inspection of petroleum products that enter the state at terminals; (b) plan review, inspection, and regulation of the installation, operation and proper removal of petroleum product storage tank systems at retail gas stations and non-retail locations and tank systems that store other flammable and combustible liquids; (c) administration of cleanup of low- and medium-risk sites with contamination from discharges from petroleum product storage systems; and (d) administration of payments under the petroleum environmental cleanup fund award (PECFA) program, which reimburses owners for a portion of the cleanup costs of discharges from petroleum product storage tank systems and home heating oil systems.

Transfer of Funding and Positions. The table shows the appropriations transferred from the two Commerce Divisions to DSPS. The table includes the base funding in Commerce and the appropriations and position authority in DSPS. Other summary entries under Commerce describe actions taken under the bill related to standard budget adjustments, employee contributions to pension and health insurance, budget efficiencies, and elimination of long-term vacancies before the Commerce programs are transferred to DSPS.

**Commerce Divisions of Safety and Buildings and Environmental Regulatory Services
Base Funding and Funding Transferred to the Department of Safety and Professional Services**

<u>Appropriation Name</u>	Commerce 2010-11 Base <u>Funding</u>	Base <u>Positions</u>	DSPS 2011-12 <u>Appropriation</u>	DSPS 2012-13 <u>Appropriation</u>	DSPS 2012-13 <u>Positions</u>
General Fund					
Private sewage system replacement and rehabilitation grant program	\$2,815,000	0.00	\$2,338,600	\$2,338,600	0.00
Federal Funds					
General program operations	\$1,711,600	17.40	\$1,768,600	\$1,768,600	15.60
Program Revenues					
Gifts and grants	\$18,000	0.00	\$18,000	\$18,000	0.00
Auxiliary services	23,400	0.00	21,000	21,000	0.00
Safety and buildings operations	16,726,400	156.80	16,263,200	16,263,200	129.14
Interagency agreements	120,800	1.60	113,500	113,500	1.36
Fire dues distribution	14,655,600	0.00	14,655,600	14,655,600	0.00
Fire prevention and fire dues administration	<u>680,400</u>	<u>6.60</u>	<u>633,900</u>	<u>633,900</u>	<u>5.50</u>
Subtotal PR	\$32,224,600	165.00	\$31,705,200	\$31,705,200	136.00
Segregated Revenues					
Petroleum inspection operations	\$5,194,500	43.50	\$5,369,700	\$5,369,700	44.50
Diesel truck idling reduction grants	1,000,000	0.00	1,000,000	1,000,000	0.00
Diesel truck idling reduction grant administration	71,000	1.00	79,800	79,800	1.00
PECFA awards (petroleum environmental cleanup fund award)	9,100,000	0.00	4,550,000	4,550,000	0.00
Removal of underground petroleum storage tanks	100,000	0.00	100,000	100,000	0.00
PECFA administration	<u>2,470,600</u>	<u>22.80</u>	<u>2,645,100</u>	<u>2,645,100</u>	<u>20.80</u>
Subtotal SEG	\$17,936,100	67.30	\$13,744,600	\$13,744,600	66.30
Total Safety and Buildings and Environmental Regulatory Services	\$54,687,300	249.70	\$49,557,000	\$49,557,000	217.90

Transfer of Program Assets, Employees, and Matters. Provide that the assets, liabilities, tangible personal property, and records of Commerce primarily related to the functions of the Division of Safety and Buildings and the Division of Environmental Regulatory Services, as determined by the Secretary of DOA, would become the assets, liabilities, property, and records of DSPS. Transfer any matter pending with the two Commerce Divisions on the effective date of the bill to DSPS. Require that any materials submitted to or actions taken by Commerce with respect to the pending matters would be considered as having been submitted to or taken by DSPS.

Specify that all contracts entered into by Commerce before the effective date of the bill that are related to the Division of Safety and Buildings and the Division of Environmental Regulatory Services, as determined by the Secretary of DOA, remain in effect on the effective date of the bill and are transferred to DSPS. Require DSPS to carry out any obligations under the contract until the contract is modified or rescinded by DSPS to the extent allowed under the contract.

Require that all rules promulgated by Commerce that are in effect on the effective date of the bill and that are primarily related to the functions of the Division of Safety and Buildings and the Division of Environmental Regulatory Services, as determined by the Secretary of DOA, remain in effect until their specified expiration dates or until amended or repealed by DSPS.

Provide that all positions and all incumbent employees holding those positions in Commerce performing duties primarily related to the functions of the Division of Safety and Buildings and the Division of Environmental Regulatory Services, as determined by the Secretary of DOA, are transferred to DSPS on the effective date of the bill. Employees transferred under the provision would have the same rights and status related to state employment relations under Chapters 111 and 230 of the statutes. Transferred employees who have attained permanent status would not be required to serve a probationary period.

Unclassified Positions. Authorize DSPS to employ seven unclassified division administrators, and eliminate the current authorization for four unclassified division administrators under DRL. (The bill does not repeal the authorization for six Commerce division administrators, and would need to be amended to do so under the elimination of Commerce.) Increase the number of unclassified bureau directors in DSPS to 10, from the five authorized under the current DRL.

Specify that incumbents holding four bureau director positions who are transferred from classified positions in Commerce to unclassified positions in DSPS would retain protections afforded employees in the classified service related to demotion, suspension, discharge, layoff, or reduction in base pay. The positions include: (a) director of the bureau of petroleum environmental cleanup fund administration in the Division of Environmental and Regulatory Services; (b) director of the bureau of petroleum products and tanks in the Division of Environmental and Regulatory Services; (c) director of the bureau of integrated services in the Division of Safety and Buildings; and (d) director of the bureau of program development in the Division of Safety and Buildings.

Transfer Councils and Memberships. Transfer the following statutorily designated councils and boards from Commerce to DSPS: (a) Building Inspector Review Board; (b) Dwelling Code Council; (c) Contractor Certification Council; (d) Plumbers Council; (e) Automatic Fire Sprinkler System Contractors and Journeymen Council; (f) Multifamily Dwelling Code Council; (g) Manufactured Housing Code Council; (h) Conveyance Safety Code Council; (i) Thermal System Insulation Council; and (j) Small Business Environmental Council.

Transfer memberships on the following entities from Commerce to DSPS: (a) Waste Facility Siting Board; (b) Groundwater Coordinating Council; and (c) Indoor Environmental Quality in Schools Task Force.

Other Program Changes. Make changes to specified programs or appropriations as follows:

Amend Chapter 101, 145, and 167, and any other statutes related to regulation of industry, buildings and safety, so that all references to the Department of Commerce would be to the Department of Safety and Professional Services.

Decrease the PECFA (petroleum environmental cleanup fund award) appropriation by \$4,550,000, from \$9,100,000 to \$4,550,000 SEG from the petroleum inspection fund annually. The PECFA program reimburses owners for a portion of the cleanup costs from discharges from petroleum product storage systems and home heating oil systems. The program is funded from a portion of a 2¢ per gallon petroleum inspection fee imposed on petroleum products that enter the state, including gasoline, diesel and heating oil. (Administration officials indicate the intent is to make additional petroleum inspection funds available for transfer to the transportation fund, summarized under DOT.)

Decrease the private sewage system replacement and rehabilitation grant program appropriation by \$476,400, from \$2,815,000 to \$2,338,600 GPR annually. (Administration officials indicate the \$476,400 is part of the GPR appropriation provided to WEDC.)

Transfer the diesel truck idling reduction grant program from Commerce to DSPS. Delete the requirements that: (a) recipients of grants for more than one idling reduction unit purchase idling reduction units of more than one type and from more than one manufacturer; and (b) the Department withhold payment of at least 20 percent of a grant until the recipient has complied with grant conditions established by the Department, including providing information to the Department relating to the operation and performance of each idling reduction unit covered by the grant. The program provides grants to freight motor carriers headquartered in Wisconsin to purchase and install idling reduction units for truck tractors to provide alternate sources of heat, air conditioning, or electricity to the truck while it is stationary, in order to reduce idling of the truck engine.

Regulation of Thermal Insulation Installation. Repeal, instead of transfer to DSPS, the s. 101.136 requirement that Commerce regulate installation of thermal system insulation. Thermal system insulation is any product used in a heating, ventilating, cooling, plumbing, or refrigeration system to insulate any hot or cold surface, including a pipe, duct, valve, boiler, flue, or tank, or equipment on or in a building (commercial, industrial, or residential building with four or more dwellings). In 2009 Act 16, the program was created to require: (a) Commerce to promulgate administrative rules establishing standards for the installation and maintenance of thermal system insulation; (b) thermal system insulation in buildings to conform to the standards as of February 1, 2011; (c) Commerce to employ a state thermal system insulation inspector with specified inspection duties; (d) Commerce to promulgate rules with requirements for the licensing of mechanics who install or maintain thermal system insulation, including payment of fees, and training and continuing education; (e) Commerce to promulgate rules with procedures for assessment of forfeitures for violations of the program; and (f) beginning on July 1, 2011, for persons who install or maintain thermal system insulation to be a mechanic licensed by Commerce. Commerce administrative rules for the program were effective February 1, 2011. Commerce estimates program revenue from the fees under current law would be approximately \$41,000 in 2011-12 and \$98,000 in 2012-13.

Transfer the Thermal System Insulation Council created under s. 15.157(15) to DSPS. The bill would delete the duties of the Council and the thermal system insulation inspector designated under s. 101.136 who serves under s. 15.157(15) as a nonvoting secretary of the Council. The thermal system insulation inspector position and associated funding is deleted under elimination of long-term vacancies. (Under 2009 Act 16, \$78,100 PR and 1.0 position

annually were provided for the inspector position.)

Reallocation of Funds within DSPS. Authorize the Secretary of DOA to reallocate funding within DSPS by transferring moneys from any DSPS appropriation to any other DSPS appropriation before July 1, 2013. Authorize the Secretary to increase or decrease the amounts for any appropriation in the appropriations schedule under section 20.165 (DSPS), if necessary to reallocate funding in accordance with the transfer of functions or personnel from Commerce to DSPS. Prohibit the DOA Secretary from adjusting the appropriation amounts in a way that increases the total amounts appropriated to exceed the totals in the appropriation schedule for DSPS on the effective date of the bill. Require the DOA Secretary to submit a report to the Joint Committee on Finance before July 1, 2013, that identifies the actions taken by the Secretary under this provision. Under current law, transfers of monies between appropriations requires legislation, or the approval of the Joint Committee on Finance under s.13.101 or s. 16.515.

Locations of Certain Circuit Court Actions. Specify that if, under current law (s. 227.59), a judicial appeal of a Commerce administrative order is required to be taken in the Circuit Court of Dane County, and can not be moved to the county of the residence or business of the petitioner, under the bill the provision instead would apply to DSPS. Section 227.53(1)(a)3 generally establishes the venue for proceedings of a judicial appeal of a state agency administrative decision as the county in which the petitioner resides, or where the property affected by the decision is located. This section would not be modified by the bill.

Bodily Harm or Threat to Department Employees. Specify that whoever intentionally causes, or threatens to cause, bodily harm to any DSPS (rather than Commerce currently) employee, official or agent ("employee"), or his or her family, is guilty of a Class H felony (a fine up to \$10,000 and/or imprisonment up to six years), if: (a) at the time the person caused or threatened harm, knows or should have known the victim is a DSPS employee or family member; (b) the DSPS employee was acting in an official capacity at the time of the act of bodily harm or threat, or the act or threat was in response to an action taken in an official capacity; and (c) the DSPS employee did not consent to the harm or threat. Current law applies to Commerce officials but not to Regulation and Licensing employees. Under the bill, the provision would apply to Commerce employees who are transferred to DSPS and also to current DRL employees who would continue in their current capacity in the renamed DSPS. Under the bill, Commerce employees who are currently protected by the provision, but who are hired by WEDC or WHEDA, would no longer be protected by the provision.

Joint Finance/Legislature: Modify the Governor's recommendations to transfer certain programs from Commerce to DSPS as follows:

- a. Transfer one position for administration of the private sewage system replacement and rehabilitation grant program to DSPS instead of deleting it. (Funding of \$74,600 GPR and 1.0 GPR position annually is provided under DSPS.)
- b. Reestimate the fire dues distribution to local governments that maintain eligible fire departments. (Funding of \$494,400 PR in 2011-12 and \$744,400 PR in 2012-13 is provided under DSPS.)
- c. Delete the provision related to authorizing the Secretary of the Department of

Administration to reallocate funding within DSPTS before July 1, 2013.

d. Modify the provision related to unclassified division administrators and bureau directors to bring the authorization in chapter 230 of the statutes in line with the number of unclassified positions in the budget system as follows: (a) provide statutory authorization under Chapter 230 for eight unclassified administrators in DSPTS; (b) delete statutory authorization for four unclassified administrators in DRL; (c) provide statutory authorization for DSPTS for two unclassified bureau directors; (d) delete statutory authorization for DRL for five unclassified bureau directors; (e) transfer two unclassified administrators from Commerce to DSPTS; (e) provide civil service protections to the four classified incumbent bureau directors in Commerce if the incumbents are transferred to unclassified positions in DSPTS; (f) delete the civil service protection to a classified administrator of the Commerce Division of Administrative Services transferred to an unclassified position in DSPTS (no such position exists); and (g) include a technical correction to delete the current authorization for Commerce to employ six unclassified administrators.

e. Repeal the Thermal System Insulation Council, in addition to approving the Governor's recommendation to repeal the thermal system insulation installation regulation program.

f. Transfer the Small Business Environmental Council, and its duties, to DNR.

[Act 32 Sections: 68, 73, 92, 98, 110 thru 114, 116 thru 121c, 125, 126, 334, 447 thru 476, 585, 586, 890, 916, 920, 1306, 1333, 1386, 1649, 1650, 1653, 1654, 1660, 1670, 1683, 1691, 1693, 1694, 1696, 1715, 1746, 1747, 1879 thru 1881, 2009 thru 2011, 2120 thru 2122, 2178, 2308, 2312 thru 2330, 2333, 2338 thru 2378, 2379 thru 2389, 2398 thru 2402, 2446 thru 2449, 2472, 2473, 2638 thru 2646, 2670, 2673 thru 2677, 2687 thru 2696, 2699 thru 2702, 2705, 2712, 2716 thru 2718, 2735, 2737, 2740, 2753m, 2757, 2760, 2765, 2782, 2855 thru 2858, 2874, 2880 thru 2889, 2896, 2906 thru 2911, 2912, 2929, 2952, 2986, 2988, 2990, 2992, 2994, 3186, 3187, 3211, 3335 thru 3338, 3467, 3472, 3475, 3501, 3502, 3529 thru 3531, 3561, and 9110(2v)&(3)]

12. TRANSFER OF HOUSING PROGRAM AND POSITIONS [LFB Paper 250]

Governor: Delete \$5,063,000 GPR and 4.95 GPR positions, \$1,013,700 PR, \$34,632,400 FED and 13.95 FED positions annually and transfer the housing programs to

	Funding	Positions
GPR	-\$10,126,000	- 4.95
FED	- 69,264,800	- 13.95
PR	<u>- 2,027,400</u>	<u>0.00</u>
Total	-\$81,418,200	- 18.90

WHEDA. WHEDA would be provided with the same amount of funding that would be eliminated under Commerce for administration and housing assistance programs. The position authority and incumbents holding the positions would not be transferred to WHEDA under the bill. As an authority, WHEDA is not a state agency and the state does not control staffing levels at WHEDA. However, Administration and Commerce officials have indicated that it is expected that incumbent Commerce housing staff will be offered positions with WHEDA or the Wisconsin Economic Development Corporation, or will be transferred to the Department of Safety and Professional Services (DSPTS).

Current Responsibilities. Commerce currently administers several state and federally-funded programs that provide housing services to low- and moderate-income households and targeted populations such as homeless persons. The Department awards state and federal funds to local governments, housing organizations, and local housing authorities, and coordinates state housing policy and resources. Commerce responsibilities include: (a) support local organizations that provide services to help low- and moderate-income persons acquire stable living arrangements; (b) develop and sustain local capacity to provide short-term emergency shelter to homeless persons; (c) maintain a statewide centralized collection of information that links providers of affordable housing and housing support services to persons who need them; (d) maintain the state's databases relating to affordable rental housing, homelessness, and homeless services; (e) provide financial assistance for rehabilitation of housing occupied by low- and moderate-income renters and homeowners; (f) provide financial assistance with home purchase and foreclosure prevention; (g) help communities and low- to moderate-income families recover from damage from natural disasters; (h) develop state housing policy and coordinate housing programs with other state and local housing and community development agencies by making annual updates to a comprehensive five-year federally-required housing strategy plan; (i) provide information to local organizations about affordable housing resources; and (j) prepare reports on bills that are introduced in the Legislature directly or substantially affecting the development, construction, cost or availability of housing in the state.

Commerce administers programs with a combination of GPR, PR and FED funds. State funds provide the following types of assistance: (a) help homebuyers purchase an affordable home by providing assistance with down payment and closing costs; (b) provide grants to local organizations to operate homeless shelters and transitional housing and to provide associated supportive services for homeless persons; and (c) fund homeless prevention and critical assistance programs to help renters retain housing and homeowners prevent foreclosure. Federal funds granted by the U.S. Department of Housing and Urban Development (HUD) include: (a) the Home Investment Partnerships Program (HOME) to support homeownership, owner-occupied housing repairs, owner-occupied accessibility improvements, rental rehabilitation, rental housing development, and rental assistance; (b) grants to local governments or agencies to operate emergency shelters, as the HUD-designated Wisconsin agency for administering the distribution of federal funds under the Stewart B. McKinney Homeless Assistance Act; (c) Community Development Block Grant – housing rehabilitation funds to support grants to municipalities for housing rehabilitation, acquisition, relocation, handicapped accessibility improvements, and home ownership assistance; (d) the Neighborhood Stabilization Program to provide emergency assistance for redevelopment of abandoned and foreclosed homes and residential properties; (e) the Homelessness Prevention and Rapid Re-Housing Program to provide financial assistance and services to prevent households from becoming homeless and to help homeless households quickly obtain housing; (f) lead hazard control grants to eliminate lead-based paint hazards from homes occupied by low-income families with children under age six; (g) Housing Opportunities for Persons with AIDS funds; and (h) Projects for Assistance in Transition from Homelessness funds to help local agencies provide housing services to people who have serious mental illness and are homeless.

Transfer of Funds. The following table shows the housing program appropriations, base funding under Commerce, and funding appropriated to WHEDA under the bill. Other summary

entries under Commerce describe actions taken under the bill related to standard budget adjustments, employee contributions for pension and health insurance, and elimination of long-term vacancies before the housing programs are transferred to WHEDA.

**Housing Program Appropriations,
Commerce Base Funding and Funding Transferred to WHEDA**

<u>Appropriation Name</u>	Commerce 2010-11 Base <u>Funding</u>	WHEDA 2011-12 <u>Appropriation</u>	WHEDA 2012-13 <u>Appropriation</u>
Administration			
General program operations - general fund	\$574,400	\$509,400	\$509,400
General program operations - federal revenues*	<u>1,285,300</u>	<u>1,632,400</u>	<u>1,632,400</u>
Subtotal -- Administration	\$1,859,700	\$2,141,800	\$2,141,800
Housing Programs			
General Fund			
Housing grants and loans	\$3,097,800	\$3,097,800	\$3,097,800
Shelter for homeless and transitional housing grants	1,413,600	1,413,600	1,413,600
Mental health for homeless individuals (Projects for Assistance in the Transition from Homelessness)	<u>42,200</u>	<u>42,200</u>	<u>42,200</u>
Subtotal -- GPR	\$4,553,600	\$4,553,600	\$4,553,600
Program Revenues			
Funding for the homeless - Interest on real estate trust accounts (IBRETA)	\$469,300	\$422,400	\$422,400
Housing program services - Payments from other state agencies	469,300	422,400	422,400
Housing program services - Payments from non-state agency entities	<u>187,700</u>	<u>168,900</u>	<u>168,900</u>
Subtotal -- PR	\$1,126,300	\$1,013,700	\$1,013,700
Federal Revenues			
Housing - federal aid, local assistance*	\$10,000,000	\$10,000,000	\$10,000,000
Housing - federal aid, individuals and organizations*	<u>23,000,000</u>	<u>23,000,000</u>	<u>23,000,000</u>
Subtotal -- FED	\$33,000,000	\$33,000,000	\$33,000,000
Subtotal Housing Assistance Programs	\$38,679,900	\$38,567,300	\$38,567,300
Total Housing Administration and Assistance	\$40,539,600	\$40,709,100	\$40,709,100

* Federal appropriations are estimates of amounts available.

Transfers of Program Assets. Specify that the assets, liabilities, tangible personal property, and records of Commerce related to the transferred housing programs, as determined by the Secretary of DOA, shall become the assets, liabilities, property, and records of WHEDA on the effective date of the bill.

Specify that all contracts entered into by Commerce before the effective date of the bill that are related to the transferred housing programs, as determined by the Secretary of DOA, remain in effect on the effective date of the bill and are transferred to WHEDA. Require WHEDA to carry out any obligations under the contract until the contract is modified or rescinded by WHEDA to the extent allowed under the contract. Require DOA to ensure performance of a duty or satisfaction of an obligation transferred from Commerce to WHEDA if WHEDA fails to perform the duty or satisfy the obligation.

Transfers of Other Statutory Requirements. Transfer, from Commerce to WHEDA, the

requirement to prepare a comprehensive five-year state housing strategy plan. Require WHEDA, rather than Commerce, to: (a) submit the plan to the U.S. Department of Housing and Community Development; (b) include specific information in the plan such as the state's housing policies and recommendations, discussion of major housing issues, evaluation of housing conditions and housing assistance needs in the state, and strategies for utilizing federal funding and coordinating federal and state housing efforts; (c) annually update the plan; and (d) annually submit the plan to the Governor and Legislature.

Transfer, from Commerce to WHEDA, the requirement to prepare a report on the effect of any bill introduced in the Legislature affecting the development, construction, cost or availability of housing in the state. Require WHEDA, rather than Commerce, to include information in the report about the effect of the bill on housing costs, the state housing strategy plan, the cost of constructing and rehabilitating housing, and on low- and moderate-income households. Delete a similar requirement that Commerce issue a report on administrative rule proposals that affect housing (described below).

Transfer, from Commerce to WHEDA, the requirement to collect from real estate brokers and salespersons any earnings on interest-bearing real estate trust accounts (IBRETA) that hold client funds. Authorize WHEDA and DSPS, rather than Commerce and the Department of Regulation and Licensing currently, to examine and audit these accounts. Currently, real estate brokers and salespersons deposit down payments, earnest money, and similar types of real estate payments in a pooled interest-bearing trust account, and pay the amount in excess of \$10, less service charges or fees, to Commerce. Commerce uses the IBRETA earnings to supplement grants made under the transitional housing, state shelter, and homeless prevention program. The requirements for real estate brokers and salespersons (other than where funds are transmitted) would remain the same. WHEDA, rather than Commerce, would make grants under the program.

Provisions Repealed Rather Than Transferred to WHEDA. Repeal requirements related to use of surplus state-owned real property under s. 560.9810, which currently require: (a) Commerce to petition the head of any state agency having jurisdiction over real property that Commerce determines to be suitable for surplus; (b) the head of the state agency having jurisdiction over the property to notify Commerce in writing whether or not the agency considers the property to be surplus; (c) if the state agency considers the property to be surplus, and if Commerce determines the property is suitable, the state agency shall transfer the property, without payment, to Commerce for purposes of transferring to an applicant; (d) Commerce to be authorized to transfer the property to an applicant under a written agreement that includes a provision that the applicant agrees to pay Commerce an amount to utilize the real property in conformance with the agreement; (e) Commerce to record the agreement with the Register of Deeds for the county in which the property is located; and (f) that these surplus property provisions do not apply to property that is authorized to be sold by DOA under s. 16.848 (general sale of surplus properties provisions).

Repeal the requirement that if an agency proposes an administrative rule that directly or substantially affects the development, construction, cost, or availability of housing in the state, Commerce would be required to prepare a report about the effect of the proposed rule on housing

before the rule is submitted to the Legislative Council staff for review. Currently, Commerce is required to prepare the report within 30 days after the rule is submitted to Commerce. The report is required to contain information about the effect of the proposed rule on: (a) the policies, strategies and recommendations of the state housing strategy plan; (b) the cost of constructing, rehabilitating, improving or maintaining single family or multifamily dwellings; (c) the purchase price of housing; (d) the cost and availability of financing to purchase or develop housing; and (e) housing costs. Commerce is also required to include an analysis in the report of the impact of the proposed rule on low- and moderate-income households.

Joint Finance/Legislature: Transfer the housing programs to DOA instead of to WHEDA. See the entries under WHEDA and Administration.

13. TRANSFER ADMINISTRATION OF THE DAIRY MANUFACTURING FACILITY INVESTMENT TAX CREDIT AND DAIRY 2020 PROGRAM TO AGRICULTURE, TRADE AND CONSUMER PROTECTION [LFB Paper 238]

Governor: Transfer administration of the manufacturing facility investment tax credit and the Dairy 2020 program from Commerce to the Department of Agriculture, Trade and Consumer Protection (DATCP).

Transfer of Program Property and Rules. The bill would provide that the tangible personal property and records of Commerce primarily related to the functions of Commerce with respect to the dairy manufacturing facility investment tax credit, as determined by the Secretary of Administration, would become the tangible personal property and records of DATCP. All rules promulgated by Commerce that were in effect on the effective date of the bill related to the manufacturing facility investment tax credit would remain in effect until their specified expiration date or until amended or repealed by DATCP.

The refundable dairy manufacturing facility investment tax credit, is equal to 10% of the amount paid in a tax year by a claimant for modernization or expansion related to the claimant's dairy manufacturing operation. The credit can also be claimed for eligible investments made by dairy cooperatives. The total amounts of tax credits that can be claimed is limited to \$700,000 annually for cooperative members and \$700,000 annually for other entities. Commerce is required to certify taxpayers, allocate tax credits, and verify credit claims.

The Dairy 2020 Initiative was organized to identify opportunities for strengthening the dairy industry and to develop specific strategies to increase dairy farm profitability and dairy industry competitiveness. The initiative is designed to bring together representatives from dairy industry, producers and processors, supporting industries, state government, and the UW System to identify industry objectives and develop strategies for achieving them. Commerce, along with the Department of Agriculture, Trade and Consumer Protection, and the UW are the lead state agencies in the initiative. The Dairy 2020 Initiative consists of three components: (a) the Dairy 2020 Council is comprised of dairy producers, industry representatives, legislators and public representatives; (b) the Dairy 2020 early planning grant program administered by the Wisconsin Enterprise Network, with funding from Commerce; and (c) the Milk Volume Production program to provide qualifying dairy producers with financing to fill the equity gap, and partner

with local communities to increase dairy production in Wisconsin. The program is primarily funded through the federal Community Development Block Grant economic development program.

Joint Finance/Legislature: Transfer \$200,000 GPR annually from WEDC to DATCP for Dairy 2020 early planning grants (EPG), Milk Volume Production (MVP) loans or similar financial assistance programs. In addition, administration of the food processing plant and food warehouse investment tax credit, meat processing facility investment tax credit, and woody biomass harvesting and processing tax credit would also be transferred to the Department of Agriculture, Trade, and Consumer Protection.

[Act 32 Sections: 375g, 1822 thru 1827, 1835, 1837 thru 1841, 1844, 1845, 1959 thru 1964, 1972, 1974 thru 1978, 1981, 1982, 2071 thru 2076, 2084, 2086 thru 2090, 2093, 2094, 2299r, 3355g, 3355m, 3367, 3370, 3372, and 9110(7)&(8q)]

14. TRANSFER ADMINISTRATION OF FILM TAX CREDITS TO TOURISM

Governor/Legislature: Transfer administration of the film production tax credits from Commerce to the Department of Tourism. The bill would provide Tourism with rule-making authority to administer the tax credit.

Provisions of 2005 Wisconsin Act 483 created both a film production services tax credit and a film production company investment tax credit. The film production services tax credit is refundable and equal to 25% of: (a) salaries, wages, and/or labor-related contract payments to all individuals, including actors, who are Wisconsin residents that work on an accredited production in Wisconsin; and (b) non-labor production expenses incurred in Wisconsin to produce an accredited production. The film production company investment tax credit is refundable and equal to 15% of: (a) the purchase price of depreciable, tangible personal property and items, property and goods, if the sale of such property and goods is sourced to Wisconsin; and (b) the amount expended to construct, rehabilitate, remodel, or repair real property. Commerce is required to accredit a production as eligible, determine the eligible amount of production expenditures, including resident salary and wages and sales and use taxes, and certify film production company expenses for the purpose of claiming the film production tax credits. The maximum amount of film production tax credits that can be claimed in a fiscal year is \$500,000.

[Act 32 Sections: 1874 thru 1876, 2004 thru 2007, 2115 thru 2118, and 3368]

CORRECTIONS

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$2,291,357,600	\$2,247,825,400	\$2,250,923,800	\$2,250,923,800	\$2,250,923,800	- \$40,433,800	- 1.8%
FED	5,618,600	5,236,100	5,236,100	5,236,100	5,236,100	- 382,500	- 6.8
PR	300,436,400	228,097,300	226,446,000	226,446,000	226,446,000	- 73,990,400	- 24.6
SEG	<u>626,800</u>	<u>515,000</u>	<u>515,000</u>	<u>515,000</u>	<u>515,000</u>	<u>- 111,800</u>	- 17.8
TOTAL	\$2,598,039,400	\$2,481,673,800	\$2,483,120,900	\$2,483,120,900	\$2,483,120,900	- \$114,918,500	- 4.4%

FTE Position Summary						
Fund	2010-11 Base	2012-13 Governor	2012-13 Jt. Finance	2012-13 Legislature	2012-13 Act 32	Act 32 Change Over 2010-11 Base
FED	3.00	0.00	0.00	0.00	0.00	- 3.00
PR	909.65	598.15	598.15	598.15	598.15	- 311.50
SEG	<u>2.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>- 1.00</u>
TOTAL	10,594.22	10,253.37	10,254.37	10,254.37	10,254.37	- 339.85

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 255]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$109,984,000	0.00	-\$18,546,400	0.00	\$91,437,600	0.00
FED	- 381,800	- 3.00	0	0.00	- 381,800	- 3.00
PR	11,162,200	- 8.00	- 1,641,000	0.00	9,521,200	- 8.00
SEG	<u>- 2,600</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>	<u>- 2,600</u>	<u>0.00</u>
FED	\$120,761,800	- 11.00	-\$20,187,400	0.00	\$100,574,400	- 11.00

Governor: Provide \$54,992,000 GPR, -\$162,900 FED and -3.0 FED positions, \$5,810,700 PR, and -\$1,300 SEG in 2011-12, and \$54,992,000 GPR, -\$218,900 FED, \$5,351,500 PR and -8.0 PR positions, and -\$1,300 SEG in 2012-13 for the following adjustments to the base budget: (a) turnover reduction (-\$10,426,400 GPR, and -\$752,800 PR annually); (b) removal of noncontinuing items (-\$609,700 GPR, -\$168,000 FED and -3.0 FED positions in 2011-12, -\$609,700 GPR, -\$224,000 FED and -3.00 FED positions, and -\$459,200 PR and -8.00 PR positions in 2012-13); (c) full funding of salaries and fringe benefits (\$18,694,900 GPR, \$4,600 FED, \$2,988,600 PR, and -\$1,300 SEG annually); and (d) night and weekend differential (\$8,443,800 GPR, \$500 FED, and \$698,000 PR annually). In addition, request overtime of \$38,889,400 GPR and \$2,876,900 PR annually. In the calculation of full funding of salaries and fringe benefits, costs associated with overtime are removed. Thus, the overtime amounts represent the estimated total cost for overtime. In 2010-11, \$30,460,000 was budgeted for corrections overtime costs.

Joint Finance/Legislature: Modify the Governor's recommendation to specify that \$9,273,200 GPR and \$820,500 PR annually released to increased overtime funding be placed in the Joint Committee on Finance's supplemental appropriation under "Program Supplements" for the Department to submit a request for release [This amount represents the increase for overtime over base funding in the bill.]

Further, modify s. 16.50(3)(f) to require the Department of Administration Secretary to quarterly report to the Joint Committee on Finance: (a) the base number of existing surplus positions in an agency; (b) the number of surplus positions each agency has created; and (c) the amounts spent on surplus positions. [See "Administration - General Agency Provisions"]

Veto by Governor [E-39]: Delete language related to modifying the report on surplus positions.

[Act 32 Vetoed Section: 218h]

2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE

GPR	- \$77,716,400
FED	- 700
PR	- 7,558,000
SEG	<u>- 10,800</u>
Total	- \$85,285,900

Governor/Legislature: Delete \$42,643,300 in 2011-12 and \$42,642,600 in 2012-13 to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The reductions would include \$38,858,200 GPR, \$3,779,000 PR, and \$5,400 SEG annually, and \$700 FED in 2011-12. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance cost reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

3. ELIMINATE LONG-TERM VACANCIES [LFB Paper 256]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$7,874,000	- 67.95	\$78,200	1.00	-\$7,795,800	- 66.95
PR	- 639,200	- 6.50	0	0.00	- 639,200	- 6.50
SEG	- 98,400	- 1.00	0	0.00	- 98,400	- 1.00
Total	-\$8,611,600	- 75.45	\$78,200	1.00	-\$8,533,400	- 74.45

Governor: Delete \$4,305,800 (all funds) and 75.45 positions annually to reflect the elimination of long-term vacant positions under the bill. The reductions would include \$3,937,000 GPR and 67.95 GPR positions, \$319,600 PR and 6.5 PR positions, and \$49,200 SEG and 1.0 SEG positions annually. Funding and position reductions are associated with positions that have been vacant for 12 months or more.

Joint Finance/Legislature: Modify the Governor's recommendation to restore funding and a positions (\$39,100 GPR and 1.0 GPR position annually) which were inadvertently eliminated twice under two separate provisions in the bill.

4. DEBT SERVICE REESTIMATE [LFB Paper 183]

GPR	\$47,039,600
PR	- 678,200
Total	\$46,361,400

Governor/Legislature: Provide funding of \$22,789,800 GPR and -\$341,500 PR in 2011-12 and \$24,249,800 GPR and -\$336,700 PR in 2012-13 to reflect the current law reestimate of GPR debt services costs on state general obligation bonds and commercial paper debt issued for the Department, and reestimated PR debt service. The reestimates include: (a) adult corrections, \$21,461,600 in 2011-12 and \$22,737,100 in 2012-13; (b) prison industries, -\$341,500 PR in 2011-12 and -\$336,700 PR in 2012-13; and (c) juvenile corrections, \$1,328,200 in 2011-12 and \$1,512,700 in 2012-13.

5. GPR DEBT RESTRUCTURING -- DEBT SERVICE [LFB Paper 175]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$60,102,200	\$21,566,600	-\$38,535,600

Governor: Decrease funding by \$62,864,700 in 2011-12 and increase funding by \$2,762,500 in 2012-13 to the reflect the changes estimated GPR debt service costs associated with the proposed restructuring of general obligation bond and commercial paper GPR principal amounts that would otherwise be paid off in 2011-12. Under the bill, the state would issue refunding bonds to restructure a portion of its outstanding general obligation GPR principal debt and would rollover the principal due on its outstanding commercial paper in 2011-12. The increase in debt service for 2012-13 is associated with the initial interest amount due on the additional debt issued to replace the restructured 2011-12 principal repayment. (See "Building

Commission" for additional information regarding this provision.)

Joint Finance/Legislature: Modify debt service funding by \$22,463,500 GPR in 2011-12 and -\$896,900 GPR in 2012-13 associated with a \$100,100,000 reduction in restructuring bonding in 2011-12.

6. RENT

GPR	\$758,600
PR	<u>104,700</u>
Total	\$863,300

Governor/Legislature: Provide \$216,000 GPR and \$26,900 PR in 2011-12, and \$542,600 GPR and \$77,800 PR in 2012-13 for rental costs on a departmentwide basis. Funding would be as follows: (a) Division of Management Services (-\$326,800 GPR and \$29,800 PR in 2011-12 and -\$199,800 GPR and \$49,200 PR in 2012-13); (b) Division of Adult Institutions (-\$500 GPR and \$9,900 PR in 2011-12 and -\$500 GPR and \$16,600 PR in 2012-13); (c) Division of Community Corrections (\$544,100 GPR and \$1,300 PR in 2011-12 and \$743,500 GPR and \$2,600 PR in 2012-13); (d) Secretary's Office (-\$500 GPR annually); (e) Earned Release Review Commission (-\$500 annually); and (f) Division of Juvenile Corrections (\$200 GPR and -\$14,100 PR in 2011-12 and \$400 GPR and \$9,400 PR in 2012-13).

7. TRANSFER FUNDING AND POSITIONS WITHIN DIVISION OF MANAGEMENT SERVICES [LFB Paper 256]

GPR	- \$7,000
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Governor/Legislature: Reduce funding by \$200 in 2011-12 and \$6,800 in 2012-13 associated with transferring funding and positions between bureaus within the Division of Management Services (DMS). Under the bill, funding within DMS would be adjusted as follows: (a) DMS central office, -\$125,400 in 2011-12 and -\$132,000 in 2012-13 and -1.0 position annually; (b) Bureau of Personnel and Human Resources, -\$39,100 and -1.0 position annually; and (c) Bureau of Budget and Facilities Management, \$164,300 and 2.0 positions annually.

8. REPLACEMENT OF CLASSIFIED POSITIONS WITH UNCLASSIFIED POSITIONS

Governor/Legislature: Delete 3.0 GPR classified positions and provide 3.0 GPR unclassified positions under the Department's general program operations appropriation.

Under 2011 Wisconsin Act 10, 38 classified positions are transferred into the unclassified service to serve as division administrators. Act 10 also redefined "administrators" to include "other managerial positions determined by an appointing authority." The State Budget Office indicates that personnel from three separate employment areas (attorney services positions, communications positions, and legislative liaison positions) will be moved from classified to unclassified service within the specified agencies. The revised unclassified positions were renamed as either chief legal advisors, communications directors, or legislative advisors. Individuals in these unclassified positions are at will employees appointed by the heads of the

respective agencies.

The provisions in the 2011-13 biennial budget bill effectuate the intent of 2010 Wisconsin Act 10 in regards to the transfer of classified positions to unclassified positions.

9. REALIGNMENT AND REORGANIZATION OF FUNDING AND POSITIONS

Governor/Legislature: Provide the transfer of GPR funding and positions between appropriations related to realignment, including: (a) \$276,100 GPR and 3.0 GPR positions annually for the Department's general program operations appropriation; (b) -\$276,100 GPR and -3.0 GPR positions annually from the services for community corrections appropriation; and (c) within the Becky Young Community Corrections appropriation, -\$840,700 GPR annually from the Division of Adult Institutions and \$840,700 GPR annually to the Secretary's Office.

In addition, request the following transfers between appropriations related to reorganization: (a) \$13,321,000 PR from the Bureau of Finance and Administrative Services to the Bureau of Correctional Enterprises related to supplies and services and LTE staffing funding for the Department's central warehouse; and (b) \$20,000 GPR in supplies and services related to infirmary from the Dodge Correctional Institution to the Bureau of Health Services.

10. CHANGE THE ADULT GENERAL PROGRAM OPERATIONS APPROPRIATION FROM AN ANNUAL TO BIENNIAL APPROPRIATION [LFB Paper 257]

Governor: Change the Department's adult general program operations appropriation [s.20.410(1)(a)] from an annual appropriation to a biennial appropriation. By statute, annual appropriations are expendable only up to the amount shown in the appropriation schedule for the fiscal year in which the appropriation is made. At the end of the fiscal year, the unencumbered balances revert to the fund from which appropriated (in the case of Corrections' general program operations appropriation, this would be the general fund). For biennial appropriations, dollar amounts shown in schedule are the most reliable estimates of the amounts to be spent each fiscal year. However, unlike annual appropriations, unencumbered balances at the end of the first fiscal year of the biennium are transferred to the amounts for the second year of the biennium. At the end of the biennium, an unencumbered balances revert to the fund from which appropriated.

The bill would appropriate \$698.0 million in 2011-12 and \$693.5 million in 2012-13 to the Department's general program operations appropriation.

Joint Finance/Legislature: Delete provision.

11. PROGRAM REVENUE REESTIMATES

PR	- \$24,751,700
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Governor/Legislature: Adjust program revenue estimates by -\$12,468,900 in 2011-12 and -\$12,282,800 in 2012-13 associated with the funding adjustments identified in the table below. The table identifies the program revenue appropriations that would be affected by this

item, by program area, the base funding amounts for these appropriations, the funding changes that would be made to these appropriations under this item and other items in Corrections' budget, and the total funding that would be budgeted for these purposes under the bill.

Purpose	2010-11 Base	2011-12			2012-13		
		Funding Adjustment	Other Agency Adjustments	Total	Funding Adjustment	Other Agency Adjustments	Total
Prison Industries							
Badger State Industries	\$21,703,800	-\$6,071,000	-\$331,300	\$15,301,500	-\$5,937,700	-\$325,300	\$15,440,800
Correctional Farms	5,542,900	250,000	800	5,793,700	250,000	1,400	5,794,300
Correctional Institution Enterprises							
Inmate Activities & Employment	3,714,100	-900,000	15,700	2,829,800	-900,000	15,700	2,829,800
Central Generating Plant	4,965,900	-150,000	-32,800	4,783,100	-150,000	-32,800	4,783,100
Central Warehouse	13,886,800	-4,300,000	-32,300	9,554,500	-4,300,000	-32,200	9,554,600
Sex Offenders							
Sex Offender Management	824,800	230,000	-1,000	1,053,800	230,000	-1,000	1,053,800
Sex Offender Honesty Testing	570,800	-230,000	0	340,800	-230,000	0	340,800
Home Detention Services							
Bureau of Classification & Movement	697,400	-290,700	17,600	424,300	-290,700	18,000	424,700
Restitution							
Administration of Restitution	1,156,500	-436,400	-18,200	701,900	-436,400	-17,300	702,800
Juvenile Corrections							
Fuel and Utilities	2,018,800	<u>-570,800</u>	-785,800	1,146,500	<u>-518,000</u>	-483,600	1,191,300
Total PR Reestimates		-\$12,468,900			-\$12,751,700		

12. PENALTY SURCHARGE REDUCTIONS [LFB Paper 424]

PR	- \$547,200
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Governor/Legislature: Reduce expenditure authority by \$273,200 in 2011-12 and \$274,000 in 2012-13, as follows: (a) -\$244,300 in 2011-12 and \$245,100 in 2012-13 under the correctional officer training appropriation; and (b) -\$28,900 annually under the victim services and programs appropriation. The reduction represents a 10% reduction to the appropriation after standard budget adjustments. Require all unencumbered balances in the appropriation at the end of each fiscal year to revert to the "criminal justice program support" appropriation under the Department of Justice.

[Act 32 Sections: 626 and 627]

Adult Institutions

1. ADULT CORRECTIONAL FACILITY POPULATIONS [LFB Paper 259]

Governor/Legislature: Estimate an average daily population (ADP) in adult correctional facilities (correctional institutions and centers) and contract beds of 21,610 in 2011-12 and 21,217 in 2012-13. The following table identifies the estimated distribution of this population.

	March 18, 2011 <u>Actual Population</u>	<u>Average Daily Population</u>	
		<u>2011-12</u>	<u>2012-13</u>
Males			
Institutions	18,466	17,725	17,383
Centers	1,495	1,793	1,759
Wisconsin Resource Center	332	344	344
Contract Beds*	388	540	530
Females			
Women's Correctional System	1,197	1,166	1,156
Wisconsin Resource Center	<u>n/a</u>	<u>42</u>	<u>45</u>
Total Population	21,878	21,610	21,217

*Contract bed populations include inmates held in federal facilities and in Wisconsin county jails.

2. POPULATION AND INFLATIONARY COST INCREASES [LFB Paper 259]

GPR	\$18,163,300
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Governor/Legislature: Provide \$7,764,800 in 2011-12 and \$10,398,500 in 2012-13 to reflect population-related cost adjustments for prisoners in facilities operated by the Division of Adult Institutions, as follows: (a) \$1,074,700 in 2011-12 and \$1,611,600 in 2012-13 for food costs; (b) \$3,713,800 in 2011-12 and \$3,704,200 in 2012-13 for variable nonfood costs, such as clothing, laundry, inmate wages, and other supplies; and (c) \$2,976,300 in 2011-12 and \$5,082,700 in 2012-13 for inmate health care. The bill assumes that the per capita annual costs for inmate health care will increase from an estimated \$2,655 in 2010-11 to \$2,749 in 2011-12 and to \$2,845 in 2012-13. Health care costs include pharmaceutical costs, third party administrator costs, and contracting costs with the University Hospital and Clinics, the UW Medical Foundation, Waupun Memorial Hospital, and other community hospitals.

3. DIVISION OF ADULT INSTITUTIONS POPULATION MANAGEMENT [LFB Paper 259]

GPR	-\$52,655,900
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Governor/Legislature: Delete \$22,701,100 in 2011-12 and \$29,954,800 in 2012-13 related to a projected decline in the adult prison population. Funding was calculated based on the current daily contract rate of \$51.46 and assuming a reduced population of 1,208 in 2011-12 and 1,593 in 2012-13. Under this provision, funding would be reduced as follows: (a) contract

beds, -\$3,766,900 in 2011-12 and -\$3,756,600 in 2012-13 associated with 200 fewer contract beds; (b) food, -\$4,666,100 in 2011-12 and -\$7,461,100 in 2012-13; and (c) variable nonfood costs, -\$14,268,100 in 2011-12 and -\$18,737,100 in 2012-13.

4. FUEL AND UTILITIES REESTIMATE

GPR	- \$1,446,600
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Governor/Legislature: Delete \$1,445,100 in 2011-12 and \$1,500 in 2012-13 as a result of reestimating fuel and utility costs. Current base funding for fuel and utilities in the Department is \$37,017,900 annually.

5. FULL FUNDING -- FEMALE MENTAL HEALTH INITIATIVE AND FEMALE UNIT AT THE WISCONSIN RESOURCE CENTER

GPR	\$381,800
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Governor/Legislature: Provide \$190,900 annually to fully fund female mental health programs, including: (a) \$166,300 annually for enhanced mental health services for female inmates at Taycheedah Correctional Institution; and (b) \$24,600 annually for security staffing for the new female inmate unit at the Wisconsin Resource Center. Funding and positions for these initiatives were provided in the 2009-11 budget act. Under this provision, non-salary program costs funded for less than a full year in 2010-11, would be fully funded for the 2011-13 biennium.

6. MANAGEMENT-CORRECTIONAL OFFICER MEETINGS

Joint Finance/Legislature: Require that the superintendent or other person in charge at each state correctional institution designates a person to meet with correctional officers employed at the institutions to discuss potential or ongoing safety concerns at the institutions and to develop solutions to the concerns. Further, require the Department, with the assistance of the Office of State Employment Relations, to develop a policy for staff assignments that must consider an employees' seniority when assigning shifts.

[Act 32 Sections: 2995h and 2995k]

7. INMATE LITIGATION LOANS

Joint Finance/Legislature: Modify current law to specify that no prisoner may receive more than \$100 annually in litigation loans, except that any amount of the debt the prisoner repays during the year may be advanced to the prisoner again without counting against the \$100 litigation loan limit. No prisoner may receive a litigation loan in any amount until he or she has repaid a prior loan in full or has made arrangements for repayment with the warden of the institution.

Under current law, the Department is authorized to loan funds to prisoners to pay for paper, photocopying, postage, or other expenses associated with litigation commenced by the

prisoner. Further, administrative rule specifies that no inmate may receive more than \$200 annually, except than any amount of the debt the inmate repays during the year may be advanced to the inmate again without counting against the \$200 loan limit. The \$200 loan limit may be exceeded with the superintendent's approval if the inmate demonstrates an extraordinary need.

Veto by Governor [A-3]: Delete the language "with the warden of the institution."

[Act 32 Section: 3014m]

[Act 32 Vetoed Section: 3014m]

8. REPORT ON CORRECTIONAL NURSING SERVICES

Joint Finance/Legislature: Require the Secretary of Corrections to submit a report before October 1, 2011, to the Joint Committee on Finance that: (a) identifies the number of nursing staff and associated costs for each correctional facilities in 2009-10 and 2010-11; and (b) summarizes each contract for nursing services entered into by the Department in or for 2009-10 and 2010-11.

Veto by Governor[A-4]: Delete provision.

[Act 32 Vetoed Section: 9111(1u)]

9. RELEASE OF INMATE HEALTH INFORMATION

Joint Finance/Legislature: Authorize health care providers, medical staff, or receiving institution intake staff to notify the following individuals regarding certain health care issues of prisoners: (a) correctional officer who has custody or is responsible for supervision of a prisoner; (b) a person designated by a jailer to have custodial authority over a prisoner; or (c) a law enforcement officer or other person responsible for transferring a prisoner to or from prison or jail. Specify that the health care provider, medical staff, or receiving institution intake staff would be:

a. Required to release patient health care records upon request without informed consent, if the health care record indicates that the prisoner has a communicable disease and disclosure of that information is necessary for the health and safety of the prisoner or of other prisoners, of the person whom the information is disclosed, or of any employee of the prison or jail.

b. May disclose HIV test results, if an HIV test result is positive and disclosure of that information is necessary for the health and safety of the test subject or of other prisoners, of the person to whom the information is disclosed, or of any employee of the prison or jail.

Require receiving institution intake staff to disclose information in a prisoner's health summary form or complete medical file, if the information indicates that the prisoner has a communicable disease and if disclosure of that information is necessary for the health and safety

of the prisoner or of other prisoners, of the person to whom the information is disclosed, or of any employee of the prison or jail.

Require the Department or jail to disclose information in a prisoner's treatment summary, if the information indicates that the prison has a communicable disease and if disclosure of that information is necessary for the health and safety of the prisoner or of other prisoners, of the person to whom the information is disclosed, or of any employee of the prison or jail.

[Act 32 Sections: 2648q, 2873q, and 3051h thru 3051L]

Adult Community Corrections

1. BECKY YOUNG FULL FUNDING -- MENTAL HEALTH CONDITIONAL RELEASE PROGRAMS

GPR	\$1,985,600
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Governor/Legislature: Provide \$992,800 annually to fully fund a male mental health conditional release program (\$580,300 annually) and a female mental health conditional release program (\$412,500 annually) under the Becky Young community corrections appropriation. The male conditional release program would cost a total of \$1,250,000 annually, serving an average daily population of 52 offenders. The female conditional release program would cost a total of \$900,000 annually, serving an average daily population of 36 offenders.

The Becky Young community corrections appropriation funds community services established by the Department that have the goals of increasing public safety, reducing the risk of reoffending, and reducing by 2010-11 the recidivism rate of persons on probation, parole, or extended supervision for a felony conviction.

2. FULL FUNDING FOR 2009 ACT 100 -- OPERATING WHILE INTOXICATED (OWI)

GPR	\$1,097,400
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Governor/Legislature: Provide \$548,700 annually for full funding of salary and fringe benefit costs for limited-term employee (LTE) positions at the Department's monitoring center, associated with implementation of 2009 Act 100. On March 16, 2010, the Joint Committee on Finance approved \$1,953,100 GPR for the supervision of second and third offense OWI offenders, including \$636,300 for LTE staffing costs. Funding for staffing was provided at three-, six-, or nine-month implements in 2010-11, depending on the position. With full funding, total funding for LTE staffing would be \$1,185,000 annually.

3. CONVERSION OF LIMITED-TERM EMPLOYEE MONITORING CENTER POSITIONS TO PERMANENT STATUS

	Funding	Positions
GPR	\$383,900	27.60

Governor/Legislature: Provide \$76,800 in 2011-12 and \$307,100 in 2012-13 and 27.6 positions annually to convert limited-term employee (LTE) positions to permanent positions at the Department's Division of Community Corrections' Monitoring Center. Funding assumes that staffing costs (\$341,000 in 2011-12 and \$1,363,700 in 2012-13) would be offset by a reduction in LTE staffing costs (-\$264,200 in 2011-12 and -\$1,056,600 in 2012-13). Funding for LTEs was initially provided from the Joint Committee on Finance's supplemental appropriation for funding state agency costs associated with 2009 Act 100 (modifications to the state's operating while intoxicated laws).

4. FULL FUNDING OF SEX OFFENDER MANAGEMENT COSTS

GPR	\$400,200
PR	16,200
Total	\$416,400

Governor/Legislature: Provide \$200,100 GPR and \$8,100 PR annually to fully fund supplies and services costs associated with positions provided in the 2009-11 budget for the management of the Department's sex offender populations. In the 2009-11 budget, staffing and funding were provided for the Department's monitoring center, community corrections, sex offender registry, and presentence investigations. Under this provision, non-salary program costs funded for less than a full year in 2010-11, would be fully funded for the 2011-13 biennium.

5. VICTIM INFORMATION AND NOTIFICATION EVERYDAY (VINE) FUNDING [LFB Paper 260]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$1,204,500	- \$10,300	\$1,194,200

Governor: Provide \$511,900 in 2011-12 and \$692,600 in 2012-13 for the Department's Office of Victim Services and Programs to support county costs associated with the state-wide automated Victim Information and Notification Everyday (VINE) and VINE Protective Order services. The funding for VINE would be derived through revenue from the justice information system surcharge. [See "Administration -- Justice Information System Surcharge Overview" for more information.]

The Department of Corrections received a \$1.2 million grant from the U.S. Department of Justice to implement a victim notification service in all Wisconsin counties and in the state Department of Health Services. Funding from the grant ends on June 30, 2011. According to the Department, funding would support continued implementation of the VINE system in all counties, and create the VINE Protective order service, which would provide timely notifications to current restraining order status information in English, Spanish, and Hmong.

Joint Finance/Legislature: Modify Governor's recommendation by -\$10,300 in 2012-13 associated with a 4% increase in costs in the second year, instead of a 6% increase in costs.

[Act 32 Section: 625]

6. PERMIT FILMING AND/OR TAPING AT CHAPTER 51 CERTIFIED COMMUNITY-BASED RESIDENTIAL FACILITIES

Joint Finance/Legislature: Permit filming and/or taping in common areas of community-based residential facilities certified under Chapter 51 of the statutes with correctional-only clients.

Under current law, community-based residential facilities that are licensed under Chapter 50 of the statutes (Uniform Licensure) with correctional-only clients are permitted to use video surveillances, filming, and taping in common areas. Similar facilities that are also certified under Chapter 51 of the statutes (State Alcohol, Drug Abuse, Developmental Disabilities and Mental Health Act) with corrections-only clients are permitted to use video surveillance in common areas, but not filming or taping.

[Act 32 Section: 1667g]

Sentencing Modifications

1. REPEAL AND MODIFY 2009 ACT 28 SENTENCING MODIFICATIONS [LFB Paper 265]

Governor: Modify the sentencing modification provisions that were created in 2009 Act 28, as follows:

Repealed Sentencing Provisions

The bill would repeal the following Act 28 sentencing modification provisions.

a. *Positive Adjustment Time.* The bill would delete "positive adjustment time," which allows certain inmates to earn earlier release from prison by not violating prison regulations and not refusing or neglecting to perform required or assigned duties.

Under the Act 28 provision, an inmate convicted of a non-violent Class F to I felony, and not considered high-risk, may earn one day of positive adjustment time for every two days served without violation of prison regulation, or refusal or neglect to perform required or assigned duties. Inmates convicted of violent Class F to I felonies, or non-violent Class F to I felonies considered high-risk, may earn one day of positive adjustment time for every three days served. Inmates convicted of Class C to E felonies may earn one day of positive adjustment time

for every 5.7 days served. Individuals who are sentenced for certain offenses are excluded from positive adjustment time, including all sex offenses requiring registration with the sex offender registry.

When an inmate convicted of a non-violent Class F to I felony, and not considered high risk, is within 90 days of release to extended supervision, the Department must notify the sentencing court of its intent to modify the inmate's sentence and release the inmate to extended supervision. If the court decides to hold a review hearing, the court may accept the Department's determination, reject the Department's determination, or order the inmate to remain in prison for a period of time not exceeding the inmate's term of confinement. If the court does not hold a hearing or accepts the Department's determination, the Department must release the inmate to extended supervision.

For inmates convicted of violent Class F to I felonies, or non-violent Class F to I felonies considered high-risk, or Class C to E felonies, inmates may petition the Earned Release Review Commission (ERRC) for release to extended supervision when they have served the term of confinement portion of the sentence, less positive adjustment time earned. Within 90 days of release to extended supervision, the ERRC must notify the sentencing court of its intent to modify the inmate's sentence and release the inmate to extended supervision. If the court decides to hold a review hearing, the court may accept the ERRC's determination, reject the ERRC's determination, or order the inmate to remain in prison for a period of time not exceeding the inmate's term of confinement. If the court does not hold a hearing, or accepts the ERRC's determination, the ERRC may proceed to release the inmate to extended supervision.

If the inmate is released to extended supervision, the Department or ERRC must reduce the term of confinement in prison portion of the sentence, and increase the extended supervision portion of the sentence, so the overall sentence length does not change.

Under the bill, inmates who have already earned positive adjustment time would be allowed to petition the sentencing court to adjust the sentence if Corrections determines that the inmate has served the confinement portion of his or her sentence, less positive adjustment time earned. Within 60 days of receipt of the petition, the sentencing court could either deny the petition or hold a hearing and issue an order related to the inmate's petition. At the hearing, the court may consider: (a) the inmate's conduct in prison; (b) the inmate's level of risk of reoffending, based on a verified, objective instrument; (c) and the nature of the offense committed. If the court determines that the inmate earned positive adjustment time, the court may reduce the term of confinement in prison, less up to 30 days, and must lengthen the term of extended supervision, so the overall sentence length does not change.

Under law in existence prior to Act 28, an inmate serving a bifurcated sentence, other than for a Class B felony, may petition the sentencing court adjust his or her sentence if the inmate has served at least 75% of a Class F to I felony, or 85% of a Class C to E felony ("75%-85% bifurcated sentence modification provision"). Act 28 provided that the 75%-85% bifurcated sentence modification provision only applies to inmates serving bifurcated sentences imposed before October 1, 2009. Under the bill, the "before October 1, 2009" language would be deleted, restoring the law for inmates with sentences imposed on or after October 1, 2009. Further, the

bill would provide that current inmates who petition for release under the positive adjustment time provisions described above may not petition for release under the 75%-85% bifurcated sentence modification provision.

b. *Certain Early Releases.* Act 28 provided that the Department may release inmates to extended supervision if all the following conditions are met: (a) the inmate is serving time for a non-violent Class F to I felony; (b) the prison social worker or extended supervision agent of record has reason to believe that the person will be able to maintain himself or herself while not confined without engaging in assaultive activity; and (c) the release to extended supervision date is not more than 12 months before the person's extended supervision eligibility date. If an inmate is released early, his or her term of extended supervision is increased so the overall length of sentence does not change. The bill would repeal this provision.

c. *Risk Reduction.* Act 28 created the risk reduction program which allows the court to order a person to serve a risk reduction sentence if: (a) the court determines that a risk reduction sentence is appropriate; and (b) the person agrees to cooperate in an assessment of his or her criminogenic factors and risk of reoffending, and to participate in programming or treatment the Department develops for the person. If the inmate participates in the program, and the Department determines that the inmate has completed the programming or treatment, and the inmate maintained a good conduct record during confinement, the Department must release the inmate to extended supervision when he or she has served not less than 75% of the term of confinement. Unlike the positive adjustment time or certain early release provisions, the inmate's term of extended supervision is not lengthened. As a result, an offender's overall sentence length is reduced under a risk reduction sentence. The bill would repeal this provision.

d. *Earned Release and Challenge Incarceration Programs.* Act 28 expanded the earned release program from a substance abuse treatment program to a "rehabilitation" program, and the challenge incarceration program to include not just inmates with substance abuse treatment needs, but also inmates with one or more treatment needs not related to substance use that is directly related to his or her criminal behavior. The bill would repeal these expansions and return the programs to treating eligible inmates with substance abuse treatment needs.

e. *Earned Release Review Commission.* Act 28 renamed the Parole Commission the Earned Release Review Commission (ERRC) and expanded the Commission's duties. Under law in existence prior to Act 28, the Parole Commission had authority to grant discretionary parole to inmates serving an indeterminate sentence (the felony sentencing system prior to December 31, 1999). Act 28 expanded the Commission's authority to consider petitions to adjust offenders' sentences who were convicted under the truth-in-sentencing laws on or after December 31, 1999. The bill would delete the expanded authority provided to the Commission under Act 28 and revert the Commission's name back to the Parole Commission.

f. *Extended Supervision Discharged.* Act 28 authorized the Department to discharge a person from extended supervision after he or she has served two years of extended supervision, if the person has met the conditions of extended supervision and the reduction is in the interests of justice. The bill would repeal this provision.

g. *Discharge from Probation.* Act 28 authorized the Department to modify a person's

period of probation and discharge the person from probation if the person has completed 50% of his or her period of probation. The bill would delete this provision.

Modified Sentencing Provision

Further, Act 28 modified previous law related to bifurcated sentences for older inmates and inmates who have terminal conditions. Under the law prior to Act 28, an inmate serving a bifurcated sentence for a crime, other than a Class B felony, could seek to modify his or her sentence if the inmate: (a) was 65 years of age or older and served at least five years of the term of confinement; (b) was 60 years of age or older and served at least 10 years of the term of confinement; or (c) had a terminal condition. The inmate could petition the institution's program review committee for modification. The program review committee could deny the petition or approve and refer it to the sentencing court. If the sentencing court approved the petition and the inmate was released early, the term of extended supervision was increased so that the total length of the bifurcated sentence did not change.

Act 28 modified the law to allow inmates serving life sentences or Class B felonies to be eligible for release under these provisions. Further, the provision related to inmates with terminal conditions was replaced with provisions related to "extraordinary health conditions." Extraordinary health condition is defined as a condition afflicting a person, such as advanced age, infirmity, or disability of the person or a need for medical treatment or services not available within a correctional institution. In addition, inmates who meet the age and/or health criteria now petition the Earned Release Review Commission (ERRC) for sentence modification, rather than the program review committee. The ERRC, rather than the sentencing court, may modify the inmate's sentence. If the inmate is released early, the term of extended supervision is increased so that the total length of the bifurcated sentence does not change.

Under the Governor's recommendations, the Act 28 provisions would be repealed and the prior law would be restored, except that instead of terminal conditions, as provided under prior law, the bill would retain the "extraordinary health conditions" definition.

Initial Applicability Dates

The bill specifies that the provisions would first apply to persons sentenced on December 31, 1999, except for the positive adjustment time provisions, which would not apply to the positive adjustment time earned by persons who were sentenced on or after October 1, 2009, but before the effective of the bill.

Retained Sentencing Provision

The bill does not repeal all of the sentencing modification provisions provided in Act 28. Under law in existence prior to Act 28, if a person released to extended supervision violated a condition of extended supervision, the reviewing authority (the Division of hearings and Appeals in the Department of Administration or Corrections) could revoke the person's extended supervision. If revoked, the person would be returned to the sentencing court, where the court must order the person to be returned to prison for any specified period of time that does not exceed the time remaining on the bifurcated sentence. Act 28 provided that, if a person's

extended supervision is revoked as a result of a violation of his or her supervision, the reviewing authority, rather than the court, will order the person to return to prison for any specified period of time that does not exceed the time remaining on the sentence. This provision is not affected by the bill.

According to the Department, 479 offenders have been released under the Act 28 provisions between the period of October 1, 2009, and March 3, 2011.

Joint Finance: Approve the Governor's recommendation, except related to the risk reduction sentence, which would be retained as current law.

Separate legislation repealing the sentencing modifications has been introduced (SB 57/AB 86), and SB 57 was passed by the Legislature on June 8, 2011. The provisions of the biennial budget bill, as modified by the Joint Committee on Finance, differ from the separate legislation as follows:

a. **Risk Reduction.** Senate Bill 57 would retain the risk reduction sentence modification, but also modify the provision to specify that when an inmate successfully completes programming or treatment, the Department will notify the sentencing court, which will order the inmate released to extended supervision. The Department is required to release the inmate within six working days of receiving the court order.

Under current law and the budget bill (as modified by the Committee), when an inmate successfully completes programming or treatment, the Department releases the inmate to extended supervision.

b. **Probation Discharge.** The Joint Committee on Finance deleted the Act 28 provision authorizing the Department to modify a person's period of probation and discharge the person from probation if the person has completed 50% of his or her period of probation.

Senate Bill 57 would modify the provision to authorize the sentencing court modify a person's period of probation and discharge the person, if all the following apply: (a) the Department petitions the court to discharge the person from probation; (b) the probationer has completed 50% of his or her period of probation; (c) the probationer has satisfied all conditions of probation that were set by the sentencing court; (d) the probationer has satisfied all rules and conditions of probation that were set by the Department; (e) the probationer has fulfilled all financial obligations to his or her victims, the court, and the Department, including the payment of any fine, forfeiture, fee or surcharge, or order of restitution; and (f) the probationer is not required to register under the sex offender registry. Further, the court must notify the victim(s) of the crime regarding the hearing and give them an opportunity to attend the hearing and provide a statement regarding the modification of probation.

Assembly/Legislature: Delete provision. [Senate Bill 57, described above, was passed by the Legislature on June 8, 2011, and enacted as 2011 Act 38 on July 19, 2011.]

Juvenile Corrections

1. JUVENILE POPULATION ESTIMATES [LFB Paper 270]

Governor/Legislature: Estimate the juvenile correctional facility average daily population (ADP) to be 551 annually as shown in the table below. On March 18, 2011, 350 juveniles were under state supervision in a secured correctional facility. The population projections include juveniles funded under the serious juvenile offender (SJO) program. Under the bill, the population projections in the table are used in the calculation of daily rates for each type of care.

Average Daily Population

	March 18, 2011 <u>Actual Population*</u>	<u>Projected ADP</u>	
		<u>2011-12</u>	<u>2012-13</u>
Juvenile Detention Facilities	350	340	340
Other Placements			
Corrective Sanctions	124	136	136
Aftercare Services	<u>59</u>	<u>75</u>	<u>75</u>
Subtotal -- Other	183	211	211
Total ADP	533	551	551
Alternate Care*		53	53

*Alternate care actual populations not available. The ADP for alternate care through February, 2011, was 71.

The juvenile detention facilities currently include Ethan Allen School, Lincoln Hills School, Southern Oaks Girls School, the SPRITE Program, and the Mendota Juvenile Treatment Center. Under the bill, Ethan Allen School and Southern Oaks Girls School would close, and juveniles would be moved to Lincoln Hills School, where the Copper Lake School for female juveniles would be created.

Under the corrective sanctions program, juveniles are placed in the community, following a period in a secured correctional facility, and are provided with intensive surveillance. In addition, for each corrective sanctions slot, an average of not more than \$3,000 annually is provided to purchase community-based treatment services.

Aftercare services include juveniles under state supervision following release from a juvenile correctional facility. Placement may be in an alternate care setting, a relative's home, or the juvenile's own home.

Alternate care includes residential care centers for children and youth, group homes, foster homes, and treatment foster homes. The average daily population for alternate care is a subset of aftercare services.

2. CLOSURE OF ETHAN ALLEN AND SOUTHERN OAKS GIRLS SCHOOL AND CREATION OF COPPER LAKE SCHOOL [LFB Paper 271]

	Funding	Positions
GPR	\$3,510,000	15.00
PR	<u>- 46,448,900</u>	<u>- 284.00</u>
Total	- \$42,938,900	- 269.00

Governor: Delete \$23,281,600 PR in 2011-12 and \$23,167,300 PR in 2012-13 and 284.0 positions annually associated with the Ethan Allan School (EAS) and Southern Oaks School (SOGS). Provide \$1,800,000 GPR in 2011-12 and \$1,710,000 GPR in 2012-13 and 15.0 GPR positions annually for ongoing maintenance of the grounds and facilities for the closed schools. According to the Governor's Budget in Brief:

"The Department of Corrections has been unable to reduce operating expenses at juvenile correctional facilities enough to accommodate lower populations, resulting in an increasing deficit. To better manage funds and control escalation of the rates charged to counties who place juveniles in institutions, the Department will close Ethan Allen School in Waukesha County and move the juveniles to Lincoln Hills School in Lincoln County.

To further maximize savings, the Department of Corrections will close Southern Oaks Girls School in Racine County and transfer the female juveniles to Copper Lake School in Lincoln Hills."

Funding in the bill would include: (a) -\$22,986,500 PR in 2011-12 and -\$23,048,800 PR in 2012-13 and -269.25 PR positions annually to remove all funding and positions associated with Ethan Allen School; (b) -\$4,647,800 PR in 2011-12 and -\$4,733,700 PR in 2012-13 and -51.10 PR positions annually to remove all funding and positions associated with Southern Oaks Girls School; (c) \$4,390,300 PR in 2011-12 and \$4,654,400 PR in 2012-13 and 36.35 PR positions annually associated with expanding Lincoln Hills School (LHS) and creating the Copper Lake School; and (d) \$1,800,000 GPR and -\$37,600 PR in 2011-12, and \$1,710,000 GPR and -\$39,200 PR in 2012-13, and 15.0 GPR positions annually in juvenile corrections' central office.

The positions to be provided to maintain the grounds and facilities of the closed schools (\$1,800,000 GPR in 2011-12 and \$1,710,000 GPR in 2012-13) would include: (a) at Ethan Allen, 5.5 youth counselors (for grounds security), 5.0 power plant operators, 1.0 steamfitter, and 1.0 building and grounds superintendent; and (b) at Southern Oaks Girls school, 1.5 youth counselors and 1.0 facilities maintenance specialist. The positions to be provided to expand the Lincoln Hills School and create the Copper Lake School (\$4,390,300 PR in 2011-12 and \$4,654,400 PR in 2012-13) would include: 11.5 social workers, 8.5 youth counselors, 7.1 teachers, 1.25 financial specialists, 1.0 teacher assistant, 1.0 office associate, 1.0 nurse clinician, 1.0 electronics technology security position, 1.0 facilities repair worker, 1.0 inventory control coordinator, 1.0 volunteer coordinator, 0.5 supervising youth counselor, and 0.5 advanced practice nurse.

As a result of closing the facilities, the bill would delete statutory language requiring the Department of Administration (DOA) to ensure that Ethan Allan and Southern Oaks Girls School receive technical assistance for internet educational purposes, and instead provide the requirement for the new Copper Lake School. Also, the bill would delete statutory language

requiring Corrections, with the approval from the Governor and DOA, to provide group transportation, in the absence of convenient and public scheduled transportation, for employees of Ethan Allen School.

Regarding this provision, the Department of Corrections indicates: "In accordance with the DOC/DJC budget item, EAS and SOGS will be fully closed meaning all juveniles relocated to LHS and Copper Lake before July 1, 2011. Similar all staff will have moved to other positions or been laid off effective July 1, 2011, except the limited number of staff necessary to maintain both sites until such time as a determination regarding the future use or purpose of each site is made."

Joint Finance: Approve the Governor's recommendation. In addition, require Corrections to submit a report on juvenile correctional services, including: (a) service providers; (b) number or juveniles served, and whether they are county or state-supervised; and (c) costs of such services. The report is to be submitted by June 30, 2012.

Assembly/Legislature: Include a technical correction of the Joint Finance provision to specify that the report be provided "in a manner" required under current law.

[Act 32 Sections: 337, 804, and 9111(2q)]

3. STATUTORY DAILY RATES [LFB Paper 270]

Governor: Under current law, daily rates for juvenile care in a given biennium are specified in statute by fiscal year for juvenile detention facilities, state aftercare supervision, and for each type of alternate care setting, including residential care centers for children and youth, group homes, treatment foster homes, and foster homes.

Under the bill, the following statutory daily rates would be established for the juvenile correctional facilities, corrective sanctions, and aftercare supervision. Further, the bill would delete the specified rates for residential care centers, group homes, treatment foster homes, and regular foster homes, and instead specify that the daily cost assessment for these placements be an amount equal to the amount the provider charges the Department.

	Statutory Rates 7-1-10 thru <u>6-30-11</u>	Governor	
		7-1-11 thru <u>6-30-12</u>	7-1-12 thru <u>6-30-13</u>
Juvenile Correctional Facilities*	\$275	\$284	\$289
Corrective Sanctions	103	99	100
Aftercare Supervision	41	40	40

*Including transfers from a juvenile detention facility to the Mendota Juvenile Treatment Center.

The proposed daily rates for juvenile facilities, corrective sanctions, and aftercare supervision are calculated on the basis of budgeted funding levels, anticipated average daily populations, and the number of days in the year.

Joint Finance/Legislature: Specify that the \$17 add-on to the daily rates for juvenile facilities be added to statutory rates in future budgets until the deficit is eliminated.

[Act 32 Sections: 3000, 3001, and 3002m thru 3005]

4. POPULATION-RELATED COST ADJUSTMENTS

PR	- \$2,968,700
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Governor/Legislature: Delete \$1,519,900 in 2011-12 and \$1,448,800 in 2012-13 to reflect population-related cost adjustments as follows: (a) -\$375,900 in 2011-12 and -\$363,600 in 2012-13 for food costs at juvenile correctional institutions; (b) -\$216,500 annually for variable nonfood costs (such as laundry, clothing, and personal items) for institutionalized juveniles; and (c) -\$927,500 in 2011-12 and -\$868,700 in 2012-13 to reflect juvenile health costs.

5. ELIMINATE FUNDING AND POSITIONS FOR LONG-TERM VACANCIES

	Funding	Positions
PR	- \$1,414,400	- 13.00

Governor/Legislature: Reduce funding by \$707,200 and 13.0 positions annually associated with long-term vacancies for the Division of Juvenile Corrections' juvenile operations, aftercare program, and corrections sanctions. The reductions would include: (a) -\$442,300 and -8.5 positions annually from the Division of Juvenile Corrections' central office; (b) -\$178,300 and -3.0 positions annually from the corrective sanctions program; and (c) -\$86,600 and -1.5 positions annually associated with aftercare services.

6. SERIOUS JUVENILE OFFENDER FUNDING [LFB Paper 270]

GPR	- \$7,766,300
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Governor/Legislature: Decrease funding by \$3,429,400 in 2011-12 and \$4,336,900 in 2012-13 to reflect decreased costs associated with state-funded serious juvenile offenders (SJO). The estimated average daily population (ADP) for the SJO population would be 202 in 2011-12 and 182 in 2012-13. The SJO program ADP through October, 2010, was 219 (latest information available). Base funding for the program is \$18,621,600 annually. Under the bill, the following average daily populations (ADPs) for the SJO appropriation, are projected for the 2009-11 biennium:

Average Daily Population

<u>Type of Care</u>	<u>As of October, 2010</u>	<u>Serious Juvenile Offenders</u>	
		<u>2011-12</u>	<u>2012-13</u>
Juvenile Detention Facilities	95	84	83
Corrective Sanctions Program	79	78	65
Aftercare Supervision	<u>45</u>	<u>40</u>	<u>34</u>
Total ADP	219	202	182
 Alternate Care*	 51	 42	 35

*A subset of corrective sanctions and aftercare supervision programs that includes residential care centers, group homes, treatment foster homes, and certain supplemental living arrangements.

7. YOUTH AIDS APPROPRIATION REDUCTION [LFB Paper 272] GPR - \$19,668,200

Governor/Legislature: Reduce community youth and family aids (youth aids) funding by \$9,834,100 annually associated with a 10% reduction to supplies and other nonpersonnel costs. Revise the calendar year allocations of youth aids to reflect adjusted distributions for the 2011-13 biennium, as follows: (a) \$45,478,000 from the last six months of 2011; (b) \$90,956,100 for 2012; and (c) \$45,478,000 for the first six months of 2013. Total youth aids funding in 2010-11 is \$100,790,200 (\$98,341,000 GPR and \$2,449,200 PR). Under the bill, youth aids would total \$90,956,100 (\$88,506,900 GPR and \$2,449,200 PR) annually.

Under current law, total youth aids funding is \$100,790,200 (all funds). Statutory provisions identify how specific youth aids allocations should be distributed, including: (a) youth aids funding appropriated in the biennium for distribution to counties (\$75,826,300 GPR and \$2,449,200 PR); (b) youth aids increases provided under 1999 Act 9 (\$4,000,000 GPR), which are paid to counties according to a three-factor formula; (c) youth aids increases provided under 2001 Act 16 (\$2,106,500 GPR), which are paid to counties according to the three-factor formula and an additional override factor; (d) youth aids funding earmarked for emergency funding and arrest supplements for small counties (\$450,000 GPR); (e) youth aids funding earmarked for counties participating in the corrective sanctions program (\$2,124,800 GPR), (f) youth aids funding earmarked for alcohol and other drug abuse treatment programs (\$1,333,400 GPR; and (g) youth aids increases provided under 2007 Act 20 (\$12,500,000 GPR), which are based on the proportional number of juveniles in correctional facilities during the most recent three-year period.

Repeal the federal appropriation for youth aids created in 2009 Act 28 for receipt of monies from the American Recovery and Reinvestment Act.

[Act 32 Sections: 634, 1282, 1288, 2999, and 3006 thru 3014]

8. ALTERNATE CARE [LFB Paper 273]

PR	\$117,100
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Governor/Legislature: Modify base funding by -\$65,400 in 2011-12 and \$182,500 in 2012-13 for juvenile residential aftercare (alternate care) to reflect decreasing population estimates. The residential aftercare appropriation funds the costs of care for juveniles placed in residential care centers for children and youth, foster care homes, treatment foster care homes, group homes, and certain other living arrangements. Base funding for the residential aftercare appropriation is \$5,514,900 (based on an estimated average daily population of 56 juveniles in 2010-11). The year-to-date ADP for alternate care (through October, 2010) is 70. Under the bill, the alternate care ADP is projected at 53 in both 2011-12 and 2012-13.

Alternative care placements include placements in residential care centers for children and youth, group homes, treatment foster homes, and foster homes. Alternate care rates are estimated under the bill by taking the actual average rates paid for each type of care for the first five months in 2010, and applying annual percentage rates of increase (5% for residential care centers for children and youth, treatment foster care, and group home placements, and 4% for foster homes) to estimate 2010-11, 2011-12, and 2012-13 average rates. The estimated 2011-12 and 2012-13 average rates and projected ADP of 53 juveniles are then used to calculate the budget recommendation for alternate care.

Under current law, a single rate for each type of alternate care is established by statute, however, facilities providing each type of care vary in the daily rates that they charge. It is then the Department's responsibility to manage these costs within the alternate care budget calculated on the basis of a single, average rate and estimated juvenile populations. The bill would delete the statutory language, establishing a rate amount for each type of alternate care, and instead provide that the daily cost assessment for these placements be an amount equal to the amount the provider charges the Department. [See Item #3 for the statutory daily rates for the applicable placements.

[Act 32 Sections: 3004 and 3005]

9. MENDOTA JUVENILE TREATMENT CENTER REESTIMATE

PR	\$62,500
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Governor/Legislature: Modify statutory provisions to adjust funding by -\$5,400 PR in 2011-12 and \$67,900 PR in 2012-13 in the Department's juvenile correctional services appropriation for payments to the Department of Health Services' interagency and intra-agency programs appropriation, for services for juveniles placed at the Mendota Juvenile Treatment Center (MJTC). Base funding for MJTC is \$1,365,500 GPR and \$2,896,100 PR.

Funding in the bill assumes a need of \$200,200 PR in 2011-12 and \$273,500 PR in 2012-13 for MJTC services. However, as a result of funding adjustments associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage (-\$205,600 PR annually), monies in the first year would be a negative amount. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance cost reductions are based on employees paying an average of

approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

[Act 32 Section: 1273]

10. JUVENILE CORRECTIONAL SERVICES DEFICIT REDUCTION [LFB Paper 270]

Governor: Provide that to the extent that revenue generated from daily rates exceeds actual fiscal year costs, all available program revenue balances in the juvenile residential aftercare and corrective sanctions appropriations be transferred to the juvenile correctional services appropriation.

The juvenile correctional services program appropriation funds the operations of juvenile correctional facilities and certain aftercare services provided to juveniles following release from the facilities. The program revenue credited to this appropriation derives from daily rates charged for facility care that are paid by counties or the state for certain serious juvenile offenders. Since the 2000-01 fiscal year, expenditures in the appropriation have generally exceeded revenue, resulting in year-end deficits. Under the bill, any available balances from the aftercare and corrective sanctions appropriations would be transferred to address the deficit. The Department estimates the deficit balance will be \$21.2 million at the end of 2010-11.

Under a separate provision, the bill sets the statutory daily rates for juvenile care. In the Budget in Brief, the Governor indicates that the proposed daily rates for the juvenile facilities include a \$17 increase in each year to eliminate the deficit the appropriation over the next ten years. [See Item #3, Statutory Daily Rates"]

Add a technical cross reference to Corrections' juvenile correctional appropriations for currently authorized medical assistance case management services provided by the Department of Corrections for certain juvenile offenders.

Joint Finance/Legislature: Specify that the \$17 add-on to the daily rates for juvenile facilities be added to statutory rates in future budgets until the deficit is eliminated.

[Act 32 Sections: 631 thru 633, 3002, and 3002m]

11. JUVENILE PLACEMENTS IN JUVENILE DETENTION FACILITIES

Joint Finance: Modify s. 938.34(3)(f) of the statutes, which authorizes placement of a juvenile at a juvenile detention facility, a juvenile portion of a county jail, or a place of non-secure custody designated by the court for any combination of single or consecutive days totaling not more than 30, as follows: (a) increase the time period from 30 days to 180 days; and (b) include other authorized placements specified under s. 938.34(3) under the sections. Specify that for any placements exceeding 30 days, alcohol and other drug abuse (AODA) programming and education services be offered. Other authorized placements under s. 938.34(3) include the home of a parent or other relative, a foster home, a group home, a residential treatment center, or an

independent living situation under supervision the court considers appropriate on or after the juvenile's 17th birthday.

Assembly/Legislature: Modify provision to specify the counseling, along with AODA and education services, must be offered. Further, include a technical correction in the statutory cross-reference to juvenile placements.

[Act 32 Sections: 3517g, 3517r, 3526g, 3526gh, and 3526gk]

COURT OF APPEALS

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$20,324,000	\$20,032,800	\$20,954,000	\$20,954,000	\$20,954,000	\$630,000	3.1%

FTE Position Summary						
Fund	2010-11 Base	2012-13 Governor	2012-13 Jt. Finance	2012-13 Legislature	2012-13 Act 32	Act 32 Change
						Over 2010-11 Base
GPR	75.50	75.50	75.50	75.50	75.50	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$630,000
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Governor/Legislature: Adjust the base for full funding of salaries and fringe benefits (\$262,100 annually and full funding of lease and directed moves costs (\$52,900 annually).

2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE [LFB Paper 626]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$921,200	\$921,200	\$0

Governor: Delete \$460,600 annually to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance cost reductions are based on employees

paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

Joint Finance/Legislature: Convert the appropriation reductions under the Court of Appeals to a biennial lapse requirement of \$16,960,400, under the Circuit Courts, the Court of Appeals, and the Supreme Court, applicable to both the 2011-13 and 2013-15 biennia. [See "Supreme Court," Item #7]

DISTRICT ATTORNEYS

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$84,578,200	\$83,369,200	\$83,369,200	\$83,369,200	\$83,369,200	-\$1,209,000	- 1.4%
PR	<u>4,765,800</u>	<u>8,967,200</u>	<u>6,967,200</u>	<u>6,967,200</u>	<u>6,967,200</u>	<u>2,201,400</u>	46.2
TOTAL	\$89,344,000	\$92,336,400	\$90,336,400	\$90,336,400	\$90,336,400	\$992,400	1.1%

FTE Position Summary						
Fund	2010-11 Base	2012-13 Governor	2012-13 Jt. Finance	2012-13 Legislature	2012-13 Act 32	Act 32 Change Over 2010-11 Base
GPR	380.90	380.90	380.90	380.90	380.90	0.00
PR	<u>55.20</u>	<u>40.00</u>	<u>40.00</u>	<u>40.00</u>	<u>40.00</u>	<u>- 15.20</u>
TOTAL	436.10	420.90	420.90	420.90	420.90	- 15.20

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide standard adjustments totaling \$1,739,600 GPR, \$1,834,100 PR, and -6.70 PR positions in 2011-12, and \$1,739,600 GPR, \$1,480,700 PR, and -9.45 PR positions in 2012-13. Adjustments are for: (a) turnover reduction (-\$210,500 GPR annually); (b) removal of noncontinuing elements from the base (-\$150,900 PR and -6.70 PR positions in 2011-12, and -\$504,300 PR and -9.45 PR positions in 2012-13); (c) full funding of continuing salaries and fringe benefits (\$1,851,300 GPR and \$1,985,000 PR annually); and (d) night and weekend differential (\$98,800 GPR annually).

	Funding	Positions
GPR	\$3,479,200	0.00
PR	<u>3,314,800</u>	<u>- 9.45</u>
Total	\$6,794,000	- 9.45

2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE

Governor/Legislature: Delete \$2,319,300 GPR and \$188,700 PR annually to reflect fringe benefit cost reductions associated with increased state employee

GPR	-\$4,638,600
PR	<u>- 377,400</u>
Total	-\$5,016,000

contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance cost reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

3. COMPENSATION FOR ASSISTANT DISTRICT ATTORNEYS -- JUSTICE INFORMATION SYSTEM SURCHARGE [LFB Paper 282]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$2,000,000	- \$2,000,000	\$0

Governor: Create a PR annual appropriation for salaries and fringe benefits of assistance district attorneys funded at \$1,000,000 annually. Funding for the appropriation would be provided from the justice information system surcharge. Require the offices of the district attorneys to work with the Office of State Employment Relations to allocate this funding. The Governor's Executive Budget Book indicates that the intent of this provision would be to increase the retention of experienced prosecutors. [See "Administration -- Justice Information System Surcharge" for additional information.]

Joint Finance/Legislature: Delete provision. Instead, direct the Association of State Prosecutors (ASP) and the Director of the Office of State Employment Relations (OSER) to develop a pay progression plan for prosecutors in the ASP, to be funded from salary savings resulting from hiring new prosecutors to replace retiring prosecutors who retire from January 1, 2011, through June 30, 2013. The plan must include a detailed description of how a pay progression system would be structured and administered and the cost of the system during 2011-13, by fund source, and the projected cost of the system in the succeeding four state fiscal biennia. Before October 1, 2011, the ASP and the Director of OSER must submit the proposed plan to the Joint Committee on Finance. If the Co-Chairpersons of the Joint Committee on Finance do not notify the ASP and the Director of OSER within 14 working days after the date of submittal of the plan that the Committee has scheduled a meeting to review the plan, the plan may be implemented as proposed. If, within 14 working days after the date of submittal, the Co-Chairpersons of the Committee notify the ASP and the Director of OSER that the Committee has scheduled a meeting to review the plan, the plan may only be implemented as approved by the Committee.

Veto by Governor [A-5]: Delete the provision except to provide that the Director of OSER must develop a pay progression plan for represented assistant district attorneys.

[Act 32 Section: 9113(3c)]

[Act 32 Vetoed Section: 9113(3c)]

4. AGENCY BUDGET REDUCTIONS

GPR	- \$49,600
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Governor/Legislature: Reduce funding by \$24,800 annually associated with a 10% reduction to supplies and other non-personnel costs.

5. FUNDING FOR MILWAUKEE COUNTY CLERKS

PR	- \$35,600
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Governor/Legislature: Make the following changes to the salary and fringe benefits funding of 6.5 clerks in the Milwaukee County District Attorney's Office who provide clerical services to prosecutors handling violent crime and felony drug violation cases in Milwaukee County's speedy drug and violent crime courts, and unlawful possession or use of firearms cases: (a) provide \$9,900 in 2011-12, and \$19,900 in 2012-13, to fully fund the salary and fringe benefits costs associated with these positions; and (b) reduce funding by \$32,700 annually associated with a 10% reduction in amounts provided to fund their salary and fringe benefits costs. For other appropriations and other agencies, this 10% reduction was typically applied to supplies and other non-personnel costs. Program revenue funding is generated from the \$3.50 special prosecution clerks surcharge which is only collected in Milwaukee County. Base funding for the clerks is \$327,100 annually.

6. DELETION OF GRANT-FUNDED PROSECUTORS

	Funding	Positions
PR	- \$700,400	- 5.75

Governor/Legislature: Delete \$350,200 and 5.75 permanent, grant-funded prosecutor positions annually whose federal grant funding has been exhausted: (a) 4.0 Violence Against Women Act (VAWA) prosecutors in Milwaukee County; (b) 1.0 Federal Community Development Block Grant prosecutor in Milwaukee County; and (c) 0.75 VAWA prosecutor in Chippewa County.

EDUCATIONAL COMMUNICATIONS BOARD

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$15,666,600	\$13,808,800	\$13,968,400	\$13,968,400	\$13,968,400	-\$1,698,200	- 10.8%
FED	2,343,600	2,343,600	2,343,600	2,343,600	2,343,600	0	0.0
PR	<u>19,427,000</u>	<u>19,958,500</u>	<u>19,958,500</u>	<u>19,958,500</u>	<u>19,958,500</u>	<u>531,500</u>	2.7
TOTAL	\$37,437,200	\$36,110,900	\$36,270,500	\$36,270,500	\$36,270,500	-\$1,166,700	- 3.1%

FTE Position Summary						
Fund	2010-11 Base	2012-13 Governor	2012-13 Jt. Finance	2012-13 Legislature	2012-13 Act 32	Act 32 Change
						Over 2010-11 Base
GPR	37.44	35.14	35.14	35.14	35.14	- 2.30
PR	<u>24.74</u>	<u>21.54</u>	<u>21.54</u>	<u>21.54</u>	<u>21.54</u>	<u>- 3.20</u>
TOTAL	62.18	56.68	56.68	56.68	56.68	- 5.50

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$478,000
PR	<u>93,400</u>
Total	\$571,400

Governor/Legislature: Adjust the base budget by \$239,000 GPR and \$46,700 PR annually for: (a) full funding of salaries and fringe benefits (\$154,200 GPR and \$1,500 PR); (b) overtime (\$66,100 GPR and \$10,800 PR); (c) night and weekend differential pay (\$7,800 GPR and \$3,000 PR); and (d) full funding of lease and directed moves costs (\$10,900 GPR and \$31,400 PR).

2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE

GPR	- \$364,800
PR	<u>- 192,000</u>
Total	-\$556,800

Governor/Legislature: Delete \$278,400 annually to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The reductions would include \$182,400 GPR and \$96,000 PR. The calculation of retirement savings is based

on employee WRS contributions equal to 5.8% of salary. Health insurance cost reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

3. ELIMINATE LONG-TERM VACANCIES

Governor/Legislature: Delete \$303,600 (all funds) and 5.5 positions annually to reflect the elimination of long-term vacant positions under the bill. The reductions would include \$131,900 GPR and 2.3 GPR positions and \$171,700 PR and 3.2 PR positions annually. Funding and position reductions are associated with positions that have been vacant for 12 months or more.

	Funding	Positions
GPR	-\$263,800	- 2.30
PR	<u>- 343,400</u>	<u>- 3.20</u>
Total	-\$607,200	- 5.50

4. BASE BUDGET REDUCTION [LFB Paper 285]

GPR	-\$501,800
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Governor/Legislature: Delete \$250,900 annually from the Educational Communication Board's general program operations appropriation. According to the administration, this reduction should be applied to administrative costs related to public radio and public television. Adjusted base level funding for this appropriation is \$3,086,300.

5. ACROSS-THE-BOARD REDUCTIONS

GPR	-\$243,800
PR	<u>- 27,400</u>
Total	-\$271,200

Governor/Legislature: Delete \$121,900 GPR and \$13,700 PR annually as part of an across-the-board reduction of most GPR and PR appropriations. The across-the-board reductions are equal to 10% of the appropriation less any amounts used to fund salary and fringe benefit costs. GPR appropriations for energy and debt service and PR appropriations for debt service and gift and grants were excluded from these across-the-board reductions. These reductions are shown by appropriation below.

<u>Fund</u>		<u>Annual Appropriation</u>	<u>Base Less Salary and Fringes</u>	<u>Annual Reduction</u>
GPR	General program operations	\$3,086,300	\$489,600	-\$48,900
GPR	Programming	1,138,300	477,200	-47,700
GPR	Milwaukee area technical college	235,400	235,400	-23,500
GPR	Transmitter operation	17,800	17,800	-1,800
PR	Emergency weather warning system operation	146,000	136,600	-13,700

6. DEBT SERVICE REESTIMATE [LFB Paper 183]

GPR	\$1,100,700
PR	<u>900</u>
Total	\$1,101,600

Governor/Legislature: Increase funding by \$566,700 GPR and \$600 PR in 2011-12 and \$534,000 GPR and \$300 PR in 2012-13 to

reflect the current law reestimate of GPR and PR debt service on state general obligation bonds and commercial payment debt issued for the Educational Communications Board.

7. GPR DEBT RESTRUCTURING -- DEBT SERVICE [LFB Paper 175]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$2,020,400	\$159,600	- \$1,860,800

Governor: Decrease funding by \$2,117,700 in 2011-12 and increase funding by \$97,300 in 2012-13 to reflect the changes in estimated GPR debt service costs associated with the proposed restructuring of general obligation bond and commercial paper GPR principal amounts that would otherwise be paid off in 2011-12. Under the bill, the state would issue refunding bonds to restructure a portion of its outstanding general obligation GPR principal debt and would rollover the principal due on its outstanding commercial paper in 2011-12. The increase in debt service for 2012-13 is associated with the initial interest amount due on the additional debt issued to replace the restructured 2011-12 principal amounts. (See "Building Commission" for additional information regarding this provision).

Joint Finance/Legislature: Modify debt service funding by \$166,200 in 2011-12 and -\$6,600 in 2012-13 associated with a \$100,100,000 reduction in restructuring bonding in 2011-12.

8. ENERGY COSTS

GPR	- \$41,900
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Governor/Legislature: Delete \$36,300 in 2011-12 and \$5,600 in 2012-13 from the appropriation for energy costs. These reductions are the sum of increases made to the appropriation to reestimate costs (\$59,600 in 2011-12 and \$90,300 in 2012-13) and base budget reductions (-\$95,900 annually). Annual adjusted base level funding for energy costs is \$761,400.

9. REESTIMATE GIFT AND GRANTS FUNDS

PR	\$1,000,000
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Governor/Legislature: Provide \$500,000 annually to reestimate the amount of gifts and grants awarded to the Educational Communications Board. Annual base level funding is \$9,554,000.

EMPLOYEE TRUST FUNDS

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$1,343,200	\$1,015,800	\$1,015,800	\$1,015,800	\$1,015,800	-\$327,400	- 24.4%
SEG	<u>60,644,400</u>	<u>62,024,400</u>	<u>62,159,300</u>	<u>62,159,300</u>	<u>62,159,300</u>	<u>1,514,900</u>	2.5
TOTAL	\$61,987,600	\$63,040,200	\$63,175,100	\$63,175,100	\$63,175,100	\$1,187,500	1.9%

FTE Position Summary						
Fund	2010-11 Base	2012-13 Governor	2012-13 Jt. Finance	2012-13 Legislature	2012-13 Act 32	Act 32 Change Over 2010-11 Base
SEG	243.20	249.70	249.70	249.70	249.70	6.50

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

SEG	\$1,838,200
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Governor/Legislature: Provide adjustments totaling \$919,100 annually. Adjustments are for: (a) turnover reduction (-\$380,100 annually); (b) removal of noncontinuing elements from the base (-\$374,000 annually); (c) full funding of continuing position salaries and fringe benefits (\$1,472,300 annually); (d) overtime (\$47,600 annually); (e) night and weekend differential pay (\$75,400 annually); and (f) full funding of lease and directed moves costs (\$77,900 annually).

2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE

SEG	-\$2,012,200
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Governor/Legislature: Delete \$1,006,100 annually to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance cost reductions are based on employees paying an average of approximately 12.6% of total premium costs,

compared to the current average of approximately 6% of costs.

3. PARTICIPANT SERVICES [LFB Paper 290]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance/Leg.</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>
SEG	\$854,000	6.50	\$834,900	0.00	\$1,688,900	6.50

Governor: Provide \$410,600 in 2011-12 and \$443,400 in 2012-13 and 6.50 positions annually for participant-service functions. The positions are intended to address the following: (a) 1.0 position for disaster recovery planning and management; (b) 1.0 position for research and management of healthcare service changes associated with the enactment of the federal Patient Protection and Affordable Care Act, as well as responsibilities for several other health-related services; (c) 1.0 position for information technology work associated with the maintenance of recently completed systems and the continued replacement of older legacy systems; (d) 2.0 positions to address increasing workload responding to participant inquires made through the Department's Call Center; and (e) 1.5 positions to assist with annuity payment services to allow more senior staff to research and assist in the design of new online services and the replacement of older legacy systems. The funding provided under the bill includes \$315,600 in 2011-12 and \$420,800 in 2012-13 for salary and fringe benefit costs and \$95,000 in 2011-12 and \$22,600 in 2012-13 for staff-related space and startup costs.

Joint Finance/Legislature: Include the Governor's provision. In addition, provide \$336,300 SEG in 2011-12 and \$498,600 SEG in 2012-13 for supplies and services costs associated with inflationary and participant increases in the 2011-13 biennium.

Place \$2,861,400 SEG in 2011-12 and \$3,674,700 SEG in 2012-13 of public employee trust funds in the Joint Finance Committee's supplemental appropriation account for segregated funds for release under s. 13.10 of the statutes to address further agency funding and position authority needs in the 2011-13 biennium. Provide that the Department may submit one or more requests for the supplemental funds and any request would be required to be submitted by the applicable due date for agency requests for any of the Committee's quarterly meetings under s. 13.10. Require that any supplementation request by ETF include a detailed expenditure plan and a description of how the plan addresses increasing workload and service improvements. Require that any request for additional positions be consistent with the methodology, developed by the Secretary of ETF pursuant to section 9115(1x) of 2009 Wisconsin Act 28. Provide that, if the Secretary intends to request an increase in authorized positions beyond the number derived from the methodology, the ETF Board would be required to approve the request to the Committee. Provide that the Committee is not required to find that an emergency exists prior to approving a supplementation request.

[Act 32 Section: 9115(1q)]

4. RETIRED EMPLOYEES BENEFIT SUPPLEMENT REESTIMATE GPR - \$267,400

Governor/Legislature: Reduce base funding by \$86,400 in 2011-12 and \$181,000 in 2012-13 to reflect decreased amounts necessary to pay benefit supplements for retirees who first began receiving annuities before October 1, 1974. These supplements were authorized primarily by Chapter 337, Laws of 1973, 1983 Wisconsin Act 394, and 1997 Wisconsin Act 26. The reestimate is due to a declining number of retirees eligible for these supplements due to deaths. Current base level funding for the appropriation is \$641,600.

5. DELETE BADGER RX GOLD FUNDS TO REFLECT PROGRAM TRANSFER GPR - \$60,000

Governor/Legislature: Delete \$30,000 annually relating to the prescription pharmacy program BadgerRx Gold. The program allows Wisconsin residents without prescription drug coverage to purchase prescription medications covered under the formulary used for programs administered by the Group Insurance Board, at the same cost as the state. Under the program, ETF utilized its GPR contingency appropriation to advance funds equal to the anticipated rebate from the manufacturer. The general fund was reimbursed for these expenditures when the rebates were received from pharmaceutical companies. The program was transferred, effective January 1, 2011, to the Department of Health Services. The elimination of the ETF base funding reflects this transfer.

6. AUDIT OF DEPENDENT ELIGIBILITY UNDER BENEFIT PROGRAMS [LFB Paper 291]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$700,000	-\$700,000	\$0

Governor: Provide \$700,000 in 2011-12 in one-time funding for an audit of benefit programs administered by the Department to verify the eligibility of dependents covered under the benefit programs. [Provisions of 2011 Special Session Senate Bill 11/Assembly Bill 11 would have provided that, if ETF determines that an audit of benefit programs administered by the Department is necessary for the purpose of verifying the eligibility of dependents covered under the benefit programs, the Department must submit a written request to the Secretary of DOA to expend an amount not exceeding \$700,000 SEG from ETF's administration appropriation account for the 2011–12 fiscal year to fund the cost of the audit. Special Session SB 11/AB 11 would also have provided that, if the Secretary of DOA approves the request, ETF may proceed with the audit. The Conference Committee deleted these provisions. Under the Governor's recommendation in the 2011-13 biennial budget, \$700,000 would be provided for this purpose. It should be noted, however, that the intended approval process under SS SB 11/AB 11 for the use of this funding has not been enacted as of this writing.]

Joint Finance/Legislature: Delete the provision. Instead, provide one-time funding of \$700,000 SEG in 2011-12 in the Joint Committee on Finance supplemental appropriation account for segregated funds. Require the Department to request all or part of the funds under a 14 day passive review process. Require that the request submitted to the Committee specify the results of any pilot survey relating to dependent eligibility and provides a detailed budget for a full audit of dependent eligibility relating to group health insurance programs administered by the Department.

[Act 32 Section: 9115(2q)]

7. LONG-TERM CARE INSURANCE REQUIREMENT

Governor/Legislature: Delete a provision that an insurance company may require the Group Insurance Board (GIB) to offer to state employees and annuitants a long-term care insurance policy. Under current law, the state must offer, through GIB, to eligible state employees and annuitants, long-term care insurance policies which have been filed with the Office of the Commissioner of Insurance and that have been approved for offering under contracts established by GIB, if the insurer requests that the policy be offered.

[Act 32 Sections: 1144, 1145, and 1160]

8. HIRSPA PAYMENTS NOT REQUIRED FOR SICK LEAVE CONVERSION OR SUPPLEMENTAL HEALTH CREDIT PROGRAMS

Governor: Provide that the Health Insurance Risk-Sharing Plan Authority (HIRSPA) would not be required to pay any contributions related to the accumulated sick leave conversion credit (ASLCC) program or the supplemental health insurance conversion credit (SHICC) program. Employees of HIRSPA are not eligible for these two programs.

Under current law, the ASLCC program permits state employees, upon retirement, to convert the value of accumulated unused sick leave into credits to be used to pay for the state retiree's group health insurance. At retirement, employees may continue their group health insurance, but the premium cost must be paid entirely by the retiree (there is no state contribution). Supplemental credits are provided under SHICC for long-term state employees. Under the program, an employee is credited at retirement with one hour of additional sick leave credit for each hour of unused accumulated sick leave up to a maximum of 52 hours per year for all years of service through the 24th year. For all years of continuous service beyond the 24th year, an employee will be granted one hour of additional sick leave credit for each hour of previously accumulated sick leave up to a maximum of 104 hours per year. The credits may only be used for the payment of premium costs of continued state group health insurance in retirement. The supplemental credits do not provide additional sick leave to employees.

Joint Finance/Legislature: Delete provision as a non-fiscal policy item.

9. WISCONSIN RETIREMENT SYSTEM VESTING REQUIREMENTS

Joint Finance/Legislature: Provide that any employee of a Wisconsin Retirement System (WRS) participating employer who is initially hired on or after the effective date of bill, must have five years of creditable service to be fully vested in a WRS retirement annuity as provided in current law. Provide that employees who terminate without having at least five years of creditable service would be vested proportionately in an annuity at retirement, as follows.

For the purposes of a formula-based annuity, the graduated vesting would be accomplished by providing that: (a) if the participant has less than one year of creditable service, the annuity amount would be reduced by 50%; (b) if the participant has at least one year of creditable service, but less than two years of creditable service, the annuity amount would be reduced by 40%; (c) if the participant has at least two years of creditable service, but less than three years of creditable service, the annuity amount would be reduced by 30%; (d) if the participant has at least three years of creditable service, but less than four years of creditable service, the annuity amount would be reduced by 20%; and (e) if the participant has at least four years of creditable service, but less than five years of creditable service, the annuity amount would be reduced by 10%.

For the purposes of a money purchase annuity, the graduated vesting would be accomplished by providing that: (a) if the participant has less than one year of creditable service, there would be no amount provided from the employer accumulation reserve; (b) if the participant has at least one year of creditable service, but less than two years of creditable service, the amount from the employer accumulation reserve would equal 20% of the participant's accumulated required contributions; (c) if the participant has at least two years of creditable service, but less than three years of creditable service, the amount from the employer accumulation reserve would equal 40 percent of the participant's accumulated required contributions; (d) if the participant has at least three years of creditable service, but less than four years of creditable service, the amount from the employer accumulation reserve would equal 60% of the participant's accumulated required contributions; and (e) if the participant has at least four years of creditable service, but less than five years of creditable service, the amount from the employer accumulation reserve would equal 80% of the participant's accumulated required contributions.

Veto by Governor [C-25]: Delete the proportional vesting through the five-year period. As a result, an employee who is initially hired on or after the effective date of bill would not be vested in a formula-based annuity or a money purchase annuity until completing five years of creditable service.

[Act 32 Sections: 1156k thru 1156t]

[Act 32 Vetoed Sections: 1156k and 1156t]

10. WISCONSIN RETIREMENT SYSTEM ELIGIBILITY REQUIREMENTS

Joint Finance/Legislature: Provide that, to become a participant in the WRS, an

individual must work for a covered employer at least two-thirds of what is considered full-time employment, as determined by ETF by rule. Provide that the requirement first apply to individuals hired on or after the effective date of the bill. Provide that ETF may promulgate emergency rules relating these eligibility requirements under the statutory process for such rules. Provide that the emergency rules promulgated for this purpose would remain in effect until July 1, 2012, or the date on which permanent rules take effect, whichever is sooner. Provide that ETF is not required to provide evidence that promulgating a rule as an emergency rule is necessary for the preservation of the public peace, health, safety, or welfare, and is not required to provide a finding of emergency for a rule promulgated under this provision.

Under current law, to become covered under the WRS, an individual must work for a covered employer at least one-third of what is considered full-time employment, as determined by ETF by rule. For all WRS participants, other than teachers, librarians, administrators, and educational support personnel, ETF defines full-time employment to be 1,904 hours per year and one-third employment to be 600 hours per year. For teachers, librarians, administrators, and educational support personnel, ETF defines full-time employment to be 1,320 hours per year and one-third employment to be 440 hours per year.

The provision would raise the WRS eligibility threshold for individuals hired on or after the effective date of the bill to two-thirds of what is considered full-time employment. Based on current ETF rules, the new threshold for participants, other than teachers, librarians, administrators, and educational support personnel would be 1,200 hours per year, and for teachers, librarians, administrators, and educational support personnel, 880 hours per year.

[Act 32 Sections: 1153d, 1153h, 1156c thru 1156g, and 9115(4q)]

11. STUDY OF POTENTIAL MODIFICATIONS TO THE WISCONSIN RETIREMENT SYSTEM

Joint Finance/Legislature: Require the Secretary of the Department of Administration (DOA), the Director of the Office of State Employment Relations (OSER), and the Secretary of ETF to study the structure of the Wisconsin Retirement System and benefits provided under the Wisconsin Retirement System. Require the study to specifically address the following issues: (a) establishing a defined contribution plan as an option for participating employees; and (b) permitting employees to not make employee-required contributions and limiting retirement benefits for employees who do not make employee-required contributions to a money purchase annuity calculated under current law provisions. Provide that, no later than June 30, 2012, the Secretary of DOA, the OSER Director, and the Secretary of ETF must report their findings and recommendations to the Governor and the Joint Committee on Finance.

[Act 32 Section: 9115(3q)]

12. STUDY OF GROUP INSURANCE BOARD HEALTH INSURANCE OPTIONS

Joint Finance/Legislature: Require the Director of the Office of State Employment Relations (OSER) and the Secretary of ETF to study the feasibility of all of the following: (a)

offering to employees eligible to receive health care coverage under the Group Insurance Board, beginning on January 1, 2013, the options of receiving health care coverage through either a low-cost health care coverage plan, or through a high-deductible health plan and the establishment of a health savings account, as defined in federal law; (b) implementing a three-level health insurance premium cost structure that would establish separate premium levels for single individuals, married couples with no dependents, and families with dependents; (c) implementing a program, beginning on January 1, 2012, to provide an online marketplace for the purchase of prescription drugs as a supplement to the pharmacy benefit management program provided under the plans offered by the Group Insurance Board; (d) requiring state employees to receive health care coverage through a health benefits exchange established pursuant to the federal Patient Protection and Affordable Care Act of 2010; and (e) creating a health care insurance purchasing pool for all state and local government employees and individuals receiving health care coverage under the Medical Assistance program. Provide that no later than October 31, 2011, the OSER Director and Secretary of ETF must report their findings and recommendations to the Governor and the Joint Committee on Finance.

Veto by Governor [C-26]: Delete the January 1, 2012, implementation date relating to the online marketplace for the purchase of prescription drugs.

[Act 32 Section: 9143(2q)]

[Act 32 Vetoed Section: 9143(2q)(a)3]

13. GROUP INSURANCE BOARD STUDY OF CERTIFIED NURSE MID-WIFE BENEFITS

Joint Finance: Require the Group Insurance Board to study the feasibility of including in the uniform benefits of state employee health insurance coverage, beginning on January 1, 2012, the costs of certified nurse-midwife services to assist in births at home or at stand-alone birth centers.

Assembly/Legislature: Remove the requirement that the study be for health insurance coverage beginning on January 1, 2012.

[Act 32 Section: 9115(6j)]

14. REQUIRED MINIMUM ANNUAL CONTRIBUTIONS BY LOCAL GOVERNMENTAL UNITS TO A RETIREMENT SYSTEM

Assembly/Legislature: Provide that, annually, no later than December 31, each local governmental unit must pay employer contributions into the retirement system in which its employees are participating employees an amount that is at least equal to all employee required contributions under that retirement system. The provision would apply to local governmental units participating in the Wisconsin Retirement System, and the retirement systems of the City of Milwaukee and Milwaukee County.

Veto by Governor [C-24]: Delete the provision.

[Act 32 Vetoed Section: 1725e]

15. CORRECTIONS TO INITIAL APPLICABILITY PROVISION

Assembly/Legislature: Provide an initial applicability provision relating to statutory sections affecting the Department of Employee Trust Funds. Specify that certain sections would first apply to employees who are covered by a collective bargaining agreement that contains provisions inconsistent with the sections on the day on which the agreement expires, or is terminated, extended, modified, or renewed, whichever occurs first.

Veto by Governor [C-27]: Delete incorrect cross references from the initial applicability provision. [The initial applicability section included several incorrect cross references. Six of these cross references are to sections affected by 2011 Wisconsin Act 10, but are unaffected by Act 32. One additional cross reference is to a section relating to a potential dependent eligibility audit that may be conducted by the Department.]

[Act 32 Section: 9315(2q)]

[Act 32 Vetoed Section: 9315(2q)]

16. PRE-TAX TREATMENT OF EMPLOYEE RETIREMENT CONTRIBUTIONS TO THE WISCONSIN RETIREMENT SYSTEM [MODIFICATION OF ACT 10 PROVISIONS]

GPR-Tax - \$28,800,000

Assembly/Legislature: Provide that, the employee-required contributions to the Wisconsin Retirement System (WRS) required under Act 10 must be made by a reduction in salary and, for tax purposes, must be considered employer contributions under section 414(h)(2) of the Internal Revenue Code. Provide that a participating employee may not elect to have employee-required retirement contributions paid directly to the employee or make a cash or deferred election with respect to the contributions.

Require the head of each state agency to deduct from the salary of each employee the employee-required retirement contributions. Provide that the definition of earnings for WRS purposes would include contributions made by a reduction in salary. Provide that the provisions would first apply to WRS participating employees who are covered by a collective bargaining agreement that contains provisions inconsistent with these provisions on the day on which the agreement expires or is extended, modified, or renewed, whichever occurs first.

Under this provision, the required state and local employee retirement contributions would be made from the employee's pre-tax income for purposes of federal and state income taxes, but not for federal employment (FICA) taxes. This would reduce the employee's taxable income and result in a loss of state income tax revenues.

When Act 10 was passed by the Legislature, it was understood that the increased retirement contributions by state and local employees would be made from the employee's after-

tax income, and that the employee's liability for FICA taxes and federal and state income taxes would not be impacted. It was subsequently learned that it would be possible for local governing bodies to implement the retirement contributions in a way that allows them to be made from the employee's pre-tax income for federal and state income tax purposes. Use of this option by all local units of government in Wisconsin, would result in state income taxes being reduced by an estimated \$35 million annually beginning in 2012-13 (\$32.1 million in 2011-12). Implementing the provision for state employees would result in an additional reduction in revenues of \$15 million annually. Given that local units of government may already make pre-tax contributions, the identified fiscal effect of this provision relates solely to pre-tax contributions for state employees. Assuming the employee-required contributions will first be effective with the pay period beginning August 1, 2011, the estimated revenue decrease is \$13.8 million in 2011-12 and \$15 million in 2012-13.

On June 14, 2011, the Wisconsin Supreme Court ordered that all orders and judgments of the Dane County Circuit Court relating to Act 10 are vacated and declared to be void. Therefore, it is anticipated that the required state and local employee retirement contributions will occur as provided in Act 10. This will result in an estimated reduction in state income tax revenues of \$32.1 million in 2011-12 and \$35 million in 2012-13 associated with local employees. These revenue losses are a result of the Act 10 provisions and the Supreme Court decision, and are not shown as a fiscal effect of the Act 32 provision.

[Act 32 Sections: 804t, 1136m, 1145n, and 9315(2q)]

17. INITIAL DATES IN 2011 FOR RETIREMENT AND HEALTH INSURANCE CONTRIBUTION CHANGES [MODIFICATION OF ACT 10 PROVISIONS]

Assembly/Legislature: Provide that, notwithstanding the employer and employee required contributions rates established under law for 2011 by the ETF Board, beginning on the first day of any pay period after the effective date of the bill, as determined by the Secretary of DOA, the employee required contributions, as provided under the amendment, would be in effect for the remainder of 2011, and the employer required contributions would be adjusted to reflect the increases in employee required contributions for the remainder of 2011. [Under Act 10, the contributions begin on the first day of the first pay period after March 13, 2011. Act 10 also required recoupment of payments, if necessary, owed by employees through June 30, 2011. The Act 32 modification of Act 10 does not include a recoupment provision.]

Modify state employee health insurance premium contributions in 2011, to provide that, notwithstanding prior provisions establishing employee contributions in 2011, the new employee contribution rates established under Act 10 would be required beginning with health insurance premiums paid in any month that begins after the effective date of the bill, as determined by the Secretary of DOA, and ending with coverage for December, 2011. [Under Act 10, the new employee contribution rates were to begin with health insurance premiums paid in April 2011. Act 10 also required recoupment of payments, if necessary, owed by employees through June 30, 2011. The Act 32 modification of Act 10 does not include a recoupment provision.]

[Act 32 Sections: 9115(1dr), 9115(1hr), and 9315(2q)]

**18. ADDITIONAL HEALTH INSURANCE CONTRIBUTION MODIFICATIONS
[MODIFICATION OF ACT 10 PROVISIONS]**

Assembly/Legislature: Provide that, for insured part-time employees (other than university teaching and graduate assistants) who are appointed to work less than 1,044 hours per year, employee health insurance contributions would be an amount determined annually by the OSER Director. [The threshold was 1,566 hours in Act 10. The Act 32 change conforms the provision to the state compensation plan, which specifies 1,044 hours.] Further, require the Director of OSER to annually establish the amount that employees are required to pay for health insurance premiums in accordance with the maximum employer payments specified in Act 10. [This provision is not in Act 10, but is consistent with past practice.]

[Act 32 Sections: 1145rh and 1145rm]

**19. TECHNICAL CHANGE TO RETIREMENT CONTRIBUTION LANGUAGE
[MODIFICATION OF ACT 10 PROVISIONS]**

Assembly/Legislature: Provide that a WRS general participant, and an executive or elected official participant would be required to make an employee contribution to the WRS in an amount equal to a percentage of each payment of earnings equal to one-half of the total actuarially-required contribution rate, as approved by the Employee Trust Fund (ETF) Board. [Act 10 specifies an amount equal to one-half of all actuarially-required contributions. The Act 32 modification is a technical clarification of the Act 10 provision.]

[Act 32 Sections: 1145d thru 1145L, and 9315(2q)]

20. RETIREMENT MULTIPLIER FOR CERTAIN EMPLOYEES WITH FIXED-TERM APPOINTMENTS [MODIFICATION OF ACT 10 PROVISIONS]

Assembly/Legislature: Provide that a retirement multiplier provision under Act 10 would first apply to creditable service that is performed by officials on fixed-term appointments whose salaries cannot be modified during a term, on the first day of a term of office that begins after the effective date of the provision. [Under Act 10, for WRS creditable service performed on or after the effective date of this provision, the multiplier used to calculate the normal pension benefit be reduced from 2% to 1.6% for state and local elected officials and state executives participating in the WRS. Act 10 included an initial applicability provision for elected officials (the first day of a term of office that begins after the effective date of the provision), but did not include officials on fixed-term appointments, such as Public Service Commission Commissioners. The Act 32 modification includes officials on fixed-term appointments in this treatment. For Supreme Court justices, Court of Appeals judges, and Circuit Court judges, the multiplier provision would first apply to creditable service that is performed on the day on which the next Supreme Court justice, Court of Appeals judge, or Circuit Court judge assumes office after the effective date of the provision.]

[Act 32 Section: 3570j]

EMPLOYMENT RELATIONS COMMISSION

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$5,140,400	\$5,149,600	\$5,149,600	\$5,149,600	\$5,149,600	\$9,200	0.2%
PR	<u>1,109,600</u>	<u>1,246,400</u>	<u>1,246,400</u>	<u>1,246,400</u>	<u>1,246,400</u>	<u>136,800</u>	12.3
TOTAL	\$6,250,000	\$6,396,000	\$6,396,000	\$6,396,000	\$6,396,000	\$146,000	2.3%

FTE Position Summary						
Fund	2010-11 Base	2012-13 Governor	2012-13 Jt. Finance	2012-13 Legislature	2012-13 Act 32	Act 32 Change Over 2010-11 Base
GPR	21.00	20.50	20.50	20.50	20.50	- 0.50
PR	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>0.00</u>
TOTAL	26.00	25.50	25.50	25.50	25.50	- 0.50

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide adjustments to the base budget totaling \$189,000 GPR and \$109,400 PR annually. Adjustments are for:

(a) full funding of continuing position salaries and fringe benefits (\$213,300 GPR and \$109,400 PR annually); and (b) full funding of lease and directed moves costs (-\$24,300 GPR annually).

GPR	\$378,000
PR	<u>218,800</u>
Total	\$596,800

2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE

Governor/Legislature: Delete \$161,900 annually to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The reductions would include \$132,400 GPR and \$29,500 PR. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance cost reductions are based on employees paying an average of approximately 12.6% of total premium costs,

GPR	- \$264,800
PR	<u>- 59,000</u>
Total	- \$323,800

compared to the current average of approximately 6% of costs.

3. SUPPLIES AND SERVICES FUNDING REDUCTION

GPR	- \$68,200
PR	- 23,000
Total	- \$91,200

Governor/Legislature: Delete \$34,100 GPR and \$11,500 PR annually from base funding for supplies and services. The agency's base GPR funding for items other than salary and benefits is \$329,800 and the reduction represents 10.3% of this base funding amount. The agency's base PR funding for items other than salary and benefits is \$114,800 and the reduction represents 10% of this amount.

4. ELIMINATE LONG-TERM VACANCIES

	Funding	Positions
GPR	- \$35,800	- 0.50

Governor/Legislature: Delete \$17,900 and a 0.50 position annually to reflect the elimination of long-term vacant positions under the bill. Funding and position reductions are associated with positions that have been vacant for 12 months or more.

5. CONVERT CLASSIFIED POSITION TO UNCLASSIFIED DIVISION ADMINISTRATOR POSITION [LFB Paper 295]

Governor: Create an unclassified division administrator position in WERC and convert 1.0 classified position to 1.0 unclassified position. According to the 2011-13 Executive Budget Summary, the intent of the provision is to convert the WERC's chief legal counsel position to unclassified status.

Joint Finance/Legislature: Approve the Governor's provision, but require that the unclassified division administrator position be an attorney.

[Act 32 Sections: 2754, 2763, and 2763m]

6. REPEAL OPTION FOR COMBINING SCHOOL DISTRICT COLLECTIVE BARGAINING UNITS

Governor: Repeal the provision that, upon the expiration of any collective bargaining agreement in force, WERC is required to combine into a single collective bargaining unit two or more collective bargaining units consisting of school district employees, if a majority of the employees voting in each collective bargaining unit vote to combine.

Joint Finance/Legislature: Delete provision as a non-fiscal policy item.

7. REQUIRED RETIREMENT CONTRIBUTIONS FOR NEW LOCAL POLICE AND FIRE FIGHTING PERSONNEL AND STATE TROOPERS AND MOTOR VEHICLE INSPECTORS

Joint Finance: Prohibit a municipal employer of law enforcement and fire personnel under the Municipal Employment Relations Act (MERA) from paying, on behalf of any law enforcement or fire fighting employee, the employee-required retirement contributions specified in 2011 Wisconsin Act 10, if that employee first becomes an employee of the municipality on or after the bill's effective date. Provide that the state as the employer of state trooper and motor vehicle inspector personnel under the State Employment Labor Relations Act (SELRA) may not pay, on behalf of any state trooper or vehicle inspector employee, the employee-required retirement contributions specified in 2011 Wisconsin Act 10, if that employee first becomes an employee on or after the bill's effective date.

Provide that, if the collective bargaining unit contains a municipal public safety employee who is initially employed on or after the effective date of the bill, the municipal employer may not bargain on the requirement that the municipal employer may not pay, on behalf of that public safety employee any employee-required retirement contributions or the employee share of required retirement contributions, and the impact of this requirement on the wages, hours, and conditions of employment of that public safety employee. If a public safety employee is initially employed by a municipal employer before the effective date of the bill, this provision does not apply to that public safety employee if he or she is employed as a public safety employee by a successor municipal employer in the event of a combined department that is created on or after that date.

For the state, provide that, if the collective bargaining unit contains a state trooper or motor vehicle inspector employee initially employed on or after the effective date of the, the state may not bargain on the requirement that the employer may not pay, on behalf of that public safety employee, any employee-required retirement contributions or the employee share of required retirement contributions and the impact of this requirement on the wages, hours, and conditions of employment of that public safety employee.

Provide that, if 2011 Wisconsin Act 10 becomes effective or if legislation that is substantially similar to Act 10 is enacted into law, the treatment of these provisions relating to new employees would take effect on the later of the effective date of the bill, or the effective date of Act 10 or of the legislation that is substantially similar to Act 10. If Act 10 does not become effective and legislation that is substantially similar to Act 10 is not enacted into law, the provisions would be void.

Assembly/Legislature: Delete the provision that, if 2011 Wisconsin Act 10 becomes effective or if legislation that is substantially similar to Act 10 is enacted into law, the treatment of these provisions would take effect on the later of the effective date of the bill, or the effective date of Act 10 or of the legislation that is substantially similar to Act 10. Delete the provision that, if Act 10 does not become effective and legislation that is substantially similar to Act 10 is not enacted into law, the provisions would be void.

[Act 32 Sections: 1145n, 2409cy, 2424hr, and 2424jp]

8. TREATMENT OF NONREPRESENTED LOCAL POLICE AND FIRE FIGHTING PERSONNEL AND STATE TROOPERS AND MOTOR VEHICLE INSPECTORS

Joint Finance: *Municipal Police and Fire Fighting Personnel.* Provide that a municipal employer must pay, on behalf of a nonrepresented law enforcement or fire fighting managerial employee who was initially employed by the municipal employer before the effective date of the bill, the same retirement contributions that are paid by the municipal employer for represented law enforcement or fire fighting personnel who were initially employed by the municipal employer before the effective date of the bill.

Provide that a municipal employer must pay, on behalf of a represented law enforcement or fire fighting employee who was initially employed by the municipal employer before the effective date of the bill, and who on or after the effective date of the bill became employed in a nonrepresented law enforcement or fire fighting managerial position with the same municipal employer, or a successor municipal employer in the event of a combined department that is created on or after the effective date of the bill, the same retirement contributions that are paid by the employer for represented law enforcement or fire fighting personnel who were initially employed by a municipal employer before the effective date the bill.

For municipal employers that participate in the Group Insurance Board local employer health care coverage plans, provide that a municipal employer must pay, on behalf of a nonrepresented law enforcement or fire fighting managerial employee who was initially employed by the municipal employer before the effective date of the bill, the same premium percentage that is paid by the municipal employer for represented law enforcement or fire fighting personnel who were initially employed by the municipal employer before the effective date of the bill.

Require that municipal employers that participate in the Group Insurance Board local employer health care coverage plans must pay, on behalf of a represented law enforcement or fire fighting employee, who was initially employed by the municipal employer before the effective date of the bill, and who on or after the effective date of the bill, became employed in a nonrepresented law enforcement or fire fighting managerial position with the same municipal employer, or a successor municipal employer in the event of a combined department that is created on or after the effective date of the bill, the same premium percentage that is paid by the municipal employer for represented law enforcement or fire fighting personnel who were initially employed by the municipal employer before the effective date of the bill.

Provide that these municipal provisions would apply to municipal employers that participate in the Wisconsin Retirement System (WRS), the City of Milwaukee, and Milwaukee County.

State Troopers and Motor Vehicle Inspectors. Require that the state pay, on behalf of a nonrepresented managerial employee who is a state trooper or a state motor vehicle inspector who was initially employed by the state before the effective date of the bill, the same retirement contributions that are paid by the state for represented state trooper and inspector employees who were initially employed by the state before the effective date of the bill.

Require the state to pay, on behalf of a represented employee who is a state trooper or a state motor vehicle inspector who was initially employed by the state before the effective date of the bill, and who on or after the effective date of the bill, became employed as a nonrepresented managerial state trooper or a state motor vehicle inspector in a position on or after the effective date of the bill, the same retirement contributions that are paid by the employer for a represented state trooper or a state motor vehicle inspector employee who was initially employed by the state before the effective date of the bill.

Require the state to pay, on behalf of a nonrepresented managerial employee who is a state trooper or a state motor vehicle inspector who was initially employed by the state before the effective date of the bill, the same health coverage premium contribution rates that are paid by the employer for represented state trooper and inspector employees who were initially employed by the state before the effective date of the bill.

Provide that, if 2011 Wisconsin Act 10 becomes effective or if legislation that is substantially similar to Act 10 is enacted into law, the treatment of these provisions relating to nonrepresented employees would take effect on the later of the effective date of the bill, or the effective date of Act 10 or of the legislation that is substantially similar to Act 10. If Act 10 does not become effective and legislation that is substantially similar to Act 10 is not enacted into law, the provisions would be void.

Assembly/Legislature: Delete the provision that, if 2011 Wisconsin Act 10 becomes effective or if legislation that is substantially similar to Act 10 is enacted into law, the treatment of these provisions would take effect on the later of the effective date of the bill, or the effective date of Act 10 or of the legislation that is substantially similar to Act 10. Delete the provision that, if Act 10 does not become effective and legislation that is substantially similar to Act 10 is not enacted into law, the provisions would be void.

[Act 32 Sections: 1139r, 1145n, 1145s, 1156ym, 1684p, and 1715p]

9. MEMORANDA OF UNDERSTANDING RELATING TO CERTAIN LOCAL COLLECTIVE BARGAINING AGREEMENTS

Joint Finance: Provide that a school district and the representative of a collective bargaining unit containing employees of that school district, or a technical college district board and the representative of a collective bargaining unit containing employees of that technical college district, may enter into one memorandum of understanding that modifies compensation or fringe benefit requirements in a collective bargaining agreement under the Municipal Employment Relations Act (MERA) that covers the school district employees, or technical college district employees, that was entered into before February 1, 2011, and that is in effect on the effective date of the bill. Provide that a modification under a memorandum of understanding is not a modification of the collective bargaining agreement for purposes of 2011 Wisconsin Act 10, initial applicability sections 9315(1) and (2) and 9332(1), or any provisions that are substantially similar to 2011 Wisconsin Act 10, sections 9315(1) and (2) and 9332(1), that may be enacted under separate legislation. Provide that no memorandum of understanding may be entered into later than 90 days after the effective date of the provisions.

Provide that the memorandum of understanding remains effective for the duration of the current collective bargaining agreement and continues to be effective after the collective bargaining agreement expires until a new collective bargaining agreement takes effect except that, if the memorandum contains a provision addressing a subject that, at the expiration of the collective bargaining agreement, becomes a prohibited subject of bargaining, that provision is no longer effective.

Under Act 10, certain conditions would be established for employee health insurance contributions for local governmental units insured through a program offered by the Group Insurance Board, employee retirement contributions, and municipal collective bargaining. The initial applicability requirements in the Act relating to these provisions [sections 9315(1) and (2) and 9332(1)] would specify that the provisions would first apply to employees who are covered by a collective bargaining agreement that contains provisions inconsistent with these provisions on the day on which the agreement expires or is terminated, extended, modified, or renewed, whichever occurs first.

The provisions permit changes through a single memorandum of understanding to a current school district or technical college collective bargaining agreement that was initially entered into prior to February 1, 2011, relating to compensation and fringe benefits, without activating the Act 10 initial applicability provisions.

Assembly/Legislature: Specify that the allowed modification under the memorandum of understanding may only be to reduce the cost of compensation or fringe benefits.

[Act 32 Section: 9132(1d)]

10. ESTABLISH A GREATER-WEIGHT FACTOR IN POLICE AND FIRE FIGHTING PERSONNEL ARBITRATIONS

Joint Finance: Provide that, in reaching a decision in arbitration proceedings relating to law enforcement and fire fighting personnel, the arbitrator must give greater weight to the economic conditions in the jurisdiction of the municipal employer than the arbitrator gives to other factors that must be considered under current law. Require the arbitrator to give an accounting of the consideration of this factor in the arbitrator's decision. The treatment of the provisions would first apply to a petition for arbitration that is filed on the effective date of the bill.

Under current law, for City of Milwaukee law enforcement arbitrations, in determining proper compensation, an arbitrator must utilize: (a) the most recently published U.S. Bureau of Labor Statistics "Standards of Living Budgets for Urban Families, Moderate and Higher Level", as a guideline to determine the compensation necessary for members to enjoy a standard of living commensurate with their needs, abilities and responsibilities; and (b) increases in the cost of living as measured by the average annual increases in the U.S. Bureau of Labor Statistics "Consumer Price Index" since the last adjustment in compensation for those members.

Under current law, for fire fighters in the City of Milwaukee and for law enforcement and

fire personnel in other larger jurisdictions (with populations of 2,500 or more), an arbitrator must give weight to: (a) the interests and welfare of the public and the financial ability of the unit of government to meet these costs; (b) comparison of the wages, hours and conditions of employment of the employees involved in the arbitration proceeding with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally, in public employment in comparable communities and in private employment in comparable communities; (c) the average consumer prices for goods and services, commonly known as the cost of living; and (d) the overall compensation presently received by the employees, including direct wage compensation, vacation, holidays and excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.

The provision would establish that the economic conditions in the jurisdiction of the municipal employer would be the "greatest weight" factor in arbitration decisions relating to both City of Milwaukee police, and fire fighters in the City of Milwaukee and law enforcement and fire personnel in other larger jurisdictions.

Provide that, if 2011 Wisconsin Act 10 becomes effective or if legislation that is substantially similar to Act 10 is enacted into law, the treatment of these provisions relating to municipal police and fire fighter arbitrations would take effect on the later of the effective date of the bill, or the effective date of Act 10 or of the legislation that is substantially similar to Act 10. If Act 10 does not become effective and legislation that is substantially similar to Act 10 is not enacted into law, the provisions would be void.

Assembly/Legislature: Delete the provision that, if 2011 Wisconsin Act 10 becomes effective or if legislation that is substantially similar to Act 10 is enacted into law, the treatment of these provisions would take effect on the later of the effective date of the bill, or the effective date of Act 10 or of the legislation that is substantially similar to Act 10. Delete the provision that, if Act 10 does not become effective and legislation that is substantially similar to Act 10 is not enacted into law, the provisions would be void.

[Act 32 Sections: 2408cv, 2408cx, 2409it, 2409iv, and 9332(1r)]

11. DESIGN AND SELECTION OF HEALTH CARE COVERAGE FOR MUNICIPAL PUBLIC SAFETY EMPLOYEES

Joint Finance: Provide that a municipal employer under the Municipal Employment Relations Act (MERA) is prohibited from bargaining collectively with respect to the design and selection of health care coverage plans by the municipal employer for public safety employees, and the impact of the design and selection of the health care coverage plans on the wages, hours, and conditions of employment of the public safety employee.

The treatment of the provisions would first apply to an employee who is covered by a collective bargaining agreement under MERA when the collective bargaining agreement expires or is extended, modified, or renewed, whichever occurs first.

Provide that, if 2011 Wisconsin Act 10 becomes effective or if legislation that is substantially similar to Act 10 is enacted into law, the treatment of these provisions relating to the design and selection of health care coverage plans would take effect on the later of the effective date of the bill, or the effective date of Act 10 or of the legislation that is substantially similar to Act 10. If Act 10 does not become effective and legislation that is substantially similar to Act 10 is not enacted into law, the provisions would be void.

Assembly/Legislature: Delete the provision that, if 2011 Wisconsin Act 10 becomes effective or if legislation that is substantially similar to Act 10 is enacted into law, the treatment of these provisions would take effect on the later of the effective date of the bill, or the effective date of Act 10 or of the legislation that is substantially similar to Act 10. Delete the provision that, if Act 10 does not become effective and legislation that is substantially similar to Act 10 is not enacted into law, the provisions would be void.

[Act 32 Sections: 2409cy and 9332(2r)]

12. PAYMENT OF A POLICE OFFICERS SALARY AND BENEFITS AFTER DISCHARGE IN A FIRST CLASS CITY

Joint Finance/Legislature: Provide that a member of the police force in a first class city (Milwaukee) may not be discharged or suspended without pay or benefits until the discharge or suspension is disposed of by the board of fire and police commissioners or the time for appealing the discharge or suspension has passed, unless felony or Class A or B misdemeanor charges are also pending against the officer, and if the charges arose out of the same conduct or incident that serves as the basis for the discharge or suspension.

Under current law, the City of Milwaukee is permitted to discharge a police officer without pay or benefits during the appeal process. No member of the police force may be suspended without pay or benefits, under current law, until the matter that is the subject of the suspension is disposed of by the board of fire and police commissioners or the time for appeal passes without an appeal being made. The current law provision was enacted in 2009 Wisconsin Act 28. The provision would reinstate the law that existed prior to the Act 28 change.

Veto by Governor [C-23]: Delete provision.

[Act 32 Vetoed Sections: 1715h and 1715k]

13. DISCIPLINARY PROVISIONS FOR POLICE AND FIRE PERSONNEL IN CITIES OTHER THAN MILWAUKEE

Joint Finance/Legislature: Repeal the current law provisions that: (a) a collective bargaining agreement may, notwithstanding the disciplinary process specified in s. 62.13 (5) of the statutes, contain dispute resolution procedures, including arbitration, that address the suspension, reduction in rank, suspension and reduction in rank, or removal of such personnel; and (b) if the procedures include arbitration, the arbitration hearing must be public and the

decision of the arbitrator must be issued within 180 days of the conclusion of the hearing.

Further, repeal current law provisions that a municipal employer is prohibited from bargaining collectively with respect to: (a) the prohibition of access to arbitration as an alternative to the disciplinary procedures under current law; (b) the reduction of current law standards relating to the determination of just cause to sustain charges against fire fighting or law enforcement personnel; and (c) the payment of compensation in a way that is inconsistent with the current law provision that no person may be deprived of compensation while suspended, pending the disposition of charges.

The provisions would first apply to an employee who is covered by a collective bargaining agreement on the day on which the collective bargaining agreement expires or is extended, modified, or renewed, whichever occurs first.

The statutory provisions being repealed were enacted under 2007 Wisconsin Act 20. Repealing the provisions would reestablish the statutory provisions in effect prior to Act 20. Under this modification, disciplinary actions relating to police and fire fighting personnel in cities (other than Milwaukee) would generally be determined by a board of police and fire commissioners, subject to current law due process requirements.

[Act 32 Sections: 2407dg, 2409cp, and 9332(1c)&(1q)]

14. COLLECTIVE BARGAINING PROVISIONS FOR CERTAIN TRANSIT WORKERS [MODIFICATION OF 2011 ACT 10 PROVISIONS]

Assembly/Legislature: Provide that WERC be required to determine that any municipal employee is a transit employee if the Commission determines that the municipal employer who employs the municipal employee would lose federal transit funding available under 49 USC 5333 (b), if the municipal employee is not a transit employee. An employee determined by WERC to be a transit employee would remain under prior law collective bargaining provisions. General employee interest arbitration provisions (except certain strike provisions) under prior law would be retained for transit employees only. Also, for transit employees, retain prior law requirements that WERC, on a regular basis, provide training programs to prepare individuals for service as arbitrators or as arbitration panel members, engage in appropriate promotional and recruitment efforts to encourage participation in the training programs, and provide training programs to individuals and organizations on other aspects of collective bargaining, including on areas of management and labor cooperation directly or indirectly affecting collective bargaining. [Act 10 does not maintain prior law collective bargaining provisions for transit employees.]

[Act 32 Sections: 2405p thru 2406cr, 2406fg thru 2407bt, 2407ep, 2408b, 2409db thru 2409igm, 2409jn, 3508v, and 9332(1q)]

15. COLLECTIVE BARGAINING PROVISIONS FOR EMERGENCY MEDICAL SERVICES PROVIDERS [MODIFICATION OF 2011 ACT 10 PROVISIONS]

Assembly/Legislature: Provide that an emergency medical service provider for the emergency medical services departments in Door and Waushara Counties would be included in the definition of public safety employee. An emergency medical service provider for the emergency medical services departments in Door and Waushara counties would retain collective bargaining rights, including the ability to bargain for an employer pickup of employee-required retirement and health insurance contributions. [Act 10 does not include emergency medical service providers in the definition of public safety employee.]

Veto by Governor [C-22]. Delete the limitation of the provision to Door and Waushara Counties only. As a result, all emergency medical service providers for emergency medical services departments in the state would be included in the definition of public safety employee.

[Act 32 Section: 2406d]

[Act 32 Vetoed Section: 2406d]

16. INITIAL UNION CERTIFICATION VOTES AND WERC FEES FOR CERTIFICATION ELECTIONS [MODIFICATION OF 2011 ACT 10 PROVISIONS]

Assembly/Legislature: Provide that, notwithstanding the standard annual dates provided for collective bargaining unit certification under Act 10, the initial unit certification vote must be held in the third month beginning after the effective date of Act 32. [Act 10 requires that, for each collective bargaining unit under MERA or SELRA containing general municipal employees, employees must vote annually to certify or decertify their representatives, under procedures specified in Act 10. Under nonstatutory provisions in Act 10, notwithstanding the annual dates established for the union certification votes, the initial certification vote was required to be conducted in April, 2011.]

Require that WERC assess and collect a certification fee for each union certification election that is conducted under MERA or SELRA and credit the fees to an existing WERC appropriation account. [This provision is not included in Act 10.]

[Act 32 Sections: 634r, 2408ch, 2410oe, 3570f, 3570h, and 9332(1q)]

17. BASE WAGES IF CONSUMER PRICE INDEX DECREASES OR REMAINS UNCHANGED [MODIFICATION OF 2011 ACT 10 PROVISIONS]

Assembly/Legislature: Provide that, if there is a decrease or no change in the consumer price index, the employer would be prohibited from bargaining for any change in total base wages for authorized positions in the proposed collective bargaining agreement from the total base wages for authorized positions 180 days before the expiration of the previous collective bargaining agreement. [Under Act 10, if there is a decrease in the consumer price index, the

salary limitation that can be bargained would be the base amount minus the percentage decline in the CPI.]

[Act 32 Sections: 2409bg, 2425p, and 9332(1q)]

18. BASE-WAGE BARGAINING PROVISIONS [MODIFICATION OF 2011 ACT 10 PROVISIONS]

Assembly/Legislature: Provide that, for the purposes of determining compliance with the consumer price index (CPI) limitation for bargaining base wages, the WERC is required to provide, upon request, to a municipal employer or to any representative of a collective bargaining unit containing a general municipal employee, the consumer price index change during any 12-month period. The Commission may get the information from the Department of Revenue. [Under Act 10, municipalities are required to determine the CPI measure using the same method used by DOR. The Act 32 modification allows the information to be obtained from WERC.] Clarify a provision relating to a local governmental unit that wishes to increase the total base wages of its general municipal employees in an amount that exceeds the CPI limitation, by specifying that the provision relates to employees covered by a collective bargaining agreement. [The modification is a technical clarification of an Act 10 provision.]

[Act 32 Sections: 1721g, 2409br, and 9332(1q)]

19. REFERENCE DATE FOR INITIAL COLLECTIVE BARGAINING AGREEMENTS WITH STATE EMPLOYEES [MODIFICATION OF 2011 ACT 10 PROVISIONS]

Assembly/Legislature: Provide that, with respect to the first collective bargaining agreements under the State Employment Labor Relations Act (SELRA) negotiated after the effective date of Act 32, the state would be prohibited from bargaining with respect to a proposal that: (a) if there is an increase in the consumer price index change, provides for total base wages for authorized positions in the proposed collective bargaining agreement that exceed the total base wages for authorized positions 180 days before July 1, 2011, by a greater percentage than the consumer price index change; or (b) if there is a decrease or no change in the consumer price index change, provides for any change in total base wages for authorized positions in the proposed collective bargaining agreement from the total base wages for authorized positions 180 days before July 1, 2011. [Act 10 did not include a specific reference date for the calculation of total base wages for the initial collective bargaining agreements under SELRA following enactment of Act 10. Act 32 specifies the July 1, 2011, reference date.]

[Act 32 Section: 9155(3r)]

ENVIRONMENTAL IMPROVEMENT FUND

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$94,749,600	\$55,160,100	\$66,963,400	\$66,963,400	\$66,963,400	- \$27,786,200	- 29.3%
SEG	<u>18,000,000</u>	<u>16,000,000</u>	<u>16,000,000</u>	<u>16,000,000</u>	<u>16,000,000</u>	<u>- 2,000,000</u>	- 11.1
TOTAL	\$112,749,600	\$71,160,100	\$82,963,400	\$82,963,400	\$82,963,400	- \$29,786,200	- 26.4%
BR		\$362,400,000	\$369,100,000	\$369,100,000	\$369,100,000		

FTE Position Summary
Positions for the Environmental Improvement Fund program are provided under the Departments of Administration and Natural Resources.

Budget Change Items

1. GENERAL AND REVENUE OBLIGATION BONDING AUTHORITY [LFB Paper 300]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
BR	\$362,400,000	\$6,700,000	\$369,100,000

Governor: Provide an increase in bonding authority of \$362.4 million for the environmental improvement fund. This includes \$9.4 million in general obligation and \$353 million in revenue obligation bonding authority. Revenue obligations are issued to provide financial assistance for municipal wastewater facility projects in the clean water fund program. State revenue bonds are retired primarily through repayments of program loans and issuance of general obligation bonds to pay for the state subsidy costs of low-interest loans in the clean water fund program. General obligation bonds are also issued to pay for the 20% state match to the federal capitalization grants for the clean water fund program and safe drinking water loan program.

The clean water fund program provides low-interest loans to municipalities for planning, designing, constructing, or replacing a wastewater treatment facility, or for nonpoint source pollution abatement or urban stormwater runoff control projects. The safe drinking water loan program provides financial assistance to municipalities for the planning, design, construction or modification of public water systems.

Joint Finance/Legislature: Provide an additional \$6.7 million in general obligation bonding authority for the clean water fund program. The bonding authority amounts are shown in the following table. The bonding authority change reflects providing a project interest rate of 75% of the market rate, instead of the current 60%, 65% or 70% of market rate, or the 80% of market rate recommended by the Governor.

Environmental Improvement Fund (EIF) Bonding Authority

	<u>Current</u>	<u>Governor</u>	<u>Act 32</u>	<u>Total</u>
Clean water fund -- general obligation	\$777,043,200	\$0	\$6,700,000	\$783,743,200
Clean water fund -- revenue obligation	2,363,300,000	353,000,000	0	2,716,300,000
Safe drinking water -- general obligation	<u>45,400,000</u>	<u>9,400,000</u>	<u>0</u>	<u>54,800,000</u>
Total	\$3,185,743,200	\$362,400,000	\$6,700,000	\$3,554,843,200

[Act 32 Sections: 780p, 781, and 2923]

2. PRESENT VALUE SUBSIDY LIMIT [LFB Paper 300]

Governor: Provide a "present value subsidy limit" totaling \$85.1 million for the environmental improvement fund. The subsidy limit represents the estimated state cost, in 2011 dollars, to provide 20 years of subsidy for the projects that would be funded in the 2011-13 biennium.

No present value subsidy limit is proposed for the land recycling loan program because all of the funds authorized for that program have been allocated. The land recycling loan program may provide financial assistance to certain local governments for the investigation and remediation of contaminated (brownfields) properties and for a loan to the dry cleaner environmental response fund.

Joint Finance/Legislature: Provide a present value subside limit totaling \$99.9 million, as shown in the table. The \$69.2 million provided for the clean water fund program includes \$65.7 million associated with the provision of an interest rate of 75% of the market rate and \$3.5 million associated with the provision of principal forgiveness under the federal fiscal year 2011 capitalization grant.

EIF Present Value Subsidy Limit

	<u>Authorized</u> <u>2009-11</u>	<u>Governor</u> <u>2011-13</u>	<u>Act 32</u> <u>2011-13</u>
Clean water fund program	\$134,900,000	\$54,400,000	\$69,200,000
Safe drinking water loan program	17,600,000	30,700,000	30,700,000
Land recycling loan program	<u>2,700,000</u>	<u>0</u>	<u>0</u>
Total	\$155,200,000	\$85,100,000	\$99,900,000

[Act 32 Sections: 2917, 2918, 2921, and 2922]

3. **DEBT SERVICE REESTIMATE** [LFB Paper 183]

GPR	-\$16,541,700
SEG	<u>- 2,000,000</u>
Total	-\$18,541,700

Governor/Legislature: Decrease funding by \$7,518,000 GPR and \$1,000,000 SEG in 2011-12 and \$9,023,700 GPR and \$1,000,000 SEG in 2012-13 to reflect the current law reestimate of GPR debt service costs on state general obligation bonds and commercial paper debt issued for the environmental improvement fund and a decrease in the use of SEG loan repayments for debt service. This would include: (a) -\$8,308,700 GPR and -\$1,000,000 SEG in 2011-12 and -\$10,082,500 GPR and -\$1,000,000 SEG in 2012-13 for the clean water fund program; and (b) \$790,700 GPR in 2011-12 and \$1,058,800 GPR in 2012-13 for the safe drinking water loan program.

In addition to GPR debt service payments, clean water fund program general obligation bond debt service is also paid in each year from a SEG sum certain appropriation that receives a portion of loan repayments from municipalities from loans that were originally provided from the proceeds of general obligation bonds. The land recycling loan program is funded through loan repayments of clean water fund loans made with the proceeds of federal grants to the clean water fund and does not have a separate debt service cost.

Debt service costs include the conversion of \$1,000,000 annually from environmental improvement fund SEG to GPR to decrease, from \$9 million to \$8 million, to reflect the approximate amount of clean water fund program general obligation bond debt service paid by 50% (the maximum allowed by federal law) of the loan interest repayments received from municipalities from loans that were originally provided from the proceeds of general obligation bonds issued to provide the 20% state match to the federal grants. Under the bill, short-term GPR debt service costs would increase by \$1 million annually, and the long-term effect would be to decrease the need for future issuance of general obligation bonds and revenue bonds because loan repayments would be used for clean water fund program loans instead of for debt service.

4. GPR DEBT RESTRUCTURING -- DEBT SERVICE [LFB Paper 175]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$23,047,800	\$11,803,300	-\$11,244,500

Governor: Decrease funding by \$23,982,700 in 2011-12 and increase funding by \$934,900 in 2012-13 to reflect estimated GPR debt service costs associated with the proposed restructuring of general obligation bond and commercial paper GPR principal amounts that would otherwise be paid off in 2011-12. This would include: (a) -\$21,684,700 in 2011-12 and \$830,200 in 2012-13 for the clean water fund program; and (b) -2,298,000 in 2011-12 and \$104,700 in 2012-13 for the safe drinking water loan program. Under the bill, the state would issue refunding bonds to restructure a portion of its outstanding general obligation GPR principal debt and would rollover the principal due on its outstanding commercial paper in 2011-12. The increase in debt service for 2012-13 is associated with the initial interest amount due on the additional debt issued to replace the restructured 2011-12 principal amounts. (See "Building Commission" for additional information regarding this provision.)

Joint Finance/Legislature: Modify debt service funding by \$12,244,700 GPR in 2011-12 and -\$441,400 GPR in 2012-13 associated with a \$100,100,000 reduction in restructuring bonding in 2011-12. This would include: (a) \$11,466,600 in 2011-12 and -\$406,300 in 2012-13 for the clean water fund program; and (b) \$778,100 in 2011-12 and -\$35,100 in 2012-13 for the safe drinking water loan program.

5. REDUCE CLEAN WATER FUND INTEREST RATE SUBSIDY AND HARDSHIP ASSISTANCE [LFB Paper 300]

Governor: Reduce the subsidy for most clean water fund program projects to provide an interest rate of 80% of the market rate. Loan interest rates paid by municipalities would increase from the current 60%, 65% or 70% of market rate, depending on the project type. The project types that would receive the reduced state subsidy include: (a) increase the interest rate from 60% to 80% of market rate, for compliance maintenance projects, which are projects to prevent a significant violation of an effluent limitation by a municipal sewage treatment facility; (b) increase the interest rate from 60% to 80% of market rate, for new or changed limits projects, which are projects to achieve compliance with an effluent limitation established after May 17, 1988, if the project is for a municipality that is not a violator of the specific limit that is changing; (c) increase the interest rate from 65% to 80% of market rate, for projects to abate nonpoint source pollution and to control urban storm water runoff; and (d) increase the interest rate from 70% to 80% of market rate, for projects to provide treatment facilities and sewers for unsewered areas. The market interest rate changes when the state issues bonds to finance projects under the program. The March, 2011, interest rate is 4.0%. The following table shows the effect of current law and the bill with a market interest rate of 4.0%. The change in the interest rate would apply to projects for which subsidy is allocated from the present value subsidy limit approved for the 2011-13 biennium and subsequent biennia. Projects allocated

subsidy from the present value subsidy limit approved for the 2009-11 biennium would be funded with the current law interest rate.

Clean Water Fund Program Loan Interest Rates by Project Type

<u>Project Category</u>	<u>Prior Law Percent of Market Rate</u>	<u>Prior Law Interest Rate</u>	<u>Governor Percent of Market Rate</u>	<u>Governor Interest Rate</u>
Compliance maintenance/ New and changed limits	60%	2.4%	80%	3.2%
Storm water/nonpoint Unsewered	65 70	2.6 2.8	80 80	3.2 3.2
Market Rate	100	4.0	100	4.0

Reduce the amount of present value subsidy allocated to financial hardship assistance from 15% to 5% of the total present value subsidy limit. Under the bill, up to \$2.72 million (5%) of the proposed \$54.4 million in clean water fund program present value subsidy limit would be available for hardship assistance. In the 2009-11 biennium, \$20.2 million (15%) of the authorized \$134.9 million in present value subsidy limit is available for hardship assistance. The program provides financial hardship assistance for projects where the municipality's median household income is 80% or less (\$44,699 in 2008-09 through 2010-11) of the statewide median household income, and the estimated annual residential wastewater treatment charges would exceed 2% of the median household income in the municipality without hardship assistance. Assistance is provided to reduce residential wastewater user charges to 2% of the median household income, or as close to 2% as is possible with the maximum assistance. The maximum financial hardship assistance is a grant for 70% of project costs, with the remaining costs provided through a 0% interest rate loan. Financial hardship assistance is provided first in the form of a low-interest rate loan. Then, if user charges still exceed 2% of the median household income of the municipality, the program adds a grant. The bill would not affect eligibility requirements, the current subsidized interest rate, or the amount provided as a grant or loan for individual hardship financial assistance projects.

Based on the September, 2010, biennial finance plan submitted by DNR and DOA (which reflected program costs based on the current 60%, 65%, or 70% of market interest rate, and the reduction of present value subsidy limit allocated for financial hardship projects), the reduction in the state subsidy would reflect a reduction of \$39.7 million in the need for general obligation bonding authority, and a reduction of \$55.7 million in the need for present value subsidy limit. While the state's costs of providing 20 years of subsidy for projects funded in the 2011-13 biennium would be expected to decrease by approximately \$55.7 million, costs to municipal borrowers would increase by the same amount.

Joint Finance/Legislature: Provide an interest rate subsidy of 75% of the market rate, instead of the 80% of market rate recommended by the Governor, and the 55%, 60%, or 65% of market rate under current law, depending on project type. This is shown in the following table.

Clean Water Fund Program Loan Interest Rates by Project Type

<u>Project Category</u>	<u>Prior Law Percent of Market Rate</u>	<u>Prior Law Interest Rate</u>	<u>Act 32 Percent of Market Rate</u>	<u>Act 32 Interest Rate</u>
Compliance maintenance/ New and changed limits	60%	2.4%	75%	3.0%
Storm water/nonpoint	65	2.6	75	3.0
Unsewered	70	2.8	75	3.0
Market Rate	100	4.0	100	4.0

[Act 32 Sections: 2913 thru 2916, 2919, and 2920]

6. SAFE DRINKING WATER LIMIT ON ASSISTANCE PER MUNICIPALITY

Governor/Legislature: Provide that, in any biennium, any one municipality may not receive more than 25% of the funds that DOA projects will be available for the safe drinking water loan program for that biennium. Currently, no municipality may receive more than 25% of the present value subsidy limit statutorily established in that biennium for the safe drinking water loan program.

[Act 32 Section: 2925]

7. PRINCIPAL FORGIVENESS UNDER FEDERAL GRANT [LFB Paper 300]

Joint Finance/Legislature: Provide the same type of one-time authority for the federal principal forgiveness program as was provided in 2009 Act 384, as follows: (a) if the state receives funds under P.L. 112-10 as the federal fiscal year 2011 capitalization grant for the clean water fund program or safe drinking water loan program, DNR and DOA would be authorized to allocate the funds before December 31, 2013, to municipalities for eligible projects; (b) DNR and DOA would be required to provide additional subsidy to municipalities as forgiveness of a portion of the principal of a loan, in the amount that P.L. 112-10 requires to be used as principal forgiveness, notwithstanding statutory limits on the methods of providing financial assistance; (c) DNR would be authorized to establish a percentage limit on the amount of principal forgiveness that may be received by any municipality; (d) DNR would be authorized to establish a deadline for submitting applications for financial assistance for principal forgiveness; (e) in selecting projects to receive financial assistance with principal forgiveness, DNR would be authorized to consider any of the following: (1) the population of the municipality in which a project would be located; (2) the median household income of the municipality; (3) the extent to which a project promotes water efficiency or energy efficiency, is environmentally innovative, or uses natural systems or engineered systems that mimic natural processes, also called green infrastructure; and (f) DNR and DOA would not be required to promulgate rules for the principal forgiveness provisions.

[Act 32 Sections: 9135(3c)&(3d)]

FINANCIAL INSTITUTIONS

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
PR	\$35,072,400	\$35,256,500	\$35,256,500	\$35,256,500	\$35,256,500	\$184,100	0.5%

FTE Position Summary						
Fund	2010-11 Base	2012-13 Governor	2012-13 Jt. Finance	2012-13 Legislature	2012-13 Act 32	Act 32 Change
						Over 2010-11 Base
PR	135.54	136.54	136.54	136.54	136.54	1.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	\$2,773,200
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Governor/Legislature: Adjust the agency's base budget for: (a) turnover reduction (-\$176,200 annually); (b) full funding of continuing position salaries and fringe benefits (\$1,466,600 annually); (c) reclassifications and semiautomatic pay progressions (\$15,400 in 2011-12 and \$37,000 in 2012-13); and (d) full funding of lease and directed moves costs (\$70,000 annually).

2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH CARE

PR	-\$1,232,800
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Governor/Legislature: Delete \$616,400 annually to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance cost reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

3. ELIMINATE LONG-TERM VACANCIES

	Funding	Positions
PR	- \$144,200	- 1.00

Governor/Legislature: Delete \$72,100 and 1.0 position annually to reflect the elimination of long-term vacant positions under the bill. The funding and position reduction is associated with a position that has been vacant for 12 months or more.

4. BUDGET REDUCTIONS

PR	-\$1,458,000
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Governor/Legislature: Delete \$729,000, annually, as part of budget adjustment efficiency measures. The reductions by appropriation are shown below:

<u>Fund</u>	<u>Appropriation</u>	<u>Annual Reduction</u>
PR	Investor education and training fund	-\$9,400
PR	Gifts, grants, settlements, and publications	-6,500
PR	Payday loan database and financial literacy	-100,000
PR	General program operations	-570,300
PR	Credit union general program operations	<u>-42,800</u>
	Total	-\$729,000

The reduced funding represents a cut of approximately 10% of the agency's adjusted base amount for supplies and services to the following Department of Financial Institutions (DFI) appropriations: (a) investor education and training fund; (b) gifts, grants, settlements, and publications; and (c) payday loan database and financial literacy. The reduction to DFI's general program operations appropriation reflects a cut of approximately 4% of the adjusted base amount and reduces funding for supplies and services by \$497,000, permanent property by \$27,000, and unallotted reserve by \$46,300, annually. The reduction to DFI's credit union general program operations appropriation reflects a cut of approximately 2.2% from the adjusted base amount and includes reduced funding of \$25,900 for supplies and services, \$6,900 for permanent property, and \$10,000 in unallotted reserve, annually.

5. REPLACEMENT OF CLASSIFIED POSITIONS WITH UNCLASSIFIED POSITIONS

Governor/Legislature: Delete 2.0 PR classified positions and provide 2.0 PR unclassified positions under DFI's general program operations appropriation.

Under 2011 Act 10, 38 classified positions were transferred into the unclassified service to serve as division administrators. Act 10 also redefined "administrators" to include "other managerial positions determined by an appointing authority." The State Budget Office indicates that personnel from three separate employment areas (attorney services positions, communications positions, and legislative liaison positions) would be moved from classified to unclassified service within specified agencies. The revised unclassified positions would be renamed as either chief legal advisors, communications directors, or legislative advisors.

Individuals in these unclassified positions would be at will employees appointed by the heads of the respective agencies.

The provisions in the 2011-13 biennial budget bill effectuate the intent of Act 10 in regards to the transfer of classified positions to unclassified positions as recommended by the Governor.

6. TRANSFER FROM THE SECRETARY OF STATE
[LFB Paper 590]

	Funding	Positions
PR-REV	\$648,200	
GPR-Earned	284,200	
PR	\$114,000	1.00

Governor/Legislature: Transfer \$57,000 PR and 1.0 PR position from the Office of the Secretary of State (Office) to DFI, annually, and transfer the assets and liabilities of the Office's notary and trademark functions to DFI for issuing notary public commissions and registering trademarks, trade-names, and brands. Increase the amount transferred from DFI's general program operations account to the Secretary of State's general operations appropriation from \$200,000 to \$325,000, annually.

Notary and trademark functions that would be transferred to DFI under the bill would increase program revenue credited to the Department's general program operations appropriation by an estimated \$324,100, annually. According to the administration, the proposed transfer of an additional \$125,000 to the Office would replace part of the revenue that would have been credited to the Office's general operations appropriation as compared to current law. The bill would provide DFI with additional PR expenditure authority of \$57,000, annually, associated with staff costs for notary and trademark functions. At the end of each year, DFI lapses most unencumbered program revenue to the general fund; therefore, it is estimated that an additional \$142,100 would lapse to the general fund, annually.

[Act 32 Sections: 490, 754, 2310, 2605 thru 2637, and 9142(1)]

7. CREDIT UNION EXAMINER

	Funding	Positions
PR-REV	\$131,900	
GPR-Earned	18,000	
PR	\$131,900	1.00

Governor/Legislature: Provide \$55,400 in 2011-12, \$76,500 in 2012-13, and 1.0 position beginning in 2011-12 to provide an additional financial examiner position to the Office of Credit Unions (OCU). This position is being created to meet statutory examination requirements and provide adequate oversight of the credit union industry. Under current law, funding for OCU is provided through fees paid by credit unions, of which OCU retains 88% of the fees and the remaining 12% is credited to the general fund. This position would be funded through an increase in assessments paid by credit unions of \$63,000 in 2011-12 and \$86,900 in 2012-13. General fund revenues would increase by \$7,600 in 2011-12 and \$10,400 in 2012-13.

8. ELIMINATE EXEMPTION FOR CERTAIN INVESTMENT ADVISOR FIRMS

PR-REV	\$68,000
GPR-Earned	68,000

Governor/Legislature: Eliminate the exemption from registering with DFI as an investment advisor for institutional investors that are private business development companies, qualified institutional buyers, and private business development companies with assets of more than \$10 million. Eliminate the exemption from registering with DFI as an investment advisor for accredited investors that are private business development companies, trusts with assets of more than \$5 million, and entities in which all of the equity owners are accredited investors. These provisions would first apply on the day after publication of the bill or October 1, 2011, whichever is later.

The federal Wall Street Reform Act and Consumer Protection Act of 2010 (Dodd-Frank Bill) increased state regulatory authority over investment adviser firms. According to DFI, provisions of the Dodd-Frank Bill are expected to increase the number of investment adviser firms under the Department's regulatory authority by between 70 and 100, which is expected to double the value of investment adviser assets regulated by the Department. DFI estimates that new registration fees paid by these additional investment adviser firms will increase revenues in DFI's general program operations appropriation by approximately \$34,000, annually. At the end of each year, most unencumbered program revenue in this appropriation is lapsed to the general fund; therefore, general fund revenues would increase by a similar amount.

[Act 32 Sections: 3283, 3284, and 9417(1)]

9. CONSOLIDATE APPROPRIATIONS

Governor/Legislature: Transfer funding and positions from the credit union general program operations appropriation to DFI's primary appropriation for general program operations, eliminate the separate appropriation for credit union general program operations, and renumber the appropriation for credit union examinations, federal funds.

[Act 32 Sections: 489 thru 492, and 2707]

10. GPR-EARNED REESTIMATE [LFB Paper 305]

GPR-Earned	-\$2,137,600
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Joint Finance/Legislature: Reestimate GPR-Earned from DFI at \$57,824,500 in 2011-12 and \$57,732,700 in 2012-13 to more accurately reflect lapses that are expected to occur under the projected program revenues and expenditures for DFI. As compared to estimates under the bill, the reestimate is lower by \$1,557,100 in the first year and \$580,500 in the second year. It should be noted that this estimate does not include the \$1,417,500 and \$120,000 of annual revenues during the 2011-13 biennium that the Secretary of Administration would be required to lapse to the general fund under non-statutory provisions of the budget bill.

11. PERMITTED METHODS OF CALCULATING INTEREST ON LOANS

Joint Finance/Legislature: Specify that interest on any note, bond, or other instrument computed on the declining unpaid principal balance from time to time outstanding may be computed and charged on actual unpaid balances at 1/360 of the annual rate for the actual number of days outstanding if the use of this calculation method is disclosed in the note, bond, or other instrument. Specify that this provision does not apply to pawnbrokers' loans. This provision would first apply, retroactively, to all existing notes, bonds, or other instruments, regardless of their origination date.

According to the Legislative Reference Bureau (LRB), under current law, in calculating interest in consumer credit transactions, including those entered into by licensed lenders, a day may be considered 1/30 of a month. Over a 12-month period, use of this method would equate to permitting each day to be calculated as 1/360 of a year. According to the LRB, no provisions under current state law govern what method of calculating interest must be used for other notes, bonds, or instruments that are not consumer credit transactions. The provision permits interest to be calculated using 1/360 of the annual rate for other types of loans, such as mortgage loans, provided that use of this method is disclosed on the note, bond, or other instrument. The method of disclosing the calculation to the borrower is not specified.

In calculating the rate of interest based on 1/360 of the annual rate per day, interest is calculated using a method that takes this annual rate, multiplied by 365, and divided by 360. As compared to interest using a standard 365/365 interest calculation method, for example, if a person were to have a \$1,000 loan with a simple annual interest rate of 10%, interest of \$100.00 would accrue after one year. If the 365/360 method were used to calculate interest on the same loan, \$101.39 would accrue. The use of the 365/360 interest formula as opposed to the 365/365 day formula increases the effective annual interest rate from 10.00% to 10.14%. This provision statutorily permits this method for calculating interest on all notes, bonds, and other instruments, other than pawnbrokers' loans.

The provision retroactively applies to all existing notes, bonds, and other instruments, regardless of their origination date. According to the LRB, and as noted, current law neither expressly permits nor prohibits the use of interest calculated at a rate of 1/360 per day for these notes, bonds, and other instruments that are not consumer credit transactions.

[Act 32 Sections: 2637b and 9317(1f)]

12. RESPONSIBLE HIGH COST MORTGAGE LENDING

Joint Finance/Legislature: Provide that any state chartered bank, trust company, savings and loan association, savings bank, or credit union, or any subsidiary thereof, is exempt from state laws governing responsible high cost mortgage lending, regardless of whether or not federal law preempts or prohibits the application of those provisions to a federally chartered institution of the same type. This exemption would apply to both state and federally chartered institutions.

Current law imposes certain regulations for responsible high cost mortgage lending on covered loans. Covered loans are generally consumer credit mortgage loan transactions, other than an open end credit plan or reverse mortgage, in which the customer is a natural person and the loan is secured by a mortgage on a residential real property occupied as the customer's principal dwelling. These regulations include certain prohibitions and requirements for lenders and assignees making covered loans, such as restrictions on balloon payments, call provisions, negative amortization, prepayment provisions, and advanced payments. In addition, current law specifies certain disclosure requirements. According to DFI, these laws generally apply to mortgage bankers and mortgage brokers.

Under current law, the regulations for responsible high cost mortgage lending on covered loans do not apply to any state chartered bank, trust company, savings and loan association, savings bank, or credit union, or to any subsidiary thereof, to the extent that federal law preempts or prohibits the application of these provisions to a federally chartered institution of the same type. According to DFI, federal law preempts and prohibits the application of these provisions to federally chartered institutions and, as a result, these regulations do not apply to any similarly chartered state institution.

Under this provision, any state or federally chartered bank, trust company, savings and loan association, savings bank, or credit union, and any subsidiary thereof, would be exempt from state laws governing responsible high cost mortgage lending. The provision would not change DFI's application of current law. It should be noted that under this provision, as compared to current law, if the applicable federal law were repealed or altered to permit states to similarly regulate state and federally chartered financial institutions, regulations governing responsible high cost mortgage lending for covered loans that are generally applicable to mortgage bankers and mortgage brokers would not apply to either state or federally chartered financial institutions.

[Act 32 Section: 3194m]

13. CONVERSION OF A CREDIT UNION TO A SAVINGS BANK OR BANK

Joint Finance: Provide that a credit union may convert to a mutual or capital stock savings bank (including in a mutual holding company structure), or a bank organized under state law in the following manner:

Statutes Governing Credit Unions

Provide the following definitions under these provisions: (a) a "savings bank" is a financial institution organized as a savings bank under state law in either mutual or stock form; and (b) a "state bank" is a financial institution organized as a bank under state law.

Require that the proposition for a conversion must first be approved by a majority recommendation of the directors of the credit union. Specify that the directors must, by a majority vote of the directors, set a date for a meeting of the credit union members to vote on the conversion. Provide that the credit union members may also vote by written ballot to be filed on

or before the meeting date. Require that written notice specifying the purpose and subject matter of the meeting, and the date that is set for the meeting and for voting by submission of a written ballot, must be sent to each member eligible to vote at the member's address appearing on the records of the credit union. Specify that the notice must be sent to each credit union member not more than 90 days nor less than 30 days before the date of the meeting to vote on the conversion, and the notice must be accompanied by a written ballot. Require that the ballot must: (a) permit the member to vote for or against the proposal; (b) clearly inform the member that the member may vote at the meeting or by submitting the written ballot; and (c) state the date, time, and place of the meeting. Specify that approval of the proposition for conversion must be by an affirmative vote, in person or in writing, of a majority of the credit union members voting either at the meeting or by written ballot.

Require that a credit union that proposes to convert to a savings bank or bank must file a notice of its intent to convert with the Office of Credit Unions, and within ten days after the member vote on the conversion, must file a statement of the results of the member vote. Require OCU to verify the credit union member vote to approve the proposition for conversion if the members vote to approve the proposition for conversion.

Require that, upon approval by the credit union members of the proposition for conversion, the credit union must take all necessary action as required under state laws governing savings banks and state banks to complete the conversion. Specify that the credit union must file a copy of the certificate with the OCU within 90 days following receipt from the Division of Banking (DOB) of a certificate of incorporation as a savings bank or bank, and require that the Office must issue to the converting credit union a certificate of conversion to a savings bank or bank.

Require that, upon conversion, the credit union ceases to be a credit union and is: (a) a savings bank or state bank; (b) no longer subject to laws governing credit unions; (c) subject to laws governing savings banks in the case of a savings bank or laws governing state banks in the case of a bank; and (d) subject to all other provisions of law governing savings banks or banks, as the case may be. Specify that, upon conversion, the legal existence of the savings bank or bank is a continuation of the credit union, and specify that all property and every right, privilege, interest, and asset of the credit union immediately vests in the savings bank or bank without a conveyance, transfer, or further act of the savings bank or bank. Require that the resulting savings bank or bank succeeds to, and is vested with, all the rights, assets, obligations, and relations of the credit union. Specify that all actions and other judicial proceedings to which the credit union is a party may be prosecuted and defended to the same extent as though the conversion had not taken place.

Specify that, in connection with a conversion into a capital stock savings bank or a bank, the former credit union may choose to distribute shares of the capital stock of the savings bank or bank and/or cash to the former members of the credit union in recognition of their ownership of the equity of the former credit union.

Specify that no director or senior management official of a credit union may receive any economic benefit in connection with a conversion of the credit union to a savings bank or bank,

except that a director or senior management official may receive director fees, as well as compensation and other benefits paid to directors and senior management officials of the converted savings bank or bank in the ordinary course of business. Define a "senior management official" to mean a chief executive officer, an assistant chief executive officer, a chief financial officer, and any other senior executive officer as defined by the appropriate banking agency as directed under federal law.

Statutes Governing Savings Banks and State Banks

Modify the statutes governing savings banks and state banks to specify that a credit union may become a savings bank or bank by doing all of the following:

- a. Applying to DOB for authority to organize as a savings bank or bank and satisfying all the requirements for organizing as a savings bank or bank;
- b. Satisfying all of the above conversion requirements for conversion to a savings bank or bank; and
- c. Recording the savings bank's or bank's articles of incorporation in the county in which its home office is located.

Under current law, a credit union is permitted to convert to a federal credit union, but is not permitted to convert directly from a credit union to a savings bank or a bank. These provisions create specific criteria to permit a credit union to convert directly from a credit union to either a savings bank or bank. The provisions specify regulations regarding credit union member voting rights prior to conversion to a savings bank or bank from a credit union. The provisions would also provide certain restrictions on compensation to directors and senior management officials of a credit union that converts to a savings bank or bank.

According to DFI, state chartered credit unions that wish to convert to a savings bank or bank can accomplish this transition under current law by first converting to a national credit union, then converting from a national credit union to a savings bank or bank, and either choosing to remain a federally chartered savings bank or bank or converting to a state savings bank or bank.

Assembly/Legislature: Modify certain Joint Finance provisions with regards to providing members of a credit union with a written notice concerning conversion of a credit union to a savings bank or bank. These provisions specified that the notice must be sent to each credit union member not more than 90 days nor less than 30 days before the date of the meeting to vote on the conversion, and the notice must be accompanied by a written ballot. The provisions required that the ballot must: (a) permit the member to vote for or against the proposal; (b) clearly inform the member that the member may vote at the meeting or by submitting the written ballot; and (c) state the date, time, and place of the meeting.

Remove these two provisions and, instead, require that the notice to credit union members must be submitted three times, once between 90 and 95 days, once between 60 and 65 days, and once between 30 and 35 days prior to date of the membership vote on the conversion. Specify

that a ballot may be included in the same envelope as the 30-day notice. The notice to members must: (a) adequately describe the purpose and subject matter of the vote to be taken at the special meeting or by submission of the written ballot; (b) clearly inform members that they may vote at the special meeting or by submitting the written ballot; and (c) state the date, time, and place of the meeting.

If a written ballot is to be sent, the notices that are submitted between 90 and 95 days and between 60 and 65 days before the membership vote on the conversion must state in a clear and conspicuous fashion that a written ballot will be mailed together with another notice between 30 and 35 days before the date of the membership vote on conversion. The notice submitted between 30 and 35 days before the membership vote on the conversion must state in a clear and conspicuous fashion if a written ballot is included in the same envelope as the 30-day notice materials.

[Act 32 Sections: 2707d thru 2707g, 2718m, 2719d thru 2719g, and 2724m]

14. PAYDAY LOANS

Joint Finance/Legislature: Modify laws governing payday loans in the following manner:

Limit the definition of "payday loan" to only apply to transactions that are for a term of 90 days or less.

Specify that prior to making a payday loan to a new customer, a licensed payday lender may request the customer's consumer report from a consumer reporting agency as part of the licensee's underwriting process. Specify that a consumer report is a permissible form of income verification for making payday loans. Provide that the licensee may use the same consumer report in underwriting and making subsequent loans to the customer. Provide that the terms "consumer reporting agency" and "consumer report" have the same meanings as in the federal Fair Credit Reporting Act.

Repeal the current law prohibition on a licensed payday lender (licensee) from charging interest on a payday loan after the maturity date of a payday loan. Instead, specify that licensees may charge interest after the maturity date of a payday loan in an amount not exceeding 2.75% per month, except that if a licensee makes a subsequent payday loan to the customer for the purpose of repaying the first loan, and the customer does not pay the subsequent loan in full on or before its maturity date, the licensee may charge, after the maturity date of the subsequent loan, interest at a rate not exceeding 2.75% per month on the subsequent loan, but may not charge any interest on the prior loan. Require interest earned under this provision to be calculated at a rate of 1/30 of the monthly rate charged for each calendar day that the balance of the loan is outstanding. Prohibit the assessment of interest on interest earned under these provisions.

Specify that if a licensee offers a customer the opportunity to make repayment of a payday loan subsequent to a customer's failure to repay the loan in full at the end of the loan term, then,

during the 12-month period following the offer, no licensee, including the licensee making the offer, is required to offer the customer another opportunity to repay a payday loan.

Require the payday loan database provider to automatically designate a payday loan as paid in the database five days after the maturity date of the loan, unless a licensee reports to the database provider before that time that: (a) the loan remains open because of the customer's failure to make payment; (b) the loan is open because the customer's check or an electronic redeposit is in the process of clearing the banking system; (c) the loan remains open because the customer's check is being returned to the licensee for insufficient funds, a closed account, or a stop payment order; or (d) any other factors determined by the Division of Banking as applicable. Specify that if a licensee makes such a report, the database provider must designate the payday loan as an open transaction until the database provider is notified that the transaction is closed. Repeal the current requirement that a payday loan must be designated as an open transaction until the database provider is notified that the transaction is closed.

Specify that the transaction fee paid to DOB by payday lenders for maintaining the payday loan database must be specified by DOB by rule or by order, and specify that the database transaction fee may be no more than one dollar.

Provide that, if the payday loan database, as determined by DOB, is not fully operational, or the licensee is unable to access the database and, as determined under rules promulgated by DOB, the alternative process for responding to transaction authorization requests is also unavailable, a licensee may rely upon the written verification of the customer in a statement provided in substantially the following form in at least 12-point type:

"I DO NOT HAVE ANY OUTSTANDING PAYDAY LOANS WITH THIS LICENSEE AND I DO NOT HAVE MORE PAYDAY LOANS WITH ANY OTHER LICENSED PAYDAY LOAN PROVIDER IN THIS STATE."

Specify that these provisions would first apply to payday loans made on the effective date of the budget bill.

Under current law, pursuant to 2009 Act 405, a person may not originate or service a payday loan involving a Wisconsin resident, regardless of how the loan is made, without first having obtained a license from DOB for each place of business at which the person originates or services payday loans involving Wisconsin residents. According to DFI, 474 payday lenders are licensed with the state. A payday loan is generally defined as a transaction between an individual with an account at a financial establishment in which the individual provides one or more checks, or provides an authorization to initiate one or more electronic fund transfers, and agrees to hold the instrument for a period of time prior to withdrawing funds or cashing the check, in an amount agreed to by the individual. When Act 405 (2009 Senate Bill 530) was signed into law, the Governor made a number of item vetoes regarding the payday loan statutes. These provisions restore all of the payday loan provisions vetoed by the Governor. In addition, under current law, no licensee may make a payday loan to a customer that results in the customer having an outstanding aggregate liability in principal, interest, and all other fees and charges, to all licensees who have made payday loans to the customer of more than \$1,500 or 35% of the customer's gross monthly income, whichever is less. These provisions permit payday lenders to

use credit reports to verify the borrower's income for purposes of this provision.

[Act 32 Sections: 2637gc thru 2637gg, 2637gk thru 2637hm, and 9317(2u)]

15. MOTOR VEHICLE TITLE LOANS

PR-REV	\$1,000,000
GPR-Earned	1,000,000

Joint Finance/Legislature: Permit title loans in this state and make the following modifications to laws governing motor vehicle title loans:

Specify that the definition of "title loan" includes only title loans with an original term of not more than six months.

Repeal the current prohibition from licensed lenders making title loans. Provide that no licensed lender may make a title loan to a borrower that results in the borrower having liability for the loan, in principal, of more than 50% of the retail value of the motor vehicle used as security for the loan. Require DOB to promulgate rules for determining the retail value of a motor vehicle for purposes of these provisions, including rules specifying the use of nationally recognized pricing guides that may be used for determining the retail value at loan origination. Specify that these provisions impose no limit on the interest that a licensed lender may charge before the maturity date of the loan. Provide that, if a title loan is not paid in full on or before the maturity date, a licensed lender may charge, after the maturity date, interest at a rate not exceeding 2.75% per month. Require that interest earned after the maturity date must be calculated at the rate of 1/30 of the monthly rate charged for each calendar day that the balance of the loan is outstanding. Prohibit interest from being assessed on any interest earned after the maturity date.

Permit a borrower to rescind a title loan, before the close of business on the next day of business after the loan is made, or, if the place of business where the loan is made is open 24 hours, before 5 p.m. on the next day of business after the loan is made, by returning to the licensed lender the proceeds of the loan. Specify that the licensed lender may not charge the borrower any fee for rescinding the title loan under this provision.

Prohibit a licensed lender from making a title loan to a borrower that is secured by an interest in a motor vehicle, if the motor vehicle is subject to another security interest.

Prohibit a licensed lender from requiring a borrower to provide the licensed lender with a key or copy of a key to a motor vehicle used as security for a title loan as a condition for making the title loan to the borrower.

Provide that a licensed lender or person acting on behalf of a licensed lender may not take possession of a motor vehicle used as security for a title loan to a borrower without sending notice to the borrower at least 20 days prior to taking possession. Require that the notice must state the intent to take possession and describe the basis for the right to take possession. Specify that this provision does not apply to possession that is obtained by a borrower's voluntary surrender of a motor vehicle.

Permit a licensed lender, or other person, to charge a borrower reasonable storage fee for a

motor vehicle of the borrower of which the licensed lender or person acting on behalf of the licensed lender has obtained possession, including possession that is obtained by voluntary surrender.

Require that a licensed lender must return to a borrower the amount of any proceeds from the disposition of a motor vehicle used as security for a title loan to the borrower that exceed the borrower's liability to the licensed lender for the loan.

Specify that a borrower is not liable to a licensed lender for any deficiency resulting from the licensed lender's disposition of a motor vehicle used as security for a title loan, unless the borrower has done any of the following: (a) impaired the licensed lender's security interest by intentionally damaging or destroying the motor vehicle; (b) intentionally concealed the motor vehicle; (c) pledged to the licensed lender a motor vehicle that is already encumbered by an undisclosed prior lien; and (d) subsequent to obtaining the title loan, pledged or sold to a third party a motor vehicle used as security for a title loan without the licensed lender's written consent.

Require that, prior to the first title loan made at a licensed location by a licensed lender under these provisions, a licensed lender must apply to DOB to receive a certificate permitting the lender to make auto title loans at that licensed location. Specify that the certificate would permit auto title loans from that licensed location for one calendar year, and specify that each licensed lender making loans under this certificate must pay a fee of \$5,000 to DOB prior to the issuance of the certificate. Specify that each licensed lender making title loans under this certificate must renew that certificate on or before each December 10, and pay to DOB a renewal fee of \$5,000 to make title loans for the next succeeding calendar year.

Specify that these provisions would first apply to title loans made on or after the effective date of the budget bill.

Under current law, pursuant to 2009 Act 405, licensed lenders are prohibited from making title loans in this state. A title loan is defined as a loan of \$25,000 or less to a borrower, who obtains or seeks to obtain the loan for personal, family, or household purposes, that is, or is to be, secured by an interest, other than a purchase money security interest, in the borrower's motor vehicle. These provisions limit the definition of a title loan to a loan with an original term of not more than six months. The provisions impose the regulations enumerated above on auto title loans.

Under current law, a licensed lender must pay to DOB a nonrefundable fee of \$300 for investigating an application to become a licensed lender, and must pay an annual license fee of \$500. These provisions require a licensed lender to apply for and receive a certificate permitting the lender to make auto title loans from DOB and pay an application fee of \$5,000 prior to the first title loan made in this state. The certificate, as well as payment of the \$5,000 fee, must be renewed annually.

The Governor vetoed certain regulations in engrossed 2009 Senate Bill 530, which resulted in the prohibition of auto title loans, beginning January 1, 2011. These provisions permit auto title loans, and restore regulations for such loans that were vetoed. These provisions

include certain modifications to engrossed SB 530, such as: (a) broadening the prohibition on licensed lenders from making title loans to borrowers if the loan would be secured by an interest in a motor vehicle that is subject to another security interest, rather than limiting the prohibition to motor vehicles that are subject to another security interest under another title loan, for which the borrower is liable for repayment, made by that lender or some other lender; (b) specifying that nationally recognized pricing guides may be used by the Division for determining the retail value of a motor vehicle at the time of loan origination; and (c) specifying that a licensed lender taking possession of a motor vehicle used as security for a title loan must send a notice to the borrower 20 days prior to taking possession of the motor vehicle, rather than requiring the lender to formally deliver the notice to the borrower 15 days prior to taking possession of the vehicle. The requirement to obtain a certificate from DOB, and the payment of a \$5,000 application fee prior to the first title loan made in this state, as well as a \$5,000 annual renewal fee, that are included in these provisions were not included in engrossed SB 530.

According to DFI, licensed lenders were not required to separately identify that the lender made auto title loans prior to the ban on auto title lending, beginning January 1, 2011. Therefore, it is difficult to determine the number of licensed lenders that would begin making auto title loans under these provisions. Based on the number of locations in this state licensed with DFI to make short term loans through a payday lender, it is estimated that licensed lenders would apply for a certificate to make auto title loans at approximately 100 licensed locations in this state. It is estimated that the proposed \$5,000 application and renewal fee for each licensed location would increase program revenue by \$500,000 in 2011-12 and 2012-13. The renewal fee must be submitted to DOB by December 10 prior to making auto title loans in the next succeeding calendar year. This provision would impose the same renewal deadline requirement for auto title loan certificates as is required under current law for the renewal of licenses imposed on licensed lenders.

The fees would be deposited into DFI's general program operations appropriation. Any year-end balance in this appropriation lapses to the general fund. Therefore, the increased fee revenues would also increase GPR-earned by \$500,000 annually.

[Act 32 Sections: 2637kd thru 2637kk, and 9317(3u)]

16. AFFILIATES OF FINANCIAL INSTITUTIONS

PR-REV	- \$1,098,000
GPR-Earned	- 1,098,000

Joint Finance/Legislature: Specify that affiliates of banks, savings banks, savings and loan associations, trust companies, and credit unions are not subject to laws governing licensed lenders or payday loans. Specify that this provision would first apply to loans made by affiliates of these types of financial institutions on or after the effective date of the budget bill.

Under current law, any person conducting business in this state that charges interest or assesses a finance charge on a consumer loan in excess of 18% per year must first obtain a license from DOB. At the time a person makes an application for a license, the applicant must pay a nonrefundable \$300 fee for investigating the application and a \$500 annual license fee for the period terminating on the last day of the current calendar year. Current law provides

exemptions for: (a) persons making payday loans; and (b) banks, savings banks, savings and loan associations, trust companies, and credit unions. Under these provisions, affiliates of financial institutions (banks, savings banks, savings and loan associations, trust companies, and credit unions) would also be exempt from laws governing licensed lenders.

According to DFI, an estimated 100 locations are currently licensed by affiliates of financial institutions that are licensed lenders registered with the Department. DFI notes that, under this provision, affiliates of financial institutions would not be subject to any state regulations for loans made in excess of 18%. As a result, other licensed lenders currently registered with, and regulated by, the Department could become affiliates of financial institutions that would no longer be subject to laws regulating licensed lenders, and would no longer pay registration fees as licensed lenders. DFI reports that 717 locations are licensed to engage in consumer loans as a licensed lender. It is unknown how many licensed lenders would become affiliates of financial institutions under these provisions; however, if 50% of currently licensed locations are currently, or were to become, affiliates of financial institutions, it is estimated that program revenues would be reduced by \$180,000, annually.

Affiliates of financial institutions would also not be subject to the laws governing payday loans. According to DFI, 474 payday lenders are licensed with the state. Prior to obtaining a license, a payday lender must pay an investigation fee of \$300 per year, and must pay an annual licensing fee of \$500. Under this provision, affiliates of financial institutions would be exempt from laws governing payday lenders. If half of payday lenders currently registered with the state were to become affiliates of financial institutions, it is estimated that program revenues would be reduced by approximately \$119,000, annually.

Under the budget provisions governing auto title loans, a licensed lender would have to apply for and receive a certificate permitting the lender to make auto title loans from DOB and pay an application fee of \$5,000 prior to the first title loan made in this state. The certificate would have to be renewed annually, and the fee would have to be paid each year. As noted in the prior section, it is estimated that 100 licensed lenders would apply for a certificate permitting the lender to make auto title loans; however, it is estimated that approximately half of licensed lenders would become, or are, affiliates of financial institutions under this provision. As a result, program revenues would be reduced by an estimated \$250,000 annually.

In total, fee revenues would be decreased by an estimated \$549,000 per year. The fees are deposited into DFI's general program operations appropriation. Any year-end balance in this appropriation lapses to the general fund. Therefore, the lower fee revenues would also decrease GPR-earned by \$549,000 annually.

[Act 32 Sections: 2637d, 2637gi, and 9317(1u)]

FOX RIVER NAVIGATIONAL SYSTEM AUTHORITY

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled Amount	Percent
SEG	\$250,800	\$250,800	\$250,800	\$250,800	\$250,800	\$0	0.0%

FTE Position Summary
<p>There are no state authorized positions for the Fox River Navigational System Authority.</p>

GENERAL FUND TAXES

1. GENERAL FUND TAX CHANGES

The following table shows the general fund tax changes recommended by the Governor, Joint Committee on Finance, and the Legislature, along with the estimated fiscal effects in the 2011-13 biennium. There were no vetoes that affected general fund tax revenues, so the "Legislature" column also reflects Act 32 as signed by the Governor. The table does not include refundable tax credits (which are recorded as expenditures rather than revenue reductions), law changes that are estimated to have a minimal fiscal effect, or provisions that will not take effect until later years.

2011-13 General Fund Tax Changes (In Millions)

	<u>Governor</u>	<u>Jt. Finance</u>	<u>Legislature/ Act 32</u>
Income and Franchise Taxes			
Capital Gains Deferral for WI Investments	-\$36.30	-\$36.30	-\$36.30
Internal Revenue Code Update	-0.12	-0.12	-0.12
Combined Reporting--Pre-2009 Losses	-46.40	-46.40	-46.40
Domestic Production Activities Credit	0.00	-10.10	-10.10
Restore Revenue Collection Positions	0.00	6.98	6.98
General Sales and Use Tax			
Exemption for Modular and Manufactured Homes	-0.46	-0.46	-0.46
Restore Revenue Collection Positions	<u>0.00</u>	<u>2.32</u>	<u>2.32</u>
 Total Tax Changes	 -\$83.28	 -\$84.08	 -\$84.08

Income and Franchise Taxes

1. **DEFERRAL FOR CAPITAL GAIN REINVESTED IN QUALIFIED WISCONSIN BUSINESSES** [LFB Papers 310 and 311]

GPR-Tax	-\$36,300,000
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Governor: Authorize claimants calculating their Wisconsin adjusted gross income to subtract from federal adjusted gross income any amount of a long-term capital gain if the claimant: (a) deposits the gain into a segregated account in a financial institution; (b) invests all of the proceeds in the account in a qualified Wisconsin business within 180 days of the sale of the asset generating the gain; and (c) notifies the Department of Revenue (DOR) that the capital

gain has been reinvested and, therefore, will not be declared on the claimant's income tax return. The notification would be made on a DOR form accompanying the claimant's income tax return for the year to which the claim relates. Specify that the basis for the investment in the Wisconsin business would be calculated by subtracting the initial gain from the investment. Prohibit a claimant from using the initial gain to net capital gains and losses as otherwise allowed under current law. (State law limits the amount of capital losses that may be used to offset ordinary income to \$500 annually, with the remainder carried over to future years.) Prohibit a claimant from also claiming the gain as a subtraction as a reinvestment in a qualified new business venture, under current law, or as a Wisconsin capital asset, as proposed under the bill (see Item #2, Capital Gain Exclusion for Wisconsin Capital Assets). Define "claimant" as an individual; an individual partner or member of a partnership, limited liability company (LLC), or limited liability partnership; or an individual shareholder of a tax-option corporation. Define "long-term capital gain" as the gain realized from the sale of any capital asset held more than one year that is treated as a long-term gain under the Internal Revenue Code (IRC).

Require the Wisconsin Economic Development Corporation to implement a program to certify qualified Wisconsin businesses for purposes of the capital gains deferral, and authorize the Corporation to certify businesses that apply for certification if the Corporation determines that the business meets the following criteria in the tax year immediately preceding the application: (a) the amount of payroll compensation paid by the business in Wisconsin is equal to at least 50% of the amount of all payroll compensation paid by the business; and (b) the value of real and tangible personal property owned or rented and used by the business in Wisconsin is equal to at least 50% of all such property owned or rented and used by the business. Require the Corporation to: (a) notify DOR of every Wisconsin business certified under this procedure and the date on which a certification expires or is revoked; and (b) compile a list, which is available on the Corporation's Internet Web site, of businesses certified under this procedure. Authorize the corporation, in consultation with DOR, to adopt administrative rules related to these provisions.

The proposed tax deferral would first apply for tax years beginning after December 31, 2010, and would decrease revenues by an estimated \$16,100,000 in 2011-12 and \$20,200,000 in 2012-13.

Joint Finance/Legislature: Delete the provision that specifies a claimant may not use a deferred gain to claim an exclusion for Wisconsin capital assets and create a provision specifying that a deferred gain cannot be part of a gain excluded as a Wisconsin capital asset. With the modification adopted under item #2, Capital Gain Exclusion for Wisconsin Capital Assets, these changes would allow a deferred gain to be used as an investment that could qualify for the exclusion for investments in Wisconsin capital assets, but the amount originally deferred would become taxable when the subsequent investment in the Wisconsin capital asset is sold.

[Act 32 Sections: 1754, 1764, and 2863]

2. CAPITAL GAIN EXCLUSION FOR WISCONSIN CAPITAL ASSETS [LFB Papers 310 and 311]

Governor: Authorize claimants calculating their Wisconsin adjusted gross income to subtract from federal adjusted gross income the claimant's qualifying gain from the sale of a Wisconsin capital asset in the year to which the claim relates, but limit the subtraction to no more than the amount of the claimant's federal net capital gain as reported on the claimant's federal income tax return for the taxable year to which the claim relates. Limit the subtraction to Wisconsin capital assets purchased after December 31, 2010, and held for at least five years. Define "claimant" as an individual; an individual partner or member of a partnership, LLC, or limited liability partnership; or an individual shareholder of a tax-option corporation. Define "qualifying gain" as the gain realized from the sale of any asset: (a) which is a Wisconsin capital asset in the year that it is purchased by the claimant and is a Wisconsin asset for at least two of the subsequent four years; (b) that is held for at least five uninterrupted years; and (c) that is a long-term gain under the IRC. Specify that a qualifying gain may not include an amount for which the claimant claimed a subtraction as a reinvestment in a qualified new business venture. Define "Wisconsin capital asset" as: (a) real or tangible personal property that is located in this state and used in a Wisconsin business; or (b) stock or other ownership interest in a Wisconsin business. Define "Wisconsin business" as a business certified by the Wisconsin Economic Development Corporation. Modify the current law loss carry-forward provision to treat the proposed exclusion the same as other capital gains exclusions.

Require the Wisconsin Economic Development Corporation to implement a program to certify Wisconsin businesses for purposes of the capital gains subtraction, and authorize the Corporation to certify businesses that apply for certification if the Corporation determines that the business meets the following criteria in the tax year immediately preceding the application: (a) the amount of payroll compensation paid by the business in Wisconsin is equal to at least 50% of the amount of all payroll compensation paid by the business; and (b) the value of real and tangible personal property owned or rented and used by the business in Wisconsin is equal to at least 50% of all such property owned or rented and used by the business. Require the Corporation to: (a) notify DOR of every Wisconsin business certified under this procedure and the date on which a certification expires or is revoked; and (b) compile a list, which is available on the Corporation's Internet Web site, of businesses certified under this procedure. Authorize the corporation, in consultation with DOR, to adopt administrative rules related to these provisions.

[The Wisconsin Economic Development Corporation would use the same criteria to certify a "Wisconsin business" under these provisions and a "qualified Wisconsin business" under Item #1, "Deferral for Capital Gain Reinvested in Qualified Wisconsin Businesses." The administration indicates that it intended to allow a deferred gain reinvested in a qualified Wisconsin business to also be used for an investment that could qualify under this exclusion. If that investment is sold after a holding period of five or more years, the deferred gain would be subject to tax, but any additional gain would be excluded. A modification is needed to ensure that this intent is fulfilled.]

The proposed subtraction would first apply for taxable years beginning after December 31, 2015. Due to the provision's delayed applicability, no fiscal effect is estimated for the 2011-13

biennium. The Department of Revenue estimates that (in 2012-13 dollars) the exclusion would reduce individual income tax collections by \$6 million in the first year of the phase-in (2016-17) and by approximately \$79 million annually when fully phased in. Due to fluctuations in capital asset markets and the proposal's delayed effective date, these estimates are subject to substantial variation.

Joint Finance/Legislature: Modify the Governor's recommendation by specifying that any gain deferred from taxation as a gain reinvested in qualified Wisconsin businesses may not be included under the exclusion. With the modifications adopted under item #1, Deferral for Capital Gain Reinvested in Qualified Wisconsin Businesses, this change would allow a deferred gain to be used as an investment that could qualify for the exclusion for investments in Wisconsin capital assets, but the amount originally deferred would become taxable when the subsequent investment in the Wisconsin capital asset is sold.

[Act 32 Sections: 1754, 1761, 1763, 1764, and 2862]

3. EXCLUSION FOR INTEREST ON CERTAIN WHEFA BONDS OR NOTES

Governor: Provide an exclusion from income under the individual income tax, the corporate income and franchise tax, and the income tax on insurance companies for interest income received on bonds or notes issued by the Wisconsin Health and Educational Facilities Authority (WHEFA) provided the bonds or notes are issued to a person who is eligible to receive bonds or notes from another issuer for the same purpose as the bonds or notes issued for the person by WHEFA and the interest income from those other bonds or notes would also be exempt. Extend the exclusion to tax years beginning on January 1, 2011. WHEFA provides capital financing assistance to Wisconsin health care institutions, independent colleges and universities, and certain continuing care facilities. There is a current law exclusion for interest on WHEFA-issued bonds or notes that are used by health facilities to acquire information technology hardware or software. The administration estimates that the fiscal effect of this provision would be a minimal loss of state tax revenues.

Joint Finance/Legislature: Delete provision.

4. EARNED INCOME TAX CREDIT [LFB Paper 312]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$101,600,000	- \$600,000	- \$102,200,000
PR	<u>74,000,000</u>	<u>0</u>	<u>74,000,000</u>
Total	- \$27,600,000	- \$600,000	- \$28,200,000

Governor: Increase PR funding for the earned income tax credit (EITC) by \$37,000,000 annually and decrease GPR funding by \$50,900,000 in 2011-12 and \$50,700,000 in 2012-13 to reflect current law reestimates (\$6,400,000 GPR in 2011-12 and \$7,300,000 GPR in 2012-13), proposed changes in the percentages used to calculate the credit (-\$20,300,000 GPR in 2011-12

and -\$21,000,000 GPR in 2012-13), and the proposed increase in PR funding (-\$37,000,000 GPR annually). Modify the percentages used to calculate the EITC by increasing the percentage from 4% to 5% for claimants with one child, decreasing the percentage from 14% to 8% for claimants with two children, and decreasing the percentage from 43% to 40% for claimants with three or more children, beginning in tax year 2011.

The state credit is calculated as a percentage of the federal EITC, and is funded with a combination of GPR and PR funding. The program revenue is federal temporary assistance for needy families (TANF) funding transferred from the Department of Children and Families. The GPR portion is provided through a sum sufficient appropriation and covers the balance of the cost of the credit. Under the bill, total funding for the EITC would decrease to \$116,600,000 in 2011-12 and \$116,800,000 in 2012-13, compared to base funding of \$130,500,000. The PR funding would increase from a base level of \$6,664,200 to \$43,664,200 annually. The estimated GPR sum sufficient portion would be decreased from the base level of \$123,835,800 to \$72,935,800 in 2011-12 and \$73,135,800 in 2012-13.

With the proposed changes in the percentages used to calculate the credit, it is estimated that the maximum state credit for families with one child would increase from \$124 to \$155 in tax year 2011. The maximum credit for families with two children would fall from \$716 to \$409, and the maximum credit for families with three or more children would fall from \$2,473 to \$2,300.

Joint Finance/Legislature: Modify the percentages used to calculate the EITC by decreasing the percentage from 14% to 11% for claimants with two children and decreasing the percentage from 43% to 34% for claimants with three or more children, beginning in tax year 2011. Maintain the current credit percentage (4%) for families with one child. Reestimate total funding for the credit at \$113,300,000 in 2011-12 and \$119,500,000 in 2012-13. Approve the Governor's recommendation to increase TANF funding for the credit by \$37,000,000 annually, but decrease the program's GPR sum sufficient appropriation by \$3,300,000 in 2011-12 and increase GPR funding by \$2,700,000 in 2012-13 to reflect the reestimate of the credit's total cost.

The following chart indicates the maximum credits for 2011 under current law and the proposals of the Governor and the Joint Committee on Finance/Legislature.

	<u>One Child</u>		<u>Two Children</u>		<u>Three or More Children</u>	
	<u>%</u>	<u>Maximum</u>	<u>%</u>	<u>Maximum</u>	<u>%</u>	<u>Maximum</u>
Current Law	4%	\$124	14%	\$716	43%	\$2,473
Governor	5	155	8	409	40	2,300
Joint Finance/Legislature	4	124	11	562	34	1,955

[Act 32 Sections: 1883 and 1884]

5. VETERANS AND SURVIVING SPOUSES PROPERTY TAX CREDIT [LFB Paper 313]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$14,100,000	\$9,700,000	\$23,800,000

Governor: Provide increases of \$6,000,000 in 2011-12 and \$8,100,000 in 2012-13 for the refundable veterans and surviving spouses property tax credit, which is paid through a sum sufficient appropriation. With these adjustments, base level funding of \$7,600,000 would increase to \$13,600,000 in 2011-12 and \$15,700,000 in 2012-13. The credit is equal to real and personal property taxes paid on a principal dwelling by certain disabled veterans and surviving spouses. The credit was first available in tax year 2005, and eligibility for the credit was expanded effective with tax year 2009. At the time base level funding was estimated, the number of claimants was under-estimated due to factors such as increasing awareness of the tax credit and the impact of the expansion in eligibility. After base level funding was estimated at \$7.6 million for 2010-11, DOA reported actual 2009-10 credit expenditures of \$9.6 million. The estimates for 2011-13 reflect continued increases in the number of credit claimants.

Joint Finance/Legislature: Reestimate the cost of the tax credit at \$19,000,000 in 2011-12 and \$20,000,000 in 2012-13. Compared to the bill, increase estimated expenditures by \$5,400,000 GPR in 2011-12 and \$4,300,000 GPR in 2012-13.

6. CLAIM OF RIGHT CREDIT

GPR	\$344,000
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Governor/Legislature: Provide increases of \$166,000 in 2011-12 and \$178,000 in 2012-13 for the sum sufficient appropriation for the claim of right credit. With these adjustments, base level funding of \$100,000 would increase to \$266,000 in 2011-12 and \$278,000 in 2012-13. The credit is provided to taxpayers who must repay income on which taxes were paid in a prior year. When taxpayers include a payment of \$3,000 or more in their taxable income for one year and repay that income in a subsequent year, they may claim the tax on the income as a credit on the subsequent year's tax return. The credit extends to income erroneously paid to the taxpayer and, for example, could apply to overpayments of unemployment compensation.

7. MINNESOTA-WISCONSIN RECIPROCITY

GPR	-\$62,450,000
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Governor/Legislature: Decrease the estimated payments under the Minnesota-Wisconsin individual income tax reciprocity agreement by \$1,250,000 in 2011-12 and \$61,200,000 in 2012-13. On September 18, 2009, Minnesota's Governor informed Wisconsin's Governor that the Minnesota Commissioner of Revenue was exercising his authority, under Minnesota state law, to discontinue the two states' income tax reciprocity agreement as of tax year 2010. Therefore, the agreement last applied to tax year 2009. Under the terms of the agreement, a payment was due in December of the year following the tax year for which the payment is being made. Consequently, the final reciprocity payment was due in December, 2010.

However, the administration chose to defer that payment until 2011-12. That payment is estimated at \$59,950,000, which includes \$58,696,600 in principal and \$1,253,400 in interest. Depending on the payment date, the payment could vary from this estimate due to the interest component. The decrease for 2012-13 reflects that no payment will be made due to the agreement's termination, and Wisconsin will have extinguished its obligation for all prior tax years.

8. ILLINOIS-WISCONSIN INCOME TAX RECIPROCITY [LFB Paper 314]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$33,900,000	\$8,200,000	\$42,100,000

Governor: Decrease the estimated payment by \$2,400,000 in 2011-12 and increase the estimated payment by \$36,300,000 in 2012-13 under the Illinois-Wisconsin individual income tax reciprocity agreement. Payments are estimated at \$36,300,000 in 2011-12 and \$75,000,000 in 2012-13. The increase in 2012-13 is due, in part, to the increase in the Illinois individual income tax rate from 3% to 5%, effective in tax year 2011.

Joint Finance/Legislature: Reestimate Wisconsin's payments under the Illinois-Wisconsin income tax reciprocity agreement at \$47,900,000 in 2011-12 and \$71,600,000 in 2012-13. Compared to the bill, increase the estimated payment in 2011-12 by \$11,600,000 GPR and decrease the payment in 2012-13 by \$3,400,000 GPR.

9. INDIVIDUAL INCOME TAX CHECKOFF FOR CAMPAIGN FUNDS [LFB Papers 331 and 332]

Governor: Sunset the \$3 check-off on individual income tax forms for contributions to the Election Campaign Fund and the Democracy Trust Fund, effective for tax years beginning after December 31, 2011. (Currently, the check-off does not increase an individual's tax liability or decrease an individual's tax refund.) Create a tax check-off on individual income tax forms for contributions to the Election Campaign Fund and the Democracy Trust Fund by permitting every individual who has a tax liability or is entitled to a tax refund to designate on the return \$3 for additional payment or \$3 of a refund due that taxpayer as a donation to the funds, effective with tax years beginning after December 31, 2011. Permit individuals who are filing jointly to each make a \$3 designation. Provide that the names of persons making designations to the funds be strictly confidential. The administration of the check-off would operate in the same manner as the administration of tax check-offs provided under current law. Provide for the allocation of an amount equal to the Department of Revenue's administrative expenses to the Department's existing appropriation for that purpose, and require two-thirds of the net amount designated through the tax check-off to be deposited in the Democracy Trust Fund and the balance to be deposited in the Election Campaign Fund. The proposed check-off would operate identically to the existing check-off, except that the proposed check-off would increase an individual's tax liability or decrease an individual's tax refund.

Related entries are located under Miscellaneous Appropriations and are titled "Public Financing of Campaigns for Supreme Court Justice -- Democracy Trust Fund" and "Public Financing of Campaigns for Statewide and Legislative Offices -- Wisconsin Election Campaign Fund."

Joint Finance/Legislature: Delete provision and, instead, eliminate the existing income tax checkoff, the Democracy Trust Fund, and the Wisconsin Election Campaign Fund on the effective date of the bill. For a detailed description of this action, under Government Accountability Board, see item #4, Public Financing of Campaigns for Supreme Court Justice -- Democracy Trust Fund, and item #9, Wisconsin Election Campaign Fund.

[Act 32 Sections: 748g and 1887c]

10. INTERNAL REVENUE CODE UPDATE [LFB Paper 315]

GPR-Tax	- \$117,000
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Governor: Update statutory references to the federal Internal Revenue Code under the state individual and corporate income and franchise taxes to include changes to the IRC relating to: (a) long-term care insurance that is provided as part of an annuity or life insurance contract or as a rider on annuity or life insurance contracts, as authorized under the Pension Protection Act of 2006 (P.L. 109-280); (b) allowing participants in government-sponsored deferred compensation plans, 401(k) defined contribution retirement plans offered by employers, and 403(b) defined contribution retirement plans offered by tax-exempt charitable organizations and educational institutions to make contributions to designated Roth accounts or to roll over amounts in their plans to designated Roth accounts, as authorized under the Small Business Jobs Act of 2010 (P.L. 111-240); (c) permitting partial annuitization of a nonqualified annuity contract, as authorized under the Small Business Jobs Act of 2010 (P.L. 111-240); and (d) qualified tax credit and Build America bonds, as authorized under the Food, Conservation, and Energy Act of 2008 (P.L. 110-246), the Emergency Economic Stabilization Act of 2008 (P.L. 110-343), the American Recovery and Reinvestment Act of 2009 (P.L. 111-5), and the Hiring Incentives to Restore Employment Act of 2009 (P.L. 111-147).

Under the bill, the state's income and franchise tax statutes would continue to reference the IRC in effect as of December 31, 2008. With the exceptions noted above, none of the federal tax provisions adopted in 2009 and 2010 would be referenced in state statutes. Examples include provisions in the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act (P.L. 111-312), such as deductions for elementary and secondary school teacher expenses and for qualified tuition and related expenses, and the Affordable Care Act (P.L. 111-149 and 111-152), such as the exclusion for employer-provided accident or health coverage for an employee's child under the age of 27.

The proposed changes would take effect at the same time for state tax purposes as for federal tax purposes, and the administration estimates that the provision would cause state income and franchise tax revenues to increase by \$230,000 in 2011-12 and decrease by \$347,000 in 2012-13. These amounts are comprised of: (a) -\$710,000 in 2011-12 and -\$1,200,000 in 2012-13, relating to long-term care insurance; (b) \$822,000 in 2011-12 and \$660,000 in 2012-13, relating to contributions and rollovers to Roth accounts; and (c) \$118,000 in 2011-12 and

\$193,000 in 2012-13, relating to partial annuitizations. The administration indicates that codifying IRC references to qualified tax credit and Build America bonds is intended to clarify Wisconsin's tax treatment and would not result in a revenue change.

Qualified tax credit bonds are issued by state and local governments and include qualified forestry conservation bonds, clean renewable energy bonds, energy conservation bonds, zone academy bonds, and school construction bonds. Generally, the bonds do not bear interest but, instead, generate a tax credit for bondholders based on the interest that would otherwise be expected to accrue. The credit is included in the bondholder's gross income and is subject to tax. Also, the credit may be claimed against the taxpayer's income tax liability, and unused credits may be carried forward to future years. The American Recovery and Reinvestment Act of 2009 authorized state and local governments to issue Build America bonds, but that authorization expired on January 1, 2011. Interest on Build America bonds is taxable, but the federal government lowers the interest cost by providing a subsidy equal to 35% of the interest cost either as a payment to the issuer or as a tax credit to the bondholder. Most interest on state and local bonds is subject to taxation at the state level, even though it is exempt from federal taxation. Including the indicated provisions would ensure that the tax credits from qualified tax credit bonds and from Build America bonds would be treated like state and municipal bond interest and therefore subject to Wisconsin tax.

Joint Finance/Legislature: Approve the Governor's recommendation and also adopt state income tax references to certain provisions in the IRC that were not adopted in previous IRC updates. Also, modify references to the IRC for tax years 2011 and thereafter to include IRC provisions enacted through December 31, 2010, with exceptions. The new provisions adopted by Joint Finance and the Legislature are estimated to have a minimal fiscal effect.

[Act 32 Sections: 1752n thru 1753d, 1889p thru 1891d, 1896n thru 1897d, 2012n thru 2013d, and 2013n thru 2014d]

11. CONTRIBUTIONS TO COLLEGE SAVINGS ACCOUNTS OWNED BY OTHERS

Joint Finance/Legislature: Allow a parent, grandparent, great-grandparent, aunt, or uncle to contribute to a college savings account owned by another individual if the account beneficiary is the contributor's relative. Modify the current law provision that allows owners of college savings program accounts to deduct their contributions to those accounts from their adjusted gross income for state individual income tax purposes by allowing deductions for parents, grandparents, great-grandparents, aunts, and uncles who contribute to accounts owned by another individual and where the beneficiary is the contributor's relative. Extend similar changes regarding contributions and deductions to current law provisions related to the college tuition and expenses program, which is not currently accepting contributions or new accounts. Extend these provisions to contributions made beginning in tax year 2011.

[Act 32 Sections: 75, 76, 1757, 1759, 1760, and 9341(5f)]

12. INDIVIDUAL INCOME TAX CHECKOFF FOR DONATIONS TO THE RED CROSS

Joint Finance/Legislature: Create a tax check-off on the individual income tax form for donations to the American Red Cross Wisconsin Disaster Relief Fund. Permit every individual who has a tax liability or is entitled to a tax refund to designate on the return any amount of additional payment or any amount of a refund due that taxpayer as a donation to the American Red Cross Wisconsin Disaster Relief Fund. Require the Department of Revenue to administer the check-off in the same manner as the administration of tax check-offs provided under current law. Create a continuing, program revenue appropriation in the Department of Health Services to distribute amounts designated through the check-off and credit monies designated through the check-off, net of any DOR administrative expenses, to the appropriation. Require the net amount in the appropriation to be distributed to the Badger Chapter of the American Red Cross for use through that organization's Wisconsin Disaster Relief Fund. Extend the check-off beginning in tax year 2011, except that if the biennial budget bill is enacted after July 31, extend the check-off beginning in the following tax year.

[Act 32 Sections: 635d, 752, 1889e, 2894s, and 9341(3u)]

13. ANGEL AND EARLY STAGE SEED INVESTMENT TAX CREDITS [LFB Paper 316]

Governor: Clarify that shareholders of tax-option corporations (S corporations) could claim the angel investment tax credit based on eligible investments made by the tax-option corporation. The tax-option corporation could not claim the credit, but the amount of the credit would be based on the corporation's eligible investments. The tax-option corporation would be required to compute the amount of credit each shareholder could claim and provide that information to them. Shareholders of tax-option corporations could claim the credit in proportion to their ownership interest, or as specifically allocated in their organizational documents. This provision would correct a drafting error to provide tax-option corporations with the same treatment provided to partnerships and LLCs under the angel investment tax credit. Generally, partnerships, LLCs, and tax-option corporations are provided this treatment for all tax credits claimed under the state individual income and corporate income and franchise taxes.

The bill would also specify that, for investments made after December 31, 2007, for angel and early stage seed investment tax credits, the claimant would be required to hold the investment for three years, or if the investment were held for less than three years, to repay the credit in a manner prescribed by the Department of Revenue. The provision requiring that angel and early stage seed investments be held for three years after December 31, 2007, was enacted in 2007 Act 20, (the 2007-09 biennial budget act). Prior to Act 20, the holding period was 12 months. This provision clarifies that the three-year holding period applies only to investments made after December 31, 2007. The 12-month holding period would apply to investments made before that date.

The early stage business investment program includes the angel investment tax credit, which can be claimed under the state individual income tax, and the early stage seed investment

tax credit, which can be claimed under the state individual income, corporate income/franchise taxes, and insurance premiums taxes.

Angel Investment Tax Credit. The angel investment tax credit equals 25% of the claimant's bona fide angel investment made directly in a qualified new business venture (QNBV) for the tax year. The maximum aggregate amount of angel investment tax credits that can be claimed for a tax year is \$20 million, plus an additional \$250,000 for tax credits claimed for investments in nanotechnology businesses. The maximum total amount of tax credits that can be claimed for all tax years is \$47.5 million.

Early Stage Seed Investment Tax Credit. The early stage seed investment tax credit is equal to 25% of the claimant's investment paid in the tax year to a certified fund manager that the fund manager invests in a QNBV certified by the Department of Commerce (Commerce). The maximum aggregate amount of early stage seed investment tax credits that can be claimed for a tax year is \$20.5 million, plus an additional \$250,000 for tax credits claimed for investments in nanotechnology businesses.

The aggregate amount of investment in any one QNBV that may qualify for early stage seed investment and angel investment tax credits is \$8.0 million. Investments in a QNBV must be maintained in the business for at least three years. As noted, the statutes specify that partners and members of LLCs may claim angel investment tax credits in proportion to their ownership interest, or as specially allocated in organizational documents. Partners, members of LLCs, and shareholders of tax-option corporations may claim early stage seed investment tax credits in proportion to their ownership interest, or as specially allocated in organizational documents. [Under the bill, Commerce's responsibilities regarding these credits and other tax credits would be transferred to the Wisconsin Economic Development Corporation.]

Joint Finance/Legislature: Delete the Governor's provisions related to tax-option corporations. Retain the provisions regarding the holding period for the credit.

[Act 32 Sections: 1864, 1866, 1869, 1873, 2003, and 2114]

14. DAIRY MANUFACTURING FACILITY INVESTMENT TAX CREDIT MODIFICATIONS

Governor: Specify that the provision that limits, to \$200,000 for each manufacturing facility, the aggregate amount of dairy manufacturing facility investment tax credits a partnership, LLC, tax-option corporation, and dairy cooperative could claim would only apply to dairy cooperatives. All other entities would be subject to an aggregate total tax credit limit of \$200,000. The modifications to the aggregate credit claim limit would first apply to tax years beginning after December 31, 2010. In addition, the bill would convert the appropriation from which refundable dairy manufacturing facility tax credits are paid to individuals, corporations, and pass-through entities from annual to continuing.

The refundable dairy manufacturing facility investment tax credit is equal to 10% of the amount paid in a tax year by a claimant for modernization or expansion related to the claimant's dairy manufacturing operation. The credit can also be claimed for eligible investments made by

dairy cooperatives. The credit is refundable. If the allowable credit claim exceeds the tax due, the amount not used to offset the tax is paid to the claimant. Refunds to individuals, corporations, and pass-through entities are paid from an annual GPR appropriation. Refunds to cooperatives are paid from a sum-sufficient GPR appropriation.

Partnerships, LLCs, tax-option corporations, and dairy cooperatives may not claim the tax credit, but the eligibility for, and the amount of credit is based the payment of eligible expenses by the entity. A partnership, LLC, tax-option corporation, and cooperative is required to compute the amount of credit that each of its partners, members, or shareholders may claim and report that information to each of them. Partners, members of LLCs, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interest. Members of a dairy cooperative may claim the credit in proportion to the amount of milk that each member delivers to the dairy cooperative, as determined by the cooperative.

The total amount of tax credits that can be claimed is limited to \$700,000 annually for cooperative members, and \$700,000 annually for other entities. The maximum aggregate amount of tax credits that a claimant can claim is \$200,000 for C corporations and individuals and \$200,000 per facility for pass-through entities and cooperatives. A credit cannot be claimed for expenses that were deducted as trade or business expenses.

Joint Finance/Legislature: Specify that, for tax years beginning after December 31, 2010, the maximum aggregate amount of the dairy manufacturing facility investment tax credits that could be claimed by eligible claimants would be \$200,000 per facility, regardless of the organizational structure of the entity that claimed the credit. In addition, convert the appropriation from which the refundable dairy manufacturing facility investment tax credits are paid to cooperatives from sum sufficient to continuing.

[Act 32 Sections: 772, 772d, 1822d, 1826d, 1959d, 1963d, 2071d, 2075d, and 9341(1)]

15. COMBINED REPORTING -- USE NET BUSINESS LOSS CARRY-FORWARDS INCURRED BEFORE 2009 [LFB Paper 317]

GPR-Tax	- \$46,400,000
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Governor: Authorize combined groups to share net business loss carry-forwards that were incurred by group members before January 1, 2009. Starting with the first tax year beginning after December 31, 2011, and for each of the 20 subsequent tax years, for each tax year that a corporation was a member of a combined group and had a net business loss carry-forward from a tax year beginning prior to January 1, 2009, the corporation could use up to 5% of its remaining business loss carry-forward to proportionally offset the income of all other members of the combined group, to the extent that income was attributable to the unitary business. Before sharing the business loss carry-forward with group members, the corporation would first have to use the loss carry-forward to offset its own income for the tax year. If the full 5% of such business loss carry-forwards could not be completely used to offset the income of other members of the combined group, the remainder could be added to the portion of the corporation's loss carry-forward that could be used to offset the income of group members in the subsequent year. Unless otherwise provided by DOR by rule, the corporation could not share the

loss carry-forward if it ceased being included in the combined group. DOR would be required to promulgate administrative rules to administer these provisions. These provisions would reduce corporate income and franchise tax revenues by an estimated \$9,200,000 in 2011-12, and \$37,200,000 in 2012-13.

Although similar to federal law, Wisconsin has specific state provisions governing the determination and use of net business losses for state corporate income/franchise tax purposes. Under state law, a net business loss is generally defined as the excess of business expenses allowed as deductions in computing net income over the amount of income attributable to the operation of a trade or business in the state. Wisconsin law allows net business losses to be carried forward for 15 years to offset income. Federal law permits net business losses to be carried back for two years, but state law does not provide for carry-backs of net business losses. Certain unused business loss carry-forwards generated by members of a combined group can be shared with other members of the group to offset their net income.

Individual combined group members that show a positive income amount can offset the income with net business loss carry-forwards. A net business loss carry-forward is an attribute of the separate corporation that generated the loss. However, the combined group member may share all or a portion of its business loss carry-forward with other members of the combined group, if certain conditions are met. Specifically, the amount of net business loss carry-forward that is eligible for sharing with other combined group members is computed and assigned as follows:

a. Each combined group member applies its total available net business loss carry-forward against its total Wisconsin income, including net income or loss attributable to separate entity items (income or loss subject to water's edge rules, income or loss attributable to a separate unitary business, nonapportionable income, lottery prizes). The member's carry-forward is first used to offset net income from separate entity items, and then its share of combined unitary income.

b. Each member then separates any remaining business loss carry-forward into the sharable and nonsharable amounts. Each member's remaining sharable net business loss is aggregated for the combined group as a whole. (A member may elect to exclude some or all of its sharable net business loss from the aggregate sharable net business loss computed for the combined group.)

c. When a combined group member has unitary income that is not offset by that member's net business loss carry-forwards, the group's aggregate sharable net business loss is assigned to the member in proportion to its share of the combined unitary income of the group. An amount of the group's sharable business loss carry-forwards cannot be assigned to a combined group member whose share of combined unitary income, net of any losses already applied by that member, is zero or less.

d. The aggregate sharable business loss of the combined group is considered to be used proportionally to the individual sharable net business loss carry-forwards of the corporations that contributed to the aggregate sharable amount. Any remaining sharable net business loss carry-forward is an attribute of the corporation that originally incurred the loss.

Consequently, the amount of the unused aggregate sharable business loss carry-forwards retained by a combined group member is proportionate to the amount contributed by the member.

A net business loss carry-forward is sharable if the following conditions are met:

- a. The net business loss originated in tax years beginning on or after January 1, 2009, and is attributable to combined unitary income included in a combined report.
- b. The member originally computed the net business loss in the combined report used for the same combined group that will use the shared loss carry-forward, regardless of whether corporations have joined or left the combined group in the intervening years.
- c. The member is still a member of the combined group for the year for which the loss carry-forward will be used.

Joint Finance/Legislature: Modify provisions included in the bill related to the use of pre-2009 net business loss carry-forwards under combined reporting to specify that "pre-2009 net business loss carry-forward" would mean a corporation's total net Wisconsin business carry-forward computed under state income and franchise tax provisions, as of the beginning of its first tax year that begins after December 31, 2008, but not used by the corporation in any tax year beginning prior to January 1, 2012.

Specify that, starting with the first tax year beginning after December 31, 2011, and for each of the 19 subsequent tax years, and subject to the limitations under state law relating to carry-overs in certain corporate acquisitions, for each tax year that a corporation that was a member of a combined group that had pre-2009 net business loss carry-forward, the corporation could, after using the pre-2009 net business carry-forward to offset its own income for the tax year and after using shareable losses to offset its own income for the tax year, as provided under combined reporting provision, use up to 5% of the remaining pre-2009 net business loss carry-forward, until used or expired, to offset the Wisconsin income of all other members of the combined group on a proportionate basis, to the extent such income was attributable to the unitary business. If the full 5% of such pre-2009 net business loss carry-forward could not be fully used to offset the Wisconsin income of all other members of the combined group, the remainder could be added to the portion that may offset the Wisconsin income of all other members of the combined group in a subsequent year, until it was completely used or expired, except that unused pre-2009 net business loss carry-forwards could not be used in any tax year that begins after December 31, 2031.

Unless otherwise provided by DOR by rule, if the corporation could no longer be included in the combined group, as determined under state combined reporting provisions, the corporation's pre-2009 net business loss carry-forward would be available only to that corporation.

A corporation or an insurer that was part of a combined group under state combined reporting provisions, could offset against its Wisconsin net income any unused pre-2009 net business loss carry-forward under these provisions for the 20 years that begin on or after January 1, 2012.

DOR would be required to promulgate rules to administer these provisions.

Veto by Governor [F-44]: Delete the word "remaining" as it relates to the eligible pre-2009 business loss carry-forwards that could be shared with other combined group members. In his veto message, the Governor indicates that the carry-forward provision is intended to allow a business to share the full amount of its pre-2009 carry-forward over a period of 20 years, or until it is completely used or expired. Since the "remaining" amount of the pre-2009 loss carry-forward will decrease every year, and the percentage of the sharable loss carry-forward would be calculated on the decreasing amount, under the enrolled bill, a business would not have been able to share the full amount of its losses.

[Act 32 Sections: 1893, 1894d, 1897r, 1897s, 2015f, 2015g, and 2864]

[Act 32 Vetoed Section: 1894d]

16. COMBINED REPORTING -- DEPARTMENT OF REVENUE AUTHORITY TO DISALLOW COMMONLY CONTROLLED GROUPS [LFB Paper 318]

Governor/Legislature: Delete the current requirement that DOR must disregard the tax effect of an election to include a commonly controlled business in a combined group, or disallow the election, for any year of the election period if the Department determines that the election has the effect of tax avoidance. Instead, prohibit DOR from disregarding the tax effect of an election to include a controlled business in a combined group, or from disallowing the election. This provision would apply retroactively to tax years beginning on or after January 1, 2009.

Wisconsin's combined reporting law requires a corporation to use combined reporting if it satisfies all of the following conditions:

- a. The corporation is a member of a "commonly controlled group."
- b. The corporation is engaged in a "unitary business" with one or more other corporations in its commonly controlled group, or the commonly controlled group makes a controlled group election. The designated agent of a combined group can elect, without first obtaining approval from DOR, to include in its combined group every corporation in a commonly controlled group, regardless of whether such corporations are engaged in the same unitary business.
- c. The corporation is not excluded from the combined group under "water's edge" rules.

A "commonly controlled group" can be any one or combination of four types of arrangements, based on ownership of stock that represents more than 50% of voting power. Specifically, there must be common ownership of stock representing more than 50% of the voting power of the corporations, in any commonly controlled group. A corporation owns stock representing more than 50% of voting power if it owns or controls more than 50% of all classes of stock entitled to vote.

[Act 32 Sections: 1892, 9341(4), and 9441(2)]

17. JOBS TAX CREDIT MODIFICATIONS [LFB Paper 319]

Governor: Make the following modifications to provisions of the refundable jobs tax credit, under the state individual income and corporate income and franchise taxes: (a) delete the requirements that the credit be based on eligible employee wages between \$20,000 and \$100,000 in a tier I county or municipality, and wages between \$30,000 and \$100,000 in a tier II county or municipality; (b) provide that, for a claimant that increases net employment, the jobs credit would equal the lesser of 10% of wages paid to an eligible employee or \$10,000; and (c) convert the appropriation from which jobs tax credit refunds are paid from an annual GPR appropriation to a continuing GPR appropriation.

The jobs tax credit was enacted in 2009 Act 28, and equals up to 10% of the wages paid to an eligible employee and/or the amount of costs incurred to undertake training activities in a tax year. Specifically, a person that is certified by the Department of Commerce can claim the jobs tax credit if, in each year for which the tax credit is claimed, the person increases net employment in the person's business and one of the following applies:

a. In a tier I county or municipality, an eligible employee, for whom the tax credit is claimed, will earn at least \$20,000 but not more than \$100,000 in wages, in the year for which the credit was claimed.

b. In a tier II county or municipality, an eligible employee, for whom the tax credit is claimed, will earn at least \$30,000 but not more than \$100,000 in wages, in the year for which the credit was claimed.

c. In a tier I or tier II county or municipality, the person improves the job-related skills of any eligible employee, trains any eligible employee on the use of job-related new technologies, or provides job-related training to any eligible employee whose employment represents the employee's first full-time job.

As noted, the jobs tax credit is refundable. If the amount of credit exceeds a claimant's tax liability, the state will issue a check to the claimant for the unused tax credit amount. The refunds are paid from an annual GPR appropriation

The maximum amount of tax credits that Commerce can allocate in a calendar year is \$5 million. In addition, the total amount of credits that can be claimed for tax years beginning on or after January 1, 2010, and ending on June 30, 2013, is limited to \$14.5 million. Tax credits certified by Commerce for tax years beginning after December 31, 2009 and before January 1, 2012, must be paid in tax years beginning after December 31, 2011. Commerce is also authorized to reallocate angel investment and early stage seed investment tax credits that are unused in any calendar year to persons eligible for the jobs tax credit, subject to 14-day passive review by the Joint Committee on Finance. These reallocated amounts are not subject to the \$5 million limit on annual jobs tax credit claims.

Joint Finance/Legislature: Restore the requirements that the jobs tax credit be based on wages of at least \$20,000 in a tier I county and \$30,000 in a tier II county.

[Act 32 Sections: 771, 1829, 1966, 2078, 3357 thru 3359m, 3363m, and 9441(1)]

18. JOBS TAX CREDIT SUM SUFFICIENT ESTIMATE

GPR	\$9,000,000
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Governor/Legislature: Provide \$9,000,000 in 2012-13 to establish the funding level for the refundable jobs tax credit, as described in the preceding entry.

19. ENTERPRISE ZONES TAX CREDIT SUM SUFFICIENT REESTIMATE

GPR	\$37,500,000
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Governor/Legislature: Provide increases of \$8,600,000 in 2011-12 and \$28,900,000 in 2012-13 for the sum sufficient appropriation for the enterprise zones jobs tax credit to reestimate tax credit claims during the biennium. The reestimates reflect projections of substantial tax credit claims from major economic development projects under the program. With these adjustments, total funding would be increased from \$5,200,000 to \$13,800,000 in 2011-12 and \$34,100,000 in 2012-13.

20. BEGINNING FARMER AND FARM ASSET OWNER TAX CREDITS SUM SUFFICIENT ESTIMATE

GPR	\$2,060,500
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Governor/Legislature: Provide \$860,500 in 2011-12 and \$1,200,000 in 2012-13 to establish the funding level for the sum sufficient appropriation for the beginning farmer and farm asset owner tax credit. 2009 Act 28 created a refundable beginning farmer tax credit and a refundable farm asset owner tax credit, under the state individual income and corporate income and franchise taxes, for tax years beginning after December 31, 2010. The beginning farmer tax credit equals the amount paid by the beginning farmer to enroll in a financial management program in the year to which the claim relates. The credit can be claimed on a one-time basis, and the maximum credit is \$500. The farm asset owner tax credit equals 15% of the amount received by an established farmer for leasing agricultural assets to a beginning farmer in the year to which the claim relates.

21. FOOD PROCESSING PLANT AND FOOD WAREHOUSE INVESTMENT TAX CREDIT SUM SUFFICIENT REESTIMATE

GPR	-\$1,000,000
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Governor/Legislature: Decrease funding by \$500,000 annually for the refundable food processing plant and food warehouse investment tax credit to establish an annual appropriation of \$700,000 for the tax credit. The credit is provided, under the state individual income and corporate income and franchise taxes, equal to 10% of the amount paid in the tax year by the claimant for food processing or food warehousing modernization or expansion. The credit can be claimed for tax years beginning after December 31, 2009, and before January 1, 2017. The total amount of tax credits that could be claimed was \$1,200,000 for fiscal year 2010-11. However, the maximum total tax credit limit is \$700,000 for subsequent fiscal years.

22. FILM PRODUCTION SERVICES TAX CREDIT SUM SUFFICIENT REESTIMATE GPR - \$200,000

Governor/Legislature: Decrease funding by \$100,000 annually for the refundable film production services tax credit to establish an annual appropriation of \$400,000. The credit is provided under the state individual income and corporate income and franchise taxes and can be claimed for: (a) an amount equal to 25% of salaries, wages, and/or labor-related contract payments to all individuals, including actors, who are Wisconsin residents that work on an accredited production in Wisconsin; and (b) an amount equal to 25% of non-labor production expenses incurred in Wisconsin to produce an accredited production. The maximum amount of film production tax credits that can be claimed in a fiscal year is \$500,000.

23. FILM PRODUCTION COMPANY INVESTMENT TAX CREDIT SUM SUFFICIENT ESTIMATE GPR \$200,000

Governor/Legislature: Provide \$100,000 annually to establish the funding level for the film production company investment tax credit. 2009 Act 28 converted the film production company investment tax credit to a refundable tax credit. The credit can be claimed under the state individual income and corporate income and franchise taxes, and equals 15% of the following that the claimant paid in the tax year to establish or operate a film production company in Wisconsin: (a) the purchase price of depreciable, tangible personal property and items, property, and goods, if the sale of such property and goods is sourced to Wisconsin; and (b) the amount expended to construct, rehabilitate, remodel, or repair real property. The maximum amount of film production tax credits that can be claimed in a fiscal year is \$500,000.

24. DOMESTIC PRODUCTION ACTIVITIES INCOME TAX CREDIT GPR-Tax - \$10,100,000

Joint Finance/Legislature: Create, under the state individual income and corporate income and franchise taxes, effective for tax years beginning on or after January 1, 2013, a qualified production activities income tax credit.

Under the individual income tax, the credit would equal a specified percentage of the claimant's qualified production activities income, as defined under the Internal Revenue Code, that is derived from property assessed as manufacturing or agricultural property in Wisconsin, as defined under state property tax law. Under the corporate income and franchise tax and for insurance companies, the credit would be the lesser of a specified percentage of the claimant's: (a) qualified production activities income, as defined under the IRC, derived from manufacturing or agricultural property, in Wisconsin, as defined under state property tax law; (b) income apportioned to Wisconsin for state corporate income and franchise tax purposes; or (c) income determined as taxable under state combined reporting provisions. The specified tax credit percentage would be as follows:

- a. 1.875% for tax years beginning after December 31, 2012, and before January 1, 2014;

- b. 3.75% for tax years beginning after December 31, 2013, and before January 1, 2015;
- c. 5.526% for tax years beginning after January 31, 2014, and before January 1, 2016;
- d. 7.5% for tax years beginning after December 31, 2015.

Unused tax credit amounts could be carried forward up to 15 years to offset future tax liabilities.

Partnerships, limited liability companies, and tax-option corporations could not claim the credit, but eligibility for, and the amount of credit would be based on the entity's qualified production activities income. A partnership, LLC, or tax-option corporation would be required to compute the amount of credit each of its partners, members, or shareholders could claim and provide that information to them. Partners, members of LLCs, and shareholders of tax-option corporations could claim the credit in proportion to their ownership interests.

The Department of Revenue would be authorized to administer the credit, and take any action, conduct any proceeding, and proceed as authorized under state income and franchise tax laws. State tax provisions related to timely claims, assessments, refunds, appeals, collection, interest, and penalties would apply to the credit.

The credit would be phased in over a four-year period, beginning in 2013, and would reduce state income and franchise taxes by an estimated \$10,100,000 in fiscal year 2012-13, \$44,200,000 in 2013-14, \$72,300,000 in 2014-15, \$104,400,000 in 2015-16, and \$128,700,000 in fiscal year 2016-17 and thereafter.

[Act 32 Sections: 1755g, 1881n, 1887d, 1889n, 1896f, 2011d, 2012d, 2013f, 2015e, 2122d, 2123d, and 2184n]

Sales and Excise Taxes

1. DEPOSIT SALES AND USE TAX REVENUE GENERATED FROM SALES OF MOTOR VEHICLES AND MOTOR VEHICLE PARTS AND ACCESSORIES INTO THE TRANSPORTATION FUND [LFB Paper 644]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-Tax	-\$35,127,000	\$35,127,000	\$0

Governor: Provide that a specified percentage of sales and use tax revenues generated from the sale, lease, or use of motor vehicles and motor vehicle parts and accessories would be deposited into the transportation fund, instead of the general fund. Require DOR to annually

estimate the amount of revenue generated from such sales to be deposited into the transportation fund beginning with tax revenues received on July 1, 2012. Specify that the percentage of sales tax revenues generated from the sale, lease, or use of motor vehicles and motor vehicle parts and accessories that are deposited into the transportation fund would increase over a ten-year period in the following manner:

- a. 7.5% of revenues for 2012-13, but not more than \$35,127,000;
- b. 10% of revenues for 2013-14;
- c. 15% of revenues for 2014-15;
- d. 20% of revenues for 2015-16;
- e. 25% of revenues for 2016-17;
- f. 30% of revenues for 2017-18;
- g. 35% of revenues for 2018-19;
- h. 40% of revenues for 2019-20;
- i. 45% of revenues for 2020-21;
- j. 50% of revenues for 2021-22 and each year thereafter.

The administration estimates that \$35,127,000 of sales tax revenues would be deposited into the transportation fund in 2012-13 under the proposal. The amount deposited into the transportation fund (in 2012-13 dollars) would increase to an estimated \$58 million in 2013-14, \$88 million in 2014-15, and would ultimately increase to approximately \$292 million in 2021-22. [The segregated transportation fund revenue increase under this provision is shown under "Transportation -- Transportation Finance."]

Joint Finance/Legislature: Delete provision. Instead, require the Department of Administration, beginning on June 30, 2013, and annually thereafter, to transfer an amount equal to 0.25% of total general fund taxes, as shown in the general fund condition statement contained in the biennial budget act for that fiscal year, from the general fund to the transportation fund. Specify that the amount transferred in each fiscal year may not be less than \$35,127,000. Require the Department of Administration to make a separate transfer of \$125,000,000 from the general fund to the transportation fund in 2011-13.

[Act 32 Sections: 221s and 9201(1q)]

2. SALES AND USE TAX EXEMPTION FOR MODULAR AND MANUFACTURED HOMES [LFB Paper 325]

GPR-Tax	- \$455,000
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Governor/Legislature: Create an exemption from the sales and use tax for modular homes and manufactured homes that are used in real property construction activities outside this state. The proposal would become effective on the first day of the third month beginning after publication of the budget bill. Assuming an effective date of October 1, 2011, the administration estimates that the proposal would reduce sales and use tax revenue by \$195,000 in 2011-12 and \$260,000 in 2012-13.

Under current law, sales of modular homes and manufactured homes are subject to the state sales and use tax. For new manufactured homes, 35% of the sales price is exempt from tax. For certain modular homes, either 35% of the sales price or the sales price minus the cost of

materials that became component parts of a building being sold are exempt from the tax. According to DOR, the intent of the Governor's proposal is to create a new sales and use tax exemption for modular homes and manufactured homes if the home is destined to become real property in another state.

Under current law, if a Wisconsin manufacturer sells a modular home or a manufactured home to a dealer located in Wisconsin, the dealer must determine whether the home will become a real property construction or if the home will be sold as tangible personal property. If the home will be sold as tangible personal property, the tax is collected on the sales price of the transaction from the dealer to the ultimate consumer for sales in Wisconsin. For sales in other states, their state law would apply. If the home will be sold for use in real property construction, the sales tax is collected on the sales price of the transaction from the manufacturer to the dealer as the final taxable sale. The subsequent sale from the dealer to the consumer is a sale of real property and is not a taxable sale.

According to DOR, variability in the treatment of modular home and manufactured home sales among states can result in multiple states imposing sales tax on the same product. If a Wisconsin manufacturer sells a manufactured or modular home destined to become a real property construction to a dealer located in Wisconsin, the tax is imposed on the transaction between the manufacturer and the dealer. For example, if the Wisconsin dealer sells the home to a consumer in Iowa, Iowa imposes sales tax on the purchase price of the transaction between the dealer and the final consumer, but generally allows credit for the tax paid to Wisconsin. Because of the complexity, manufacturers and dealers often remit the tax incorrectly, resulting in Wisconsin tax due upon audit. At that time, years may be closed to claims of credit in other states. This puts Wisconsin dealers at a competitive disadvantage compared to a similar dealer located in Iowa. The proposal would eliminate liability for Wisconsin sales tax for sales of modular and manufactured homes destined to become real property in other states. The other state would impose its sales or use tax as applicable.

[Act 32 Sections: 2179 and 9441(3)]

3. SALES TAX EXEMPTION FOR CERTAIN OIL AND FAT CONVERTED INTO FUEL

Governor/Legislature: Create an exemption from the sales and use tax for sales of vegetable oil or animal fat that is converted into motor fuel that is exempt from the state motor vehicle fuel tax under the exemption for personal renewable fuel. Under the personal renewable fuel exemption, the motor fuel tax is not imposed on the first 1,000 gallons of renewable fuel produced or converted from another purpose each year by an individual and used by the individual in his or her personal motor vehicle, provided that the individual does not sell any such renewable fuel during that year. The proposed sales tax exemption would become effective on the first day of the third month beginning after publication of the budget bill, and is expected to have a minimal fiscal effect.

[Act 32 Sections: 2181 and 9441(4)]

4. SALES AND USE TAX ON PRODUCTS PROVIDED FREE OF CHARGE

Joint Finance/Legislature: Specify that if a person provides a product free of charge to a purchaser who must also purchase another product or products that are all subject to sales and use tax in the same transaction, the person who provides the product free of charge may purchase the product provided free of charge without tax for resale. Specify that this provision would take effect on the first day of the second month beginning after publication of the budget bill or September 1, 2011, whichever is later.

Under current law, a person who provides a product free of charge to the consumer in conjunction with the required purchase of another product, provided that the sales price of the other product does not vary depending on whether the product provided free of charge is included in the transaction, is the consumer of that product and must pay use tax on the purchase price of that product. As a result, if a retailer sells two items in a buy-one-get-one-free transaction, the seller must pay use tax on the purchase price of the product that was provided for free. Under this provision, providing a product free of charge with the required purchase of another taxable product or products, for which the price does not vary depending on inclusion of the free product, would not require the seller to pay use tax on the purchase price of the free product.

According to DOR, current law requires use tax to be paid on the purchase price of the product only if the product is provided for no consideration. If a retailer were to, instead, reduce the price of a taxable product to \$0.01 with the required purchase of another taxable product and include the penny in its taxable receipts, the retailer would not be subject to use tax on the purchase price of the product sold for a penny. In addition, under current law, if the retailer were to vary the price of the taxable item that was being paid for by any amount, use tax would not be owed on the purchase price of the item being provided for free. Assuming that retailers would adjust pricing and advertising practices to avoid paying use tax on the purchase price of a product provided for free in a buy-one-get-one-free transaction required under current law, this provision is expected to reduce sales and use tax revenues by a minimal amount.

[Act 32 Sections: 2178m, 2178n, and 9441(2q)]

5. SALES AND USE TAX EXEMPTION FOR ADVERTISING AND PROMOTIONAL DIRECT MAIL

Joint Finance/Legislature: Create an exemption for advertising and promotional direct mail from the state sales and use tax. Specify that this provision would become first effective beginning July 1, 2013. Estimate the fiscal effect to be an annual revenue loss of \$500,000, annually, beginning in 2013-14.

[Act 32 Sections: 2181p and 9441(1d)]

6. SALES AND USE TAX EXEMPTION FOR SNOWMAKING AND SNOW-GROOMING EQUIPMENT

Joint Finance/Legislature: Provide an exemption from the state sales and use tax for

snowmaking and snow-grooming machines and equipment, including accessories, attachments, and parts for the machines and equipment and the fuel and electricity used to operate such machines and equipment, that are used exclusively and directly for snowmaking and snow grooming at ski hills, ski slopes, and ski trails. Specify that this provision would become first effective on July 1, 2013. Estimate the fiscal effect to be an annual revenue loss of \$150,000 beginning in 2013-14.

[Act 32 Sections: 2181n and 9441(3b)]

7. WEIGHT-BASED TAXATION OF MOIST SNUFF

Joint Finance/Legislature: Convert the tax on moist snuff from a price-based tax to a weight-based tax at a rate of \$1.76 per ounce, and at a proportionate rate for any other quantity or fractional part in excess of 1.2 ounces. Specify that the tax imposed on a can or package of moist snuff that weighs less than 1.2 ounces must be equal to the amount of tax imposed on a can or a package of moist snuff that weighs 1.2 ounces. Specify that these provisions would become first effective January 1, 2012.

Under current law, moist snuff is taxed at a rate of 100% of the manufacturer's list price. These provisions convert the current tax on moist snuff from a price-based tax at a rate of 100% of the manufacturer's list price to a rate of \$1.76 per ounce. The provisions require a minimum tax of \$2.11 per can or package of moist snuff if the can or package weighs less than 1.2 ounces. These provisions are not expected to change the total amount of revenues collected from the tax on moist snuff in the 2011-13 biennium; however, the provisions would generally reduce the amount of tax imposed on premium brands of moist snuff and increase the amount of tax imposed on lower-priced brands of moist snuff.

Veto by Governor [F-43]: Delete provision.

[Act 32 Vetoed Sections: 2637n, 2637p, and 9441(3u)]

8. CIGARETTE AND TOBACCO PRODUCTS TAX REFUNDS

GPR	\$11,500,000
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Governor/Legislature: Increase funding for cigarette and tobacco products tax refunds by \$4,500,000 in 2011-12 and \$7,000,000 in 2012-13 to reflect higher estimates of the sum sufficient appropriation amounts required to reimburse Native American tribes under present law. With these adjustments, estimated total funding in the cigarette and tobacco products tax refunds appropriation would increase to \$47,500,000 in 2011-12 and \$50,000,000 in 2012-13. Under current law, for sales that occur on reservations or trust lands, the tribes receive a refund of 100% of the excise tax on cigarettes sold to Native Americans and 70% of the tax on sales to non-Native Americans. For tobacco products sold on reservations or trust lands, the tribes receive a refund of 100% of the tax on products sold to tribal members and 50% of the tax on products sold to non-Native Americans.

2009 Act 28 enacted higher tax rates for cigarettes (\$2.52 per pack from \$1.77 per pack) and tobacco products (100% of the manufacturer's list price for moist snuff and 71% of the

manufacturer's list price for other tobacco products, but not more than 50¢ per cigar, from \$1.31 per ounce of moist snuff and 50% of the manufacturer's list price for other tobacco products, but nor more than 50¢ per cigar). The higher taxes took effect on September 1, 2009. In order to account for the impact of the tax increases, funding for tribal refunds was increased from the 2007-08 base level of \$30,700,000 to \$39,500,000 in 2009-10 and \$42,000,000 in 2010-11. Actual expenditures totaled \$42,489,900 in 2009-10, and 2010-11 refund amounts have been reestimated by this office at \$45,200,000. The increase in the sum sufficient estimate for the 2011-13 biennium reflects the higher-than-anticipated expenditures that have occurred since the tax increases took effect, and the Department of Revenue's expectation that purchases of cigarettes and tobacco products from tribal reservations will become an increased share of total cigarette and tobacco product purchases over the biennium.

Regulation of Alcohol Beverages

1. THREE-TIERED BEER LAWS

Joint Finance/Legislature: Make the following changes to current law regarding wholesale distribution of fermented malt beverages (beer).

	Funding	Positions
PR	\$161,000	1.00
PR-REV	161,000	

Convert Local Wholesaler's License to a Statewide Permit

Delete the current provision authorizing municipal governing bodies to issue licenses to wholesalers for the sale of beer from premises within the municipality. Instead, authorize the Department of Revenue to issue permits to wholesalers for the sale of beer from premises within this state. Replace current statutory references to municipal wholesaler's licenses with references to DOR permits.

Provide that all persons holding unexpired municipal wholesaler's licenses prior to January 1, 2012, must be treated as wholesalers holding valid licenses until January 1, 2013, whereupon all municipal licenses must be void. Specify that, provided that a person does not hold a license or permit prohibited to be held by persons holding a wholesaler's permit, all persons holding unexpired municipal wholesaler's licenses must be issued a wholesaler's permit from DOR at any time after January 1, 2012. Specify that the issuance of a permit by DOR invalidates any previous municipal license.

Wholesalers' Permits

Delete the current provision that prohibits the consumption of beer in or about the premises of a wholesaler.

Specify that if a wholesaler does not maintain any warehouse in this state, but is licensed and maintains a warehouse in an adjoining state that allows wholesalers with a wholesalers' permit in this state to deliver beer to retailers in the adjoining state without warehousing in that state and that further requires that all beer be first unloaded and physically at rest at, and distributed from, the warehouse of the licensed wholesaler in that state, the wholesaler's permit must be issued by the Department.

Specify that a wholesaler's permit may not be issued to a person who holds a brewers permit.

Eliminate the current grandfather provision that allows a person who holds a wholesaler's license to also hold a retail beer permit or license, an industrial beer permit, or a brewpub permit, provided all of the licenses or permits were issued before May 5, 1994.

Eliminate the current provision that allows a brewer to hold a wholesaler's license and a Class "B" license (for on- or off-premises sales of beer).

Specify that, while a wholesaler is prohibited from holding a retail license, a wholesaler is authorized under its permit to sell or give beer to its employees. Specify that beer may be consumed on a wholesaler's premises at events not open to the general public. Permit that any wholesaler issued a retail license prior to January 1, 2011, may continue to sell beer at retail as permitted under the retail license.

Eliminate the current fee for a municipal wholesaler's license, which may not exceed \$25 per year. Instead, require DOR to determine a beer wholesaler's permit fee in an amount sufficient to fund one special agent position dedicated to alcohol and tobacco enforcement at the Department, but specify that the fee may not exceed \$2,500 per year or fractional part thereof. Specify that all moneys received from the fee would be deposited in a new program revenue appropriation in DOR and credited toward funding the new position. Provide \$73,200 PR in 2011-12 and \$87,800 PR in 2012-13, and provide 1.0 PR position in each year, under this appropriation.

Specify that no wholesaler may hold any ownership interest in any brewer, except a wholesaler may maintain an ownership interest in a brewer if the wholesaler had the ownership interest as of the effective date of this provision.

Bona Fide Wholesalers

Require that the premises described in a wholesaler's permit be capable of warehousing beer. Specify that any beer sold by the wholesaler must be physically unloaded at the premises described in the permit, or at any warehouse premises for which the wholesaler also holds a wholesaler's permit and an alcohol beverage warehouse permit, prior to being delivered to a retail licensee or to another wholesaler. Require that a wholesaler must annually sell and deliver beer to at least 25 retail licensees or to other wholesalers that do not have any direct or indirect interest in each other or in the wholesaler. Specify that DOR may not issue a wholesaler's permit unless the applicant represents an intention to satisfy this requirement, and may not renew a permit unless the wholesaler demonstrates that this requirement has been satisfied. Prohibit a beer retail licensee or wholesaler from receiving a benefit from a violation of these provisions with knowledge of the circumstances

giving rise to the violation.

Provide that a wholesaler who violates laws governing bona fide wholesalers must be fined not more than \$10,000. In addition, require a court to order the wholesaler to forfeit an amount equal to any profit gained by the wholesaler or retail licensee that violates these provisions, or by both, resulting from the violation. Also, require the court to order that the wholesaler's permit be revoked. Specify that a court must order a retail licensee or wholesaler who violates these provisions to forfeit an amount equal to any profit gained by the retail licensee or wholesaler resulting from the violation, and to order that the retail license or wholesaler's permit be revoked. Specify that these provisions do not affect the authority of any municipality or DOR to revoke, suspend, or refuse to renew or issue a license or permit.

Require DOR to promulgate rules to administer and enforce these requirements. Specify that the rules must ensure coordination between the Department's issuance and renewal of permits and its enforcement of the requirements specified for wholesalers' permits, and must require that all applications for issuance or renewal of permits be processed by DOR personnel generally familiar with activities of beer wholesalers. Provide that the Department must establish by rule minimum requirements for warehouse facilities on premises described in wholesaler's permits and for periodic site inspections of such warehouse facilities.

Class "A" Licenses

Repeal the current law provision that a person who holds a Class "A" license (for off-premises sales of beer) and a beer wholesaler's license, both of which were issued before May 5, 1994, may transfer the licenses together to another premises in a different municipality within the same county. Repeal the requirement that an issuing municipality must transfer a Class "A" license under this provision and, upon approval of the transfer by the receiving municipality, that the receiving municipality must recognize the validity of the license, even if, at the time of transfer, the license has been suspended, revoked, or denied renewal provided that the suspension, revocation, or denial of renewal resulted from the licensed premises being relocated outside the corporate limits of the issuing municipality.

Brewers

Repeal the provision that requires wholesalers that are required to register with DOR for a business tax registration certificate to also obtain a permit to operate as a brewer. Specify that no person holding a Class "A" or Class "B" license or permit or a wholesalers' permit may register as a brewer. Repeal current provisions that: (a) permit a brewer to manufacture, possess, and store beer on the brewery premises and transport beer between the brewery premises and any depot or warehouse maintained by the brewer for which the brewer has a wholesaler's license; (b) permit a brewer or individual representing a brewer to provide taste samples; (c) allow a brewer to hold a wholesaler's license and a Class "B" license; and (d) prohibit a person issued a brewer's permit after November 25, 2007, from holding a restaurant permit.

Provide that DOR must issue brewer permits to eligible applicants and create laws authorizing all of the following activities for persons holding a brewer's permit:

- a. The manufacture of beer on the brewery premises.
- b. The bottling, packaging, possession, and storage of beer on the brewery premises.
- c. The transportation of beer, subject to laws governing distribution restrictions on wholesalers, brewers, brewpubs, and out-of-state shippers, between the brewery premises and any depot warehouse maintained by the brewer.
- d. The sale, shipment, transportation, and delivery, in original unopened packages or containers, to wholesalers, from the brewery premises, of beer that has been manufactured by the brewer on those premises or on other premises of the brewer.
- e. The retail sale of beer that has been manufactured on the brewery premises, or on other premises of the brewer, for on-premise consumption by individuals at the brewery premises or an off-site retail outlet established by the brewer.
- f. The retail sale to individuals of beer, in original unopened packages or containers, that have been manufactured on the brewery premises or on other premises of the brewer for off-premise consumption by individuals, if the sale occurs at the brewery premises or at an off-site retail outlet established by the brewer.
- g. The retail sale of beer, for on-premises consumption or for off-premises consumption in original unopened packages or containers, that has been manufactured on another brewery premises in this state, provided that the beer is purchased from a person holding a wholesaler's permit or from another brewery located in this state that manufactures 300,000 or less barrels of beer in a calendar year.
- h. The retail sale of intoxicating liquor (wine or liquor) for on-premise consumption on the brewery premises, and for on-premise consumption at an off-site retail outlet established by the brewer, provided that: (1) the wine or liquor is purchased from a wholesaler; and (2) the brewer held a permit or license authorizing the sale of wine or liquor on June 1, 2011.
- i. The provision of free taste samples on the brewery premises, at an off-site retail outlet established by the brewer, or as authorized under laws governing the provision of taste samples on Class "A" premises.
- j. Owning, maintaining, or operating places for the sale of beer at the State Fair Park or on any county fairgrounds located in this state

Provide that, if a wholesaler who has been granted distribution rights by a brewer for a brand in a designated sales territory is unable to service the designated sale territory for any reason, including, but not limited to, the discontinuation of the wholesaler's distribution rights, bankruptcy, or criminal prosecution of the wholesaler in connection with operation of the wholesaler, and the reason is not the result of an action by the brewer, then a brewer must be allowed, for a period of not more than one year, to sell or ship any brand of beer to retailers located in the wholesaler's designated sales territory.

Prohibit a brewer from making sales to a retail licensee, except that a brewer that

manufactures 300,000 or less barrels of beer in a calendar year from all locations may sell, ship, transport and deliver beer, that has been manufactured on the brewery premises in original unopened packages or containers, to retailers from the brewery premises, provided that the brewer complies with the requirements of laws governing restrictions on dealings between brewers, brewpubs, wholesalers, and retailers and laws governing distribution restrictions on wholesalers, brewers, brewpubs, and out-of-state shippers, including those imposed on wholesalers.

Permit a brewer to operate a restaurant on the brewery premises and at an off-site retail outlet established by the brewer. Specify that a brewer may not be licensed to operate a restaurant at any other location, except that a brewer may possess or hold an indirect interest in a Class "B" license for not more than 20 restaurants in each of which the sale of alcohol beverages accounts for less than 60% of the restaurant's gross receipts if no beer manufactured by the brewer is offered for sale in any of these restaurants.

Prohibit a brewer from holding any ownership interest in any wholesaler. Provide the following exemptions to this restriction: (a) a brewer may hold an ownership interest of less than 50% in a wholesaler, provided that such ownership interest will not occur for more than three years; and (b) if a wholesaler who has been granted distribution rights by a brewer for a brand in a designated sales territory is unable to service the designated sale territory for any reason, including but not limited to the discontinuation of the wholesaler's distribution rights, bankruptcy, or criminal prosecution of the wholesaler in connection with operation of the wholesaler, and the reason is not the result of an action by the brewer, then a brewer must be allowed, for a period of not more than one year, to take temporary control and operation of the wholesaler.

Out-of-State Shippers' Permits; Delivery to Wholesalers

Specify that all shipments of beer to a wholesaler of beer in this state, whether shipped to the wholesaler from inside this state or from outside this state, must be unloaded in, physically at rest in, and only then distributed from the wholesaler's warehouse in this state.

Eliminate the current statute that allows a brewer who holds an out-of-state shipper's permit for premises located in another state used for the manufacture of beer to ship beer from those premises to any brewery premises of the brewer in Wisconsin.

Require that out-of-state shippers' permits may be issued only to a person who does not maintain an office or street address in this state and who is the primary source of supply for the brand of beer. Specify that an out-of-state shippers' permit may not be issued to a person determined by DOR to be primarily engaged in wholesale or retail sales in another state.

Provide that an out-of-state brewer who manufactures 300,000 barrels of beer or less in a calendar year from all locations and who holds an out-of-state shipper's permit may sell and ship beer directly to retail licensees, provided that the out-of-state brewer registers with DOR, files whatever periodic reports with the Department as the Department may require, and complies with the requirements for laws governing restrictions on dealings between brewers, brewpubs, wholesalers, and retailers and laws governing distribution restrictions on wholesalers, brewers, brewpubs, and out-of-state shippers, including those imposed on wholesalers.

Multiple Licenses and Permits; Brewers

Repeal laws governing multiple licenses and permits for brewers.

Restrictions on Dealings Between Brewers, Brewpubs, Wholesalers, and Retailers

Specify that, for laws governing compensation for termination of wholesaler distribution rights, a "successor wholesaler" means any wholesaler who enters into an agreement, whether oral or written, to obtain a supply of a brand of beer that is a discontinued brand, or otherwise acquires the right to act as a wholesaler for a discontinued brand from a brewer, brewpub, brewer's agent, brewpub's agent, or holder of an out-of-state shipper's permit for purposes of selling such discontinued brand in a specially-defined territory, where such discontinued brand was sold by a terminated wholesaler in any portion of this same territory at a time immediately before said brand of beer became a discontinued brand.

Prohibit a wholesaler from purchasing beer for resale unless he or she purchases it either from the primary source of supply for the brand of beer sought to be sold or from a wholesaler within this state who holds a wholesaler's permit. Specify that no wholesaler may sell beer purchased by the wholesaler to any other brewer, brewpub, wholesaler, or retailer, if the beer has not been purchased by the wholesaler from the primary source of supply or from a wholesaler within the state holding a wholesaler's permit.

Distribution Restrictions on Wholesalers, Brewers, Brewpubs, and Out-of-state Shippers.

Modify the definition of "wholesaler" under these provisions to mean the holder of a beer wholesaler permit. Eliminate brewers and out-of-state shippers from this definition.

Specify that, under current law provisions governing the transportation or delivery of beer to a retailer, beer must be first unloaded at, physically at rest at, and only then distributed from a wholesaler's warehouse premise covered by both a wholesaler's permit and an alcohol beverage warehouse permit, which premises must be in this state prior to beer being sold, transported, or delivered to a retailer. Eliminate the exemption from this provision for a brewer or out-of-state shipper that holds a Class "A" license or Class "B" license to sell beer to persons other than licensees and permittees in accordance with the terms of the license.

Repeal the following current law provisions:

a. A brewer that, together with its brewer group, manufactures not more than 50,000 barrels of beer in a calendar year in any location may be issued a wholesaler's license for wholesale premises located on brewery premises.

b. A brewer that, together with its brewer group, manufactures more than 50,000 barrels of beer in a calendar year in any location may be issued a wholesaler's license for wholesale premises located on brewery premises, but may not sell or ship more than a total of 1,000 barrels of beer in any calendar year to retailers from these wholesale premises. Beer provided by a brewer to any retail premises for which the brewer holds the retail license must not be included in any calculation of the 1,000-barrel limitation.

c. A brewer may be issued a wholesaler's license for wholesale premises located on brewery premises if, from these wholesale premises, the brewer sells or ships beer only to other wholesalers; however, a brewer issued a wholesaler's license may, from the wholesale premises located on brewery premises, sell or ship any brand of beer to retailers located in a designated sales territory for the brand if the wholesaler to which the brewer has granted distribution rights for the brand in this designated sales territory is unable to service the designated sales territory for any reason, including because of discontinuance of the wholesaler's distribution rights. A brewer may sell or ship beer to retailers under this provision for up to 12 months after the wholesaler becomes unable to service the wholesaler's designated sales territory.

Eliminate the current law exemption for a brewer or out-of-state shipper that holds a Class "A" license or Class "B" license from the following provisions: (a) deliveries of beer to retailers may be made only to wholesalers and must be made to retailers only at their retail premises; and (b) no retailer may transport beer from one retail premises to another retail premises for purposes of selling the beer at the other retail premises unless both retail premises are operated by a brewer or brewpub holding the retail license. Instead, provide an exemption from these provisions for small brewer sales to retailers and restaurants operated by a brewer.

Modify the current law provision that a brewer or out-of-state shipper may sell, transport, and deliver beer only to a wholesaler, which may be the brewer or out-of-state shipper itself if, in its activities as a wholesaler, it complies with certain requirements, to, instead, provide that a brewer or out-of-state shipper may sell, transport, and deliver beer only to a wholesaler. Eliminate the current law exemptions from this provision for a brewer or out-of-state shipper that holds a Class "A" license or Class "B" license and for a brewer that holds an out-of-state shipper's permit for premises located in another state used for the manufacture of beer. Instead, provide exemptions from this provision for authorized activities of a brewer, small brewer sales to retailers, and out-of-state small breweries.

Repeal the current law provision that a brewer or out-of-state shipper that holds a Class "A" license or Class "B" license may sell beer to persons other than licensees and permittees in accordance with the terms of the license, the laws governing multiple licenses and permits of brewers, and the applicable provisions of beer laws relating to retailers. Repeal the current law exemption from laws governing distribution restrictions on wholesalers, brewer, brewpubs, and out-of-state shippers with respect to beer provided by a brewer to any retail premises for which the brewer holds the retail license.

Effective Date

Specify that these provisions would take effect on the budget bill's general effective date.

Under current law governing wholesalers of beer, every municipal governing body may issue licenses to wholesalers for the sale of beer from premises within the municipality. Current law allows certain wholesalers to hold a combination of other licenses or permits, such as a Class "B" license or permit, and any person who held a wholesaler's license or permit and a Class "A" license or permit if granted prior to May 5, 1994 to hold such a license or permit if it has been renewed and continued ever since. Current law prohibits a wholesaler from making sales from the wholesaler's premise.

Under the Joint Finance provisions, wholesalers must obtain a permit from DOR, rather than obtain a municipal license to sell beer from a wholesaler's premises within the municipality. The Joint Finance provisions provide laws governing a transitional period between January 1, 2012, and January 1, 2013, for wholesalers to operate under an unexpired municipality-issued license while seeking to obtain a permit from DOR. These provisions require that wholesalers must first unload the beer and have the beer physically at rest at the wholesaler's warehouse before distribution. Wholesalers of beer would be prohibited from holding Class "A" and Class "B" beer licenses under these provisions. The provisions also repeal the prohibition from making, and expressly permit a wholesaler to make, sales of beer to employees of the wholesaler and permits the wholesaler to hold events on the wholesaler's premise that are not open to the public. These provisions provide new regulations and penalties governing bona fide wholesalers.

Current law specifies that a wholesaler's license fee is determined by the municipal governing body, but may not exceed \$25 per year or a fractional part thereof. Under the Joint Finance provisions, the permit fee paid to DOR would be determined by the Department in an amount not to exceed \$2,500 per year or fractional part thereof, and the Department would set the fee at an amount to pay for one special agent position dedicated to alcohol and tobacco enforcement at DOR.

The Joint Finance provisions repeal most current law regulations governing brewers, and repeal laws permitting brewers to hold multiple licenses. Instead, these provisions create new laws governing brewers, as specified under the section on brewers. These provisions create certain regulations governing the transportation of beer, permit breweries to temporarily operate as wholesalers if a wholesaler has ceased to operate in a specific area, prohibit a brewer that manufactures more than 300,000 barrels of beer in a calendar year to make direct sales to retailers, and specify certain ownership restrictions from wholesalers having an ownership stake in a brewery, among other provisions. It should be noted that, under these provisions, a brewer would be permitted to make retail sales of beer from the brewer's premises, or from a second premises owned by the brewer, without obtaining any municipal license. A brewer manufacturing 300,000 barrels of beer or less (a small brewer) would be permitted to sell and deliver beer to retail licensees without obtaining a wholesaler's permit under these provisions. A brewery would be permitted to sell beer manufactured in the state, for on premises or off premises consumption, provided that the beer is purchased from a wholesaler or a small brewery.

In addition to the aforementioned changes to laws governing brewers, these provisions eliminate laws governing multiple licenses of, and permits for, brewers. Among the provisions repealed are that a brewer may hold up to two Class "B" beer licenses for on premise sales, that a brewer may own furniture and fixtures for a Class "B" premises, that a wholesaler's license is required for each depot or warehouse owned, maintained, or operated by the brewer, and certain other provisions governing beer sales if the brewer possesses a wholesaler's license, Class "A" license, or a Class "B" license. As under current law, a brewer could: (a) hold an interest in not more than 20 restaurants; and (b) own or operate places to sell beer at State Fair Park or county fairgrounds. It should be noted that, as is permitted under current law, a brewer would be permitted to operate a restaurant at the brewery premises and at one off-site retail outlet. If a brewer held a license or permit authorizing the sale of wine or liquor for on-premises consumption on June 1, 2011, the brewer would be permitted to sell wine and liquor in the same manner as was permitted under that license or permit, provided that the wine or liquor was purchased from a wholesaler.

The provisions require a wholesaler to unload the beer from an out-of-state shipper and have the beer physically at rest at a wholesaler's warehouse in this state prior to distributing the beer in this state. The provisions prohibit DOR from issuing an out-of-state's shippers permit to any person who maintains an office or street address in this state and who is the primary source of supply for that specific brand of beer, and an out-of-state shipper's permit may not be issued to a person primarily engaged in wholesale or retail sales in another state. An out-of-state brewer who manufactures more than 300,000 barrels of beer in a calendar year from all locations would be prohibited from selling beer directly to a retail licensee in this state. The provisions specify certain changes to current law governing restrictions on dealings between brewers, brewpubs, wholesalers, and retailers, and specify changes to current law distribution restrictions on wholesalers, brewers, brewpubs, and out-of-state shippers.

These provisions also specify that an out-of-state brewer who manufactures 300,000 barrels or less of beer in a calendar year at any location, and who holds an out-of-state shipper's permit, could sell and ship beer directly to retail licensees, provided that the brewer registers with DOR, files periodic reports as required by DOR, and complies with the restrictions on dealings between brewers, brewpubs, wholesalers, and retailers and with distribution restrictions on wholesalers, brewers, brewpubs, and out-of-state shippers.

[Act 32 Sections: 751m, 2603m thru 2604bk, 2604bm thru 2604ge, 2604gg thru 2604ji, and 2637m]

2. SALES OF ALCOHOLIC BEVERAGES AT MOVIE THEATERS

Joint Finance/Legislature: Permit a movie theater to obtain either a Class "B" beer, or a "Class B" liquor, license or permit. Specify that a movie theater selling alcoholic beverages may allow underage persons that are not accompanied by their parent, guardian, or spouse to enter, knowingly attempt to enter, or be on any premises for which such a license or permit has been issued. Specify that a movie theater may remain open for the conduct of its regular business, but may not sell intoxicating liquor during closing hours (after bar time).

Under current law, no class "B" license or permit may be granted for any premises where any other business is conducted in connection with the premises. Certain types of businesses are exempt from this restriction, such as restaurants, hotels, bowling centers, or recreation premises. This provision would also specifically exempt movie theaters from this restriction. A Class "B" beer license or permit authorizes the sale of beer for on-premises consumption. A "Class B" liquor license or permit authorizes the sale of liquor for on-premises consumption. In order to be granted a "Class B" liquor license, an establishment must also hold a Class "B" beer license.

Under current law, an underage person generally may not enter, knowingly attempt to enter, or be on any premises for which a license of permit for the retail sale of alcoholic beverages has been issued. Certain types of businesses licensed to sell alcoholic beverages are exempt from this restriction, such as hotels, drug stores, grocery stores, bowling centers, and billiard centers. This provision would also exclude movie theaters from this restriction.

Under current law, no premises for which a "Class B" license or permit has been issued may

remain open between the hours of 2 a.m. and 6 a.m. on weekdays, or between 2:30 a.m. and 6:00 a.m. on Saturday and Sunday. Certain types of businesses, such as hotels, restaurants, and bowling centers, may remain open for the conduct of their regular business, but may not sell intoxicating liquor during closing hours. This provision would permit movie theaters to be treated the same as hotels, restaurants, and bowling centers with respect to remaining open during closing hours.

As noted above, the current general prohibition against a Class "B" licensee operating another business on the same premises includes an exception for "recreation premises." The provisions regarding underage persons and closing hours do not apply to specific types of businesses listed in the statutes, but the list of exceptions does not include recreation premises. The Department of Revenue indicates that it believes the current statutes permit movie theaters to obtain Class "B" licenses under the exclusion for recreation premises. However, Class "B" licenses are issued by municipalities, and some municipalities have interpreted the law to mean that a license may not be granted to a movie theater. The Joint Finance provisions would eliminate this ambiguity by specifically stating that a Class "B" licensee could operate a movie theater. The Joint Finance provisions also specify that the restrictions regarding underage persons and closing hours would not apply to movie theaters.

[Act 32 Sections: 2604bL, 2604gfe, 2604gfg, and 2604k]

GENERAL PROVISIONS

Budget Change Item

1. CONDUIT REVENUE BOND COMMISSION (PUBLIC FINANCE AUTHORITY)

Joint Finance: Modify current general municipal law relating to intergovernmental cooperation--conduit revenue bonds, under which the Public Finance Authority (PFA) was created, as follows:

- a. Modify the definition of bond to include obligations entered into as well as issued as under current law, and to add installment sale, or other financing;
- b. Modify the definition of participant to include an unincorporated association;
- c. Modify the definition of political subdivision to include an office or department and to include a territory of the United States;
- d. Under the powers of the authority, authorize refinancing of a project and allow the authority to assign or pledge its interests in projects, bonds, or contracts entered into or acquired in connection with bonds;
- e. Authorize PFA to purchase bonds issued by or on behalf of, or held by, the state or any of its departments, authorities or agencies, or any political subdivision;
- f. As an alternative to specifying various aspects of a bond issue in the bond resolution, provide that the resolution may specify members of the board, officers or employees, by name or position, to whom the commission delegates authority to determine those matters, and such other matters as the commission may deem appropriate, for inclusion in the trust agreement, indenture or other agreement providing for issuance of the bonds as finally executed. However, require that the resolution must specify the maximum principal amount of bonds to be issued, the maximum term of those bonds, and the maximum interest rate to be borne by the bonds;
- g. Provide that proceeds of a bond issue may be used for one or more projects in Wisconsin or outside of this state; and
- h. Modify the current requirement that a political subdivision within whose boundaries the project is to be located must approve the financing, to specify the approval may be made by the governing body or, except in first class cities in this state or counties with such a first class city within its boundaries, by the highest ranking executive or administrator of the political subdivision.

Assembly/Legislature: Modify the provision to reference the issuance of bonds, rather than authorization of bonds, when receiving approval from a political subdivision. Clarify that an approval could be made by the governing body or by the highest ranking executive or administrator of the political subdivision, except that if the political subdivision is a 1st class city or a county in which a 1st class city is located, then an approval could only be made by the governing body.

Modify current law establishing a 30-day timeline for actions brought to challenge the validity of the proposed issuance of a bond to, instead, reference the issuance of a bond.

[Act 32 Sections: 1720d thru 1720pm]

2. TENANTS IN FORECLOSURE ACTIONS

Joint Finance/Legislature: Repeal sections 704.35 and 846.35 of the statutes related to tenants in foreclosure actions. The following statutory sections, created under 2009 Act 2, would be repealed:

Prospective Tenants

Notice. If a foreclosure action has been commenced against a residential rental property, during the pendency of the action and before the expiration of the redemption period (the time period when the owner may redeem the property), the owner of the property must notify any prospective tenant in writing all of the following: (a) that a foreclosure action has been commenced against the rental property; and (b) if judgment has been entered, the date on which the redemption period expires.

Rental Agreement/Tenant Protections. Any rental agreement entered into between the property owner and a tenant during the pendency of the foreclosure action and before the expiration of the redemption period must include a separate written statement, signed by the tenant, that the owner has provided written notice of the foreclosure action. A rental agreement that does not include the statement signed by the tenant is voidable at the option of the tenant. The tenant protections that apply to current tenants (described below) apply to tenants who enter a rental agreement during a foreclosure action.

Current Tenants

Notice. If a residential rental property is subject to a foreclosure action, the plaintiff must provide the following notices at the following times to tenants in possession of each rental unit when notice is given:

a. No later than five days after foreclosure action is filed, notice that the plaintiff has commenced a foreclosure action with respect to the rental property.

b. No later than five days after the judgment of foreclosure is entered, notice that the plaintiff has been granted a judgment of foreclosure with respect to the rental property and notice of the date on which the redemption period ends.

c. When the confirmation of sale hearing has been scheduled, notice of the date and time of the hearing.

The above notices may be given by personal service (as provided under s. 801.11(1)) or by certified mail with return receipt requested. Notice given by certified mail is considered completed when it is mailed, unless the envelope enclosing the notice is returned unopened to the plaintiff. All notices given by certified mail must be mailed in envelopes upon which the plaintiff's, or the plaintiff's attorney's, return address appears, with a request to return to that address.

Possession of Premises/Withholding Rent/Penalties. If a tenancy is terminated as a result of a foreclosure judgment and sale with respect to the rental property, all the following apply to the tenant:

a. The tenant may retain possession of the rental unit for up to two months after the end of the month in which the sale of the property is confirmed. A tenant who retains possession of the rental unit after the sale of the property is confirmed must pay rent for the period during which the tenant retains possession at the same rent that applied immediately before the sale confirmation, subject to b. below.

b. The tenant may withhold rent in an amount equal to the security deposit during the last period the tenant actually retains possession of the rental unit, regardless of whether the tenant retains possession after the sale of the property is confirmed.

c. The tenant's right to retain possession of the rental unit expires at the end of the month for which the tenant withholds rent.

No writ of assistance or writ of restitution for removal of a tenant whose tenancy is terminated as a result of a foreclosure judgment and sale may be executed before the end of the second month beginning after the month in which the sale of the property is confirmed, unless the tenant has waived in writing the right to retain possession. Further, in an action for foreclosure of residential real property, the complaint may not name a tenant as a defendant unless the tenant has a lien or ownership interest in the real property.

If the plaintiff fails to provide required notice, or prohibitively names a tenant in a complaint, the court must award the tenant to whom notice should have been given or should not have been named as a defendant \$250 in damages, plus reasonable attorney fees. A tenant may not recover for more than one notice violation.

[Act 32 Sections: 3474m, 3492m, and 9355(1f)&(2f)]

3. RONALD W. REAGAN DAY

Joint Finance/Legislature: Designate February 6th as Ronald W. Reagan Day. Specify that appropriate exercises and celebrations may be held on that day, his birthday, to honor him and remember him as the 40th President of the United States and a promoter of freedom and democracy throughout the world.

[Act 32 Section: 3567g]

4. PAYMENT OF CHIROPRACTIC FEES

Joint Finance/Legislature: Specify that if all of the following conditions exist, fees for chiropractic services provided to an injured person shall be paid out of the amount of fees due to his or her attorney under the contingency fee arrangement made between the person and the attorney: (a) the person is injured as the result of a motor vehicle accident; (b) the services were provided by a chiropractor because of the injuries arising from the motor vehicle accident; (c) the person is represented by an attorney under a contingency fee arrangement; (d) the person receives an amount under a settlement agreement that is less than his or her damages; and (e) prior to the person's acceptance of the settlement agreement, the chiropractor has not been paid for his or her services and has provided written notification to the person's attorney of the services that were provided to the person.

Specify that if the conditions described above are met, the distribution of the amount due under the contingency fee arrangement shall be allocated on a pro rata basis between the person's attorney and each chiropractor who provided services, based on the percentage obtained by comparing the outstanding fees owed to the attorney and each chiropractor to the aggregate outstanding attorney and chiropractic fees.

This section does not apply if any of the following exist: (a) the chiropractor is eligible for payment for the services provided to the person under any health insurance contract or self-insured health plan; or (b) the chiropractor is eligible for payment for the services provided to the person under any governmental health plan or program, including Medicaid or Medicare.

For the purposes of these provisions, define a "chiropractor" as a person licensed under Chapter 446 of the statutes, and a "motor vehicle" as a vehicle, including a combination of two or more vehicles or an articulated vehicle, which is self-propelled, except a vehicle operated exclusively on a rail.

These provisions would first apply to chiropractic services provided on the effective date of the bill.

[Act 32 Sections: 3503g and 9309(1f)]

GOVERNMENT ACCOUNTABILITY BOARD

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$4,875,200	\$5,291,700	\$7,091,700	\$7,091,700	\$7,091,700	\$2,216,500	45.5%
FED	2,908,400	2,904,000	2,904,000	2,904,000	2,904,000	- 4,400	- 0.2
PR	1,048,400	1,077,800	1,093,000	1,093,000	1,093,000	44,600	4.3
SEG	<u>1,485,200</u>	<u>842,700</u>	<u>200</u>	<u>200</u>	<u>200</u>	<u>- 1,485,000</u>	<u>- 99.9</u>
TOTAL	\$10,317,200	\$10,116,200	\$11,088,900	\$11,088,900	\$11,088,900	\$771,700	7.5%

FTE Position Summary						
Fund	2010-11 Base	2012-13 Governor	2012-13 Jt. Finance	2012-13 Legislature	2012-13 Act 32	Act 32 Change Over 2010-11 Base
GPR	14.30	14.30	19.30	19.30	19.30	5.00
PR	<u>3.45</u>	<u>3.45</u>	<u>3.45</u>	<u>3.45</u>	<u>3.45</u>	<u>0.00</u>
TOTAL	17.75	17.75	22.75	22.75	22.75	5.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide standard adjustments totaling \$101,500 GPR, -\$2,200 FED, and \$10,000 PR in 2011-12, and \$105,100 GPR, -\$2,200 FED, and \$10,000 PR in 2012-13. Adjustments are for:

(a) full funding of continuing salaries and fringe benefits (\$52,000 GPR and \$8,400 PR annually); (b) reclassifications (\$8,400 GPR in 2011-12, and \$12,000 GPR in 2012-13); and (c) full funding of lease costs and directed moves (\$41,100 GPR, -\$2,200 FED, and \$1,600 PR annually).

GPR	\$206,600
FED	- 4,400
PR	<u>20,000</u>
Total	\$222,200

2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE

Governor/Legislature: Delete \$70,500 GPR and \$16,700 PR

GPR	- \$141,000
PR	<u>- 33,400</u>
Total	- \$174,400

annually to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance cost reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

3. AGENCY BUDGET REDUCTIONS [LFB Paper 330]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$225,200	\$0	- \$225,200
PR	<u>- 43,800</u>	<u>15,200</u>	<u>- 28,600</u>
Total	- \$269,000	\$15,200	- \$253,800

Governor: Reduce funding by \$112,600 GPR and \$21,900 PR annually associated with a 10% reduction to supplies and other non-personnel costs.

Joint Finance/Legislature: Restore the budget reduction to the Board's lobbying administration; program revenue appropriation totaling \$7,600 PR annually. Under the bill, no funding associated with agency budget reductions may be lapsed to the general fund if the lapse would violate the federal or state constitution. Some state and federal district courts have ruled that it is unconstitutional under the First Amendment to the U.S. Constitution to impose a lobbying fee that amounts to a tax. Under these decisions, a lobbying fee may only be imposed to offset the costs of administering legitimate regulation of lobbying activity.

4. PUBLIC FINANCING OF CAMPAIGNS FOR SUPREME COURT JUSTICE -- DEMOCRACY TRUST FUND [LFB Paper 331]

Governor: Transfer the SEG sum sufficient public financing benefits; candidates for justice appropriation from the State Treasurer to the Government Accountability Board (GAB). After the transfer from the State Treasurer this appropriation would have no base funding. [Under current law, this SEG appropriation provides payment of public financing benefits to eligible Supreme Court Justice candidates, funded from the Democracy Trust Fund (DTF).] Amend the appropriation to provide funding equal in each fiscal year to the lesser of the total amount of campaign finance check-offs certified annually to the DTF, minus the amounts appropriated to GAB for administration, and the total amount of DTF grants that eligible candidates qualify to receive in that fiscal year.

Provide that it would now be the responsibility of GAB, and not the State Treasurer, to administer the DTF and to create and extend lines of credit to eligible candidates for Supreme Court Justice. The DTF provides public financing grants for eligible candidates for Supreme Court Justice.

Funding from the Campaign Finance Check-Off

Current Law. Beginning with 2010 tax returns, every individual filing an income tax return who has a tax liability or is entitled to a tax refund may now designate \$3 for the Wisconsin Election Campaign Fund (WECF) and the DTF. One-third of the total amount designated by taxpayers through the campaign finance check-off is credited to the WECF, and the remaining two-thirds are credited to the DTF. If individuals filing a joint return have a tax liability or are entitled to a tax refund, each individual may make a \$3 designation. Annually on August 15, the Secretary of DOR must certify to GAB, the Department of Administration (DOA) and the State Treasurer the total amount of any campaign finance designations made during the preceding fiscal year. Since the check-off does not affect taxpayer liability, the amount generated from the check-off is transferred to the WECF and the DTF from sum sufficient GPR appropriations. [The WECF provides public financing grants for eligible candidates for statewide and legislative offices.]

Bill. Current law provisions regarding the campaign finance check-off would not apply to a taxable year that would begin after December 31, 2011. Instead, for taxable years beginning after December 31, 2011, an individual's income tax liability would be increased by \$3 or the individual's tax refund would be decreased by \$3 for any designation made to the WECF and the DTF on the individual income tax form. As the check-off would now increase a taxpayer's liability or decrease a taxpayer's refund, the bill would delete the GPR sum sufficient appropriations that currently provide the funding associated with campaign finance check-offs. Any campaign finance check-off made by an individual that would not be funded, in whole or in part, by an individual's increased payment of taxes or by an available refund would be voided.

Annually, on or before August 15, the Secretary of DOR would be required to certify to GAB, DOA, and the State Treasurer all of the following: (a) the total administrative costs, including data processing costs, incurred by DOR in administering these provisions during the previous fiscal year; (b) the total amount of campaign finance check-offs made by taxpayers for the WECF and the DTF during the previous fiscal year; and (c) the net amount of check-off revenue remaining after deducting DOR administrative costs. An amount equal to the administrative costs incurred by DOR during the previous fiscal year would be deposited to the general fund and credited to the DOR administration of income tax checkoff voluntary payments appropriation. Of the remaining amounts generated by the campaign finance check-off, one-third would be deposited to the WECF and two-thirds would be deposited to the DTF.

Estimated check-off funding to the DTF would be reduced by \$34,600 in 2011-12, and by \$46,600 in 2012-13. As a result, under the bill, it is estimated that check-off funding to the DTF would total \$328,000 in 2011-12, and \$316,000 in 2012-13.

Backup Sum Sufficient GPR Funding

Current Law. The GPR sum sufficient democracy trust fund transfer appropriation provides additional funding to the DTF equal to the difference between the unencumbered balance in the DTF and the amounts required to provide full public financing benefits to Supreme Court Justice candidates participating in the DTF.

Bill. Delete the GPR sum sufficient democracy trust fund transfer appropriation which ensures that there is sufficient funding to fully fund all grants under the DTF.

Base Grants

Current Law. The DTF provides for a \$100,000 base grant for an eligible candidate for the primary election, while the spring election base grant for an eligible candidate is \$300,000. Under current law, there is no provision for the proration of base grants as the GPR sum sufficient democracy trust fund transfer appropriation ensures that these grants will be fully funded. An eligible candidate may use these grant funds to finance any lawful disbursements during the primary and election campaign periods to further the election of the candidate in that primary or election. If there is no spring primary, no eligible candidate for Supreme Court Justice may receive a DTF public financing benefit for the primary election. Beginning on July 1, 2012, and every two years thereafter, GAB must modify the amount of the DTF base grants to adjust for the change in the consumer price index, all items, U.S. city average, published by the U.S. Department of Labor for the preceding two year period ending on December 31.

Bill. With the deletion of the GPR sum sufficient democracy trust fund transfer appropriation, the bill would now provide for the proration of base grants. As a result, the bill would provide for a maximum base grant of \$100,000 for the primary election, and \$300,000 for the spring election. Upon determination of the number of eligible candidates who qualify for a base grant for the primary election campaign period, GAB would be required to determine the amounts of the base grants payable to all eligible candidates in the primary election campaign period and the spring election campaign period by reserving a base grant amount from the DTF for the spring election campaign period for two eligible candidates, if two or more candidates qualify to receive a base grant for the primary election campaign period, or for one eligible candidate, if only one candidate qualifies to receive a base grant for the primary election campaign period. If there are insufficient moneys in the fund to make full payment of all base grants that are or may become payable for the primary and spring election campaign periods, the Board would be required to prorate the available funding and fully allocate it to the eligible candidates. If on the day that the Board made its certification as to candidates eligible to receive base grant funding for the spring election there would be additional moneys in the fund that would have become available for distribution to eligible candidates in the spring election, GAB would be required to distribute the additional moneys in equal amounts to each eligible candidate at the spring election or, if there was only one eligible candidate, to that candidate alone, up to the maximum amount of the base grant for the spring election.

Private Contributions to Supreme Court Justice Candidates

Current Law. An eligible candidate participating in the DTF may not accept private contributions, other than "seed money contributions" and "qualifying contributions," that the candidate accepts through the first Tuesday in January preceding a spring election for Supreme Court Justice.

A "seed money contribution" means a contribution in an amount of not more than \$100 made to a candidate by an elector of this state anytime following the prior spring election through the first Tuesday of the following January immediately preceding a spring election for

Supreme Court Justice. A seed money contribution may also include personal funds contributed by a candidate or a member of a candidate's immediate family during this time period. Total seed money contributions (including personal funds, but not including qualifying contributions) may not exceed \$5,000. No eligible candidate may make any disbursement derived from seed money contributions after the first Tuesday in January preceding the spring election for Supreme Court Justice.

A "qualifying contribution" means a contribution in an amount of not less than \$5 nor more than \$100 made to a candidate by an elector of this state, which is acknowledged by written receipt identifying the contributor. A qualifying contribution must be received anytime from the first day of July immediately preceding the year of the spring election through the first Tuesday of the following January. In order to qualify for a grant, a Supreme Court Justice candidate must receive at least 1,000 qualifying contributions from separate contributors in an aggregate amount of not less than \$5,000, nor more than \$15,000.

If an eligible candidate receives and accepts excess seed money contributions or qualifying contributions in an aggregate amount greater than the limits identified above, the candidate must transfer to the Board all seed money and qualifying contributions that exceed these limits for deposit to the DTF.

A nonparticipating candidate for Supreme Court Justice may accept contributions from private sources without limitation, except that no person may make any contribution or contributions to a nonparticipating candidate exceeding a total of \$1,000 during any campaign.

Bill. With the deletion of the GPR sum sufficient democracy trust fund transfer appropriation which ensures the full funding of DTF grants, the bill would now permit Supreme Court Justice candidates participating in the DTF to receive increased private contributions if there was insufficient funding to fully fund DTF grants. Under the bill, an eligible DTF candidate would not be allowed to accept private contributions during the primary election campaign period in an aggregate amount exceeding the difference, if any, between the maximum amount of the base grant for the primary election and the actual amount of the base grant provided for the primary election. Likewise, an eligible DTF candidate would not be permitted to accept private contributions during the election campaign period in an aggregate amount exceeding the difference, if any, between the maximum amount of the base grant for the spring election and the actual amount of the base grant provided for the spring election.

A nonparticipating candidate for Supreme Court Justice could continue to accept a contribution from a person of up to \$1,000 during any campaign. A DTF candidate could likewise now receive contributions of up to \$1,000 per person during any campaign in order to make up any lost funding from a prorated base grant for the spring primary or election.

Nonparticipating Candidate Supplemental Grants

Current Law. If a Supreme Court Justice candidate not participating in the DTF receives contributions or makes or obligates to make disbursements exceeding 105% of the base grant provided to an eligible DTF candidate at the same primary or election, each candidate participating in the DTF qualifies for a nonparticipating candidate supplemental grant equivalent

to the total excess disbursement amount made or obligated to be made, but these supplemental grants may not exceed, in the aggregate, three times the public financing benefit provided during the relevant primary or election. "Excess disbursement amount" means the amount of disbursements made by a nonparticipating candidate in excess of the DTF base grant. Prior to any future adjustments to reflect changes in the consumer price index, as the base grants for the primary and election campaigns are \$100,000 and \$300,000 respectively, the maximum aggregate nonparticipating candidate supplemental grants for the primary and election campaigns equal \$300,000 and \$900,000 respectively.

Nonparticipating candidates are required to report contributions received, or disbursements made or obligated to be made, that exceed 105% of the relevant base grant. However, nonparticipating candidate supplemental grants provided to a DTF candidate are based only on the disbursements made or obligated to be made by the nonparticipating candidate. In other words, nonparticipating candidate supplemental grants do not match contributions received by the nonparticipating candidate, but only disbursements.

Bill. The bill would delete nonparticipating candidate supplemental grants. As a result, a Supreme Court Justice candidate participating in the DTF would no longer be eligible to receive a nonparticipating candidate supplemental grant to match disbursements made by a nonparticipating candidate that exceed the relevant base grant for the spring primary or election. In addition, nonparticipating candidates would no longer be subject to the contribution and disbursement reporting requirements associated with this grant.

Independent Disbursement Supplemental Grants

Current Law. If the aggregate independent disbursements made or obligated to be made against an eligible DTF candidate for Supreme Court Justice, or for the opponents of that eligible candidate, exceed 120% of the base grant in the primary or election campaign, the eligible DTF candidate qualifies for an independent disbursement supplemental grant equal to the aggregate independent disbursements made or obligated to be made, but not to exceed, three times the public financing benefit provided during the relevant primary or election. As a result, once the 120% threshold is exceeded, the participating candidate receives a supplemental grant equivalent to the total independent disbursements made or obligated to be made, from the first independent disbursement dollar expended or obligated to be expended. "Independent disbursement" means a disbursement by a person expressly advocating the election or defeat of a clearly identified candidate which is made without cooperation or consultation with a candidate, or any authorized committee or agent of a candidate, and which is not made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of a candidate. Prior to any future adjustments to reflect changes in the consumer price index, as the base grants for the primary and election campaigns are \$100,000 and \$300,000 respectively, the maximum aggregate independent disbursement supplemental grants for the primary and election campaigns equal \$300,000 and \$900,000 respectively. This cap on independent disbursements supplemental grants applies on a per producer of independent disbursements basis, and not on an aggregate basis.

If any person makes, or becomes obligated to make, by oral or written agreement, an

independent disbursement in excess of \$1,000 with respect to a candidate for Supreme Court Justice at a spring primary or election, that person must file with GAB a notice of the disbursement or obligation to make the disbursement. Any such person must file reports of such disbursements or obligations to make such disbursements on the 15th or last day of the month that immediately follows the date of the disbursement or the obligation to make the disbursement, whichever comes first, except that, within six weeks prior to the date of the spring primary election, if a primary is held, and within six weeks prior to the date of the spring election, the person must file such reports within 24 hours after each independent disbursement is made or obligated to be made. Any such person must file an additional report after each additional \$1,000 of disbursements are made or obligated to be made.

Bill. The bill would delete independent disbursement supplemental grants. As a result, a Supreme Court Justice candidate participating in the DTF would no longer be eligible to receive an independent disbursement supplemental grant to match aggregate independent disbursements made or obligated to be made against an eligible DTF candidate for Supreme Court Justice, or for the opponents of that eligible candidate. In addition, producers of independent disbursements would no longer be subject to the disbursement reporting requirements associated with this grant.

Administration of the Democracy Trust Fund

Current Law. It is currently the responsibility of the State Treasurer to administer the DTF and establish an account within the fund for each eligible candidate for Supreme Court Justice. The State Treasurer is responsible for providing lines of credit for base grants, nonparticipating candidate supplemental grants, and independent disbursement supplemental grants, based on information provided to the State Treasurer by GAB. Under the State Treasurer, the SEG sum sufficient public financing benefits; candidates for justice appropriation provides for payments from the DTF to make grants to eligible Supreme Court Justice candidates. The State Treasurer also has a SEG annual democracy trust fund administration appropriation to fund costs incurred by the State Treasurer in administering the DTF.

Bill. Specify that it would now be the responsibility of GAB, and not the State Treasurer, to administer the DTF and to create and extend lines of credit to eligible candidates for Supreme Court Justice. The SEG sum sufficient public financing benefits; candidates for justice appropriation would be transferred to GAB. This appropriation would be amended to provide funding equal in each fiscal year to the lesser of the total amount of campaign finance check-offs certified annually to the DTF minus the amounts appropriated to GAB for administration, and the total amount of DTF grants that eligible candidates qualify to receive in that fiscal year. Finally, the bill would delete the DTF administration appropriation under the State Treasurer.

Effective Dates

Campaign finance provisions would generally take effect January 1, 2012.

As a campaign finance check-off does not increase the tax liability or decrease the tax refund of a taxpayer under current law, GPR sum sufficient appropriations provide the funding to the WECF and DTF associated with these campaign finance check-offs. Under the bill, the campaign finance check-off would increase the tax liability or decrease the tax refund of the

taxpayer. Effective January 1, 2013, the current law GPR sum sufficient appropriations would be repealed.

Joint Finance/Legislature: Delete provision. Instead, eliminate the Democracy Trust Fund (DTF). Delete the public financing benefits; candidates for justice SEG sum sufficient appropriation and the democracy trust fund administration SEG annual appropriation. As a result, no public financing of campaigns would be available for candidates for Supreme Court Justice. Instead, candidates for Supreme Court Justice would have to fund their campaigns exclusively from personal funds and private contributions. As the DTF would be eliminated, the campaign finance check-off on individual income tax returns would also be eliminated.

As a result of the elimination of the fund, return the individual and committee contribution limits applicable to Supreme Court Justice candidates to prior law. An individual would again be permitted to give a Supreme Court Justice candidate up to \$10,000 per campaign, and a single committee would again be permitted to give a Supreme Court Justice candidate up to \$8,625 per campaign. Under the DTF, an individual or a single committee may only give a Supreme Court Justice candidate up to \$1,000 per campaign. Elimination of the DTF would not eliminate the contribution and disbursement reporting requirements that apply to Supreme Court Justice candidates.

[See General Fund Taxes--Income and Franchise Taxes, Miscellaneous Appropriations, and State Treasurer for additional information.]

[Act 32 Sections: 11g thru 11r, 12d thru 12L, 12p, 13g, 13wb thru 17c, 748r, 756m, 757, 774, 775, 866t, 884m, 1887c, and 9218(3j)]

5. CAMPAIGN FINANCE INFORMATION SYSTEM

GPR	\$519,500
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Governor/Legislature: Provide: (a) \$190,100 in 2011-12, and \$224,200 in 2012-13, to provide funding for ongoing maintenance of the campaign finance information system under the Board's contract with the system developer, PCC Technology Group, LLC; and (b) \$52,600 annually for master lease payments incurred to provide funding to develop the campaign finance information system. The system is utilized by candidates and political action committees to submit required campaign finance reports with the Board. The system also permits the public to access this campaign finance data online.

6. BOARD MEMBER PER DIEM FUNDING

GPR	\$56,600
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Governor/Legislature: Provide \$28,300 annually to the Board's general program operations appropriation to provide funding for: (a) board member per diem costs for 12 board meetings annually; and (b) per diem costs for the Board Chair, or the Chair's designee, to canvass each state election event.

In providing funding for the new Government Accountability Board under 2007 Wisconsin Act 20, the Legislature reserved \$28,300 GPR annually under the Joint Committee on Finance GPR supplemental appropriation for possible future release to the Board to fund these

per diem costs. These funds were requested and provided during the 2007-09 biennium, but this funding was not included in the Board's 2010-11 adjusted base.

7. LOBBYING DATABASE AND WEBSITE

PR	\$242,400
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Governor/Legislature: Provide \$121,200 annually for application support and development costs, and hosting charges associated with the Board's upgraded lobbying database and website that is currently in development. Estimated costs include: (a) \$74,900 annually for additional application development to respond to new functional and performance requirements that may be identified as the upgraded system is deployed; (b) \$37,400 annually in application support charges to the Department of Administration's Division of Enterprise Technology (DET) to cover costs associated with repairs of, and modifications and enhancements to the new application during its initial deployment; and (c) \$19,200 annually in DET hosting charges for two dedicated servers for which DET will manage the hosting environment, provide web statistics, backups, and server support. While these charges total \$131,500 annually, the Board will cover \$10,300 annually in charges associated with this request from base resources. As a result, the bill provides \$121,200 annually in additional expenditure authority. Program revenue would be provided from lobbying fees which are assessed on individual lobbyists and lobbying principals.

In materials submitted to the Joint Committee on Finance in January, 2011, Board staff indicated that the critical components of the upgraded lobbying database and website would be complete in January, 2011, and that the database and website upgrade could be complete in August, 2011. A Board request for \$94,700 PR in project development funding in 2010-11 for the lobbying database and website remains before the Joint Committee on Finance. The lobbying database and website will be utilized to: (a) register lobbying organizations; (b) license and authorize lobbyists to lobby for lobbying organizations; (c) permit online registration and payment for lobbyists and lobbying organizations; (d) record lobbying activity; (e) provide on-line filing of lobbying reports by lobbyists and lobbying organizations; (f) provide public access to lobbying information via the Internet; and (g) provide an auditing functionality for the lobbying program.

8. SALE OF VOTER REGISTRATION LISTS [LFB Paper 333]

PR-REV	-\$155,800
PR	-\$155,800

Governor: Reduce expenditure authority to the Board's PR annual materials and services appropriation by \$77,900 PR annually to reflect federal requirements that revenue associated with the sale of voter registration lists must be deposited to the state's election administration fund created under the auspices of the federal Help America Vote Act.

Joint Finance/Legislature: Amend the Board's PR annual materials and services appropriation to provide that revenue from the sale of copies of the official voter registration list may not be deposited to this appropriation. Instead, amend the definition of what constitutes the election administration fund to include revenue from the sale of copies of the official voter registration list. These modifications would permit the state to comply with federal requirements

that these receipts be deposited to the election administration fund.

[Act 32 Sections: 747m and 885e]

9. WISCONSIN ELECTION CAMPAIGN FUND [LFB Paper 332]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-Earned	\$0	\$940,900	\$940,900
SEG	-\$642,500	-\$842,500	-\$1,485,000

Governor: Reduce expenditure authority by \$642,500 in 2011-12, as a reestimate of funds needed for non-Supreme Court campaign finance grants. Total grant levels would be budgeted at \$100,000 in 2011-12, and \$742,500 in 2012-13.

Joint Finance/Legislature: Eliminate the Wisconsin Election Campaign Fund (WECF) and delete the Wisconsin election campaign fund SEG continuing appropriation which is utilized to provide public financing grants to qualifying candidates under the WECF. Delete the remaining expenditure authority in the appropriation of \$100,000 in 2011-12, and \$742,500 in 2012-13. Lapse the unencumbered balance from the WECF to the general fund. It is estimated that this unencumbered balance will total \$940,900 on July 1, 2011.

With the elimination of the WECF, no public financing of campaigns would be available for eligible candidates for Governor, Lieutenant Governor, Attorney General, State Treasurer, Secretary of State, Superintendent of Public Instruction, State Senate, and State Assembly. Instead, candidates for these offices would have to fund their campaigns exclusively from personal funds and private contributions. As the WECF would be eliminated, the campaign finance check-off on individual income tax returns would also be eliminated.

Elimination of the WECF would not eliminate the contribution limits to campaigns that currently apply to individuals and committees. Elimination of the fund would also not eliminate the contribution and disbursement reporting requirements that apply to candidates for statewide and legislative office.

[See General Fund Taxes--Income and Franchise Taxes, Miscellaneous Appropriations, and State Treasurer for additional information.]

[Act 32 Sections: 1d thru 3s, 3v thru 6d, 7c thru 11c, 11w, 12b, 12m thru 13d, 13h thru 13vb, 74m, 748g, 867m, 883m, 1887c, and 9218(3i)]

10. REQUIRING VOTER IDENTIFICATION IN ORDER TO VOTE

	Funding	Positions
GPR	\$1,800,000	5.00

Joint Finance/Legislature: Provide \$1,800,000 in 2011-

12, and 5.0 two-year project positions to the Board's GPR biennial general program operations appropriation to implement the provisions of 2011 Act 23. The funding and positions would be utilized for public outreach and information, modification of the Statewide Voter Registration System, training of election officials, support of the Board's Help Desk, and forms and materials revision.

No later than July 1, 2011, and prior to making any expenditures for public outreach and information under the provisions of Act 23, the Board would be required to transmit to the Co-Chairs of the Joint Committee on Finance, in writing, a plan identifying the specific proposed purposes for the expenditures and proposed amounts to be expended for each specific purpose. If the Co-Chairs of the Committee do not notify the Board that the Committee has scheduled a meeting for the purpose of reviewing the plan within 14 working days after the date of the Board's submittal of the plan to the Co-Chairs, the Board would be permitted to make the proposed expenditures identified in the plan. If, within 14 working days after the date of the Board's submittal, the Co-Chairs notified the Board that the Committee had scheduled a meeting for the purpose of reviewing the plan, the Board would not be permitted to make any expenditures for the purpose of outreach or public information under Act 23 without the approval of the Committee.

[Act 32 Section: 9118(1q)]

11. REIMBURSEMENT OF CERTAIN LOCAL ELECTION ADMINISTRATION COSTS AND VOTER IDENTIFICATION IMPLEMENTATION

Joint Finance/Legislature: Delete the program under GAB which reimburses municipalities for the additional costs (or any portion of those costs) incurred to adjust polling hours to begin at 7 a.m., at any election held after April 29, 2006. Delete the associated GPR biennial election-related cost reimbursement appropriation and its expenditure authority of \$82,600 GPR annually.

Instead, provide \$82,600 GPR annually to a new GPR annual voter identification training appropriation for costs incurred by the Board to train county and municipal clerks concerning voter identification requirements under 2011 Act 23.

[Act 32 Sections: 3t, 3u, 747j, and 747k]

12. STATEMENTS OF ECONOMIC INTEREST

Joint Finance: Modify current law to specify that statements of economic interest and any information contained therein may only be available for public inspection and copying at the office of the Government Accountability Board.

Under current law, state public officials and certain state employees are required by statute to file annual statements of economic interest. Filers of these reports are generally required to disclose the identity of every organization with which the individual is associated, and the nature of his or her association with the organization. Typical disclosures include investments, business

interests, mortgages and other loans.

Current law provides that GAB must make statements of economic interests filed with the Board available for public inspection and copying during regular office hours and make copying facilities available at a charge not to exceed actual cost. Current law also provides that the Board must report to a filer, as soon as possible in writing, the full name and address of any individual seeking to copy or obtain information from the filer's statement of economic interest.

The Board currently posts information from filers' statements of economic interest on the Internet, and filers are not notified if this information on the Internet is reviewed.

Assembly/Legislature: Under current law, if the filer or a member of his or her immediate family received \$1,000 or more of his or her income for the preceding taxable year from a partnership, limited liability company, Subchapter S corporation, or service corporation in which the filer or a member of his or her immediate family, severally or in the aggregate, has a 10% or greater interest, the filer must generally report the identity of each payer from which the organization received \$1,000 or more of its income for its preceding taxable year. In addition to the modification adopted under Joint Finance, increase these thresholds from \$1,000 to \$10,000.

Veto by Governor [C-28]: Delete the Joint Finance provision which would have modified current law to specify that statements of economic interest and any information contained therein may only be available for public inspection and copying at the office of the Board.

[Act 32 Section: 356g]

[Act 32 Vetoed Section: 357m]

GOVERNOR

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$8,466,400	\$8,289,400	\$8,871,600	\$8,871,600	\$8,871,600	\$405,200	4.8%

FTE Position Summary						
Fund	2010-11 Base	2012-13 Governor	2012-13 Jt. Finance	2012-13 Legislature	2012-13 Act 32	Act 32 Change Over 2010-11 Base
GPR	37.25	37.25	37.25	37.25	37.25	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$405,200
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Governor/Legislature: Provide adjustments for: (a) full funding of salaries and fringe benefit costs (\$201,300 annually); and (b) full funding of leases and directed moves (\$1,300 annually).

2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE [LFB Paper 335]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$334,000	\$344,000	\$0

Governor: Delete \$167,000 annually to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance cost reductions are based on employees

paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

Joint Finance/Legislature: Convert the appropriation reductions under the Office of the Governor to a biennial lapse requirement of \$582,200, applicable to both the 2011-13 and 2013-15 biennia. [See Governor, Item #5.]

3. AGENCY BUDGET REDUCTIONS [LFB Paper 335]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$248,200	\$248,000	\$0

Governor: Reduce funding by \$124,100 annually associated with a 10% reduction to supplies and other non-personnel costs.

Joint Finance/Legislature: Convert the appropriation reductions under the Office of the Governor to a biennial lapse requirement of \$582,200, applicable to both the 2011-13 and 2013-15 biennia. [See Governor, Item #5.]

4. ELEMENTARY SCHOOL READING TASK FORCE [LFB Paper 100]

Governor/Legislature: Under the Department of Administration, provide \$600,000 GPR annually and create an appropriation for the costs to develop and implement a program to assess and improve literacy in elementary school children. Provide that a task force, created by the Governor by executive order and charged with developing detailed recommendations for a program to assess and improve literacy in elementary school children, may request DOA to release funding from the DOA appropriation for use by DOA to implement the recommendations of the task force after the Governor has approved the detailed recommendations proposed by the task force.

[Act 32 Sections: 726 and 9101(2)]

5. OFFICE OF THE GOVERNOR LAPSE REQUIREMENT [LFB Paper 335]

GPR-Lapse	\$582,200
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Joint Finance/Legislature: Convert the appropriation reductions under the Office of the Governor to a biennial lapse requirement of \$582,200, applicable to both the 2011-13 and 2013-15 biennia. Lapse amounts are related to: (a) increased employee contributions for pensions and health insurance (\$167,000 annually); and (b) a 10% reduction to supplies and services for non-personnel costs (\$124,100 annually).

[Act 32 Section: 9219(1u)]

HEALTH SERVICES

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$4,264,449,200	\$5,260,245,600	\$5,652,040,100	\$5,652,040,100	\$5,652,040,100	\$1,387,590,900	32.5%
FED	9,219,481,400	9,637,762,800	9,739,712,400	9,739,712,400	9,739,712,400	520,231,000	5.6
PR	1,044,279,800	986,562,300	1,078,895,600	1,078,895,600	1,078,895,600	34,615,800	3.3
SEG	<u>1,729,860,800</u>	<u>1,619,724,400</u>	<u>1,622,166,100</u>	<u>1,622,166,100</u>	<u>1,622,166,100</u>	<u>- 107,694,700</u>	- 6.2
TOTAL	\$16,258,071,200	\$17,504,295,100	\$18,092,814,200	\$18,092,814,200	\$18,092,814,200	\$1,834,743,000	11.3%

FTE Position Summary						
Fund	2010-11 Base	2012-13 Governor	2012-13 Jt. Finance	2012-13 Legislature	2012-13 Act 32	Act 32 Change
						Over 2010-11 Base
GPR	2,229.72	2,344.29	2,439.17	2,439.17	2,439.17	209.45
FED	959.76	990.70	1,108.06	1,108.06	1,108.06	148.30
PR	2,383.23	2,340.26	2,324.07	2,324.07	2,324.07	- 59.16
SEG	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>0.00</u>
TOTAL	5,574.71	5,677.25	5,873.30	5,873.30	5,873.30	298.59

Budget Change Items

Medical Assistance -- Services

1. OVERVIEW OF MA AND MA-RELATED PROGRAMS

This item presents an overview of the state's medical assistance (MA) and related programs. Five tables are presented in this overview. Table 1 summarizes the total funding provided in 2011 Wisconsin Act 32 (including a funding change in 2011-12 enacted as part of 2011 Wisconsin Act 27) to support benefits under the MA and MA-related programs other than SeniorCare in the 2011-13 biennium, by fiscal year and funding source.

TABLE 1

Summary of Medicaid and BadgerCare Plus Benefits Funding

	2011-12				
	GPR	FED	PR	SEG	Total
Base	\$1,416,326,200	\$4,077,380,700	\$89,266,800	\$864,618,200	\$6,447,591,900
Cost-to-Continue	\$735,528,300	\$319,672,500	-\$29,686,900	-\$65,346,000	\$960,167,900
Policy Changes					
Unspecified Program Changes	-\$55,971,300	-\$86,196,000	\$8,900,000	\$0	-\$133,267,300
Family Care Enrollment Cap	-21,726,300	-33,076,800	0	0	-54,803,100
Medical Assistance Payments for Medicare Part A Services	-6,680,400	-10,206,300	0	0	-16,886,700
EACH Supplemental Payment	2,800	-453,900	0	0	-451,100
WIMCR Modifications	-7,244,100	0	0	5,558,900	-1,685,200
Reduce Reimbursement Rates for ESRD	-595,700	-910,000	0	0	-1,505,700
10% Across-the-Board Reductions for Non-Staff Costs	0	0	-105,900	0	-105,900
"Family Planning Only" MA Optional Eligibility Group	-15,900	-89,900	0	0	-105,800
Supplemental Payments to Municipal Nursing Homes	465,700	713,700	0	0	1,179,400
Exempt Veterans Home from Bed Assessment	1,715,600	0	0	-1,715,600	0
Subtotal -- Policy Changes	<u>-\$90,049,600</u>	<u>-\$130,219,200</u>	<u>\$8,794,100</u>	<u>\$3,843,300</u>	<u>-\$207,631,400</u>
Total Gross Funding for MA Benefits in Act 32	\$2,061,804,900	\$4,266,834,000	\$68,374,000	\$803,115,500	\$7,200,128,400
Change to Base					
Amount	\$645,478,700	\$189,453,300	-\$20,892,800	-\$61,502,700	\$752,536,500
Percent	45.6%	4.6%	-23.4%	-7.1%	11.7%
Remove "Double-Count" of Transfers from Hospital Assessment Fund and CAH Assessment Fund	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>-\$152,446,800</u>	<u>-\$152,446,800</u>
Net Funding for MA Benefits in Act 32	\$2,061,804,900	\$4,266,834,000	\$68,374,000	\$650,668,700	\$7,047,681,600
Reduce 2011-12 MA Funding to Reflect Accelerated Capitation Payments made in 2010-11 per 2011 Act 27	-\$170,000,000	-\$259,727,000	\$0	\$0	-\$429,727,000
Net Funding for MA Benefits (Acts 32 and 27)	\$1,891,804,900	\$4,007,107,000	\$68,374,000	\$650,668,700	\$6,617,954,600
	2012-13				
	GPR	FED	PR	SEG	Total
Base	\$1,416,326,200	\$4,077,380,700	\$89,266,800	\$864,618,200	\$6,447,591,900
Cost-to-Continue	\$869,635,800	\$539,633,500	-\$36,873,500	-\$67,323,900	\$1,305,071,900
Policy Changes					
Unspecified Program Changes	-\$134,580,300	-\$207,663,100	\$8,930,000	\$0	-\$333,313,400
Family Care Enrollment Cap	-84,210,600	-126,550,100	0	0	-210,760,700
Medical Assistance Payments for Medicare Part A Services	-9,551,000	-14,519,000	0	0	-24,070,000
EACH Supplemental Payment	-2,800	-460,300	0	0	-463,100
WIMCR Modifications	-43,639,200	0	0	22,938,000	-20,701,200
Reduce Reimbursement Rates for ESRD	-856,800	-1,302,600	0	0	-2,159,400
10% Across-the-Board Reductions for Non-Staff Costs	0	0	-105,900	0	-105,900
"Family Planning Only" MA Optional Eligibility Group	-57,300	-324,800	0	0	-382,100
Supplemental Payments to Municipal Nursing Homes	468,100	711,300	0	0	1,179,400
Exempt Veterans Home from Bed Assessment	1,813,500	0	0	-1,813,500	0
Subtotal -- Policy Changes	<u>-\$270,616,400</u>	<u>-\$350,108,600</u>	<u>\$8,824,100</u>	<u>\$21,124,500</u>	<u>-\$590,776,400</u>
Total Gross Funding for MA Benefits in Act 32	\$2,015,345,600	\$4,266,905,600	\$61,217,400	\$818,418,800	\$7,161,887,400
Change to Base					
Amount	\$599,019,400	\$189,524,900	-\$28,049,400	-\$46,199,400	\$714,295,500
Percent	42.3%	4.6%	-31.4%	-5.3%	11.1%
Remove "Double-Count" of Transfers from Hospital Assessment Fund and CAH Assessment Fund	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>-\$151,619,800</u>	<u>-\$151,619,800</u>
Net Funding for MA Benefits in Act 32	\$2,015,345,600	\$4,266,905,600	\$61,217,400	\$666,799,000	\$7,010,267,600

As shown in Table 1, the MA program is primarily supported by general purpose revenue (GPR) and federal matching funds (FED). In addition, three segregated funds (SEG) support program services -- the hospital assessment trust fund, the critical access hospital assessment fund, and the MA trust fund. Finally, program services are supported from several program revenue (PR) sources, including county contributions to partially support the costs of Family Care, funding transferred to DHS from the University of Wisconsin based on services provided to MA recipients at the UW hospital, and tribal gaming revenues.

Table 2 shows the projected average monthly enrollment in the MA and MA-related programs (excluding SeniorCare) during the 2011-13 biennium. The table reflects the projected total enrollment, assuming the implementation of the MA policy changes proposed in Act 32.

TABLE 2
Estimates of Average Monthly Enrollment in MA Programs
With Implementation of Proposed MA Policy Changes

	Actual				Estimates		
	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
Elderly	39,500	38,200	38,100	38,000	37,700	36,900	36,200
% Change from Prior Year		-3.3%	-0.3%	-0.3%	-0.8%	-2.1%	-1.9%
Disabled							
MA Only	73,100	76,500	78,600	85,300	89,100	92,600	94,700
Dual Eligibles	<u>68,600</u>	<u>66,000</u>	<u>74,400</u>	<u>75,600</u>	<u>79,000</u>	<u>82,100</u>	<u>84,000</u>
Total Disabled	141,700	142,500	153,000	160,900	168,100	174,700	178,700
% Change from Prior Year		0.6%	7.4%	5.2%	4.5%	3.9%	2.3%
BadgerCare Plus							
Children	332,300	351,500	392,600	443,000	467,300	479,000	476,000
Adults	161,400	175,400	204,600	241,500	258,100	265,600	259,900
Pregnant Women	<u>11,500</u>	<u>15,300</u>	<u>20,600</u>	<u>21,100</u>	<u>21,600</u>	<u>22,300</u>	<u>22,500</u>
Total BadgerCare Plus	505,200	542,200	617,800	705,600	747,000	766,900	758,400
% Change from Prior Year		7.3%	13.9%	14.2%	5.9%	2.7%	-1.1%
BadgerCare Plus Core Plan	0	0	12,000	56,000	49,200	43,000	43,000
% Change from Prior Year				366.7%	-12.1%	-12.6%	0.0%
Foster Children	15,500	15,800	16,100	17,000	17,400	17,500	17,700
% Change from Prior Year		1.9%	1.9%	5.6%	2.4%	0.6%	1.1%
Well Woman MA	300	500	600	700	800	800	1,000
% Change from Prior Year		66.7%	20.0%	16.7%	14.3%	0.0%	25.0%
Former Family Planning Waiver	54,900	51,700	48,200	50,400	58,600	61,100	61,200
% Change from Prior Year		-5.8%	-6.8%	4.6%	16.3%	4.3%	0.2%
Limited Benefit Medicare Eligibles	8,300	10,500	14,000	15,800	18,300	21,200	24,700
% Change from Prior Year		26.5%	33.3%	12.9%	15.8%	15.8%	16.5%
Total Enrollment	765,400	801,400	899,800	1,044,400	1,097,100	1,122,100	1,120,900
% Change from Prior Year		4.7%	12.3%	16.1%	5.0%	2.3%	-0.1%

Table 3 identifies projected revenues to, and expenditures from, the segregated MA trust fund (MATF).

TABLE 3
MA Trust Fund
Estimated Revenues, Expenditures, and Balances

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
Beginning Balance	\$497,400	\$0	\$0
Projected Revenue			
Nursing Home Certified Public Expenditure Program	\$48,884,000	\$48,884,000	\$48,884,000
Nursing Home Bed Assessment	72,224,200	69,578,300	68,403,300
ICF-MR Bed Assessment	8,565,900	8,610,400	8,513,700
Enhanced Federal Match for Services Provided by Counties	19,068,600	0	0
Federal Funds from Wisconsin Medicaid Cost Reporting Program	0	5,558,900	22,938,000
Interest Expenses	-231,600	-231,600	-231,600
Revenue Transferred from Other Funds			
Hospital Assessment Fund	\$203,452,700	\$147,896,600	\$147,112,600
Critical Access Hospital Assessment Revenue	5,218,700	3,793,600	3,773,500
Ambulatory Surgical Center Assessment Revenue	16,600,000	16,600,000	16,600,000
Permanent Endowment Fund	50,000,000	50,000,000	50,000,000
UW Lapse for UW Physician's Intergovernmental Transfer	25,000,000	20,338,500	20,338,500
HealthCheck Services Provided by Residential Care Centers	<u>12,800,000</u>	<u>7,000,000</u>	<u>7,000,000</u>
Total Funds Available	\$462,079,900	\$378,028,700	\$393,332,000
Expenditures			
MA Benefits	\$447,643,900	\$378,028,700	\$393,332,000
Required Lapse to General Fund	7,021,400	0	0
Carryover of Unexpended Authority from 2009-10	<u>7,414,600</u>	<u>0</u>	<u>0</u>
Total Expenditures	\$462,079,900	\$378,028,700	\$393,332,000
Closing Balance	\$0	\$0	\$0

Table 4 summarizes the total funding provided in Act 32 for benefits under the Family Care, Family Care Partnership, and PACE programs in the 2011-13 biennium, by fiscal year and funding source.

TABLE 4

Family Care, Family Care Partnership, and PACE Benefits Funding

	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>All Funds</u>
2011-12				
Base Funding	\$447,005,300	\$942,258,300	\$62,795,800	\$1,452,059,400
Cost-to-Continue	95,061,900	-39,726,300	-14,063,800	41,271,800
Enrollment Cap	-28,306,800	-43,242,700	0	-71,549,500
Crisis Funding	<u>5,000,000</u>	<u>7,639,000</u>	<u>0</u>	<u>12,639,000</u>
Total	\$518,760,400	\$866,928,300	\$48,732,000	\$1,434,420,700
Total Change to Base	\$71,755,100	-\$75,330,000	-\$14,063,800	-\$17,638,700
2012-13				
Base Funding	\$447,005,300	\$942,258,300	\$62,795,800	\$1,452,059,400
Cost-to-Continue	149,483,600	27,712,700	-21,220,400	155,975,900
Enrollment Cap	-93,900,300	-142,745,100	0	-236,645,400
Crisis Funding	<u>5,000,000</u>	<u>7,600,800</u>	<u>0</u>	<u>12,600,800</u>
Total	\$507,588,600	\$834,826,700	\$41,575,400	\$1,383,990,700
Total Change to Base	\$60,583,300	-\$107,431,600	-\$21,220,400	-\$68,068,700

Table 5 summarizes the total funding provided in Act 32 for aging and disability resource centers (ADRCs) in the 2011-13 biennium, by fiscal year and funding source.

TABLE 5

Family Care ADRC Funding

	<u>GPR</u>	<u>FED</u>	<u>All Funds</u>
2011-12			
Base Funding	\$33,492,300	\$10,064,000	\$43,556,300
ADRC Expansion	<u>273,200</u>	<u>106,200</u>	<u>379,400</u>
Total Funding	\$33,765,500	\$10,170,200	\$43,935,700
2012-13			
Base Funding	\$33,492,300	\$10,064,000	\$43,556,300
ADRC Expansion	<u>4,287,200</u>	<u>1,667,200</u>	<u>5,954,400</u>
Total Funding	\$37,779,500	\$11,731,200	\$49,510,700

2. **BASE REESTIMATES** [LFB Paper 340]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-Lapse	\$24,950,000	-\$24,950,000	\$0
GPR	\$1,584,738,100	\$53,642,400	\$1,638,380,500
FED	764,222,600	95,083,400	859,306,000
PR	- 22,176,100	0	- 22,176,100
SEG	<u>- 138,640,700</u>	<u>5,970,800</u>	<u>- 132,669,900</u>
Total	\$2,188,143,900	\$154,696,600	\$2,342,840,500

Governor: Provide \$937,649,000 (\$729,499,400 GPR, \$282,177,600 FED, -\$8,196,600 PR, and -\$65,831,400 SEG) in 2011-12 and \$1,250,494,900 (\$855,238,700 GPR, \$482,045,000 FED, -\$13,979,500 PR, and -\$72,809,300 SEG) in 2012-13 to fund the administration's estimate of the increased cost to provide benefits under the state's medical assistance (MA) and MA-related programs (excluding SeniorCare) during the 2011-13 biennium under current law.

This item incorporates the administration's projection that the state's federal medical assistance percentage (FMAP), which is the portion of most MA benefit expenditures funded by federal MA matching funds, will average 60.44% in 2011-12 and 60.32% in 2012-13. Those projected FMAPs are significantly lower than the state's average FMAP (68.75%) in 2010-11. The decline is attributable to the June 30, 2011 expiration of the enhanced FMAP the state received under the American Recovery and Reinvestment Act of 2009 (ARRA). The administration has estimated that \$660,254,700 GPR and \$666,606,600 GPR is required in 2011-12 and 2012-13, respectively, to replace the reduced federal MA matching funds the state will receive as a result of the projected FMAP declines. That additional GPR, and a corresponding decrease in FED, is reflected in the funding amounts in this item.

MA Benefits Funding. This item includes increased funding for MA benefits by \$899,220,700 (\$712,561,400 GPR, \$282,177,600 FED, -\$29,686,900 PR and -\$65,831,400 SEG) in 2011-12 and \$1,211,322,500 (\$838,960,300 GPR, \$482,045,000 FED, -\$36,873,500 PR and -\$72,809,300 SEG) in 2012-13.

Adjustments to Other Appropriations. In addition, this item adjusts funding for several appropriations that are related to the MA program, but which are not usually included in defining the MA budget. These appropriations are excluded from Table 1 under Item 1 ("Overview of MA and MA-Related Programs"). These adjustments include: (a) increases in funding for the community options program (\$28,311,200 GPR annually); (b) reductions in funding for community aids (-\$11,373,200 GPR in 2011-12 and -\$12,032,800 GPR in 2012-13) related to the Wisconsin Medicaid cost reporting (WIMCR) program; (c) increased funding from premiums paid by BadgerCare Plus enrollees (\$10,006,100 PR in 2011-12 and \$10,049,400 PR in 2012-13); and (d) reestimates of premium revenue under the BadgerCare Basic program (\$11,484,200 PR in 2011-12 and \$12,844,600 PR in 2012-13).

Lapse from MA Benefits GPR Appropriation. Notwithstanding current law regarding the treatment of biennial appropriations, direct DHS to lapse to the general fund from a biennial

GPR appropriation that funds MA benefit costs, no more than \$24,950,000 in the first fiscal year of the fiscal biennium in which this provision takes effect.

Joint Finance/Legislature: Increase funding in the bill by \$60,947,200 (\$22,966,900 GPR, \$37,494,900 FED and \$485,400 SEG) in 2011-12 and by \$93,749,400 (\$30,675,500 GPR, \$57,588,500 FED, and \$5,485,400 SEG) in 2012-13 to reflect the following funding adjustments: (a) increase SEG and decrease GPR by \$485,400 in 2011-12 and by \$5,485,400 in 2012-13 to reflect revised estimates of the revenues to be deposited to the MA trust fund; (b) increase funding by \$38,947,700 (\$15,294,500 GPR and \$23,653,200 FED) in 2011-12 and by \$39,323,800 (\$15,362,400 GPR and \$23,961,400 FED) in 2012-13 to update the enrollment assumptions in the bill to reflect actual program enrollment as of April, 2011; (c) increase funding by \$7,257,000 (\$2,871,000 GPR and \$4,386,000 FED) in 2011-12 and by \$14,690,000 (\$5,829,000 GPR and \$8,861,000 FED) in 2012-13 to provide a 1.0% acuity increase for nursing homes in 2011-12 and an additional 1.0% increase in 2012-13; (d) reduce funding by \$800,000 GPR in 2011-12 and in 2012-13 to delete funding that was provided in the bill inadvertently for supplemental payments for independent rural hospitals; and (e) increase funding in the bill by \$15,542,500 (\$6,086,800 GPR and \$9,455,700 FED) in 2011-12 and \$40,535,600 (\$15,769,500 GPR and \$24,766,100 FED) in 2012-13 to reflect revised projections of enrollment growth for the MA program in 2011-12.

Revise statutory provisions relating to the UW lapse to the MA trust fund to reduce the annual lapse amounts in 2011-12 and 2012-13 from \$27,500,000 to an amount up to \$20,338,500 annually.

Delete the provision in the Governor's bill that would require DHS to lapse \$24,950,000 GPR in the first year of the fiscal biennium in which the provision takes effect. In addition, delete from the general fund condition statement \$24,950,000 in lapses that the administration anticipated would occur in 2012-13 from the MA benefits appropriation as a result of the enactment of 2011 January Special Session Bill 11/Assembly Bill 11, as recommended by the Joint Committee on Finance, but which will not be realized.

[Act 32 Section: 550gb]

3. UNSPECIFIED PROGRAM CHANGES [LFB Paper 341]

Governor: Reduce medical assistance (MA) benefits funding by \$133,267,300 (-\$55,971,300 GPR, -\$86,196,000 FED, and \$8,900,000 PR) in 2011-12 and by \$333,313,400 (-\$134,580,300 GPR,

-\$207,663,100 FED, and \$8,930,000 PR) in 2012-13 to reflect the administration's estimates of savings that would result by making changes to MA and related programs. The bill contains no statutory changes that would indicate how DHS would realize these savings. However, it is anticipated that for at least some of the proposed changes, DHS would exercise the rulemaking authority provided in 2011 Wisconsin Act 10. Act 10 authorized DHS to promulgate rules that could supersede a number of current statutes relating to the MA program, including statutes pertaining to program eligibility, services, plan structure, and recipient cost-sharing requirements. In some instances, the proposed changes would require a waiver of current federal

GPR	- \$190,551,600
FED	- 293,859,100
PR	<u>17,830,000</u>
Total	- \$466,580,700

law from the federal Department of Health and Human Services. The Act 10 provisions will sunset on January 1, 2015.

The administration has provided a general description of the types of program changes it intends to pursue. First, DHS would seek to enroll more MA recipients in the benchmark plan, which provides more limited benefits and greater cost-sharing requirements for recipients than the standard plan. DHS would propose to revise cost-sharing requirements to be more comparable with private health insurance coverage, but would limit total copayments, coinsurance, and premiums a family would pay to five percent of the family's income.

Second, DHS would seek to require certain groups of individuals to enroll in other available plans prior to enrolling in MA. One such group would be young adults who are currently enrolled in BadgerCare Plus who are eligible for coverage under their parents' policies. Third, DHS would review current standards for state residency, revise retroactive eligibility and eligibility grace period policies, and seek to improve the accuracy of eligibility determinations. Fourth, DHS would seek to develop service delivery models, such as health homes, to improve care management and implement systems to coordinate care across Medicaid and Medicare for recipients eligible for both programs. Fifth, DHS intends to review provider reimbursement methodologies to place greater emphasis on improving care outcomes. Finally, DHS expects to generate savings by improving provider program integrity.

Joint Finance/Legislature: Adopt the Governor's proposed funding reductions associated with unspecified program changes to the MA program. Require DHS to submit quarterly reports to the Joint Finance Committee containing the following information: (a) updated descriptions of any MA program changes implemented by DHS, including a description of any amendments to the state MA plan; (b) updated estimates of the projected savings associated with those changes; and (c) updated projections of the total MA benefit expenditures during the biennium and an analysis of how these projected expenditures compare to the funding provided in the 2011-13 biennial budget act. Specify that the first report would be due within 90 days after the bill's general effective date.

In addition, repeal provisions in 2011 Act 10 that would direct DHS to study potential changes to the MA program and which would authorize DHS to promulgate rules to implement changes to the MA program that conflict with the MA-related statutory sections specifically identified in Act 10. Replace those repealed provisions with the following provisions.

Study. Direct DHS to study potential changes to the MA state plan and to federal waivers relating to the MA program for all of the following purposes: (a) increasing the cost effectiveness and efficiency of care and the care delivery system for MA programs; (b) limiting switching from private health insurance to MA programs; (c) ensuring the long-term viability and sustainability of MA programs; (d) advancing the accuracy and reliability of eligibility for MA programs and claims determinations and payments; (e) improving the health status of individuals who receive benefits under the MA program; (f) aligning MA program benefit recipient and service provider incentives with health care outcomes; and (g) supporting responsibility and choice of MA recipients.

Program Changes. Provide that if DHS determines as a result of this study that revision of

existing statutes or rules would be necessary to advance one of the identified purposes, DHS could propose a policy that would make any of the following changes related to the MA programs: (a) requires cost-sharing from recipients up the maximum allowed by federal law or a waiver of federal law; (b) authorizes providers to deny care or services if a program benefit recipient is unable to share costs, to the extent allowed by federal law or waiver; (c) modifies existing benefits or establishes various benefit packages for different groups of recipients; (d) revises provider reimbursement models for particular services; (e) mandates that program benefit recipients enroll in managed care; (f) restricts or eliminates presumptive eligibility; (g) to the extent permitted by federal law, imposes restrictions on providing benefits to individuals who are not citizens of the United States; (h) sets standards for establishing and verifying eligibility requirements; (i) develops standards and methodologies to assure accurate eligibility determinations and redetermines continuing eligibility; and (j) reduces income levels for purposes of determining eligibility to the extent allowed by federal law or waiver, subject to other provisions in the bill regarding waiver requests and a potential reduction in eligibility standards for non-pregnant, non-disabled adults.

Joint Finance Review of Proposed Policy Changes. Require that, before implementing a policy that conflicts with a statute, and before submitting any proposed amendment to the state MA plan or any federal waiver request necessary to implement such a policy, DHS submit to the Joint Committee on Finance the proposed plan amendment or waiver request and estimates of the projected cost savings associated with the amendment or waiver. Further, provide that if the Co-Chairs of the Committee do not notify DHS within 14 working days after the date of the DHS submittal that the Committee has scheduled a meeting for the purpose of reviewing the proposed plan amendment or waiver request, DHS may submit the amendment or request for federal approval. However, if within 14 working days after the date of the DHS submittal the Co-Chairs notify DHS that the Committee has scheduled a meeting for the purpose of reviewing the proposed plan amendment or waiver request, the amendment or request may be submitted only on approval of the Committee.

Scope of Allowed Policy Changes. For these purposes, define the term "medical assistance program" to include any program operated under Subchapter IV of Chapter 49 ("Medical Assistance"), demonstration programs operated under 42 USC 1315 ("MA demonstration projects"), and programs operated under a waiver of federal law relating to MA that is granted by the federal Department of Health and Human Services (DHHS).

Based on this definition, it appears that DHS policy changes created under these provisions could affect a broad range of MA-related programs, including (but not limited to) the following: (a) BadgerCare Plus and its subprograms, including the BadgerCare Plus Core Plan for childless adults and the family planning waiver program; (b) Medicaid for elderly, blind, and disabled populations (EBD Medicaid) and its subprograms, including SSI-related Medicaid, the MA purchase plan, institutional and community-based long-term care programs (including Family Care, the community options waiver programs, and the community integration program), the Katie Beckett program, the Medicare premium assistance programs for individuals who are eligible for both MA and Medicare ("dual eligibles") and Wisconsin Well Woman Medicaid; and (c) SeniorCare.

The Legislative Reference Bureau has indicated, however, that in its view any such DHS policy changes could not conflict with statutes except for those statutory provisions specifically identified in Act 10 (and now identified in Act 32) as being not applicable in the event DHS creates a policy that conflicts with those provisions. These statutory sections are listed below.

Statutory Provisions Referenced in Act 32 that Could be Superseded by DHS Policies

<u>Statute</u>	<u>Subject</u>
49.45 (3)	MA payments generally, including (but not limited to) the following: Payments to counties for administrative (income maintenance) services Payments to aging and disability resource centers for conducting functional screens Payments to contracted entities that provide prepaid health care Payments to hospitals, including payments partially funded from hospital assessments Payments for specialized medical vehicle transportation services
49.45 (6m)	Payment to nursing homes, intermediate care facilities for the mentally retarded, and community-based residential facilities, including the state Centers for the Developmentally Disabled and the Wisconsin Veterans Homes
49.45 (8)(b)&(c)	Payment for home health services provided by certified home health agencies and independent nurses
49.45(8r)	Payment for obstetric and gynecological care in primary care shortage areas
49.45(8)(v)	Payments to pharmacies that perform services that result in savings to the MA program
49.45(18)(ac)	Recipient cost sharing (copayments, coinsurance and deductibles)
49.45(18)(ag)	Copayments for generic and brand-name drugs
49.45(18)(b)	Services and individuals who are exempt from cost-sharing requirements, including: Services provided to individuals in skilled nursing homes and certified intermediate care facilities Services provided to persons under 18 years of age in families with income less than 100% of the federal poverty level Services provided to pregnant women Emergency services Family planning services Transportation by common carrier or private motor vehicle, if authorized in advance by a county Home health services or, if a home health agency is unavailable, nursing services Personal care services Case management services
49.45(18)(d)	A \$12 per month limit on cost-sharing for prescription drugs used by recipients who designate a pharmacy as a sole provider
49.45(23)(a)	Requirement that DHS request a federal waiver to permit DHS to conduct a demonstration project to provide health care coverage for adults under the age of 65 with family incomes up to 200% of the federal poverty level, and who are not otherwise eligible for MA coverage (the BadgerCare Plus waiver)
49.45(23)(b)	DHS authority to promulgate rules relating to the MA coverage of childless adults under the core plan, including eligibility requirements and cost-sharing requirements (including the annual \$75 enrollment fee)

<u>Statute</u>	<u>Subject</u>
49.45(24g)(c)	Payments to physicians under the physician payment pilot program created in 2009 Wisconsin Act 28, which authorized increases in payments to qualifying physicians
49.45(24s)	Requirement that DHS request, and if granted, implement a waiver to provide optional services for family planning.
49.45(25g)(c)	Payments to certain qualifying providers that also receive DHS grants for HIV/AIDS-related services
49.45(27)	Prohibition on MA eligibility for non-citizens and aliens lawfully admitted for permanent resident or otherwise permanently residing in the United States under color of law, except as provided under federal law.
49.45(39)(b)1	Payment for school medical services
49.46(1)(n)	MA eligibility -- list of groups eligible for MA
49.46(2)(a)&(b)	MA benefits -- list of services and benefits available to MA recipients
49.465(2)	Presumptive eligibility for pregnant women
49.47(4)(a)	MA eligibility for medically indigent populations
49.47 (6)(a)	MA payments for services provided to individuals eligible for both MA and Medicare (dual eligible)
49.471 (4) - (8), (10) and (11)	BadgerCare Plus -- general eligibility criteria, presumptive eligibility, miscellaneous eligibility and benefit provisions, special income provisions, provisions relating to health insurance coverage and eligibility, cost-sharing, and benchmark plan benefits and copayments
49.472 (3)&(4)(b)	MA purchase plan -- eligibility and premiums
49.473 (2) & (5)	MA eligibility for women diagnosed with breast or cervical cancer or precancerous conditions, and payments for services

Statutes pertaining to several "medical assistance" programs are not included in the above list. For example, s. 49.688 of the statutes defines the financial eligibility requirements and the cost-sharing requirements for SeniorCare. Similarly, s. 46.286 of the statutes identifies functional and financial eligibility requirements for Family Care, and specifies who is entitled to the Family Care benefit. On its face, the language in Act 32 may extend to these statutory sections. Under the LRB's interpretation, however, DHS could not implement policies that conflict with these statutory provisions.

Waiver of PPACA MOE Requirement and Potential Reduction in Financial Eligibility Standard for Non-Disabled, Non-Pregnant Adults. Require DHS to request a waiver from DHHS to permit the Department to have in effect eligibility standards, methodologies, and procedures under the state MA plan or waivers of federal law relating to MA that are more restrictive than those in place on March 23, 2010. Require DHS to submit that waiver request to the Joint Committee on Finance before submitting it to DHHS for approval, along with an estimate of the projected cost savings associated with the proposed waiver. Provide that if the Co-Chairs of the Committee do not notify DHS within 14 working days after the date of the DHS submittal that the Committee has scheduled a meeting for the purpose of reviewing the

proposed waiver request, DHS may submit the request for federal approval. However, if within 14 working days after the date of the DHS submittal the Co-Chairs notify DHS that the Committee has scheduled a meeting for the purpose of reviewing the proposed waiver request, the request may be submitted only on approval of the Committee.

Specify that if the waiver request does not receive federal approval before December 31, 2011, DHS would be required to reduce income eligibility standards on July 1, 2012, for non-disabled, non-pregnant adults to 133% of the federal poverty level (FPL), to the extent permitted under provisions enacted as part of the federal Patient Protection and Affordable Care Act (PPACA). This provision relates to the maintenance of effort (MOE) requirement in the PPACA that prevents states from having in effect eligibility standards, methodologies, or procedures under their state MA programs that are more restrictive than the eligibility standards, methodologies, or procedures that were in effect on the date PPACA was enacted (March 23, 2010). This MOE requirement took effect on March 23, 2010, and continues until the date on which the DHHS Secretary determines that the state has a fully operational health benefit exchange (assumed date of January 1, 2014). The federal MOE requirement as it relates to children under the age of 19 continues until October 1, 2019.

However, during the period beginning January 1, 2011, through December 31, 2013, the PPACA contains an MOE exception for non-pregnant, non-disabled adults with incomes greater than 133% of the FPL if the state certifies to the DHHS Secretary that it has a budget deficit during the fiscal year in which the certification is made, or that it is projected to have a budget deficit in the succeeding state fiscal year. It is estimated that approximately 60,000 non-disabled, non-pregnant adults in families with income greater than 133% of the FPL enrolled in BadgerCare Plus could potentially be impacted by reducing the program eligibility in this manner.

MA Eligibility Determinations and Reevaluations of Continuing Eligibility. Authorize DHS to make additional investigations of eligibility at any time determined by the Department under a policy created hereunder to determine eligibility or to reevaluate continuing eligibility. Specify, however, that if federal law allows a reevaluation of eligibility more frequently than every 12 months and if there is no conflicting provision of state law, DHS would not be required to create a policy to reevaluate eligibility under this provision. Under current law, DHS may make additional investigations of eligibility under the following circumstances: (a) when there is reasonable ground for belief that an applicant may not be eligible or that the recipient may have received benefits to which the recipient may not be entitled; or (b) upon the request of the DHHS Secretary.

Specify that all of these provisions would sunset on January 1, 2015. Consequently, any policies DHS creates under these provisions would terminate on January 1, 2015, if they are inconsistent with statutes that are in effect as of that date.

[Act 32 Sections: 1423k thru 1424q, 1430d, 1430e, 1435y thru 1437f, 1437j thru 1438m, 1439n, 1441b thru 1442h, 1453e thru 1453L, 1453r, 1453s, 1457p, 1457q, 1459e thru 1459o, 1461g thru 1462h, 1465n thru 1470b, and 9421(1i)]

4. FAMILY CARE -- ENROLLMENT CAP [LFB Paper 342]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$115,936,900	\$10,000,000	-\$105,936,900
FED	<u>- 174,866,700</u>	<u>15,239,800</u>	<u>- 159,626,900</u>
Total	<u>-\$290,803,600</u>	<u>\$25,239,800</u>	<u>-\$265,563,800</u>

Governor: Reduce funding by \$67,442,100 (-\$26,726,300 GPR and -\$40,715,800 FED) in 2011-12 and by \$223,361,500 (-\$89,210,600 GPR and -\$134,150,900 FED) in 2012-13 to reflect estimates of savings that would result by placing a cap on enrollment in Family Care and related programs in the 2011-13 biennium. Family Care and its related programs [the Family Care Partnership Program, the Program for All-Inclusive Care for the Elderly (PACE), and the Include, Respect, I Self-Direct (IRIS) program] provide long-term care services to medical assistance (MA) recipients who meet financial and functional eligibility requirements in counties where these programs operate. The long-term care benefits individuals enrolled in these programs receive include many services that are not available under the MA standard plan.

Prohibit DHS from enrolling, in a county, more persons into the Family Care, Family Care Partnership, PACE, or IRIS program than the number of persons participating in each of those programs in that county on June 20, 2011, or the effective date of the provision, whichever is later. The enrollment cap would not apply after June 30, 2013.

Prohibit DHS from proposing to contract with entities to administer the Family Care benefit in a county in which the Family Care benefit is not available on July 1, 2011, unless DHS determines that administering the Family Care benefit in such a county would be more cost-effective than the county's current mechanism for delivering long-term care services. This prohibition would be in effect from July 1, 2011, through June 30, 2013.

Currently, home and community-based waiver recipients that choose to enroll in one of these programs are transitioned to the program of their choosing during the first six months the program is offered in their county. Family Care and its related programs replace most home and community-based waiver programs in participating counties. Individuals on the waitlist for a waiver program can transition to Family Care over the first three years the program is offered. All MA recipients in participating counties who meet financial and functional eligibility standards for these programs are entitled to enroll in these programs three years after the program is first offered.

Under the "MA Base Reestimate" item, the funding change for MA benefits costs is based on current law, which permits counties currently participating in Family Care to continue to increase enrollment in these programs throughout the 2011-13 biennium. In the "MA Base Reestimate" item, the administration estimates that approximately 52,100 would be enrolled in these long-term care programs as of June 30, 2013.

This item deletes funding that would be provided as part of the MA Base Reestimate item relating to projected enrollment increases. The funding reduction reflects the administration's estimates that approximately 42,300 individuals will be enrolled in these long-term care

programs as of June 20, 2011, including 34,700 in Family Care; 4,700 in the Family Care Partnership and PACE programs; and 2,900 in IRIS; and that enrollment will remain constant throughout the 2011-13 biennium.

Family Care Benefits. This item includes decreased funding for Family Care benefits of \$71,549,500 (-\$28,306,800 GPR and -\$43,242,700 FED) in 2011-12 and \$236,645,400 (-\$93,900,300 GPR and -\$142,745,100 FED) in 2012-13.

Adjustments to Other Appropriations. In addition, this item adjusts funding for several appropriations that are related to the Family Care program, but which are not usually included in defining the Family Care budget. These appropriations are excluded from Table 4 under Item 1 ("Overview of MA and MA-Related Programs"). These adjustments include: (a) increases in MA program benefits (\$6,157,500 GPR and \$2,513,400 FED in 2011-12 and \$19,843,900 GPR and \$8,518,500 FED in 2012-13); (b) decreases in MA waiver benefits (-\$4,582,100 GPR in 2011-12 and -\$15,183,400 GPR in 2012-13); and (c) increases in health care for low-income families (\$5,100 GPR and \$13,500 FED in 2011-12 and \$29,200 GPR and \$75,700 FED in 2012-13).

Joint Finance/Legislature: Adopt the Governor's recommendations with the following modifications.

Services for Individuals with Urgent Needs. Provide \$12,639,000 (\$5,000,000 GPR and \$7,639,000 FED) in 2011-12 and \$12,600,800 (\$5,000,000 GPR and \$7,600,800 FED) in 2012-13 to provide long-term care services and support items that are offered under the Family Care program to individuals who are on a waiting list for the Family Care, PACE, Family Care Partnership, or IRIS programs and who are in urgent need of long-term care services, as determined by DHS. Specify that these funds could be used to serve individuals until the individual is permanently enrolled in one of the programs, and that this funding would be provided in the 2011-13 biennium only (one-time funding). Authorize DHS to expend up to \$12,639,000 (all funds) in 2011-12 and \$12,600,800 (all funds) in 2012-13 to support these services.

Enrollment Cap. Modify the statutory provisions relating to the enrollment cap by prohibiting DHS from enrolling, in the service region of each ADRC, more persons into the Family Care, Family Care Partnership, PACE, or IRIS programs than the number of persons enrolled in all of those programs in that ADRC service region on June 30, 2011, or the effective date of the provision, whichever is later. Require DHS to only enroll persons into the long-term care programs that are offered in that person's county of residence. Specify that the months during which this provision is in effect would not be counted for the purpose of determining the date by which DHS is required by statute to assure that there is sufficient capacity in care management organizations to provide the Family Care benefit to all entitled individuals in a county. Currently, DHS is required to offer the Family Care benefit to all entitled persons after the first 36 months the benefit is available in a county.

In addition, notwithstanding the provision described above, permit DHS to enroll any individual into the Family Care, Family Care Partnership, PACE, or IRIS programs who is relocating from a nursing home, intermediate care facility for the mentally retarded (ICF-MR), or State Center for People with Developmental Disabilities if the individual has resided in the facility for at least 90 days, the facility is not licensed, an emergency exists, or the facility is

closing or downsizing. Prohibit DHS from proposing to contract with entities to administer the Family Care benefit in a county in which the Family Care benefit is not available on July 1, 2011, unless DHS determines that administering the Family Care benefit in such a county would be more cost-effective than the county's current mechanism for delivering long-term care services. This prohibition would be in effect from July 1, 2011, through June 30, 2013.

Study of Cost Effectiveness of Programs. Require the DHS Secretary to study the cost-effectiveness of the Family Care, PACE, Family Care Partnership, and IRIS programs. The study must compare: (a) the cost-effectiveness of each program to each of the other programs; (b) the cost-effectiveness of each program to the benefits provided through medical assistance card services; and (c) the cost-effectiveness of the care that individuals receive before they enroll in one of the Family Care, PACE, Family Care Partnership, and IRIS programs to the care that the individuals receive in one of those programs. Further, require DHS to present the findings of its study to the Joint Committee on Finance by March 1, 2012.

Prohibit Contracts from Requiring Return of Funds. Prohibit care management organizations (CMOs) from including in their contracts with providers a provision that requires a provider to return any funding for residential services, pre-vocational services, and supported employment services that exceeds the cost of those services to the CMO.

Veto by Governor [D-29]: Delete the requirement that the cost-effectiveness study be submitted by March 1, 2012.

[Act 32 Sections: 1304m and 9121(1g) thru 9121(5)]

[Act 32 Vetoed Section: 9121(3g)]

5. FAMILY CARE -- AGING AND DISABILITY RESOURCE CENTERS

GPR	\$4,560,400
FED	<u>1,773,400</u>
Total	\$6,333,800

Governor/Legislature: Provide \$379,400 (\$273,200 GPR and \$106,200 FED) in 2011-12 and \$5,954,400 (\$4,287,200 GPR and \$1,667,200 FED) in 2012-13 for the following purposes: (a) to fully fund aging and disability resource centers (ADRCs) that began offering services in the 2009-11 biennium for which partial year funding is provided in the agency's base budget; and (b) to fund ADRCs that the administration expects will begin providing services in 13 counties, beginning in 2011-12.

6. SENIORCARE -- BASE REESTIMATE [LFB Paper 343]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$5,584,200	- \$555,600	- \$6,139,800
FED	- 11,372,900	- 667,900	- 12,040,800
PR	<u>2,856,500</u>	<u>11,340,100</u>	<u>14,196,600</u>
Total	- \$14,100,600	\$10,116,600	- \$3,984,000

Governor: Reduce funding for SeniorCare benefits by \$11,874,500 (-\$4,123,300 GPR, -\$6,995,900 FED, and -\$755,300 PR) in 2011-12 and by \$2,226,100 (-\$1,460,900 GPR, -\$4,377,000 FED, and \$3,611,800 PR) in 2012-13 to reflect the administration's estimate of the amount of funding needed to support SeniorCare benefits in the 2011-13 biennium under current law.

SeniorCare provides prescription drug benefits to Wisconsin residents who are age 65 or older and who are not eligible for full benefits under medical assistance (including prescription drug coverage). The program has four benefit levels, based on the enrollee's income. Level 1 is for individuals whose incomes are not greater than 160% of the federal poverty level (FPL). These enrollees do not have to meet a deductible. Level 2a is for individuals with incomes greater than 160% of the FPL but not greater than 200% of the FPL. These enrollees must meet a \$500 annual deductible (satisfied by incurring prescription drug costs equal to the amount of the deductible). Level 2b is for individuals with incomes greater than 200% of the FPL but not greater than 240% of the FPL. These enrollees must meet an \$850 annual deductible. Level 3 is for individuals with incomes greater than 240% of the FPL. These enrollees must first "spend down" by incurring prescription drug costs equal to the difference between their income and 240% of the FPL. After they satisfy their spend-down requirement, these enrollees must meet an \$850 annual deductible. Once an enrollee meets their deductible, if any, they can obtain prescription drugs covered by the SeniorCare program by paying a \$5 copayment for generic drugs and a \$15 copayment for brand name drugs.

Enrollees in Level 1 and Level 2a are part of the SeniorCare waiver program, which operates pursuant to a waiver agreement between DHS and the federal government. That agreement expires on December 31, 2012. Under its terms, the state receives federal matching funds at its FMAP rate for costs related to Level 1 and Level 2a enrollees. SeniorCare enrollees in Level 2b and Level 3 are not part of the waiver, and the state does not receive federal matching funds to partially offset their prescription drug costs. In addition to federal matching funds, SeniorCare benefits are funded by GPR and the rebates the state receives from drug manufacturers whose prescription drugs are obtained by program enrollees (PR).

Joint Finance/Legislature: Increase funding in the bill by \$6,778,900 (\$229,100 GPR, \$190,200 FED, and \$6,359,600 PR) in 2011-12 and by \$3,337,700 (-\$784,700 GPR, -\$858,100 FED, and \$4,980,500 PR) in 2012-13 to reflect a reestimate of the costs to fully fund SeniorCare, based on current law.

The following table identifies the total amount of funding budgeted for Senior Care benefits in the 2011-13 biennium under Act 32.

**SeniorCare Benefits Funding Provided in Act 32
2011-13 Biennium**

<u>Source</u>	<u>2010-11 Base Funding</u>	<u>2011-12</u>	<u>2012-13</u>	<u>Total Funding for Biennium in Act 32</u>	<u>Act 32 Funding Compared to Base Year Doubled</u>
GPR	\$33,125,800	\$29,231,600	\$30,880,200	\$60,111,800	-\$6,139,800
FED	36,924,200	30,118,500	31,689,100	61,807,600	-12,040,800
PR	<u>49,485,400</u>	<u>55,089,700</u>	<u>58,077,700</u>	<u>113,167,400</u>	<u>14,196,600</u>
Total	\$119,535,400	\$114,439,800	\$120,647,000	\$235,086,800	-\$3,984,000

In 2009-10, average weekly enrollment in the SeniorCare program was 87,700 individuals, which was unchanged from the prior year. In 2010-11 and during the 2011-13 biennium, enrollment is projected to increase approximately 2% per year. These trends are shown in the following table:

**Actual and Projected Average Weekly SeniorCare Enrollment,
by Participation Level
Fiscal Years 2009-10 through 2012-13**

<u>SeniorCare Participation Level</u>	<u>2009-10 Actual</u>	<u>2010-11 Projected</u>	<u>2011-12 Projected</u>	<u>2012-13 Projected</u>
0 to 160% FPL	39,500	40,000	40,700	41,500
> 160% to 200% FPL	20,700	21,200	21,500	21,900
> 200% to 240% FPL	11,800	11,900	12,100	12,300
> 240% FPL	<u>15,700</u>	<u>16,700</u>	<u>17,100</u>	<u>17,400</u>
	87,700	89,800	91,400	93,100
Percent Change from Prior Year	0.0%	2.4%	1.8%	1.9%

7. SENIORCARE -- REQUIRED MEDICARE PART D APPLICATION AND ENROLLMENT [LFB Paper 344]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$15,000,000	\$15,000,000	\$0
FED	- 15,000,000	15,000,000	0
PR	<u>- 24,900,000</u>	<u>24,900,000</u>	<u>0</u>
Total	-\$54,900,000	\$54,900,000	\$0

Governor: Reduce funding for SeniorCare benefits by \$18,300,000 (-\$5,000,000 GPR,

-\$5,000,000 FED, and -\$8,300,000 PR) in 2011-12 and by \$36,600,000 (-\$10,000,000 GPR, -\$10,000,000 FED, and -\$16,600,000 PR) in 2012-13 to reflect the administration's estimate of the savings that would result from requiring SeniorCare participants to apply for and, if eligible, enroll in Medicare Part D.

Statutory Change. Require all individuals who apply for SeniorCare benefits on or after the bill's effective date to apply for, and if eligible, enroll in Medicare Part D, if the Secretary of the Department of Health and Human Services approves this new condition of eligibility for SeniorCare. Specify that individuals who are enrolled in SeniorCare as of the bill's effective date would not be required to comply with the new requirement before January 1, 2012.

Current law does not require SeniorCare participants to enroll in Medicare Part D or in any other type of third-party prescription drug coverage, although some participants do. Of the 91,000 individuals currently enrolled in SeniorCare, approximately 12,100 also have prescription drug coverage under Medicare Part D. SeniorCare is a payer of last resort for individuals with other drug coverage.

Funding Change. The administration's savings estimate assumes SeniorCare will be responsible for enrollees' prescription drug costs that are not covered by Medicare Part D, such as Medicare Part D cost-sharing requirements beyond the existing SeniorCare cost-sharing requirements and the portion of enrollees' drug costs that would otherwise be paid by enrollees while they are in the Medicare Part D "doughnut hole," to the extent these prescription drugs are covered by SeniorCare. Under the bill, SeniorCare would not be responsible for paying the Medicare Part D premiums enrollees would be required to pay as a condition of participating in the SeniorCare program.

Joint Finance/Legislature: Delete provision.

8. COINSURANCE PAYMENTS FOR MEDICARE PART A SERVICES [LFB Paper 345]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$14,600,300	- \$1,631,100	- \$16,231,400
FED	<u>- 22,240,000</u>	<u>- 2,485,300</u>	<u>- 24,725,300</u>
Total	- \$36,840,300	- \$4,116,400	- \$40,956,700

Governor: Reduce funding for medical assistance (MA) benefits by \$15,213,200 (-\$6,018,700 GPR and -\$9,194,500 FED) in 2011-12 and by \$21,627,100 (-\$8,581,600 GPR and -\$13,045,500 FED) in 2012-13 to reflect the administration's estimates of savings that would be realized by reducing MA payments to health care providers for services covered under Medicare Part A to qualified Medicare beneficiaries (QMBs).

Federal law requires state MA programs to provide financial assistance to certain low-income elderly and disabled individuals who are entitled to coverage under Medicare Part A but who do not qualify for full benefits under the state's MA program. One such group of

individuals is referred to as QMBs. For individuals who meet the QMB eligibility criteria (limited resources and income not greater than 100% of the federal poverty level), the state's MA program pays their Medicare Part A premium (if any), their Part B premium, their Medicare deductible, and their Medicare coinsurance obligations.

With respect to Medicare coinsurance obligations, current state law makes a distinction between Part A services and Part B services. Currently, the state's MA program pays 100% of QMBs' coinsurance requirements for Medicare Part A services (which include inpatient hospital services, post-hospital extended care services provided in nursing homes, and certain home health care services). For Medicare Part B services (which include physician services), the state's MA program covers QMBs' Medicare coinsurance obligations, subject to the limitation that such payments cannot exceed the allowable charges for the service under the MA program minus the Medicare payment.

The bill would extend this limitation to QMBs' coinsurance obligations for all Medicare Part A services such that the MA program's payment of Medicare Part A coinsurance obligations on behalf of QMBs could not exceed the allowable charge under the MA program for those services less the Medicare payment.

Joint Finance/Legislature: Modify the Governor's proposal as follows: (a) create a Medicare Part A cutback that would apply to categorically eligible and medically needy full-benefit duals, as well as to QMBs; (b) apply the proposed cutback to Part A deductibles and Part A coinsurance requirements relating to inpatient hospital services (and not to other Part A-covered services such as nursing home services) such that the amounts paid by the MA program for those Part A deductible and coinsurance requirements are limited to an amount no greater than the allowable charge under MA for the service, less the Medicare payment; and (c) repeal statutory provisions that exempt "outpatient hospital services" from the current Medicare Part B cutback.

Reduce the funding in the bill by \$1,673,500 (-\$661,700 GPR and -\$1,011,800 FED) in 2011-12 and by \$2,442,900 (-\$969,400 GPR and -\$1,473,500 FED) in 2012-13 to reflect revised estimates of savings in MA benefits costs relating to this item.

[Act 32 Sections: 1453m thru 1453q, 1455, 1456, and 1459p thru 1459t]

9. WISCONSIN MEDICAID COST REPORTING PROGRAM

GPR	- \$15,812,500
SEG	<u>28,496,900</u>
Total	\$12,684,400

Governor/Legislature: Reduce funding by \$1,685,200 (-\$7,244,100 GPR and \$5,558,900 SEG) in 2011-12 and increase funding by \$14,369,600 (-\$8,568,400 GPR and \$22,938,000 SEG) in 2012-13 to reflect the projected net fiscal effect of changes to the Wisconsin Medicaid Cost Reporting (WIMCR) program.

This item includes: (a) reducing MA benefits funding by \$1,685,200 (-\$7,244,100 GPR and \$5,558,900 SEG) in 2011-12 and by \$20,701,200 (-\$43,639,200 GPR and \$22,938,000 SEG) in 2012-13; and (b) increasing funding for community aids by \$35,070,800 GPR in 2012-13.

Currently, counties report to DHS their full costs for providing certain medical assistance

(MA) services to individuals. The MA program makes payment adjustments (the WIMCR payment) to those counties to reimburse them for the difference between their reported service costs and the MA program's standard reimbursement rates. These WIMCR payments are funded by a combination of GPR and federal MA matching funds. The amount of funding each county receives under the county's community aids basic county allocations (BCA) is reduced by the amount of these WIMCR payments. Because the WIMCR payment is funded by a combination of GPR and FED, and the BCA payments are funded completely with GPR, the net result of the WIMCR transactions is a decrease in GPR costs to the state.

The state currently shares \$19.25 million of the annual WIMCR savings with counties by reducing their BCA payment by \$19.25 million less than the full amount of the WIMCR payment. That \$19.25 million is distributed to counties using a two-step process. First, counties that participated in the community services deficit reduction benefit (CSDRB), a voluntary certified public expenditure (CPE) program that WIMCR replaced, receive an amount equal to their 2002 CSDRB claim, or the FED share of their current WIMCR claim, whichever is less. The remainder of the \$19.25 million is distributed to all 72 counties based on the relative size of their current WIMCR claim.

The bill would modify current law relating to the WIMCR program as follows. First, it would establish two methods by which DHS could make additional payments to counties for certain MA-covered services they provide. The first method would be identical to the current WIMCR program.

The second method would be through a certified public expenditure (CPE) program by which counties would be required to submit to DHS certified cost reports that meet the requirements of the U.S. Department of Health and Human Services (DHHS) for certain MA-covered services they provide. DHS would claim federal MA matching funds based on those certified cost reports, and pay counties a percentage of those federal matching funds based on a percentage established in the most recent biennial budget. The bill would also establish a similar claiming process based on certified cost reports for local health departments that provide these same MA-covered services.

The bill would require DHS to select which of these two payment procedures it will use, and allow DHS to change the procedure it selects. DHS would be required to notify each county department and each local health department, as applicable, of the selected payment procedure before the date on which payment is made.

If DHS selects the first method, the bill authorizes the Department to make the WIMCR payment and to adjust the counties' BCA payments as provided under the current WIMCR program, except that the bill would allow DHS to require a county department or a local health department to submit a certified cost report that meets the requirements of DHHS for the MA-covered services in question.

The administration assumes the following fiscal effects associated with the statutory changes to the WIMCR program contained in the bill:

	<u>GPR</u>	<u>SEG</u>	<u>Total</u>
2011-12			
Reduce WIMCR Payments	-\$1,685,200	\$0	-\$1,685,200
Increase BCA Payments by Eliminating the WIMCR Adjustment	0	0	0
Deposit Portion of the CPE FED Revenue to the MA Trust Fund	0	5,558,900	5,558,900
Reduce GPR-Funded MA Benefit Expenditures	<u>-5,558,900</u>	<u>0</u>	<u>-5,558,900</u>
	-\$7,244,100	\$5,558,900	-\$1,685,200
2012-13			
Reduce WIMCR Payments	-\$20,701,200	\$0	-\$20,701,200
Increase BCA Payments by Eliminating the WIMCR Adjustment	35,070,800	0	35,070,800
Deposit Portion of the CPE FED Revenue to the MA Trust Fund	0	22,938,000	22,938,000
Reduce GPR-Funded MA Benefit Expenditures	<u>-22,938,000</u>	<u>0</u>	<u>-22,938,000</u>
	-\$8,568,400	\$22,938,000	\$14,369,600
Biennium			
Reduce WIMCR Payments	-\$22,386,400	\$0	-\$22,386,400
Increase BCA Payments by Eliminating the WIMCR Adjustment	35,070,800	0	35,070,800
Deposit Portion of the CPE FED Revenue to the MA Trust Fund	0	28,496,900	28,496,900
Reduce GPR-Funded MA Benefit Expenditures	<u>-28,496,900</u>	<u>0</u>	<u>-28,496,900</u>
	-\$15,812,500	\$28,496,900	\$12,684,400

The fiscal changes reflect the administration's assumption that DHS will begin using the CPE program, rather than the current WIMCR program, for services provided on or after January 1, 2012. Most of the GPR savings assumed in the bill are one-time savings attributed to the fact that 2009 Act 28 required DHS to make approximately 25% of the BCA payments in the first half of the calendar year and 75% of the BCA payment in the second half of the calendar year. As a result, the BCA payment budgeted in the first half of the calendar year is not large enough to accommodate the full reduction needed to adjust for the corresponding WIMCR payments. Consequently, the GPR savings the state receives from the BCA adjustment is deferred into the next state fiscal year (and, in the case of odd-numbered years, into the next fiscal biennium). By implementing the CPE program that would be created under the bill for service dates beginning January 1, 2012, the administration assumes the state will be able to benefit from the full amount of the CPE FED claim during the 2011-13 biennium.

[Act 32 Sections: 1307, 1431, 1444 thru 1449, and 657]

10. ESSENTIAL ACCESS CITY HOSPITAL SUPPLEMENTAL PAYMENT [LFB Paper 346]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$3,762,400	\$3,762,400	\$0
FED	<u>- 5,733,600</u>	<u>4,819,400</u>	<u>- 914,200</u>
Total	-\$9,496,000	\$8,581,800	-\$914,200

Governor: Reduce funding for medical assistance (MA) benefits by \$4,748,000 (-\$1,878,400 GPR and -\$2,869,600 FED) in 2011-12 and by \$4,748,000 (-\$1,884,000 GPR and -\$2,864,000 FED) in 2012-13 to delete funding DHS uses to make an annual supplemental payment to an essential access city hospital (EACH) under the MA program. Repeal the current statutory provision that authorizes DHS to make this supplemental payment.

Currently, DHS is authorized to make a supplemental payment to an EACH of no more than \$4,748,000 (all funds) annually. For these purposes, Wisconsin's inpatient hospital state plan defines an EACH, in part, as a hospital which during the period July 1, 1995 through June 30, 1996, was located in the inner city of Milwaukee and served a requisite percentage of MA recipients. Since the EACH payment was established, the only hospital to receive a supplemental payment under these provisions has been the Aurora Sinai Medical Center in the City of Milwaukee.

Joint Finance/Legislature: Modify the bill as follows. Delete the Governor's recommendation to repeal statutory provisions relating to the EACH payment. Increase funding in the bill by \$4,296,900 (\$1,881,200 GPR and \$2,415,700 FED) in 2011-12 and by \$4,284,900 (\$1,881,200 GPR and \$2,403,700 FED) in 2012-13 to support the following supplemental payments to hospitals: (a) \$2,997,700 (all funds) in 2011-12 and \$2,988,700 (all funds) in 2012-13 and each subsequent year for a hospital that has previously received the EACH supplement (Aurora Sinai Medical Center in the City of Milwaukee); (b) \$999,200 (all funds) in 2011-12 and \$996,200 (all funds) in 2012-13 and each subsequent year for a hospital that would qualify for an EACH supplemental payment, under the criteria described in the 2010-11 inpatient hospital state plan, except that the hospital did not meet the EACH criteria during the 1995-96 fiscal year (St. Joseph Hospital in the City of Milwaukee); and (c) provide \$300,000 GPR annually to provide a supplemental payment to a hospital, if permitted by the federal Centers for Medicare and Medicaid Services, that meets all of the following criteria: (1) is located in a city that has a municipal border that is also a Wisconsin state border; (2) has a MA payer mix that consists of at least 25% of residents from a state that borders Wisconsin; (3) is located in a city with a poverty level, as determined by the 2000 U.S. Census Bureau, that is greater than 5%; and (4) is located in a city with a population of less than 15,000 people. Under these criteria, it appears that the Bay Area Medical Center in Marinette would receive this \$300,000 GPR supplement.

[Act 32 Sections: 1433d and 1433f]

11. REDUCE MA PAYMENT RATES FOR SERVICES RELATED TO END STAGE RENAL DISEASE

GPR	- \$1,452,500
FED	- 2,212,600
Total	- \$3,665,100

Governor/Legislature: Reduce funding for medical assistance (MA) benefits by \$1,505,700 (-\$595,700 GPR and -\$910,000 FED) in 2011-12 and by \$2,159,400 (-\$856,800 GPR and -\$1,302,600 FED) to reflect projected savings DHS would realize by reducing MA payment rates for services related to end stage renal disease. Currently, the MA program pays providers the same rates that the federal Medicare program pays for these services. The savings projected under this item reflect the Department's plan to reduce MA provider reimbursement rates to levels below the Medicare rates.

12. ELIMINATE FAMILY PLANNING WAIVER SERVICES FOR MALES [LFB Paper 368]

GPR	- \$73,200
FED	- 414,700
Total	- \$487,900

Governor: Reduce funding for medical assistance (MA) benefits by \$105,800 (-\$15,900 GPR and -\$89,900 FED) in 2011-12 and by \$382,100 (-\$57,300 GPR and -\$324,800 FED) in 2012-13 to reflect the administration's estimate of the savings that would

result from eliminating family planning service to males who qualified for those services under the state's former family planning waiver program, effective January 1, 2012.

2009 Act 28 authorized DHS to seek a waiver from the U.S. Department of Health and Human Services to expand the state's then-existing family planning waiver program to include males ages 15 through 44 with family incomes not greater than 200% of the federal poverty level, and authorized DHS to implement the amended waiver if it was approved. That waiver request was granted, and DHS began providing family planning services to these males effective May 1, 2010. Pursuant to provisions in the federal Patient Protection and Affordable Care Act, DHS converted that waiver program to a "family planning only" optional eligibility group under the state MA plan. The bill would repeal the Act 28 provision that authorized DHS to request a modification to the then-existing family planning waiver program to include services to males, effective January 1, 2012.

Joint Finance/Legislature: Require DHS to take such actions as are required to: (a) discontinue providing optional family planning only services to males; and (b) allow the Department to provide optional family planning only services to women (not males) between the ages of 15 and 44 with family income not greater than 200% of the federal poverty level. Revise current statutory provisions to delete references to the former planning waiver program and create new provisions that authorize DHS to request, and if granted, to implement federal authorization to provide optional family planning only services to women between the ages of 15 and 44 with family incomes not greater than 200% of the federal poverty level.

In addition, direct DHS to request such federal approval as necessary to require: (a) parental notification for family planning services provided to females under age 18; and (b) for recipients under age 18, eligibility for family planning services to be determined by the recipient's family income, rather than just the recipient's income.

Veto by Governor [D-30]: Modify the bill as follows. First, delete the January 1, 2012, effective date for the repeal of the provision directing DHS to implement the previous waiver agreement, so that instead, the repeal takes effect on the bill's general effective date. Second, delete provisions that would have been effective between the bill's general effective date and January 1, 2012, authorizing DHS to implement, under certain circumstances, policies that could potentially supersede the original waiver provisions to reflect that the original waiver provisions are repealed on the bill's general effective date. Third, delete the provision that specifies that the new waiver DHS is required to request provide services to any female between the ages of 15 and 44 whose family income does not exceed 200% of the FPL.

[Act 32 Sections: 1439n, 1441b, 1441bg, and 9421(7)]

[Act 32 Vetoed Sections: 1439n, 1439w, 1439x, 1441b, and 9421(7)]

13. THIRD PARTY CLAIMS ADMINISTRATOR -- COUNTY PAYMENTS [LFB Paper 347]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR-REV	\$24,010,300	- \$1,140,400	\$22,869,900
PR	24,010,300	- 1,140,400	22,869,900

Governor: Provide \$11,237,000 in 2011-12 and \$12,773,300 in 2012-13 to permit DHS to pay a third party administrator (TPA) to administer and pay claims for services children receive under the medical assistance (MA) children's long-term support (CLTS) waiver program and the Birth-to-3 waiver program.

Authorize DHS to collect the following revenues from counties, which would be credited to a new, continuing program revenue (PR) appropriation for the TPA to administer and pay for services under these programs: (a) funding for payments that counties formerly made to providers for locally-funded CLTS waiver services and services provided under the Birth-to-3 waiver program; and (b) the non-federal share of the TPA administrative costs for any locally funded CLTS waiver services created after January 1, 2011, and for the Birth-to-3 waiver.

Establish a new PR appropriation to receive monies from counties for the nonfederal share of costs for administration and MA services provided under the Birth-to-3 and CLTS waiver programs. Permit, rather than require, DHS to distribute to counties that provide Birth-to-3 services, the amount of federal monies received by the state as the federal share of MA for Birth-to-3 services, minus the amount used by DHS to administer the Birth-to-3 program.

As a condition of the waiver agreements with the Centers for Medicare and Medicaid Services, the state must administer program payments through an integrated Medicaid Management Information System (MMIS). As the previous system for CLTS waiver administration did not meet that MMIS standard, DHS has contracted with Wisconsin Physicians Service (WPS) to act as a TPA for these programs.

The following table shows the amounts that the administration projects would be transferred from counties to the state in each year of the biennium.

	<u>2011-12</u>	<u>2012-13</u>
CLTS Waiver Benefits (Locally-Funded Services)	\$8,809,900	\$10,311,800
CLTS Waiver TPA Administrative Costs (Locally-Funded Services)	31,100	65,500
Birth-to-3 Waiver Benefits	2,080,800	2,080,800
Birth-to-3 Waiver TPA Administrative Costs	<u>315,200</u>	<u>315,200</u>
Total	\$11,237,000	\$12,773,300

Joint Finance/Legislature: Reduce funding by \$532,600 in 2011-12 and by \$607,800 in 2012-13 to reflect revised estimates of projected payments to WPS, based on a reestimate of the number of children that will be enrolled in the CLTS and Birth-to-3 programs in the 2011-13 biennium. In addition, reduce estimated program revenue by corresponding amounts to reflect that lower projected enrollment in these programs will reduce the amount of funding counties pass through the Department to pay TPA fees and provider payments.

[Act 32 Sections: 658, 1271, and 1313 thru 1316]

14. WISCONSIN QUALITY HOME CARE AUTHORITY

GPR	- \$550,000
FED	- 450,000
Total	- \$1,000,000

Governor/Legislature: Reduce funding by \$275,000 GPR and \$225,000 FED annually to eliminate base funding for the Wisconsin Quality Home Care Authority (WQHCA). 2011 Wisconsin Act 10 repealed all statutory provisions relating to the WQHCA and required the transfer of all of the Authority's assets, liabilities, personal property (including records), and contracts to DHS. The act directed DHS to carry out any obligations under such contracts until the contract is modified or rescinded by DHS to the extent allowed under the contract.

This item would delete all base funding that would be available to support WQHCA or its precursor organization, the Dane County Quality Home Care Commission, beginning in 2011-12.

15. CREATE PROGRAM REVENUE APPROPRIATION FOR REBATES AND OTHER COLLECTIONS RELATED TO THE MA PROGRAM

Governor/Legislature: Create a program revenue appropriation in DHS to receive provider refunds, third party liability payments, drug rebates, audit recoveries, and other collections related to benefit expenditures under the medical assistance (MA) program, regardless of the fiscal year in which the original benefit expenditure was made. Require that the program revenues received into the new appropriation be used to support a portion of the state share of the benefits provided under the MA, BadgerCare Plus, Family Care, and other related programs, and include references to the new appropriation in current provisions relating to funding for these programs. Modify provisions relating to the refund of expenditures to allow DHS to receive these program revenues into the new appropriation, and to use these program revenues to support program benefits, regardless of the fiscal year in which the original benefit expenditure was made.

Under current state law, any amount not otherwise appropriated that is received by an agency as a result of an adjustment made to a previously recorded expenditure from a sum certain appropriation to that agency due to activities that are of a temporary nature or activities that could not be anticipated during budget development and which serves to reduce or eliminate the previously recorded expenditure in the same fiscal year in which the previously recorded expenditure was made may, upon the request of the Secretary of the Department of Administration, be designated as a refund of an expenditure. Current law further provides that

revenue received by an agency incidentally in connection with GPR appropriations in the course of accomplishing program objectives that is not designated as a refund of an expenditure by the DOA Secretary, and for which no program revenue appropriation is made, must be designated as GPR-Earned and must be treated as a non-appropriated receipt that is not available to the agency for expenditure.

The DHS practice has been to credit various sources of program revenue against the state share of the benefit expenditures made under the MA and MA-related programs, regardless of when DHS made the benefit expenditure to which the program revenue relates. For example, a major source of program revenue for the MA program is the rebates the state receives from drug manufacturers that supply prescription drugs to program recipients. The current DHS budgeting practice is to estimate the amount of those rebates and other collections that will be received during the state fiscal biennium, and to build those revenue estimates into its GPR funding request for the biennium. The Department then credits those rebates and other collections as they are received against the GPR appropriations that support those program benefits, regardless of the year in which the state expenditure that generated the rebate or collection was made. This practice is technically in violation of the current statutory provisions related to refunds received for previously recorded expenditures not made in the same fiscal year as the refund was received.

The statutory changes proposed in the bill would allow DHS to receive all such refunds into a new program revenue appropriation, and to use those program revenue to support MA benefit costs, regardless of whether the program revenue relates to an expenditure made during that same fiscal year.

[Act 32 Sections: 366, 644, 1293 thru 1298, 1304, 1305, 1427, 1429, 1432, 1434 thru 1436b, 1439, 1443, 1445, 1463, 1464, 1469y, 1470b, and 2188km]

16. STATE MATCH FOR COMMUNITY RECOVERY SERVICES

Governor/Legislature: Permit counties to use GPR funding DHS currently distributes for several community-based support services (community support services, community-based psychosocial services, and mental health crisis intervention services) to also fund the required state match for MA-eligible community recovery services. Base GPR funding for community-based support services is \$4,175,000 GPR annually. The bill would provide a total of \$3,757,500 GPR annually for community-based support services programs, including community recovery services, to reflect the Governor's recommendations to reduce most GPR appropriations by 10% (-\$417,500) annually. This funding reduction is summarized under a separate item.

Community recovery services are home- and community-based services provided to certain MA recipients with mental illnesses. Each county may choose whether or not to provide these services. If a county chooses to offer community recovery services to MA recipients in the county, the county is required to provide the state match, but receives federal MA matching funds to partially support these services.

[Act 32 Section: 654]

17. CERTIFICATION AND REGULATION OF ONE- AND TWO-BED ADULT FAMILY HOMES

Governor/Legislature: Delete all statutory provisions enacted as part of 2009 Act 28 relating to the certification and regulation of one- to two-bed adult family homes (AFHs), including the requirement that DHS do the following: (a) certify one- to two-bed AFHs in accordance with standards established by the Department; (b) investigate violations of the standards; (c) revoke the certification of a one- to two- bed AFH violating the standards; and (d) charge a fee for certification.

Under current law, a one- to two-bed AFH is defined as a place in which the operator provides care, treatment, support, or services above the level of room and board to up to two adults. After the date on which the Family Care benefit becomes available in a county, no person may operate a one- to two-bed AFH in the county, unless the home is certified by DHS, if the home provides services to: (a) supplemental security income (SSI) recipients; (b) Family Care enrollees; or (c) individuals who receive long-term care services under any of the state's medical assistance waiver programs. DHS is required to certify these homes in accordance with standards established by the Department. A home's certification is valid until it is revoked by DHS. DHS is authorized to investigate complaints that an AFH violated a standard of certification and revoke certification in cases where these standards have been violated. One- to two-bed AFHs are exempt from several provisions that apply to other AFHs, such as services to residents provided by the Board on Aging and Long-term Care and city planning requirements.

DHS has not implemented the certification system authorized in Act 28, but instead has developed an alternative process for ensuring quality in one- and two-bed AFHs, which it could implement through its contracts with managed care organizations (MCOs) and counties, and would not require additional legislation. Under this alternative process:

- Each Family Care MCO would be responsible for initial and ongoing certification of one- and two-bed AFHs that serve its members. MCOs would be responsible for provider network development;
- In Family Care counties, counties would be responsible for certifying one to two-bed AFHs that serve county-funded clients and homes serving SSI recipients;
- In non-Family Care counties, counties would be responsible for certifying one- to two- bed AFHs serving individuals enrolled in the medical assistance (MA) home-and community-based long-term care waiver programs;
- DHS would be responsible for certifying one- to two-bed AFHs used by individuals enrolled in the I Respect, I Self-Direct (IRIS) program;
- As under current practice, there would be no required certification for one- to two-bed AFHs that serve only private pay clients;
- Counties and MCOs could initiate memorandums of understanding to establish which party would be responsible for certifying AFHs serving clients funded by both parties;

- If one certifying agency certifies an AFH, other certifying agencies could use the AFH for its own participants without undertaking another certification; and
- All certifying agencies would use the Department's MA waiver standards as the basis for certification to ensure consistency and quality.

Act 32 will not affect current provisions relating to AFHs that serve three or more residents.

[Act 32 Sections: 189, 656, 1299, 1302, 1303, 1647, 1652, 1682, 1692, 1714, and 3463]

18. UPDATE RESOURCE UTILIZATION GROUPING TERMINOLOGY

Governor/Legislature: Modify a provision that currently requires DHS to incorporate acuity measurements under the most recent "resource utilization groupings (RUGs) III" methodology to determine factors for case-mix adjustments, for the purpose of determining medical assistance (MA) payments to nursing homes as follows. First, substitute the current reference to "resource utilization groupings III" with "resource utilization groupings." Second, permit, rather than require, the system to incorporate acuity measurements under the most recent RUGs.

In October 2010, the Centers for Medicare and Medicaid Services, which develops the RUGs, released RUGs IV. This item would permit DHS to decide whether to incorporate the most recent RUGs methodology in setting MA nursing home rates.

[Act 32 Sections: 1428 and 1430]

19. LICENSED BED ASSESSMENT -- EXEMPTION FOR VETERANS HOMES [LFB Paper 776]

Joint Finance/Legislature: Reduce estimated revenue to the MA trust fund by \$1,715,600 in 2011-12 and by \$1,813,500 in 2012-13 to reflect that the Veterans Homes operated by the Department of Veterans Affairs would be exempt from the nursing home bed assessment in the 2011-13 biennium. Further, reduce funding for MA benefits by \$1,715,600 SEG in 2011-12 and by \$1,813,500 SEG in 2012-13 and increase funding by \$1,715,600 GPR in 2011-12 and by \$1,813,500 GPR in 2012-13 to replace the loss of the segregated revenue to the MA trust fund.

[Act 32 Section: 9121(8r)]

SEG-REV	- \$3,529,100
GPR	\$3,529,100
SEG	<u>- 3,529,100</u>
Total	\$0

20. SUPPLEMENTAL PAYMENTS TO MUNICIPAL NURSING HOMES [LFB Paper 348]

Joint Finance/Legislature: Provide \$1,179,400 annually (\$465,700 GPR and \$713,700 FED in 2011-12 and \$468,100 GPR and \$711,300 FED in 2012-

GPR	\$933,800
FED	<u>1,425,000</u>
Total	\$2,358,800

13), so that \$39.1 million (all funds) would be budgeted for supplemental payments to municipal nursing homes annually.

Currently, the statutes authorize DHS to provide up to \$39.1 million (all funds) annually to municipally owned and operated nursing homes and care management organizations to reduce operating deficits at these facilities. However, the Governor's budget included \$37,920,600 annually (\$15,002,300 GPR and \$22,918,300 FED in 2011-12 and \$15,046,800 GPR and \$22,873,800 FED in 2012-13) to fund these supplemental payments. DHS provides these supplemental payments in addition to the daily rates each of these facilities receive. There are currently approximately 50 nursing homes, most of them owned and operated by counties, that qualify for these supplemental payments.

21. NURSING HOME RATE METHODOLOGY -- DESIGNATION OF LABOR REGIONS

Joint Finance/Legislature: Beginning July 1, 2013, require DHS, for the purposes of setting MA reimbursement rates for nursing homes, to treat as a single labor region the counties of Dane, Iowa, Columbia, Sauk, Rock, and Dodge, and to adjust payments so that the direct care cost targets of facilities in Dane, Iowa, Columbia, and Sauk Counties are not reduced as a result of including facilities in Rock and Dodge Counties in this labor region. In addition, require DHS to include the facilities in Dunn County with the facilities in Douglas, Pierce, and St. Croix Counties, for the purposes of adjusting the direct care cost target by use of the wage index that is used by the U.S. Department of Health and Human Services for hospital reimbursement under federal law. Further, in preparing its 2013-15 budget request, direct DHS to increase its adjusted base year funding for nursing home payments by \$1,340,700 (\$415,600 GPR and \$925,100 FED) to reflect this change.

[Act 32 Sections: 1430c, 9121(10q), and 9421(6q)]

22. FAMILY CONTRIBUTIONS FOR IRREVOCABLE BURIAL TRUSTS

Joint Finance/Legislature: Require DHS, no later than 60 days after the effective date of the bill, to seek approval from the Centers for Medicare and Medicaid Services (CMS) to permit friends and family members of any individual receiving MA to contribute funds to an irrevocable burial trust for the individual, up to a total irrevocable trust amount of \$4,500, without the individual losing eligibility for MA. If CMS approves the request, require DHS to implement this change within 60 days after receiving approval.

Under current law, the maximum amount that an individual eligible for MA can hold in an irrevocable burial trust, and remain eligible for MA, is \$3,000. Friends and family members may contribute to an individual's burial trust without making the individual ineligible as long as the amount in the trust does not exceed \$3,000. Individuals eligible for MA may also transfer monetary gifts to an irrevocable burial trust, as long as the transfer does not cause the amount of the trust to exceed \$3,000 and, if the gift would make the individual ineligible for MA, the transfer is made at least 13 days prior to the date that the individual's ineligibility is finalized.

[Act 32 Section: 1459bn]

23. OMBUDSMAN RELOCATION SPECIALIST POSITION

PR	\$171,600
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Joint Finance/Legislature: Increase funding for DHS by \$85,800 annually from civil monetary penalty revenues, which DHS would transfer to the Board on Aging and Long-Term Care to support 1.0 PR permanent relocation ombudsman specialist position, beginning in 2011-12. This position is currently a project position that is scheduled to terminate on June 30, 2011. The fiscal effect of this item for the Board is summarized under "Board on Aging and Long-Term Care."

The civil monetary penalties (CMP) fund receives revenue collected from fines on nursing homes that are in violation of care or safety requirements. DHS uses CMP funds to pay for interim services for residents of nursing homes that close due to violations. These services include: (a) the cost of relocating the resident from the closing nursing facility to another nursing facility; (b) maintenance of the nursing facility's operations pending correction of deficiencies or closure of the nursing facility; and (c) reimbursements to residents for any personal funds of the resident that were misappropriated by the nursing facility staff or other persons holding an interest in the nursing facility. CMP funds are also used to support innovative projects designed to protect the health and property of a resident in a nursing facility. In April 2011, the CMP fund had a cash balance of \$3,532,218 PR.

24. PRIOR AUTHORIZATION FOR WHEELCHAIR REPAIRS

Joint Finance/Legislature: Prohibit DHS from requiring any person to obtain prior authorization from DHS for a repair to a wheelchair used by a medical assistance recipient if the cost of the repair is a covered benefit under the program of which the individual is a recipient and if the repair would cost less than \$300 for power wheelchairs and \$150 for manual wheelchairs.

Currently, providers are required to obtain prior authorization for wheelchair repairs if total cost for labor and parts is estimated to exceed \$150, when labor costs alone are estimated to exceed \$84, when parts requiring prior authorization are used in the repair, and when replacing a part before the end of its life expectancy. As part of the prior authorization process, DHS determines if it is more cost-effective to purchase an item than to repair it and determines if the requested modifications are medically necessary. Prior authorizations require an estimate of the cost for the repair service, a list of needed parts, the approximate cost of each part, documentation of what is being done to repair the item, and the reason for repair.

[Act 32 Section: 1437h]

25. STUDY OF COMPETITIVE BIDDING PROCESS FOR PURCHASE OF GENERIC DRUGS

Joint Finance/Legislature: Require DHS to conduct a study to determine whether the use of a competitive bidding process for the purchase of generic drug equivalents that are provided to MA recipients would generate cost savings to the MA program. Require DHS to

submit a report to the Joint Committee on Finance by December 31, 2011, with the results of its study.

Veto by Governor [D-31]: Delete the requirement that DHS submit the report to the Committee by December 31, 2011.

[Act 32 Section: 9121(11i)]

[Act 32 Vetoed Section: 9121(11i)]

26. REVIEW AND CONFIDENTIALITY OF INFORMATION -- RESIDENTIAL CARE APARTMENT COMPLEXES

Joint Finance/Legislature: Include residential care apartment complexes (RCACs), as defined in 50.01(1d) of the statutes, in the definition of "health care provider" as it pertains to the review and evaluation of health care services and the confidentiality of information under s. 146.38 of the statutes.

Under s. 146.38 of the statutes, no person who reviews or evaluates the services of health care providers may disclose an incident or occurrence report or any information acquired in connection with such review or evaluation except under the following circumstances: (a) the health care provider being evaluated requests the information; (b) a person has the provider's consent; (c) the person requesting the review or evaluation will use the information solely for the purpose of improving the quality of health care, avoiding improper utilization of the services of health care providers, and determining the reasonable charges for such services; (d) the information is subpoenaed in connection with sexual exploitation by a therapist; or (e) the evaluator determines it is advisable to inform the appropriate examining or licensing board or agency.

Further, individuals, organizations, or evaluators who evaluate the services of a health care provider as described in (c) above, are required to keep a record of their investigations, inquiries, proceedings, and conclusions. This record cannot be used in any civil or criminal action against the health care provider or any other health care provider.

Information acquired in connection with the review and evaluation of health care services may be disclosed in statistical form with the consent of the person authorizing or with the authority to authorize the review or evaluation. This information can be released to the employer of the health care provider and a parent, subsidiary, or affiliate organization of the health care provider.

Under current law, the definition of "health care provider" for the sections described above includes a variety of providers and facilities, but does not include RCACs.

[Act 32 Section: 2646t]

MA Administration and FoodShare

1. CENTRALIZE ADMINISTRATION OF INCOME MAINTENANCE PROGRAMS [LFB Paper 355]

	<u>Governor</u>		<u>Jt. Finance/Leg.</u>		<u>Net Change</u>	
	<u>(Chg. to Base)</u>		<u>(Chg. to Gov)</u>			
	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>
GPR	-\$8,417,800	68.76	\$9,003,400	116.00	\$585,600	184.76
FED	23,132,000	63.74	- 27,266,600	116.00	- 4,134,600	179.74
PR	<u>- 100,400</u>	<u>- 1.00</u>	<u>0</u>	<u>0.00</u>	<u>- 100,400</u>	<u>- 1.00</u>
Total	\$14,613,800	131.50	-\$18,263,200	232.00	-\$3,649,400	363.50

Governor: Increase funding by \$22,241,900 (\$10,242,800 GPR, \$12,049,300 FED, and -\$50,200 PR) in 2011-12 and reduce funding by \$7,628,100 (-\$18,660,600 GPR, \$11,082,700 FED, and -\$50,200 PR) in 2012-13, and provide 131.50 positions (68.76 GPR positions, 63.74 FED positions, and -1.00 PR position), beginning in 2011-12, to reflect the net fiscal effect of the Governor's proposal to centralize the administration of the state's income maintenance programs.

Under current law, DHS enters into contracts with counties and tribal governing bodies to perform administrative duties associated with the income maintenance programs. For these purposes, "income maintenance programs" are defined to include the medical assistance (MA) program, the FoodShare program, and the Wisconsin funeral and cemetery aids program. Under those contracts, counties and tribes process applications, determine eligibility and payment levels, periodically make eligibility redeterminations, conduct fraud prevention activities, and maintain case files with respect to income maintenance programs. DHS provides state funding to the counties and tribes to perform those duties. Counties can also contribute their own funds toward those costs, and virtually all counties do.

There are several exceptions to the framework outlined above. First, DHS operates an enrollment services center in Madison that performs income maintenance-type administrative duties for the BadgerCare Plus Core Plan and for FoodShare recipients throughout the state who do not have dependent children. Second, 2009 Act 28 authorized DHS to assume administrative control of the income maintenance programs in Milwaukee County through a unit within DHS called the Milwaukee County enrollment services unit. Act 28 required Milwaukee County to contribute \$2.7 million of its own funds toward the cost of the Milwaukee County enrollment services unit in 2009 and each year thereafter (adjusted for changes in the annual wage and benefit costs paid with respect to county employees performing services for that unit), with the state paying the balance of the non-federal share of the unit's costs.

The bill would centralize the administration of income maintenance programs throughout the state within a new unit in DHS called the income maintenance administration unit ("unit"). Under the bill, the creation of the unit and the transition of administrative duties from the counties to the unit would proceed as follows.

Creation of the Income Maintenance Administration Unit. Require DHS to establish the unit to administer income maintenance programs in the state. Define administration of income maintenance programs to include receiving applications, determining eligibility, conducting fraud investigation and fraud prevention activities, implementing error reduction procedures, and recovering overpayment of benefits. Authorize DHS to contract with a public or private entity to provide these administrative services. Exempt that contract from provisions in Chapter 16 of the statutes relating to the purchasing of contractual services. Define the term "income maintenance worker" to mean a person employed by, or under a contract with, DHS or a tribal governing body whose duties include determining eligibility for income maintenance programs. Require DHS to begin to transition administration of the income maintenance programs from counties to the unit, and to develop a transition plan that includes a deadline by which each county must transfer to DHS all records in the county's possession related to administration of the income maintenance programs.

Elimination of the Milwaukee County Enrollment Services Unit. With respect to the Milwaukee County enrollment services unit created under Act 28, require DHS to determine when the new income maintenance administration unit is prepared to take over income maintenance responsibilities in Milwaukee County. Require DHS to notify the Legislative Reference Bureau (LRB) of that date, and require LRB to publish a notice in the Wisconsin Administrative Register that specifies that date. Effective on the date specified in that notice, or May 1, 2012, whichever is earlier, repeal statutory provisions that authorize DHS to establish, to operate, and to provide state funding to support the costs of the Milwaukee County enrollment services unit. In addition, delete other statutory provisions that refer to the Milwaukee County enrollment services unit.

Provide that in the calendar year in which the unit takes over administration of the income maintenance programs in Milwaukee County, Milwaukee County's contribution to the costs of the Milwaukee County enrollment services unit, as specified in Act 28, shall be prorated on the basis of the length of time the Milwaukee County enrollment services unit administers those programs.

Provide that former Milwaukee County employees appointed to state positions in the Milwaukee County enrollment services unit, effective on the date specified in the LRB notice or May 1, 2012, whichever is earlier, shall be removed as eligible employees qualifying for state employee health insurance coverage. The bill would also make technical amendments to the statutes to reflect the elimination of the Milwaukee County enrollment services unit in the following areas: (a) sick leave calculation for income continuation insurance benefits; (b) the unclassified status of employees in the county's civil service system; (c) a collective bargaining provision allowing hours and conditions of employment to be subject to a memorandum of understanding; and (d) the right to appeal certain employment decisions by DHS.

Transfer Administration of Income Maintenance Programs from Counties to DHS. With respect to all other counties that are administering income maintenance programs on the bill's effective date, the bill provides the following. First, repeal statutory language that currently authorizes DHS to annually enter into contracts with counties for reimbursement of the county's reasonable costs for administering income maintenance programs.

Second, and notwithstanding the repeal of the statutory provision identified in the preceding paragraph, authorize DHS, before May 1, 2012, to delegate some or all of the administrative functions related to income maintenance programs to counties on a county-by-county basis. Provide that if DHS delegates such functions to a county before May 1, 2012, the county shall continue to perform those functions until DHS notifies the county that the unit is prepared to assume responsibility for those activities. Require DHS and any county to which it delegates functions under these provisions to enter into a contract relating to those functions and reimbursement for the reasonable costs of performing those activities. Specify that such reimbursements provided to counties shall be considered costs incurred by the unit to administer income maintenance programs.

Third, modify the appropriation from which DHS currently funds the state share of costs to administer income maintenance programs (the IM appropriation) as follows: (a) on the bill's general effective date, delete provisions in the IM appropriation that authorize DHS to expend funds to support the state share of income maintenance administration costs, except for costs related to administration of the food stamp employment and training (FSET) program; (b) also on the bill's general effective date, delete from the IM appropriation the Department's authority to pay expenses under the Wisconsin funeral and cemetery aids program, as the bill creates a new appropriation in DHS to fund those expenses, beginning in 2011-12; and (c) effective January 1, 2013, repeal the IM appropriation. Under a separate item, the bill would create a new appropriation in the Department of Children and Families (DCF) for administrative costs for the FSET program, effective January 1, 2013.

Fourth, modify an existing appropriation from which DHS currently funds other MA-related administrative costs (the MA administrative contracts appropriation) as follows: (a) on the bill's general effective date, authorize DHS to provide state funding from the MA administrative contracts appropriation to support administration of the income maintenance programs, including payments to tribes that administer those programs, counties to which DHS delegates those administrative duties (consistent with the provisions summarized above), and for the Milwaukee County enrollment services unit's administration of income maintenance programs; (b) effective on the date of the LRB notice, or May 1, 2012, whichever is earlier, repeal the Department's authority to expend funds from the MA administrative contracts appropriation to support costs at the Milwaukee County enrollment services unit; and (c) effective May 1, 2012, repeal the Department's authority to provide state funding from the MA administrative contracts appropriation to counties for administration of income maintenance programs.

Fifth, repeal a number of other statutory provisions that currently authorize counties to administer income maintenance programs and which refer to counties' administration of those programs.

Administration of Income Maintenance Programs by Tribal Governing Bodies. Under current law, DHS is authorized to contract with tribal governing body to administer the tribe's income maintenance programs. Under the bill, tribal governing bodies could elect to have the unit administer the tribe's income maintenance programs, or to administer those programs themselves, in which case DHS and the tribe could enter into a contract for the reasonable cost of

administering those services. Authorize DHS to provide state funding from the MA administrative contracts appropriation to those tribes which elect to administer their own income maintenance programs.

Community Aids Funding Reduction. In each fiscal year beginning in fiscal year 2012-13, require DHS to decrease each county's basic county allocation under the community aids program by the amount DHS determines the county expended in calendar year 2009 to provide income maintenance programs (\$25,783,900). DHS indicates that the all funds amount available for the community aids calendar year contracts would equal approximately \$193.3 million in calendar year 2011, \$174.0 million in calendar year 2012, and \$167.5 million in calendar year 2013.

Transfer Administration of the FoodShare Program to the Department of Children and Families. Under current law, DHS is responsible for administering the state's FoodShare program, and as with the other income maintenance programs, DHS delegates the administration of the FoodShare program to the counties and tribes. Effective January 1, 2013, the bill would delete the FoodShare program from the statutory definition of "income maintenance programs" and transfer administration of the FoodShare program from DHS to the Department of Children and Families (DCF). This transfer of authority is summarized in the item "FoodShare Transfer to the Department of Children and Families."

Joint Finance/Legislature: Reduce funding by \$10,643,600 (-\$4,240,400 GPR and -\$6,403,200 FED) in 2011-12 and by \$9,619,600 (\$12,243,800 GPR and -\$21,863,400 FED) in 2012-13, and provide 213.00 positions (106.50 GPR positions and 106.50 FED positions) beginning in 2011-12 to reflect the net funding changes associated with the administration's revised proposal relating to the administration of the IM programs in the 2011-13 biennium.

In addition, provide \$2,000,000 (\$1,000,000 GPR and \$1,000,000 FED) in 2012-13 to support fraud prevention and program integrity activities, including the following: (a) \$1,330,000 (\$665,000 GPR and \$665,000 FED) to fund 19.00 state positions (9.50 GPR positions and 9.50 FED positions); (b) \$500,000 (\$250,000 GPR and \$250,000 FED) to fund contracts with counties and tribes to support these activities; and (c) \$170,000 (\$85,000 GPR and \$85,000 FED) to contract for these services with other entities.

Delete all provisions in the bill relating to centralizing IM functions and transferring administration of the FoodShare program from DHS to DCF. Revise current law provisions to reflect the following changes to the administration of the IM programs.

Formation of Multi-County Consortia

Require all counties other than Milwaukee County, no later than October 1, 2011, to organize into no more than 10 multi-county consortia for purposes of administering IM programs. Require DHS to approve the composition of these consortia no later than October 31, 2011. Require DHS to enter into contracts with these consortia to administer IM programs beginning January 1, 2012. Specify that in those contracts, the consortia shall have the following responsibilities: (a) call/change center functions; (b) application processing and eligibility determinations; (c) ongoing case management; and (d) lobby services. Require DHS to

distribute funding to the consortia to perform these responsibilities on a risk-adjusted caseload basis.

Specify that beginning January 1, 2012, the state's responsibilities with respect to administration of the IM programs shall include the following: (a) statewide IM training; (b) statewide second-party reviews; (c) administration of the Wisconsin funeral and cemetery aids program; (d) information technology and licenses for the call/change centers; (e) CARES system design and maintenance; (f) contracting with consortia and tribes for consortia and tribal functions, including establishing performance requirements; (g) contract monitoring, performance measurement, and federal and other reporting; and (h) operation of the document processing unit. Require DHS to relocate the document processing unit outside of Dane County no later than July 1, 2012.

Specify that responsibilities to be shared between DHS and the consortia will include the following: (a) subrogation and benefit recovery; (b) fair hearings; and (c) fraud prevention and identification.

Require that in calendar year 2012 and in calendar year 2013, counties other than Milwaukee County shall contribute funds to their respective consortia for the administration of IM programs in an amount that is at least equal to the amount the county expended for those purposes ("local overmatch") in calendar year 2009. Specify that for these purposes, Kenosha County's required annual contribution in calendar year 2012 and calendar year 2013 shall be \$673,000.

Provide that in the event a county does not participate in a consortium, or that DHS determines that a consortium does not meet performance requirements, DHS shall assume responsibility for providing IM services in that county or that consortium either by contracting with another consortium or by providing the services with state resources and employees. Further, provide that if DHS assumes responsibility for providing IM services in a county, that county shall be required to pay DHS the amount of the county's local overmatch in calendar year 2009. Specify that for these purposes, Kenosha County's local overmatch in calendar year 2009 was \$673,000. Create an annual program revenue appropriation for DHS into which any such funds shall be credited.

With respect to administration of IM programs by tribal governing bodies, allow those bodies to administer IM programs by electing to have DHS administer the programs or by providing the required administrative services and entering into a contract with DHS. Authorize DHS to annually contract with a tribal governing body to which the Department delegates IM activities for reimbursement of the tribal governing body's reasonable cost of administering IM programs. Specify that the amount of such reimbursement shall be calculated using a formula based on workload within the limits of state and federal funds. Allow DHS to adjust those reimbursement amounts for workload changes and computer network activities performed by the tribal governing body. The drafting intent of these provisions is to clarify, rather than revise, current law provisions regarding the administration of IM activities by tribal governing bodies.

IM Programs in Milwaukee County

Require DHS to operate the Milwaukee County IM system as a single-county consortium that will be responsible for the same activities as other consortia. Repeal statutory provisions, effective January 1, 2012, which currently require Milwaukee County to expend at least \$2,700,000 annually for the operation of IM programs in the county. Beginning in calendar year 2012, reduce Milwaukee County's basic county allocation (BCA) under the community aids program by \$2,700,000 annually. [Note: The amounts provided in the Joint Finance Committee's action on this item inadvertently overfunded the DHS appropriation for community aids payments to counties by \$1,000,000 in fiscal year 2012-13]

Increase state position authority in DHS to reflect the conversion of Milwaukee County positions performing services at the Milwaukee County enrollment services unit (MiLES) to state positions. Repeal, effective January 1, 2012, statutory provisions which require Milwaukee County to maintain no fewer represented authorized full-time employee positions to perform services for MiLES than were authorized on February 1, 2009, for performance of the same types of services.

For Milwaukee County employees appointed to state positions in MiLES on or after the effective date of the bill, and who immediately prior to their state appointment were Milwaukee County employees performing services for MiLES, provide the following: (a) enable these individuals to be immediately eligible for health care benefits under the Wisconsin Retirement System (WRS); (b) specify that the employee shall serve any applicable probationary period, but shall have his or her seniority with the state computed by treating their total service with the county as state service; (c) allow the employee to accrue annual leave using their state service as determined in (b); and (d) require the employee to remain a participating employee in the Milwaukee County retirement system until they become vested in all of the contributions paid by, or on behalf of, the employee, and require DHS to pay, on behalf of the employee, all required employer contributions to the Milwaukee County retirement system. Further, provide that when the employee becomes vested in all of the contributions paid by, or on behalf of, the employee in the Milwaukee County retirement system, the employee may no longer be a participating employee in that retirement system and shall immediately become a participating employee in the WRS. Exempt such employees from the five-year graduated vesting requirements relating to formula-based annuities and money purchase annuities under the WRS. Allow the employee to have his or her sick leave accrued with the state computed by treating their unused balance of sick leave with the county as sick leave accrued in state service, but not to exceed the amount of sick leave the employee would have accrued in state service for the same period, if the employee is able to provide adequate documentation in accounting for sick leave used during the accrual period with the county. Provide that sick leave transferred under this provision shall not be subject to a right of conversion upon death or termination of creditable service for payment of health insurance benefits on behalf of the employee or the employee's dependents.

With respect to former Milwaukee County employees appointed to state positions in the unit after May 29, 2009, but before the effective date of the bill, and who immediately prior to their state appointment were county employees, amend current law to provide that any such

employee who has opted to remain a participating employee in the Milwaukee County retirement system shall remain a participating employee in that system until they have vested in all retirement contributions paid by, or on behalf of, the employee, at which time they may no longer be a participating employee in that retirement system and shall immediately become a participating employee in the WRS.

Require DHS to communicate with Milwaukee County regarding issues relating to the transfer of Milwaukee County employees to the state within 30 days of enactment of the bill, and require DHS to submit to the Joint Committee on Finance information regarding this issue within 60 days of enactment of the bill.

Delete current law provisions that require DHS and Milwaukee County, within six months after the dismissal of the West litigation, to identify the standards required for county operation of the IM programs in the county and to initiate discussions regarding which entity shall operate the IM programs in the county in the future and how those programs shall be operated.

Legislative Audit

Require the Legislative Audit Bureau to conduct an audit of the statewide IM administration system with respect to timeliness, program integrity, and efficiency, and to present its report to the Joint Committee on Finance no later than March 1, 2013.

Consistent with the statutory changes described above, it is envisioned that once fully implemented, the statewide IM administration system will include the following three primary parts: (a) a centralized data processing unit and certain other centralized functions to be performed by DHS; (b) call/change center functions, application processing and eligibility determinations, ongoing case management, and lobby services to be performed by tribes and up to ten multi-county consortia; and (c) administration of the IM programs in Milwaukee County by DHS. Total funding for that system in 2012-13, by each of these three primary components, is as follows:

Centralized Services	\$19,000,200
Milwaukee County IM Administration	29,001,400
Funding to the Consortia and Tribes:	
From DHS on a Risk-Adjusted Caseload Basis:	\$27,259,100
Required County Contributions	<u>40,168,100</u>
County/Tribe Total	\$67,427,200
Statewide System Total	\$115,428,800

[Act 32 Sections: 636m thru 642, 644m, 648, 1139, 1156, 1161, 1277, 1286m, 1292, 1308, 1402m, 1408m, 1420m, 1422m, 1486m thru 1507m, 1535m thru 1556m, 3567p, 9121(6u) thru 9121(7u), 9121(10x), and 9421(4u)]

2. MA AND FOODSHARE ADMINISTRATION -- CONTRACTED SERVICES BASED ON CURRENT PROGRAMS

GPR	\$30,718,500
FED	<u>70,478,500</u>
Total	\$101,197,000

Governor/Legislature: Provide \$52,926,900 (\$15,393,500 GPR

and \$37,533,400 FED) in 2011-12 and \$48,270,100 (\$15,325,000 GPR and \$32,945,100 FED) in 2012-13 to increase funding for contracted services relating to the administration of the medical assistance (MA), BadgerCare Plus, and FoodShare programs. This item reflects the administration's estimates of additional funding that will be needed to support these programs without program changes DHS expects to make in the 2011-13 biennium. Base funding for these contracts is \$78,229,900 (\$32,175,900 GPR and \$46,054,000 FED).

DHS has a range of responsibilities relating to its administration of the MA, BadgerCare Plus, and FoodShare programs. The Department contracts with other entities, public and private, to perform some administrative activities. Funding for these contracts is budgeted in an appropriation separate from the appropriation that funds the Division of Health Care Access and Accountability general program operations.

DHS contracts with a fiscal agent to provide administrative services, including the processing of claims, member and provider enrollment, reviewing prior authorization requests, pharmacy-related services, customer services, federal and state reporting, program integrity requirements, and developing and supporting information systems. The state's current fiscal agent is HP Enterprise Services (formerly EDS). Under its base fiscal agent contract, the state pays HP a flat fee to provide those services. DHS also pays HP for services provided in addition to those covered under the base contract, such as modifications to the Medicaid Management Information System (MMIS).

In addition, HP performs functions in connection with the Enrollment Services Center (ESC). The ESC, originally developed as part of the BadgerCare Plus Core Plan expansion in 2009, currently performs all applications and income maintenance activities for the FoodShare, BadgerCare Plus Core, and BadgerCare Plus Basic programs for those adults without dependent children.

DHS also contracts for the operation of the client assistance for reemployment and economic support (CARES) system, which assists state and county staff in making eligibility determinations and maintaining case information for such programs as BadgerCare Plus, SeniorCare, Family Care, FoodShare, the SSI Caretaker Supplement, TANF/W-2, and Child Care Assistance. CARES is a mainframe system and most CARES-related costs in this item pertain to the programming, analysis, and maintenance tasks performed by Deloitte and the mainframe hosting and data storage charges paid to the Department of Administration's Division of Enterprise Technology (DET).

Finally, DHS funds a number of smaller administrative contracts, including contracts related to actuarial services, consulting services, as well as costs related to administrative hearings conducted by the Department of Administration's Division of Hearings and Appeals, and costs related to the FoodShare program's electronic benefit transfer (EBT) system.

The following table shows the amounts that would be budgeted for MA and FoodShare administrative contracts under this item for fiscal years 2011-12 and 2012-13, by funding source. Other items in the bill, such as the Governor's proposal to centralize income maintenance functions, would also affect funding for these administrative contracts in the 2011-13 biennium.

**Funding Budgeted for Contracted Services -- Current Programs
Act 32**

	<u>2011-12</u>		<u>2012-13</u>	
	<u>GPR/PR</u>	<u>FED</u>	<u>GPR/PR</u>	<u>FED</u>
Fiscal Agent Services	\$14,631,700	\$37,709,600	\$14,204,300	\$32,674,000
Enrollment Services Center	\$14,848,200	\$14,848,200	\$14,809,500	\$14,809,500
CARES				
Deloitte	\$6,465,000	\$6,709,900	\$6,475,300	\$6,711,500
DET	13,702,600	14,221,200	13,836,400	14,341,200
Other	494,200	384,300	474,700	403,500
Federal Early Innovators Grant	<u>-4,000,000</u>	<u>4,000,000</u>	<u>-4,000,000</u>	<u>4,000,000</u>
CARES Total	\$16,661,800	\$25,315,400	\$16,786,400	\$25,456,200
FoodShare EBT Contract	\$1,756,600	\$1,756,600	\$1,938,700	\$1,938,700
Other	\$4,922,800	\$6,206,600	\$5,012,200	\$6,369,700
Total Estimated Funding Need	\$52,821,100	\$85,836,400	\$52,751,100	\$81,248,100
Current Funding Sources				
Base Funding (GPR)	\$ 32,175,900	\$46,054,000	\$32,175,900	\$46,054,000
Transfer from Hosp. Assessment Fund (PR)	1,000,000	1,000,000	1,000,000	1,000,000
SeniorCare Enrollment Fees (PR)	1,249,000	1,249,000	1,249,000	1,249,000
Core Plan Enrollment Fees (PR)	<u>3,002,700</u>	<u>0</u>	<u>3,001,200</u>	<u>0</u>
Total Current Funding Sources	\$37,427,600	\$48,303,000	\$37,426,100	\$48,303,000
Difference (GPR Funding Increase in Act 32)	\$15,393,500	\$37,533,400	\$15,325,000	\$32,945,100

3. CONTRACTED ADMINISTRATIVE SERVICES TO IMPLEMENT MA PROGRAM CHANGES

GPR	\$3,733,500
FED	<u>4,437,400</u>
Total	\$8,170,900

Governor/Legislature: Provide \$4,786,300 (\$2,041,200 GPR and \$2,745,100 FED) in 2011-12 and \$3,384,600 (\$1,692,300 GPR and \$1,692,300 FED) in 2012-13 to fund additional costs of contracted services that would be needed to implement changes to MA and its related programs in the 2011-13 biennium. Contracted administrative services currently include services provided by the state's fiscal agent, programming and maintenance services for the client assistance for re-employment and economic support (CARES) system, and actuarial and consulting services.

The Governor's bill includes several specific items that would make changes to these programs, such as requiring SeniorCare participants to apply for and enroll in Medicare Part D, which would require additional contracted services for DHS to implement. In addition, the bill

would reduce funding for MA benefits costs to reflect savings the administration believes it will achieve through a number of program changes to MA. The funding provided in this item would be used to support the additional contracted administrative services the administration estimates will be required to implement those program changes.

4. FUNERAL AND CEMETERY AIDS PROGRAM

GPR	\$7,940,800
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Governor/Legislature: Provide \$3,897,000 in 2011-12 and \$4,043,800 in 2012-13 to fund projected increases in the cost of payments under the Wisconsin funeral and cemetery aids program (WFCAP). In addition, transfer base funding for the program (\$4,550,200) from an appropriation that currently supports several income maintenance-related activities to a new biennial appropriation that would exclusively support WFCAP. The bill would provide a total of \$8,447,200 in 2011-12 and \$8,594,000 in 2012-13 for the program.

Under current law, DHS is required to reimburse counties and tribal governing bodies for the funeral, burial, and cemetery costs they are required to pay on behalf of certain low-income individuals who at the time of their death were participants in such programs as medical assistance (MA), Wisconsin Works (W-2), and supplemental security income (SSI). Reimbursement for cemetery expenses is limited to the lesser of \$1,000 or the cemetery expenses not paid by the decedent's estate or by other persons, and is only available if the decedent's total cemetery costs do not exceed \$3,500. Reimbursement for funeral and burial expenses is limited to the lesser of \$1,500 or the funeral and burial expenses not paid by the decedent's estate or by other persons, whichever is less, and is only available if the decedent's total funeral and burial expenses do not exceed \$4,500.

Under a separate item, the Governor recommends centralizing the administration of income maintenance activities, including WFCAP, within a new income maintenance administration unit. The Joint Committee on Finance modified these recommendations, but retained the Governor's proposal to centralize the administration of WFCAP.

[Act 32 Sections: 640f, 640m, and 642]

5. ELIMINATE FOODSHARE BENEFITS FOR QUALIFIED LEGAL IMMIGRANTS [LFB Paper 356]

GPR	-\$760,000
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Governor/Legislature: Prohibit DHS from providing FoodShare benefits to "qualified aliens," except to the extent that federal supplemental nutrition assistance program (SNAP) benefits are required by the federal government. This provision would eliminate the state-option FoodShare program (SOFSP) that provides GPR-funded FoodShare benefits to certain legal immigrants who do not meet citizenship standards for federally-funded benefits. The bill would reduce funding by \$380,000 annually to reflect the elimination of this program.

Under current law, DHS provides SOFSP benefits to certain legal immigrants who do not qualify for federal SNAP benefits based on immigration status, but meet all other eligibility requirements. In general, SOFSP provides benefits to non-disabled adults who have lived in the

United States for less than five years. Legal immigrants who are under the age of 18, are disabled, or have lived in the United States for at least five years, qualify for federal SNAP benefits. In February, 2011, 1,392 individuals received SOFSP benefits.

Although the bill would reduce funding by \$380,000 annually (the amount that DHS had budgeted for the SOFSP in 2010-11), actual payments made under this program exceed that amount. In calendar year 2010, SOFSP benefits totaled approximately \$1.6 million. DHS currently funds costs for these benefits that exceed budgeted funds by reallocating other funding budgeted in the income maintenance appropriation, thereby reducing the amount available for other activities, such as income maintenance contracts with counties.

[Act 32 Section: 1534]

6. TRANSFER FOODSHARE TO DEPARTMENT OF CHILDREN AND FAMILIES
[LFB Paper 355]

Governor: Transfer the administration of the FoodShare program from DHS to the Department of Children and Families (DCF), effective January 1, 2013. FoodShare is Wisconsin's name for the federal supplemental nutrition assistance program (SNAP).

Administration of FoodShare. Require DCF to administer the FoodShare program beginning January 1, 2013, so that on and after that date, DCF would receive applications, determine eligibility, conduct fraud investigation and prevention activities, implement error reduction procedures, and recover overpayments of benefits. Require DCF to periodically match records of FoodShare recipients to verify individual eligibility. Authorize DCF to enter into contracts for the administration of the program.

Replace current references to DHS with references to DCF with respect to the administration of the program, and renumber current provisions relating to the program. Delete FoodShare from the definition of an "income maintenance program" administered by DHS.

Repeal DHS appropriations that relate solely to FoodShare administration and benefits, and delete references to FoodShare in other DHS appropriations that provide administrative funding. Create new GPR and FED appropriations in DCF for the administration of FoodShare, and include FoodShare under the DCF appropriations for fraud investigation and error recovery, and electronic transfer of federal benefits.

DOA Secretary Transfer Authority. Transfer from DHS to DCF classified positions and incumbents holding positions that the DOA Secretary determines are primarily related to FoodShare. Allow the DOA Secretary, upon determination of these employees, to transfer moneys between any GPR, PR, FED, or SEG appropriation in DHS to such an appropriation in DCF to adjust for costs in accordance with the transfer of personnel and administrative functions. Specify that employees transferred to DCF under these provisions would have the same rights and status under state employment relations statutes that they had prior to the transfer, and that no transferred employee who had attained permanent status would serve a probationary period.

Transfer from DHS to DCF all tangible personal property, contracts in effect, and pending matters that the DOA Secretary determines are primarily related FoodShare. Require DCF to carry out any contractual obligation unless modified or rescinded to the extent allowed under the contract. Specify that all materials submitted to, or actions taken by DHS with respect to a pending matter would be considered as having been submitted to or taken by DCF. Provide that all rules promulgated or orders issued by DHS in effect on January 1, 2013, that the DOA Secretary determines are primarily related FoodShare, would remain in effect until their specified expiration dates or until amended, repealed, modified, or rescinded by DCF.

References and Obsolete Language. Replace current references to the "food stamp program" with references to the "supplemental nutrition assistance program" to reflect the recent renaming of the program in federal law. Replace references to "food stamp coupons" with "supplemental nutrition program benefits," and delete a statutory provision that relates to liability for food stamp coupons lost in natural disasters, to reflect that program participants currently receive benefits through an electronic benefit transfer system, rather than as paper coupons. Repeal statutes that affect the conditions under which DHS may establish an electronic benefit transfer system for the FoodShare program, to reflect that DHS has already established such a system.

Although DHS would administer FoodShare until January 1, 2013, the bill contains other provisions that would affect how DHS would administer the program until that date, including provisions that would centralize income maintenance programs and eliminate FoodShare benefits for qualified legal immigrants.

Joint Finance/Legislature: Delete provision.

7. TRANSFER CARES POSITIONS FROM DCF

	Funding	Positions
PR	\$524,800	3.00

Governor/Legislature: Provide \$262,400 annually to reflect the transfer of 3.0 positions from the Department of Children and Families (DCF), beginning in 2011-12. These positions conduct information technology (IT) security activities for the client assistance for reemployment and economic support system (CARES), the statewide automated eligibility system for a range of public assistance programs. Under this item, all IT security-related functions for all state programs that use CARES would be conducted by DHS staff. The bill includes a corresponding funding and position decrease for DCF.

8. STUDY OF PHOTO ID AND NUTRITIONAL FOODS AND BEVERAGES

Joint Finance/Legislature: Require DHS to conduct a study to estimate the costs and determine the feasibility of the following policies: (a) implementing photo identification requirements in the MA and FoodShare programs by requiring MA enrollment cards and FoodShare electronic benefit transfer cards to contain a photo of the beneficiary; and (b) promoting the purchase of nutritional foods and beverages among FoodShare beneficiaries, and requiring beneficiaries to purchase nutritional foods and beverages under the program.

Require the study to address the following issues: (a) any potential costs associated with the implementation of these changes, and any potential savings that may be realized due to fraud reduction as a result of implementing the requirement for photo identification; (b) how to accommodate the photo identification requirement in households comprised of multiple individuals; and (c) the need for federal approval to implement the changes.

Require DHS to submit a report by December 31, 2011, to the Joint Committee on Finance that includes recommendations for implementing these policies, and that analyzes the feasibility of implementing these changes by April 1, 2012.

[Act 32 Section: 9121(12b)]

SSI and Public Health

1. SUPPLEMENTAL SECURITY INCOME -- REESTIMATE AND PROGRAM TRANSFER [LFB Paper 365]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$285,905,600	\$295,545,600	\$9,640,000
PR	<u>- 56,040,800</u>	<u>58,471,800</u>	<u>2,431,000</u>
Total	-\$341,946,400	\$354,017,400	\$12,071,000

Governor: Reduce funding by \$142,952,800 GPR and \$28,020,400 PR annually to reflect: (a) the administration's estimates of funding that will be needed to support state-funded supplemental security income (SSI) program benefits; and (b) the transfer of the program to the Department of Children and Families (DCF), beginning in 2011-12.

Reestimate of State-Funded SSI Benefits. Provide \$2,226,400 GPR in 2011-12 and \$4,638,800 GPR in 2012-13 to fully fund estimated state supplemental SSI benefits in the 2011-13 biennium. Base funding for these payments is \$142,093,300 GPR, which is budgeted in a sum sufficient appropriation. The bill would provide a total of \$144,319,700 GPR in 2011-12 and \$146,732,100 GPR in 2012-13 to fund these benefit payments.

In addition, provide \$1,207,000 PR annually to fully fund the estimated costs of SSI caretaker supplement payments. Base temporary assistance for needy families (TANF) funding for the caretaker supplement is \$28,354,900. The bill would provide a total of \$29,561,900 annually to fund caretaker supplement payments.

Transfer Program. Reduce funding by \$145,179,200 GPR and \$29,277,400 PR in 2011-12 and by \$147,591,600 GPR and \$29,277,400 PR in 2012-13 to reflect the transfer of funding for SSI benefits and administrative costs to DCF. These amounts include deleting GPR

funding in DHS for state supplement benefits that include the base funding amount and the reestimates described above (-\$144,319,700 in 2011-12 and -\$146,732,100 in 2012-13), and deleting \$859,500 GPR annually that supports the costs of administering these programs. The bill increases GPR funding for DCF by corresponding amounts.

The total PR reduction in the bill would include two separate effects: (a) reduce TANF funds that DHS receives as PR by \$29,561,900 annually to delete funding for caretaker supplement benefits and administration; and (b) increase PR by \$334,500 annually to maintain funding for some SSI administrative contract costs, which DHS would bill to DCF. There is no corresponding increase in the DCF summary, as these TANF funds already appear in the DCF appropriations as FED.

Replace current references to DHS with references to DCF with respect to the administration of SSI, and renumber current provisions relating to the program. Repeal the DHS appropriation for SSI benefits, and delete references to SSI in other DHS appropriations that provide administrative funding. Create DCF appropriations for SSI benefits and administration.

The SSI program provides federal- and state-funded benefits to low-income individuals who are elderly, blind, or disabled. In January, 2011, approximately 112,400 individuals received GPR-funded state supplemental payments, including the basic supplement (\$83.78 per month for an individual) and the exceptional expense benefit (\$95.99 per month for an individual). Recipients with dependent children may also receive a caretaker supplement, funded by federal TANF funds, which are currently transferred from DCF to DHS. These benefits equal \$250 per month for one dependent child, and \$150 per month for each additional child.

Joint Finance/Legislature: Delete provision. Increase funding by \$3,362,000 GPR and \$1,215,500 PR in 2011-12 and \$6,278,000 GPR and \$1,215,500 PR in 2012-13 to reflect reestimates of the total amount of funding needed to fully fund projected SSI benefit payments in the 2011-13 biennium. Corresponding funding increases are deleted from the Department of Children and Families, as a result of the deletion of the SSI transfer to that Department.

[In deleting the Governor's proposal, all of the GPR funding increase for DHS was provided in a sum sufficient appropriation that supports state SSI benefit payments. However, of this amount, \$859,500 GPR annually should have been budgeted to restore funding for contracted administrative costs of the program. Consequently, the total amounts budgeted for GPR-supported SSI benefits payments in Act 32 (\$146,314,800 in 2011-12 and \$149,230,800 in 2012-13) exceed current estimates by \$859,500 annually, while the amount of funding budgeted in Act 32 for contracted administrative costs of programs administered by the Division of Health Care Access and Accountability are inadvertently reduced by a corresponding amount.]

2. FAMILY PLANNING FUNDING [LFB Paper 366]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$3,871,200	\$3,484,000	- \$387,200

Governor: Repeal the GPR appropriation and funding that supports family planning services administered by the Division of Public Health (-\$1,935,600 annually). In addition, repeal provisions that direct DHS to allocate amounts annually from this appropriation for specific family planning-related services. The bill would not modify other provisions relating to state's family planning program, including provisions that define "family planning services" and provisions that identify the Department's duties relating to the program.

In calendar year 2011, DHS allocated GPR funding for the program as follows: (a) \$1,331,500 for family planning and reproductive health services provided by local public health departments and private organizations in 50 counties that received allocations consisting of these GPR funds and federal funds the state receives under the Maternal and Child Health block grant; (b) \$337,700 to Health Care Education and Training, Inc. to provide training, technical assistance, and support services; and (c) \$266,400 to the Wisconsin State Laboratory of Hygiene for laboratory cytology services and other technical assistance.

Joint Finance/Legislature: Increase funding in the bill by \$1,742,000 annually, so that this amount would be budgeted annually for the program, with the following statutory modifications.

Rename the "Family planning" appropriation and the statutory section currently titled "Family Planning," as the "Women's health block grant." Define "women's health funds" as state funds appropriated under the women's health block grant or federal funds received under the Title V maternal and child block grant that are allocated for the purposes described under s. 253.07 of the statutes. Modify the current statutory definitions of "family planning" and "family planning services" under s. 253.07 of the statutes to delete "pregnancy termination" from the list of nondirective information that may be provided.

Specify that women's health funds may be allocated for any activities for which those funds were provided before the effective date of the bill, including pregnancy testing, perinatal care coordination and follow-up, cervical cancer screening, sexually transmitted infection prevention, testing, treatment and follow-up, and general health screenings.

Require that DHS distribute women's health funds only to public entities. Allow a public entity that receives women's health funds to provide some or all of those funds to other public or private entities, provided that the recipient of these funds does not do any of the following: (a) provide abortion services; (b) make referrals for abortion services; or (c) have an affiliate that provides abortion services or makes referrals for abortion services. Specify that providing abortion services, making referrals for abortion services, or having an affiliate that provides abortion services or makes referrals for abortion services solely under circumstances described in s. 20.927(2) of the statutes (which specifies certain exceptions to the general prohibition on the use of public funds for abortion) would not disqualify an entity from receiving women's health funds from a public entity.

[Act 32 Sections: 635b and 2875c thru 2875r]

3. BRIGHTER FUTURES [LFB Paper 204]

GPR	\$1,730,000
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Governor: Provide \$865,000 annually and make statutory changes to transfer not more than this amount annually from DHS to a new program revenue appropriation in the Department of Children and Families (DCF), to support the Brighter Futures initiative. The Brighter Futures initiative, which is currently administered by DCF, provides grants to public agencies and nonprofit corporations to reduce violence and other delinquent behavior, reduce alcohol and other drug use and abuse, and reduce child abuse and neglect. Base funding for the program is \$1,729,900 GPR annually.

A corresponding item in DCF would reduce GPR funding for the program by \$1,729,900 GPR (rather than \$865,000, which was the administration's intent) and increase PR funding (the funding transferred from DHS) for the program by \$865,000 annually. However, under the bill, total funding for the program would be reduced by \$865,000 annually.

This provision would permit DHS to comply with matching requirements of the federal substance abuse prevention and treatment block grant (SAPTBG), which specify that SAPTBG matching funds must be budgeted directly in the agency that administers the grant. DHS currently counts 50% of total funding budgeted for the Brighter Futures program (\$865,000) in meeting the SAPTBG match requirement, while DCF counts 50% of the Brighter Futures funding in meeting the state match requirements for the temporary assistance to needy families program. To meet the SAPTBG requirement, DCF and DHS currently have an arrangement under which 50% of the funding for the Brighter Futures program is transferred to DHS, and then transferred directly back to DCF. This item would eliminate the need for that arrangement.

Joint Finance/Legislature: Create an annual GPR appropriation for the Brighter Futures initiative, and require that DHS transfer the amount in the new appropriation to DCF (\$865,000 annually). A corresponding item would increase expenditure authority in DCF by \$865,000 GPR annually to fully fund the Brighter Futures initiative, as intended under the Governor's recommendations.

[Act 32 Sections: 653e, 661, and 1323]

4. WISCONSIN CHRONIC DISEASE PROGRAM

GPR	-\$1,087,300
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Governor/Joint Finance: Reduce funding by \$775,700 in 2011-12 and \$311,600 in 2012-13 for services under the Wisconsin chronic disease program (WCDP) to reflect: (a) a reestimate of projected program costs (-\$25,700 in 2011-12 and \$438,400 in 2012-13); and (b) a reduction in payment rates to health care providers for services to individuals with end stage renal disease (- \$750,000 annually). The WCDP reimburses health care providers as a payer of last resort for services provided to people with chronic renal disease, adult cystic fibrosis, or hemophilia.

Repeal provisions that require payment for services for the treatment of chronic renal disease to equal the allowable charges under the federal Medicare program. Instead, specify that payments for these services be at a rate determined by DHS that does not exceed the allowable

charges under the federal Medicare program. In addition, clarify that payment for these services is based on rates determined by DHS, not the cost of these services. Specify that these changes would first apply to services that are provided on the effective date of the bill. The Department indicates that it would establish rates for these services equal to 80% of the rates Medicare pays for these services.

Under a separate item ("Program Revenue Funding Adjustments"), the bill would increase funding budgeted for the program by \$148,400 PR annually to reflect reestimates of drug manufacturer rebate revenue that will be available to support program costs. The following table shows the total funding that would be available to support WCDP services under the bill.

Chronic Disease Program Benefits Funding

	<u>Base</u>	<u>2011-12</u>	<u>2012-13</u>
GPR	\$5,817,200	\$5,041,500	\$5,505,600
PR	<u>241,000</u>	<u>389,400</u>	<u>389,400</u>
Total	\$6,058,200	\$5,430,900	\$5,895,000

[Act 32 Sections: 1478, 1479, and 9321(1)]

5. FEES FOR NEWBORN SCREENING TESTS

Governor: Repeal the authority of the State Laboratory of Hygiene Board, on behalf of DHS, to impose fees for newborn screening for congenital disorders. Instead, require DHS to impose fees, by rule, for these tests. Require DHS to set these fees by emergency rule before the effective date of permanent rules. Exempt DHS from the requirements that the agency provide evidence that promulgating the rule as an emergency rule is necessary for the preservation of the public peace, health safety or welfare, and that the agency provide a finding of emergency.

Specify that these provisions would take effect on the first day of the fourth month after publication of the bill, and would first apply to newborn screenings that are submitted to the State Laboratory of Hygiene on that date.

All children born in Wisconsin hospitals must receive a newborn screening prior to leaving the hospital, and all children born at home must receive a screening within one week of birth. DHS rules specify the conditions included in the screening. State law requires that the fees be sufficient to fund diagnostic and counseling services, special dietary treatment, periodic evaluation of infant screening programs, and the costs of administering the newborn hearing screening and congenital disorder programs. The current fee established by the Board is \$109.

Joint Finance/Legislature: Specify that the Department shall (rather than "may" as specified under the bill) include as part of the fees for newborn screening for congenital disorders amounts to fund the provision of diagnostic and counseling services, special dietary treatment, periodic evaluation of infant screening programs, the costs of consulting with experts,

the costs of administering the hearing screening program, and the costs of administering the congenital disorder program.

[Act 32 Sections: 2877, 9121(9), 9321(3), and 9421(5)]

6. FEES FOR PATIENT HEALTH CARE RECORDS [LFB Paper 367]

Governor: Modify provisions relating to patient health care records to reverse most of the changes that were enacted as part of 2009 Act 28.

Access to Records. Delete a provision that requires a health care provider to make records available for inspection by a patient, or a person authorized by the patient, during regular business hours and without charging a fee, after the health care provider receives notice from the patient or authorized person. Repeal provisions that require a health care provider to do the following: (a) upon request of the person requesting copies, provide the copies in a digital or electronic format unless the record system cannot create or transmit records in a digital or electronic format; and (b) if the copies cannot be provided in an electronic format, provide a written explanation of why the copies cannot be provided in a digital or electronic format.

Instead, permit any patient or person authorized by the patient, upon submitting a statement of informed consent, to do the following: (a) inspect records of a health care provider pertaining to that patient at any time during regular business hours, upon reasonable notice; (b) receive a copy of the records upon payment of fees established by the department; and (c) receive a copy of X-ray reports, or have the X-rays referred to another health care provider of the patient's choice.

Repeal of Current Statutory Fees. Repeal statutory fees relating to patient health care records. Currently, a health care provider may not charge more than the total of all the following fees that apply to a request for records by a patient or a person authorized by the patient: (a) for paper copies, 35 cents per page; (b) for microfiche or microfilm copies, \$1.25 a page; (c) for a print of an X-ray, \$10 per image; (d) for providing electronic or digital copies, a charge for all copies requested; (e) actual shipping costs; and (f) if the patient or person authorized by the patient requests delivery of records within seven days after making the request, and the provider delivers the records within that time, a fee equal to 10% of the total of all other fees.

Repeal statutory fees charged for records requested by a person other than the patient or a person authorized by the patient. The same fees apply to these requests as apply to requests made by a patient, with the addition of the following: (a) for certification of copies, \$5; (b) for processing and handling, a single \$15 charge for all copies requested. Repeal a provision specifying that if DHS requests copies of health care records for determining eligibility for social security disability insurance or supplemental security income, a health care provider cannot charge DHS more than the amount the Social Security Administration reimburses for copies of health care records.

Determination of Fees in Rule. Require DHS to set fees for patient health care records that are based on an approximation of actual costs. These fees, plus any applicable tax, would be the

maximum amount a health care provider could charge for duplicate health care records, duplicate X-ray reports, or the referral of X-rays to another health care provider of the patient's choice. In determining the approximation of actual costs for the purposes of setting these fees, DHS would be able to consider all of the following factors: (a) operating expenses, such as wages, rent, utilities, and duplication equipment and supplies; (b) the varying cost of retrieval of records, based on the different media on which the records are maintained; (c) the cost of separating requested records from those that are not requested; (d) the cost of duplicating requested records; and (e) the impact on costs of advances in technology.

The bill would also specify that the fees set by DHS apply to statutes related to when patient health care records may be subject to subpoena.

Require DHS to set the fees by emergency rule prior to enactment of permanent rules. Exempt DHS from the statutory requirement to submit evidence that these emergency rules are necessary for the preservation of the public peace, health safety or welfare, and the requirement that DHS provide a finding of an emergency to promulgate this emergency rule.

Require DHS to revise the rules by July 1, 2014, and every three years thereafter, to account for increases or decreases in actual costs.

Provision of Records to a Patient's Health Care Provider. Under current law, a patient's health care records must be provided to a patient's health care provider upon request and with a statement of informed consent. The bill would maintain this provision, but specify that the health care provider may be charged reasonable costs for the provision of these records.

Effective Date. The requirement that DHS establish fees by rule would take effect on the first day of the fourth month beginning after publication of the enacted bill, and would first apply to requests to inspect or receive copies of records that are made on that effective date.

Joint Finance/Legislature: Delete provisions that would have required DHS to set fees for copies of patient health care records by administrative rule. Instead, specify in statute that a health care provider may charge no more than the total of all the following fees: (a) for paper copies, \$1 per page for the first 25 pages, 75 cents per page for pages 26 to 50, 50 cents per page for pages 51 to 100, and 30 cents per page for pages 101 and above; (b) for microfiche or microfilm copies, \$1.50 per page; (c) for a print of an X-ray, \$10 per image; (d) if the requester is not the patient or a person authorized by the patient, a single \$8 charge for certification of copies and a single retrieval fee of \$20 for all copies requested; (e) actual shipping costs and any applicable taxes. If a person requests copies of a patient's health care records, provides informed consent, and pays the applicable fees, the health care provider would be required to provide the person making the request copies of the requested records.

Beginning on July 1, 2012, require DHS to annually adjust the dollar amounts by the percentage difference between the consumer price index for the preceding year and the consumer price index for the year before the preceding year. Require DHS to notify the Legislative Reference Bureau of the adjusted amounts, and require the Legislative Reference Bureau to publish the adjusted amounts in the Wisconsin Administrative Register.

Restore a provision of current law that prohibits a health care provider from charging DHS more than the amount that the federal Social Security Administration reimburses for copies of patient health care records, if DHS requests copies of a patient's health care records for use in determining eligibility for social security disability insurance or supplemental security income.

Prohibit a health care provider from charging more than 25 percent of the applicable fees for providing one set of copies of a patient's health care records if the patient is eligible for medical assistance. (Current law prohibits a charge for one copy of an MA recipient's health records.)

Delete a nonstatutory provision that would have enabled DHS to promulgate emergency rules, and delete sections of the bill that set the effective date of these provisions as the first day of the fourth month following enactment. Amend current law to reflect changes to cross-references made as a result of the changes under this item.

[Act 32 Sections: 2649x thru 2664, 3509, and 9321(4)]

7. MULTI-COUNTY DEPARTMENTS

Governor/Legislature: Make several statutory changes relating to the establishment of multi-county human services, social services, and health departments as follows.

Human Services Departments. Permit the board of supervisors in a county with a population of 500,000 or more (currently, Milwaukee County) to establish with one or more other counties a county department of human services on a multi-county basis, provided that such a department meets current requirements for that county's department of human services. Current law requires such a county to establish a department of human services for the operation, maintenance and improvement of human services in the county, but does not authorize the board to establish a human services department on a multi-county basis. In addition, delete current provisions that require multi-county departments of human services in counties with populations of fewer than 500,000 to be contiguous counties, and that such multi-county departments not include counties with a population of 500,000 or more.

Social Services Departments. Permit the board of supervisors in a county with a population of 500,000 or more (Milwaukee County) to combine with one or more other counties to establish a county department of social services on a multi-county basis, provided that such a department meets current requirements for that county's department of social services. Current law requires such a county to establish a department of social services for the administration of welfare services other than child welfare services, but does not authorize the board to establish a social services department on a multi-county basis. In addition, delete current provisions that require multi-county departments of social services in counties with a population of 500,000 or fewer to be contiguous counties, and that such multi-county departments not include counties with a population of 500,000 or more.

Departments of Disability Services and Community Programs. Delete current provisions that require multi-county departments of developmental disabilities services and multi-county

departments of community programs to be among contiguous counties. These departments administer community mental health, developmental disabilities and alcoholism and drug abuse programs.

Health Departments. Permit more than two counties to establish a single multi-county health department. Current law permits a county to combine with only one other county to form a multi-county health department.

[Act 32 Sections: 1276, 1281, 1283, 1291, 1665, 1667, and 2871]

8. SEAL-A-SMILE SUPPLEMENTAL GRANT

Joint Finance/Legislature: Increase funding in the Joint Committee on Finance's supplemental appropriation by \$250,000 GPR in 2012-13 to support a school-based dental sealant program (the "Seal-a-Smile" program). Direct DHS to submit a request to the Committee for the use of these funds, and specify that the request include a statement as to whether a private entity has agreed to provide matching funds for this grant for a school-based dental sealant program. Authorize the Committee to approve the request under a 14-day passive review process. The fiscal effect of this item is summarized under "Program Supplements."

[Act 32 Section: 9121(12f)]

9. GRANTS TO LOW-INCOME DENTAL CLINICS

GPR	\$1,700,000
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Joint Finance/Legislature: Provide \$850,000 annually for grants to no fewer than nine non-profit dental clinics located in the state that meet certain criteria. To receive a grant under this section, a clinic must not receive federal funding under the Public Health Services Act as a federally qualified health center, and must have a primary purpose of providing dental care to low-income patients which can include any combination of the following individuals: (a) recipients of Medical Assistance (MA); (b) low-income individuals who do not qualify for MA; (c) children under the age of 18; (c) individuals over 65 years of age; or (d) or individuals with disabilities. Require DHS to seek federal funding to support the operations of the low-income dental clinics that receive these grants, and to request that the U.S. Department of Health and Human Services encourage collaborative arrangements between private dentists and federally qualified health centers.

[Act 32 Sections: 634x and 2648L]

10. TOBACCO USE CONTROL GRANTS [LFB Paper 380]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$1,370,000	-\$1,700,000	-\$3,070,000

Governor: Reduce funding for tobacco use control grants by \$685,000 annually, as part of a 10% across-the-board reduction to base funding for non-staff costs in most of the Department's GPR and PR appropriations. DHS currently allocates \$6,850,000 annually to a range of organizations for tobacco cessation activities, such as the operation of the tobacco quitline and youth tobacco cessation.

Joint Finance/Legislature: Modify the bill by reducing funding for tobacco use control grants by an additional \$850,000 annually. After the reductions recommended by the Governor, and the reductions approved by the Committee, total funding for these grants would equal \$5,315,000 in each year of the biennium.

11. HIGH-COST MENTAL HEALTH PLACEMENTS OF TRIBAL MEMBERS

PR	\$500,000
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Joint Finance/Legislature: Provide \$250,000 in tribal gaming revenue annually (or the amount remaining in the Department of Administration's appropriation account for Indian gaming receipts after all other transfers under the appropriation account are made, whichever is less) for placements by a tribal court of a member of an Indian tribe or band that are unexpected or that result in cumulative costs of placements exceeding \$50,000 annually. This item would maintain the current law allocation of these funds approved under 2009 Act 318 that was scheduled to sunset on June 30, 2011.

[Act 32 Sections: 635j and 747c]

12. DONATIONS TO THE WISCONSIN DISASTER RELIEF FUND

Joint Finance/Legislature: Create a continuing PR appropriation to enable DHS to distribute moneys to the Badger Chapter of the American Red Cross for use through that organization's Wisconsin Disaster Relief Fund. The amount that would be available for distribution annually would equal the total amount received from designations for this purpose under a new income tax check-off, less the total amount of administrative costs, including data processing costs, incurred by the Department of Revenue in administering the new income tax check-off. These amounts would be certified by the Secretary of the Department of Revenue on or before September 15 of each year. Specify that the tax check-off would begin in tax year 2011, except that if the bill were enacted after July 31, the check-off would begin in the following tax year. Additional information on this item is summarized under "General Fund Taxes -- Income and Franchise Taxes."

[Act 32 Sections: 635d, 752, 1889e, 2894s, and 9341(3u)]

Care Facilities

1. MENTAL HEALTH INSTITUTES FUNDING SPLIT [LFB Paper 375]

	Governor		Jt. Finance/Leg.		Net Change	
	(Chg. to Base)		(Chg. to Gov)			
Funding Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$22,155,400	116.53	-\$4,386,200	- 27.84	\$17,769,200	88.69
PR	<u>- 22,155,400</u>	<u>- 116.53</u>	<u>- 1,193,400</u>	<u>- 8.11</u>	<u>- 23,348,800</u>	<u>- 124.64</u>
Total	\$0	0.00	-\$5,579,600	- 35.95	-\$5,579,600	- 35.95

Governor: Provide \$11,077,700 GPR and reduce funding by \$11,077,700 PR annually, and convert 116.53 PR positions to GPR positions, beginning in 2011-12, to adjust funding at the mental health institutes (MHIs) to reflect a decrease in the percentage of patients whose care is funded from program revenue, rather than GPR.

The share of MHI costs funded by GPR and PR is based on the composition of the patient population. The state is responsible for the cost of caring for forensic patients, which it funds with GPR. The cost of caring for other patients is funded from program revenues paid by counties and third-party payers, including medical assistance (MA) for MA-eligible populations.

Joint Finance/Legislature: Reduce funding by \$2,789,800 (-\$2,193,100 GPR and -\$596,700 PR) annually and reduce authorized positions by 27.84 GPR positions and 8.11 PR positions, beginning in 2011-12 to reflect the following funding adjustments: (a) reduce funding by \$2,193,100 GPR and 27.84 GPR positions and increase funding by \$2,193,100 PR and 27.84 PR positions annually to reflect reestimates of billable and non-billable patient populations at the mental health institutes; (b) reduce funding for the mental health institutes by \$2,789,800 PR annually and delete 35.95 PR positions, beginning in 2011-12, to delete positions that became vacant due to the recent closure of units at the mental health institutes.

The following table identifies the current estimates of the composition of the MHI patient population in the 2011-13 biennium.

**Estimated Percentage of Patients, By MHI and Funding Source
2011-12 and 2012-13**

	Billable (PR)	Nonbillable (GPR)
Winnebago Mental Health Institute		
Forensic	2%	98%
Civil -- Children	99	1
Civil -- Adults	80	20
Institutionwide	35%	65%
Mendota Mental Health Institute		
Forensic	4%	96%
Civil -- Children	100	0
Civil -- Adults	97	3
Mendota Juvenile Treatment Center	0	100
Institutionwide	14%	86%

**2. TRANSFER SVPS FROM WRC TO SRSTC AND
CLOSE WRC UNITS [LFB Paper 376]**

	Funding Positions	
GPR	-\$10,633,300	- 59.25

Governor/Legislature: Reduce funding by \$4,833,300 in 2011-12 and by \$5,800,000 in 2012-13 and delete 59.25 positions, beginning in 2011-12, to reflect savings that would result by transferring sexually violent persons (SVPs) from three units at the Wisconsin Resource Center (WRC) in Oshkosh to vacant units at the Sand Ridge Secure Treatment Center (SRSTC) in Mauston.

2007 Act 20 authorized funding and positions to staff four SVP treatment units at SRSTC. These four units have remained vacant due to slower than projected growth in the SVP population during the past several years. Three SVP units at WRC are currently serving 87 SVPs. DHS intends to consolidate the SVP treatment program by transitioning the SVPs at WRC into the four SVP units at SRSTC. The three SVP units at WRC would remain vacant and unstaffed.

3. FUEL AND UTILITIES

GPR	\$2,570,800
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Governor/Legislature: Provide \$1,169,300 in 2011-12 and \$1,401,500 in 2012-13 to fund projected increases in the cost of fuel and utility services at DHS facilities.

4. WISCONSIN RESOURCE CENTER – FEMALE TREATMENT UNIT

GPR	\$1,901,400
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Governor/Legislature: Provide \$1,051,500 in 2011-12 and \$849,900 in 2012-13 to fully fund supplies and services, overtime, and one-time costs associated with the opening of a 45-bed

female patient treatment unit at the Wisconsin Resource Center (WRC).

2009 Act 28 provided DHS \$2,110,700 and 113.0 positions, beginning in 2010-11, to operate the female unit under the assumption that the unit would open in June, 2011. The female unit is now scheduled to open in September, 2011. The remaining \$182,100 authorized for 2010-11 will be used to hire 6.50 positions for program planning at the female unit. The annualized salary and fringe benefits costs associated with the other 106.50 positions authorized in Act 28 would be fully funded as part of a standard budget adjustment.

This item would provide funding to support the following costs, based on the assumption that the unit would open in September, 2011: (a) supplies and services (\$327,900 in 2011-12 and \$347,800 in 2012-13); (b) internal services (\$211,100 in 2011-12 and \$223,000 in 2012-13); (c) overtime salary (\$152,700 in 2011-12 and \$186,400 in 2012-13); (d) one-time operating and vehicle purchases (\$274,000 in 2011-12); (e) overtime fringe benefits (\$31,200 in 2011-12 and \$38,100 in 2012-13); (f) repair and maintenance; (\$25,600 annually); and (g) fuel and utilities (\$29,000 annually).

5. SUPPLIES AND SERVICES FOR RESIDENTS AT DHS FACILITIES

GPR	\$2,906,900
PR	- 4,251,100
Total	- \$1,344,200

Governor/Legislature: Reduce funding by \$1,696,100 (\$517,900 GPR and -\$2,214,000 PR) in 2011-12 and increase funding by \$351,900 (\$2,389,000 GPR and -\$2,037,100 PR) in 2012-13 to reflect estimates of the cost of providing supplies and services, other than food, for residents at the Centers for People with Developmental Disabilities, the Mental Health Institutes, the Wisconsin Resource Center, and the Sand Ridge Secure Treatment Center. DHS uses this funding to support medical services and supplies, drugs, clothing, and other supplies.

6. FOOD

GPR	- \$216,300
PR	- 627,500
Total	- \$843,800

Governor/Legislature: Reduce funding by \$467,400 (-\$141,700 GPR and -\$325,700 PR) in 2011-12 and by \$376,400 (-\$74,600 GPR and -\$301,800 PR) in 2012-13 to reflect reestimates of the cost of providing food for residents at the Centers for People with Developmental Disabilities, the Mental Health Institutes, the Wisconsin Resource Center, and the Sand Ridge Secure Treatment Center in the 2011-13 biennium.

7. **CONTRACTED SERVICES FOR MENTAL HEALTH CLIENTS** [LFB Paper 377]

	Governor		Jt. Finance/Leg.		Net Change	
	(Chg. to Base)		(Chg. to Gov)			
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$515,800	0.00	-\$588,200	2.00	-\$72,400	2.00
PR	<u>0</u>	<u>0.00</u>	<u>0</u>	<u>-2.00</u>	<u>0</u>	<u>-2.00</u>
Total	\$515,800	0.00	-\$588,200	0.00	-\$72,400	0.00

Governor: Reduce funding by \$10,200 in 2011-12 and increase funding by \$526,000 in 2012-13 to fund projected increases in the costs of certain contracted services for mental health clients served by DHS facilities.

Supervised Release. Provide \$332,400 in 2011-12 and \$683,000 in 2012-13 to fund projected increases in the costs of treating individuals who are committed as sexually violent persons under Chapter 980 of the statutes and who have been released by the court under the supervision of DHS. It is estimated that the average number of individuals on supervised release will increase from 22 in 2009-10 to 28 in 2011-12 and 32 in 2012-13, with per person costs averaging \$75,480 in 2011-12 and \$77,000 in 2012-13.

Outpatient Competency Examination. Reduce funding by \$162,400 in 2011-12 and \$140,400 in 2012-13 to reflect estimates of the funding needed for outpatient competency examinations. Although there are no projected changes in the number of outpatient competency-to-stand-trial examinations from 2011 to 2013, examination costs are projected to increase by 2% annually. DHS contracts with a private vendor, currently Wisconsin Forensics Unit (WFU), to conduct outpatient examinations in jails or locked units of a facility. It is estimated that the vendor will conduct 1,100 outpatient examinations each year at a cost of \$1,220 per examination in 2011-12, and at a cost of \$1,240 per examination in 2012-13.

Conditional Release. Reduce funding by \$76,300 in 2011-12 and increase funding by \$51,400 in 2012-13 to reflect reestimates of the cost of contracting with the Department of Corrections to supervise individuals who have been conditionally released from the state Mental Health Institutes. This reestimate reflects lower-than-expected population growth compared to the 2009-11 budget estimates. It is estimated that the average daily population (ADP) of individuals on conditional release will be 283 in 2011-12 and 285 in 2012-13, at an annual cost of \$14,900 per person in 2011-12 and \$15,200 per person in 2012-13.

Restoration to Competency. Reduce funding by \$121,800 in 2011-12 and \$104,200 in 2012-13 to reflect reestimates of the cost of contracting with Behavioral Consultants, Inc. to provide outpatient restoration to competency services. This reestimate reflects lower-than-expected service costs compared to the 2009-11 budget estimates. It is estimated that 26 individuals will receive outpatient treatment in 2011-12 at an annual cost per individual of \$12,200 and 27 individuals will receive services in 2012-13 at an annual cost per individual of \$12,400.

Other Corrections Contract Costs. Provide \$17,900 in 2011-12 and \$36,200 in 2012-13 to support projected increases in the cost of other services provided by the Department of

Corrections, including contract supervision, escort transportation, and rental of GPS equipment.

In total, the bill would provide \$9,125,000 GPR in 2011-12 and \$9,661,200 GPR in 2012-13 to fund these services.

Joint Finance/Legislature: Reduce funding by \$300,200 in 2011-12 and by \$288,000 in 2012-13 to reflect reestimates of the costs of contracted services.

In addition, convert 2.0 PR positions to GPR positions, beginning in 2011-12, and transfer \$177,600 GPR annually from the DHS contracts appropriation to the general program operations appropriation for the Division of Mental Health and Substance Abuse Services to fund the DHS costs of the Opening Avenues for Reentry Success (OARS) program. These changes would transfer funding and positions from an appropriation that supports aids to individuals and organizations to a state operations appropriation, to reflect that OARS funding is currently used to fund DHS positions, rather than contracted services for DHS clients.

The following table shows the amount of funding that would be budgeted for these contracted services in the 2011-13 biennium under Act 32.

Care and Treatment Facilities -- Contracted Services

	<u>Act 32</u>	
	<u>2011-12</u>	<u>2012-13</u>
Supervised Release		
Population	26	30
Average Cost	\$75,480	\$77,000
Total	\$1,962,500	\$2,310,000
Outpatient Competency Examinations		
Population	1,100	1,100
Average Cost	\$1,220	\$1,240
Total	\$1,342,000	\$1,364,000
Conditional Release		
Population	266	269
Average Cost	\$14,900	\$15,200
Total	\$3,963,400	\$4,088,800
Restoration of Competency		
Population	36	37
Average Cost	\$11,700	\$12,000
Total	\$421,200	\$444,000
Subtotal -- Population-Based Contracts	\$7,689,100	\$8,206,800
Other Contracts		
DOC Supervision Contract -- Conditional Release	\$531,300	\$554,500
DOC Pre-Trial Contract -- Conditional Release	50,000	50,000
DOC Supervision Contract -- Supervised Release	126,800	129,300
DOC Escort Services -- Supervised Release	197,600	201,600
GPS Equipment Rental -- Supervised Release	<u>52,400</u>	<u>53,400</u>
Subtotal -- Other Contracts	\$958,100	\$988,800
Total	\$8,647,200	\$9,195,600

8. STATE CENTERS -- RETAIN SWC POSITIONS AND FUND ITP ASSESSMENTS AND PROJECTED INCREASES IN ICF-MR ASSESSMENT

	Funding	Positions
PR	\$17,981,000	103.65

Governor/Legislature: Provide \$8,675,600 and 105.41 positions in 2011-12 and \$9,305,400 and 103.65 positions in 2012-13 to: (a) partially restore staff and funding that was deleted in 2009 Wisconsin Act 28 due to anticipated decreases in resident populations at Southern Wisconsin Center (SWC) during the 2009-11 biennium; (b) fund additional assessments for individuals admitted to the intensive treatment program (ITP) at SWC; and (c) fund projected increases in the monthly assessment on licensed beds in intermediate care facilities for the mentally retarded (ICFs-MR).

Restore Act 28 Position and Funding Reductions. 2009 Act 28 reduced SWC funding by \$1,010,900 in 2009-10 and by \$5,073,000 in 2010-11 and 120.10 positions in 2010-11, based on an assumption that 70 individuals would voluntarily relocate from SWC to the community in the 2009-11 biennium. In 2009-10, eight individuals relocated to the community. The administration estimates that three residents will relocate by the end of the current biennium. This item includes funding for the following: (a) salary and fringe benefits for 105.41 positions in 2011-12 and 103.65 positions in 2012-13 that are currently scheduled to terminate at the end of the 2010-11 fiscal year (\$5,745,000 in 2011-12 and \$5,687,300 in 2012-13); (b) the restoration of funding for overtime costs at SWC (\$1,954,300 annually); and (c) the restoration of funding for food, variable nonfood, and supplies and services (\$136,100 in 2011-12 and \$106,500 in 2012-13).

ITP Assessments. 2009 Act 28 also provided funding to staff 30 intensive treatment program (ITP) beds at SWC. However, fewer individuals participated in ITP than anticipated due to delays in building renovations. This item would provide \$156,000 annually to fund 1,040 hours of contracted psychiatric and primary care physician services to conduct physician and psychiatric assessments required for ITP admission.

ICF-MR Bed Assessment. The administration estimates that the assessment on licensed beds at ICFs-MR will increase from \$770 per bed per month in 2010-11 to \$875 per bed per month in 2011-12 and to \$995 per bed per month in 2012-13. This item provides \$684,200 in 2011-12 and \$1,401,300 in 2012-13 to enable the centers to pay this increase in monthly assessments.

9. MENDOTA JUVENILE TREATMENT CENTER

PR	\$473,700
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Governor/Legislature: Provide \$200,200 in 2011-12 and \$273,500 in 2012-13 to fund projected increases in the cost of salary and fringe benefits for 50.5 PR positions at the Mendota Juvenile Treatment Center (MJTC). MJTC is a juvenile correctional facility in Madison that provides evaluations and treatment for juveniles whose behavior presents serious problems to themselves or others in other juvenile correctional facilities and whose mental health needs can be met at MJTC.

In addition, modify a statutory provision that identifies the amount of PR funding the Department of Corrections is required to transfer to DHS to support MJTC in each year to specify that \$2,890,700 PR in 2011-12 and \$2,964,000 PR in 2012-13 would be transferred to

support this unit. The amount of GPR funding Corrections is required to transfer annually (\$1,365,500) would not change. Consequently, Corrections would be required to transfer \$4,256,200 (\$1,365,500 GPR and \$2,890,700 PR) in 2011-12 and \$4,329,500 (\$1,365,500 GPR and \$2,964,000 PR) in 2012-13 to support MJTC.

In 2010-11, Corrections is required to transfer \$4,261,600 (\$1,365,500 GPR and \$2,896,100 PR) to DHS. The net funding changes in the annual statutory allocation, compared to the 2010-11 allocation (-\$5,400 in 2011-12 and \$67,900 in 2012-13) are due to several adjustments that take into account this item and other items in the DHS budget, including standard budget adjustments and the Governor's proposal to increase employee contributions to pension and health insurance costs.

[Act 32 Section: 1273]

10. SHARED SERVICES -- MENDOTA AND CENTRAL WISCONSIN CENTER

	Positions
GPR	- 0.05
PR	<u>0.05</u>
Total	0.00

Governor/Legislature: Convert 0.05 GPR position to 0.05 PR position, beginning in 2011-12, to more accurately assign costs for positions that perform services for both Mendota Mental Health Institute (MMHI) and Central Wisconsin Center (CWC) in Madison. Currently, 0.05 GPR position that supervises crafts workers is part of MMHI's budget, but CWC supports the services the position provides with PR funds it transfers to MMHI to reflect services the position provides to CWC. This item would reassign the position to CWC's budget to reduce the need for MMHI to charge CWC for these services.

11. REPEAL PHARMACY REQUEST FOR PROPOSALS PROVISION

Governor/Legislature: Repeal a provision that requires DHS to issue a request for proposals (RFP) to provide pharmacy management services for the state's treatment facilities, including Mendota Mental Health Institute, Winnebago Mental Health Institute, the Wisconsin Resource Center (WRC), the State Centers for the Developmentally Disabled, and Sand Ridge Secure Treatment Center (SRSTC).

This requirement was enacted as part of 2007 Act 20. The Department issued this RFP in January, 2009. As a result of the RFP, a contract was awarded for pharmacy management services at Northern Wisconsin Center and Southern Wisconsin Center in December, 2010. Contracts were not awarded for the other facilities for the following reasons: (a) none of the vendors that responded to the RFP met the accreditation requirements to serve the Mental Health Institutes, including the WRC; (b) pharmacy services at SRSTC changed substantially during the RFP process and could no longer be included in the original RFP; and (c) the in-house pharmacy at Central Wisconsin Center was more cost effective in a cost comparison with vendors. As the statutory requirement has been fulfilled, the administration considers this statutory provision obsolete.

[Act 32 Section: 1663]

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide \$33,576,200 (\$19,438,700 GPR, \$5,262,600 FED, \$8,855,300 PR, and \$19,600 SEG) and delete 17.50 FED positions in 2011-12, and provide \$32,488,300 (\$19,467,600 GPR, \$4,145,800 FED, \$8,855,300 PR, and \$19,600 SEG) and delete 25.00 FED

	Funding	Positions
GPR	\$38,906,300	0.00
FED	9,408,400	- 25.00
PR	17,710,600	0.00
SEG	<u>39,200</u>	<u>0.00</u>
Total	\$66,064,500	- 25.00

positions in 2012-13 to reflect the following standard budget adjustments: (a) turnover reduction (-\$545,000 GPR, -\$1,152,600 FED, and -\$391,000 PR annually); (b) removal of non-continuing items (-\$280,500 GPR, -\$764,000 FED, -\$252,100 PR, and -17.50 FED positions in 2011-12, and -\$280,500 GPR, -\$1,880,800 FED, -\$252,100 PR and -25.00 FED positions in 2012-13); (c) full funding of salaries and fringe benefits (\$16,072,200 GPR, \$6,976,300 FED, \$2,553,000 PR, and \$18,700 SEG annually); (d) overtime (\$2,024,300 GPR and \$4,291,500 PR annually); (e) night and weekend salary differentials (\$1,978,600 GPR, \$105,600 FED, and \$2,527,500 PR in 2011-12, and \$2,007,500 GPR, \$105,600 FED, and \$2,527,500 PR in 2012-13); (f) lease and directed move costs (\$189,100 GPR, \$97,300 FED, \$126,400 PR, and \$900 SEG annually); and (g) minor transfers within appropriations.

2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE

Governor/Legislature: Delete \$22,980,100 in 2011-12, and \$22,975,100 in 2012-13, to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The reductions would include \$9,626,500 GPR, \$4,098,600 FED, and \$15,900 SEG annually, and \$9,239,100 PR in 2011-12 and \$9,234,100 PR in 2012-13. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance costs reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

GPR	- \$19,253,000
FED	- 8,197,200
PR	- 18,473,200
SEG	<u>- 31,800</u>
Total	- \$45,955,200

3. 10% ACROSS-THE-BOARD REDUCTION FOR NON-STAFF COSTS [LFB Paper 380]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$10,127,200	\$445,600	- \$9,681,600
PR	<u>- 3,888,600</u>	<u>79,200</u>	<u>- 3,809,400</u>
Total	-\$14,015,800	\$524,800	- \$13,481,000

Governor: Reduce funding by \$7,007,900 (-\$5,063,600 GPR and -\$1,944,300 PR) annually to reduce base funding for non-staff costs by 10% in most of the Department's GPR and PR appropriations. The following table lists the appropriations that would be affected by these reductions, the base funding for non-staff costs in these appropriations, and the annual reduction under this item. The reduction for tobacco use control grants is summarized separately under "Health Services -- SSI and Public Health." Other items in the Governor's budget may affect funding budgeted for these appropriations, in addition to the reductions listed below.

<u>Fund Source</u>	<u>Appropriation</u>	<u>Base Non-Staff Costs</u>	<u>Amount of Annual Reduction</u>
	Public Health		
GPR	General Program Operations	\$1,107,100	-\$110,700
GPR	AIDS/HIV Services	6,386,600	-638,700
GPR	General Aids and Local Assistance	573,200	-57,300
GPR	Well Woman Program	2,228,200	-222,800
GPR	Cancer Control and Prevention	371,000	-37,100
GPR	Emergency Medical Services -- Aids	2,178,000	-217,800
GPR	Dental Services	3,004,800	-300,500
GPR	Clinic Aids	74,200	-7,400
GPR	Rural Health Dental Clinics	995,000	-99,500
GPR	Food Distribution Grants -- Emergency Food Assistance Program	320,000	-32,000
GPR	Statewide Poison Control Program	425,000	-42,500
GPR	Public Health Dispensaries and Drugs -- Tuberculosis	734,400	-73,400
GPR	Radon Aids	29,700	-3,000
GPR	Lead Poisoning and Exposure Services	994,100	-99,400
GPR	Pregnancy Counseling	76,800	-7,700
GPR	Supplemental Food Program for Women, Infants and Children (WIC) Benefits	179,300	-17,900
GPR	Reducing Fetal and Infant Mortality -- Racine County	247,500	-24,800
GPR	Pregnancy Outreach and Infant Health	209,100	-20,900
GPR	Community Health Centers	6,100,000	-610,000
PR	Minority Health Program	\$148,500	-\$14,900
PR	Native American Health Projects	118,800	-11,900
PR	Native American Diabetes Prevention and Control	25,000	-2,500
PR	Licensing, Review and Certifying Activities -- Fees	9,591,300	-959,200
PR	Cancer information	20,000	-2,000
PR	WIC Administration	60,000	-6,000
PR	Health Care Information -- Operations	902,700	-90,300
PR	Congenital Disorders -- Services and Operations	3,159,300	-316,000
PR	Administrative Service Fees	125,000	-12,500
	Health Care Access and Accountability		
PR	Tribal Relief Block Grants	\$792,000	-\$79,200
PR	MA Outreach and Reimbursements for Tribes	1,059,300	-105,900
	Mental Health and Substance Abuse Services		
GPR	General Program Operations	\$500,200	-\$50,000
GPR	Grants for Community Programs	5,933,500	-593,400
GPR	Mental Health Treatment Services	10,628,000	-1,062,800
GPR	Community Support Programs and Psychosocial Services	4,175,000	-417,500
GPR	Initiatives for Coordinated Services	202,000	-20,200
PR	Compulsive Gambling Awareness Campaigns	396,000	-39,600
PR	Native American Aids	268,900	-26,900

<u>Fund Source</u>	<u>Appropriation</u>	<u>Base Non-Staff Costs</u>	<u>Amount of Annual Reduction</u>
PR	Native American Drug Abuse Prevention and Education	\$495,000	-\$49,500
PR	Alcohol and Other Drug Abuse Initiatives	581,200	-58,100
PR	Collection Remittances to Local Governments	4,900	-500
PR	Services for Drivers -- Intoxicated Driver Program	990,000	-99,000
PR	Administrative Service Fees	4,500	-500
Quality Assurance			
GPR	General Program Operations	1,052,800	-105,300
PR	Nursing Facility Resident Protection	149,500	-15,000
PR	Administrative Service Fees	52,900	-5,300
Long-Term Care Services			
PR	Elderly Nutrition -- Home-delivered and Congregate Meals	\$495,000	-\$49,500
General Administration			
GPR	General Program Operations	\$1,909,400	-\$191,000
Total Reduction, All Funds		\$70,074,700	-\$7,007,900

Joint Finance/Legislature: Increase funding by \$222,800 GPR and \$39,600 PR annually to reverse the 10% reductions to base funding for the Wisconsin Well Woman Program and compulsive gambling awareness campaigns.

4. DEBT SERVICE REESTIMATE

GPR	\$12,978,700
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Governor/Legislature: Increase funding by \$6,382,800 in 2011-12 and by \$6,595,900 in 2012-13 to reflect the current law reestimate of debt service payments for DHS care facilities.

5. GPR DEBT RESTRUCTURING -- DEBT SERVICE [LFB Paper 488]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$13,109,300	\$3,609,300	-\$9,500,000

Governor: Reduce funding by \$13,719,200 in 2011-12 and increase funding by \$609,900 in 2012-13 to reflect the changes in estimated GPR debt service costs associated with the proposed restructuring of general obligation bond and commercial paper GPR principal amounts that would otherwise be paid off in 2011-12. Under the bill, the state would issue refunding bonds to restructure a portion of its outstanding obligation GPR principal debt and would rollover the principal due on its outstanding commercial paper in 2011-12. (See "Building Commission" for additional information regarding this provision.) The increase in debt service for 2012-13 is associated with the initial interest amount due on the additional debt issued to replace the restructured 2011-12 principal amounts.

Joint Finance/Legislature: Increase funding by \$3,754,400 in 2011-12 and reduce funding by \$145,100 in 2012-13 to reflect a \$100,100,000 reduction in restructuring bonding in 2011-12.

6. ELIMINATE LONG-TERM VACANCIES

Governor/Legislature: Delete \$3,581,000 (all funds) and 52.36 positions annually to reflect the elimination of long-term vacant positions under the bill. The reductions would include \$742,800 GPR and 11.42 GPR positions, \$511,400 FED and 8.80 FED positions, and \$2,326,800 PR and 32.14 PR positions annually. Funding and position reductions are associated with positions that have been vacant for 12 months or more.

	Funding	Positions
GPR	- \$1,485,600	- 11.42
FED	- 1,022,800	- 8.80
PR	<u>- 4,653,600</u>	<u>- 32.14</u>
Total	- \$7,162,000	- 52.36

7. ATTORNEY POSITION TRANSFER

Governor/Legislature: Provide \$152,700 annually and 1.0 position, beginning in 2011-12, to reflect the transfer of an attorney position from the Office of State Employment (OSER) in the Department of Administration to DHS. The bill would reduce OSER's budget by \$149,700 PR and 1.0 PR position, beginning in 2011-12. The funding amounts differ because the fringe benefit rate for DHS positions (44.60%) is greater than the rate for OSER positions (41.78%). This attorney position currently provides services for DHS through an inter-agency agreement with OSER.

	Funding	Positions
FED	\$305,400	1.00

8. REPLACEMENT OF CLASSIFIED POSITIONS WITH UNCLASSIFIED POSITIONS

Governor/Legislature: Delete 2.0 GPR classified position and 1.0 FED classified position, and provide 2.0 GPR unclassified position and 1.0 FED unclassified position in the appropriations for DHS general administration.

Under 2011 Act 10, 38 classified positions are transferred into the unclassified service to serve as division administrators. Act 10 also redefined "administrators" to include "other managerial positions determined by an appointing authority." The State Budget Office indicates that personnel from three separate employment areas (attorney services positions, communications positions, and legislative liaison positions) will be moved from classified to unclassified service within the specified agencies. The revised unclassified positions were renamed as either chief legal advisors, communications directors, or legislative advisors. Individuals in these unclassified positions are at will employees appointed by the heads of the respective agencies.

The provisions in the 2011-13 biennial budget bill effectuate the intent of 2010 Act 10 in regards to the transfer of classified positions to unclassified positions.

9. FEDERAL REVENUE REESTIMATES [LFB Paper 381]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$79,893,300	\$609,800	\$80,503,100

Governor: Provide \$39,231,800 in 2011-12 and \$40,661,500 in 2012-13 to reflect estimates of changes in federal funding for selected DHS programs in the 2011-13 biennium. The following table, organized by DHS division, shows the base funding amount for appropriations affected by this item, the funding change under this item, the change under other items in the bill, and the total amount budgeted in each year of the 2011-13 biennium.

	2010-11 Base	2011-12			2012-13		
		Funding Adjustment	Other Funding Changes in Bill	Total	Funding Adjustment	Other Funding Changes in Bill	Total
Public Health							
WIC Benefits	\$85,000,000	\$8,000,000	\$0	\$93,000,000	\$8,000,000	\$0	\$93,000,000
Project Operations	20,631,200	3,542,900	52,700	24,226,800	4,712,300	-735,300	24,608,200
Project Aids	55,000,000	5,381,100	0	60,381,100	5,381,100	0	60,381,100
Preventive Health Block Grant	2,724,600	-808,500	-104,800	1,811,300	-847,000	-104,800	859,500
Maternal and Child Health Block Grant	11,638,200	-1,567,100	23,400	10,094,500	-1,347,300	23,400	10,314,300
Health Care Access and Accountability							
Income Maintenance	55,935,400	1,156,200	-9,189,100	47,902,500	1,156,200	-31,206,200	25,885,400
ARRA FoodShare Administrative Supplement	2,313,000	-2,313,000	0	0	-2,313,000	0	0
Project Aids	400,000	600,000	0	1,000,000	600,000	0	1,000,000
Family Care Contract Administration	10,064,000	5,936,000	106,200	16,106,200	5,936,000	1,667,200	17,667,200
Disability Determinations	10,230,400	2,254,600	0	12,485,000	2,254,600	0	12,485,000
Mental Health and Substance Abuse							
Project Aids	107,800	8,392,200	0	8,500,000	8,392,200	0	8,500,000
Project Operations	2,500	747,500	0	750,000	747,500	0	750,000
Substance Abuse Block Grant	17,449,000	1,064,300	61,300	18,574,600	1,064,300	61,300	18,574,600
Mental Health Block Grant	640,900	50,000	-1,500	689,400	50,000	22,400	713,300
Quality Assurance							
Medical Assistance -- Administration	26,000	-6,400	-19,600	0	-6,400	-19,600	0
Aging Programs -- Operations	3,200	100	-3,300	0	100	-3,300	0
Long-Term Care							
Medical Assistance Administration	11,528,000	1,045,400	92,100	12,665,500	1,089,300	44,400	12,661,700
Project Aids	663,100	2,983,100	-600	3,645,600	2,983,100	-600	3,645,600
Social Services Block Grant	21,959,300	-94,900	0	21,864,400	-201,100	0	21,758,200
TANF-Converted Community Aids Funding	12,643,000	2,474,300	0	15,117,300	2,495,300	0	15,138,300
General Administration							
Project Operations	23,000	-36,100	33,200	20,100	-36,100	33,200	20,100
Program Operations	1,230,200	430,100	-150,700	1,509,600	550,400	-150,700	1,629,900
Total		\$39,231,800			\$40,661,500		

Joint Finance/Legislature: Increase estimated funding for TANF-converted community aids funding by \$304,900 annually, and modify the statutory language in that appropriation to specify that this includes amounts to be transferred to the Department of Children and Families.

[Act 32 Section: 659d]

10. PROGRAM REVENUE REESTIMATES

PR	\$18,162,300
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Governor/Legislature: Provide \$8,606,000 in 2011-12 and \$9,556,300 in 2012-13 for funding adjustments to program revenue appropriations. In addition, reclassify a PR gifts and grants appropriation for the mental health and substance abuse program as a state operations appropriation, rather than an aids to individuals appropriation. The following table, organized by DHS division, shows the base funding amount for appropriations affected by this item, the funding change under this item, the change under other items recommended by the Governor for these appropriations and the total amount that would be budgeted in each year of the 2011-13 biennium for these appropriations.

	2010-11 Base	2011-12			2012-13		
		Funding Adjustment	Other Items in Bill	Total	Funding Adjustment	Other Items in Bill	Total
Public Health							
Congenital Disorders	\$3,072,600	\$107,300	-\$307,300	\$2,872,600	\$221,000	-\$307,300	\$2,986,300
Gifts and Grants	4,991,800	10,008,200	-300	14,999,700	10,008,200	-300	14,999,700
EMS Licensing Fees	0	31,600	0	31,600	31,600	0	31,600
WIC Administration	60,000	30,000	-6,000	84,000	30,000	-6,000	84,000
Health Care Information	1,167,400	155,200	-83,000	1,239,600	122,800	-83,000	1,207,200
Institutions and Related Services							
Repair and Maintenance	\$825,300	\$19,900	\$0	\$845,200	\$39,800	\$0	\$865,100
Developmental Disability Center Operations	101,941,000	-193,000	6,481,600	108,229,600	-192,500	7,247,600	108,996,100
Farm Operations	30,000	20,000	0	50,000	20,000	0	50,000
Activity Therapy	72,500	159,100	0	231,600	178,300	0	250,800
Gifts and Grants	388,600	-200,000	0	188,600	-200,000	0	188,600
Extended Intensive Treatment Surcharge	0	500,000	0	500,000	500,000	0	500,000
Power Plant Operations	4,617,200	296,400	-9,600	4,904,000	831,100	-9,600	5,438,700
Health Care Access and Accountability							
SeniorCare Enrollment Fees	\$2,804,200	\$88,500	-\$9,000	\$2,883,700	\$141,200	-\$9,000	\$2,936,400
Disease Aids Drug Manufacturer Rebates	241,000	148,400	0	389,400	148,400	0	389,400
Interagency and Intra-agency Local Assistance	1,049,300	87,500	0	1,136,800	87,500	0	1,136,800
Mental Health and Substance Abuse							
Fees for Administrative Services	\$4,500	\$19,900	-\$500	\$23,900	\$19,900	-\$500	\$23,900
Interagency and Intra-agency Programs	1,123,000	1,712,600	-65,300	2,770,300	1,722,300	-65,300	2,780,000
Long-Term Care							
Children's Long-term Support Waivers	\$263,200	\$100,300	\$0	\$363,500	\$116,000	\$0	\$379,200
Fees for Administrative Services	5,000	25,000	0	30,000	25,000	0	30,000
Gifts and Grants	15,100	120,900	0	136,000	120,900	0	136,000
Interagency and Intra-agency Programs	2,891,500	-1,376,900	60,700	1,575,300	-1,376,900	60,700	1,575,300
Interagency and Intra-agency Local Assistance	99,000	1,158,800	0	1,257,800	1,158,800	0	1,257,800
General Administration							
Administration	\$1,380,400	-\$859,900	\$188,000	\$708,500	-\$835,400	\$188,000	\$733,000
Personnel	3,198,500	-978,900	-57,400	2,162,200	-829,400	-57,400	2,311,700
Fiscal Management System	1,326,600	-503,100	-22,100	801,400	-460,500	-22,100	844,000
Automated Personnel System	100,000	-12,400	0	87,600	-12,400	0	87,600
Bureau of Information and Technology							
Services Pass-Thru	11,600,000	-4,100,000	0	7,500,000	-4,100,000	0	7,500,000
Interagency and Intra-agency Programs	1,200	40,600	0	41,800	40,600	0	41,800
Interagency and Intra-agency Aids	0	<u>2,000,000</u>	0	2,000,000	<u>2,000,000</u>	0	2,000,000
Total		\$8,606,000			\$9,556,300		

11. FUNDING AND POSITION ADJUSTMENTS [LFB
Paper 382]

Joint Finance/Legislature: Reduce funding by \$301,800 (-\$397,800 PR and \$96,000 FED) annually and provide 4.72 GPR positions, 1.36 FED positions and delete 6.08 PR positions,

beginning in 2011-12, to reflect the reallocation of funding and positions within the agency to support high priority activities and to correct errors that occurred as a result of agency reorganizations and other budgetary changes enacted as part of previous budgets. This item includes the reallocation of funding from the Division of Long-Term Care Services' supplies and services budget to instead fund salary and fringe benefits costs for 4.0 GPR positions to support the Family Care program. In addition, this item includes the transfer of positions associated with the eHealth initiative from the Division of Enterprise Services to the Division of Public Health.

	Funding	Positions
GPR	\$0	4.72
FED	192,000	1.36
PR	<u>- 795,600</u>	<u>- 6.08</u>
Total	- \$603,600	0.00

HIGHER EDUCATIONAL AIDS BOARD

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$320,289,400	\$305,194,800	\$276,646,700	\$276,646,700	\$276,646,700	- \$43,642,700	- 13.6%
FED	2,867,200	3,135,400	3,135,400	3,135,400	3,135,400	268,200	9.4
PR	<u>2,469,600</u>	<u>2,469,600</u>	<u>2,469,600</u>	<u>2,469,600</u>	<u>2,469,600</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$325,626,200	\$310,799,800	\$282,251,700	\$282,251,700	\$282,251,700	- \$43,374,500	- 13.3%

FTE Position Summary						
Fund	2010-11 Base	2012-13 Governor	2012-13 Jt. Finance	2012-13 Legislature	2012-13 Act 32	Act 32 Change Over 2010-11 Base
GPR	10.50	11.00	11.00	11.00	11.00	0.50

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$159,700
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Governor/Legislature: Adjust the base budget by \$79,100 in 2011-12 and \$80,600 in 2012-13 for: (a) full funding of salaries and fringe benefits (\$77,700 annually); and (b) full funding of lease costs (\$1,400 in 2011-12 and \$2,900 in 2012-13).

2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE

GPR	- \$85,200
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Governor/Legislature: Delete \$42,600 annually to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance cost reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

3. ELIMINATE LONG-TERM VACANCIES

	Funding	Positions
GPR	- \$44,400	- 0.50

Governor/Legislature: Delete \$22,200 and 0.5 position annually to reflect the elimination of long-term vacant positions under the bill. Funding and position reductions are associated with positions that have been vacant for 12 months or more.

4. ACROSS-THE-BOARD REDUCTION

GPR	- \$45,000
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Governor/Legislature: Delete \$22,500 annually from the general program operations appropriation for program administration as part of an across-the-board reduction of most GPR and PR appropriations. The across-the-board reductions are equal to 10% of the appropriation less any amounts used to fund salary and fringe benefit costs. GPR and PR appropriations for student aid programs were excluded from these across-the-board reductions.

5. WISCONSIN COVENANT SCHOLARS GRANTS [LFB Paper 385]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$21,131,900	- \$16,948,100	- \$38,080,000

Governor: Decrease funding by \$15,377,300 in 2011-12 and \$5,754,600 in 2012-13 for the Wisconsin Covenant Scholars grant program. Total program funding would be \$9,622,700 in 2011-12 and \$19,245,400 in 2012-13. According to the administration, the amounts of funding that would be provided are based on student participation in the Wisconsin Covenant Scholars program.

Beginning in the spring of 2007, Wisconsin resident students enrolled in the eighth grade have been invited to sign the Wisconsin Covenant pledge. The first Wisconsin Covenant Scholars are expected to graduate in the spring of 2011 and enroll in higher education during the 2011-12 academic year making them eligible for grants in that year. Under administrative rules promulgated in September, 2010, students designated as Wisconsin Covenant Scholars would be eligible for annual awards ranging from \$250 to \$1,500 in each of the first two years of enrollment at a Wisconsin public or private, non-profit accredited post-secondary institution. Actual awards would be based on the student's financial need. Awards to Wisconsin Covenant Scholars enrolled in their third and fourth years of postsecondary education would be based on a formula approved by the HEAB Board.

Under 2009 Act 28, \$25 million was provided for the Wisconsin Covenant Scholars grant program in 2010-11. Because no students were eligible to receive Wisconsin covenant scholars grants in that year, these funds will lapse to the general fund at the end of the 2010-11 fiscal year.

Joint Finance/Legislature: Reduce funding by \$5,692,700 in 2011-12 and \$11,255,400 in

2012-13 to reflect a reestimate of program demand. Program funding would be \$3,930,000 in 2011-12 and \$7,990,000 in 2012-13 which would fully fund the program based on the number of students designated as Wisconsin covenant scholars as of April 30, 2011.

6. SUNSET WISCONSIN COVENANT SCHOLARS GRANT PROGRAM [LFB Paper 385]

Governor/Legislature: Provide that no student may enroll in the Wisconsin Covenant Scholars program after September 30, 2011. Specify that HEAB may only designate a student as a Wisconsin Covenant Scholar for the purpose of receiving a Wisconsin Covenant Scholars grant if the student was enrolled in the Wisconsin Covenant Scholars program by that date. Students who enroll in the program on September 30, 2011, would be expected to graduate from high school in the spring of 2015 and enroll in postsecondary education during the 2015-16 academic year.

[Act 32 Section: 1132]

7. WISCONSIN COVENANT SCHOLARS GRANT PROGRAM ADMINISTRATION [LFB Paper 385]

	Funding	Positions
GPR	\$252,200	1.00

Governor/Legislature: Specify that the Higher Educational Aids Board (HEAB) would be the sole administrator of the Wisconsin covenant scholars grant program and provide \$126,100 and 1.0 project position beginning in 2011-12 for the administration that program. The amount provided includes \$81,300 for salary and fringe benefits costs, \$6,000 to support an LTE position, and \$38,800 for supplies and services. Under current law, the Wisconsin Covenant Scholars grant program is administered jointly by the Office of the Wisconsin Covenant Scholars program (OWCSP) in DOA and HEAB. The bill would eliminate OWCSP and transfer all assets, liabilities, tangible personal property, contracts, rules, orders, and pending matters of OWCSP to HEAB. [See Administration -- General Agency Provisions for more information on the elimination of the Office of the Wisconsin Covenant Scholars program.]

Modify grant eligibility such that only students who have been designated as Wisconsin Covenant Scholars by HEAB, instead of by OWCSP under current law, would be eligible for grants. Modify current law to require the UW Board of Regents, the Wisconsin Technical College Board, each tribally-controlled college in this state, and the Wisconsin Association of Independent Colleges and Universities to provide information on tuition and fees to HEAB, instead of OWCSP as under current law. In addition, modify current law to require HEAB, instead of OWCSP, to determine the average resident undergraduate tuition and fees charged at all UW System institutions, technical colleges, tribally-controlled colleges, and private, nonprofit, accredited institutions of higher education in this state. Require the UW-Madison Board of Trustees, which would be created under the bill, to also provide information on tuition and fees to HEAB and require HEAB to similarly determine the average resident academic fees charged by UW-Madison. Modify current law to require the Department of Public Instruction to provide pupil information to HEAB, instead of OWCSP as under current law, as necessary for

the Board to fulfill its role in the administration of the Wisconsin Covenant Scholars grant program. Modify current law to require HEAB, instead of DOA, to promulgate rules to implement the Wisconsin covenant scholars grant program.

[Act 32 Sections: 1125 thru 1131]

8. REESTIMATE MINNESOTA WISCONSIN RECIPROCITY EXPENDITURES

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$5,800,000	-\$11,600,000	-\$5,800,000
GPR-Earned	0	9,600,000	9,600,000

Governor: Provide \$2,400,000 in 2011-12 and \$3,400,000 in 2012-13 to reestimate payments made to Minnesota and Minnesota higher education institutions under the Minnesota-Wisconsin tuition reciprocity agreement. Total funding would increase from \$12,600,000 in 2010-11 to \$15,000,000 in 2011-12 and \$16,000,000 in 2012-13. Payments are made from a sum sufficient appropriation and are fully funded regardless of the amount shown in the appropriation schedule.

For the 2009-10 academic year, Wisconsin made payments totaling \$13.0 million under the agreement. Payments made to Minnesota and Minnesota higher education institutions under the agreement are partially offset by tuition paid by Minnesota students attending UW System institutions. Tuition in excess of the Wisconsin resident rate received by UW System institutions is deposited in the general fund. Excess tuition paid by Minnesota students totaled \$8.8 million in the 2009-10 year so that the net effect of the agreement on the general fund was -\$4.2 million in that year.

Joint Finance/Legislature: Direct HEAB to renegotiate the administrative memorandum such that the Wisconsin reciprocity supplement program would be phased-out beginning in 2012-13. Specify that students who first enroll during the 2012-13 academic year and thereafter would not be eligible for the Wisconsin reciprocity supplement program. Specify that no student would be eligible for the Wisconsin reciprocity supplement program beginning in the 2015-16 academic year.

Specify that the Wisconsin reciprocity supplement program should also be modified such that the \$1,300 University of Minnesota fee that would be charged as tuition beginning in 2011-12 would continue to be paid by the student. Reestimate payments under the agreement by -\$4,200,000 GPR in 2011-12 and -\$7,400,000 GPR in 2012-13. Increase estimated GPR-Earned by \$4,800,000 annually. This Committee action was done using its approval authority under s. 39.47(2g) of the statutes.

9. WHEG-UW [LFB Paper 386]

Governor: Modify current law to suspend the link between funding for the Wisconsin higher education grant program for UW students (WHEG-UW) and average increases in UW resident undergraduate tuition for the 2011-13 biennium and maintain base level funding of \$58,345,400 in each year of the biennium. For the purpose of calculating future WHEG-UW appropriation amounts, set the statutory base funding reference at \$58,345,400.

In addition, specify that students attending UW-Madison would continue to be eligible for WHEG-UW awards and require HEAB to determine the percentage by which resident undergraduate tuition would increase in future years for the purpose of calculating WHEG-UW funding increases under the sum sufficient link.

Joint Finance/Legislature: Delete separate references to students attending UW-Madison.

[Act 32 Sections: 518 and 1119 thru 1121]

10. REESTIMATE FEDERAL REVENUES

FED	\$268,200
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Governor/Legislature: Provide \$134,100 annually to reflect increases in federal leveraging educational assistance partnership (LEAP) and special leveraging educational assistance partnership (SLEAP) funds. Base level funding for this appropriation is \$1,433,600.

HISTORICAL SOCIETY

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$26,996,400	\$26,122,500	\$26,486,700	\$26,486,700	\$26,486,700	- \$509,700	- 1.9%
FED	2,433,000	2,393,800	2,393,800	2,393,800	2,393,800	- 39,200	- 1.6
PR	5,931,400	5,331,300	5,331,300	5,331,300	5,331,300	- 600,100	- 10.1
SEG	<u>7,788,800</u>	<u>7,671,000</u>	<u>7,671,000</u>	<u>7,671,000</u>	<u>7,671,000</u>	<u>- 117,800</u>	<u>- 1.5</u>
TOTAL	\$43,149,600	\$41,518,600	\$41,882,800	\$41,882,800	\$41,882,800	- \$1,266,800	- 2.9%

FTE Position Summary						
Fund	2010-11 Base	2012-13 Governor	2012-13 Jt. Finance	2012-13 Legislature	2012-13 Act 32	Act 32 Change Over 2010-11 Base
GPR	106.15	99.15	100.15	100.15	100.15	- 6.00
FED	6.36	6.36	6.36	6.36	6.36	0.00
PR	17.50	12.50	13.75	13.75	13.75	- 3.75
SEG	<u>13.53</u>	<u>7.53</u>	<u>11.28</u>	<u>11.28</u>	<u>11.28</u>	<u>- 2.25</u>
TOTAL	143.54	125.54	131.54	131.54	131.54	- 12.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide \$1,003,100 GPR in 2011-12 and \$1,005,500 GPR in 2012-13, \$6,000 FED annually, \$60,100 PR in 2011-12 and \$55,700 in 2012-13 and -1.0 PR position, and \$107,800 SEG annually to adjust the base budget for the following: (a) turnover reduction (-\$156,000 GPR annually); (b) removal of noncontinuing elements from the base (-\$49,700 PR in 2011-12 and -\$54,100 PR in 2012-13 and -1.0 PR position annually); (c) full funding of continuing salaries and fringe benefits (\$1,136,300 GPR, \$6,000 FED, \$109,800 PR, and \$107,800 SEG annually); (d) overtime (\$7,600 GPR annually); (e) night and weekend differential pay (\$12,900 GPR annually); (f) full funding of lease and directed moves costs (\$2,300 GPR in 2011-12 and \$4,700 GPR in 2012-13); (g) minor transfers within the same appropriation.

	Funding	Positions
GPR	\$2,008,600	0.00
FED	12,000	0.00
PR	115,800	- 1.00
SEG	<u>215,600</u>	<u>0.00</u>
Total	\$2,352,000	- 1.00

2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE

GPR	- \$949,000
FED	- 51,200
PR	- 157,000
SEG	<u>- 118,400</u>
Total	- \$1,275,600

Governor/Legislature: Delete \$637,800 annually to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The reductions would include \$474,500 GPR, \$25,600 FED, \$78,500 PR, and \$59,200 SEG. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance cost reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

3. ELIMINATE LONG-TERM VACANCIES [LFB Paper 395]

	Governor (Chg. to Base) Funding Positions		Jt. Finance/Leg. (Chg. to Gov) Funding Positions		Net Change Funding Positions	
GPR	- \$674,600	- 7.00	\$0	1.00	- \$674,600	- 6.00
PR	- 331,800	- 4.00	0	1.25	- 331,800	- 2.75
SEG	<u>- 215,000</u>	<u>- 6.00</u>	<u>0</u>	<u>3.75</u>	<u>- 215,000</u>	<u>- 2.25</u>
Total	- \$1,221,400	- 17.00	\$0	6.00	- \$1,221,400	- 11.00

Governor: Delete \$610,700 (all funds) and 17.0 positions annually to reflect the elimination of long-term vacant positions under the bill. The reductions would include \$337,300 GPR and 7.0 GPR positions, \$165,900 PR and 4.0 PR positions, and \$107,500 SEG and 6.0 SEG positions annually. Funding and position reductions are associated with positions that have been vacant for 12 months or more.

Joint Finance/Legislature: Restore 1.0 GPR position, 1.25 PR positions, and 3.75 SEG positions to correct errors in the budget bill.

4. CURRENT LAW DEBT SERVICE REESTIMATE [LFB Paper 183]

GPR	\$917,900
PR	<u>- 34,900</u>
Total	\$883,000

Governor/Legislature: Adjust funding by \$450,400 GPR and -\$16,700 PR in 2011-12 and \$467,500 GPR and -\$18,200 PR in 2012-13 to reflect the current law reestimate of debt service costs on state general obligation bonds and commercial paper debt.

5. GPR DEBT RESTRUCTURING -- DEBT SERVICE [LFB Paper 175]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$1,556,700	\$364,200	- \$1,192,500

Governor: Decrease funding by \$1,631,300 in 2011-12 and increase funding by \$74,600 in 2012-13 to reflect the changes in estimated GPR debt service costs associated with the proposed restructuring of general obligation bond and commercial paper GPR principal amounts that would otherwise be paid off in 2011-12. Under the bill, the state would issue refunding bonds to restructure a portion of its outstanding general obligation GPR principal debt and would rollover the principal due on its outstanding commercial paper in 2011-12. The increase in debt service for 2012-13 is associated with the initial interest amount due on the additional debt issued to replace the restructured 2011-12 principal amounts. (see "Building Commission" for additional information regarding this provision).

Joint Finance/Legislature: Modify debt service funding by \$379,600 in 2011-12 and -\$15,400 in 2012-13 associated with a \$100,100,000 reduction in restructuring bonding in 2011-12.

6. ACROSS-THE-BOARD REDUCTIONS

GPR	- \$287,200
PR	- 192,200
Total	- \$479,400

Governor/Legislature: Delete \$143,600 GPR and \$96,100 PR annually as part of across-the-board reductions, excluding salary and fringe benefits. Reduction amounts are listed below.

<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>	<u>Change</u>
GPR			
General program operations	\$10,270,600	-\$143,600	-1.4%
PR			
Gifts, grants & membership sales	387,600	-16,400	-4.2
Storage facility	213,900	-14,500	-6.8
Northern Great Lakes Center	259,300	-3,000	-1.2
General program operations--Service funds	1,838,700	-60,700	-3.3
Records management-- Service funds	241,100	-1,500	-0.6

7. FUEL AND UTILITIES REESTIMATE

GPR	- \$332,900
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Governor/Legislature: Delete \$186,300 in 2011-12 and \$146,600 in 2012-13 as a reestimate of fuel and utilities costs. Annual base level funding is \$1,222,300.

INSURANCE

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
PR	\$33,391,000	\$33,351,600	\$33,646,400	\$33,646,400	\$33,646,400	\$255,400	0.8%
SEG	<u>174,535,400</u>	<u>174,523,000</u>	<u>174,523,000</u>	<u>174,523,000</u>	<u>174,523,000</u>	<u>- 12,400</u>	0.0
TOTAL	\$207,926,400	\$207,874,600	\$208,169,400	\$208,169,400	\$208,169,400	\$243,000	0.1%

FTE Position Summary						
Fund	2010-11 Base	2012-13 Governor	2012-13 Jt. Finance	2012-13 Legislature	2012-13 Act 32	Act 32 Change
						Over 2010-11 Base
PR	131.25	130.25	130.25	130.25	130.25	- 1.00
SEG	<u>12.75</u>	<u>12.75</u>	<u>12.75</u>	<u>12.75</u>	<u>12.75</u>	<u>0.00</u>
TOTAL	144.00	143.00	143.00	143.00	143.00	- 1.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	\$2,879,600
SEG	<u>78,400</u>
Total	\$2,958,000

Governor/Legislature: Provide \$1,479,000 annually (\$1,439,800 PR and \$39,200 SEG) to adjust the agency's base budget for the following items: (a) turnover reduction (-\$204,300 PR annually); (b) full funding of continuing salaries and fringe benefits (\$1,615,300 PR and \$37,900 SEG annually); and (c) full funding of lease and directed move costs (\$28,800 PR and \$1,300 SEG annually).

2. LAPSE OF UNENCUMBERED PROGRAM REVENUES [LFB Paper 400]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-Earned	\$37,500,000	- \$1,412,600	\$36,087,400

Governor: Provide that at the end of each fiscal year, any unencumbered PR balance in OCI's general program operations appropriation that exceeds 10 percent of the expenditures from that appropriation would lapse to the general fund. All fees paid to OCI, such as agent licensing and appointment fees, are credited to this appropriation. This provision would take effect on the bill's general effective date.

The administration estimates that this provision would result in lapses to the general fund of \$19.0 million in 2011-12 and \$18.5 million in 2012-13, based on current program revenue projections and the total expenditures from this appropriation that would be authorized in the bill. However, the actual lapse amount would depend on revenue collections and expenditures in each state fiscal year.

Joint Finance/Legislature: Adopt the Governor's provision, but delete current law provisions that require 10% of all revenues generated by OCI be lapsed to the general fund, and other provisions in the bill that would have required OCI to lapse specific amounts to the general fund in the 2011-13 and 2013-15 biennia (see "Budget Management and Compensation Reserves"). These changes would not affect the total amount of OCI revenues projected to lapse to the general fund in the 2011-13 biennium, but would make all lapses from OCI occur under the end-of-the-year lapse provision. Reduce estimates of the amount lapsed to the general fund under this provision by \$1,666,100 in 2011-12, and increase those estimates by \$253,500 in 2012-13.

[Act 32 Sections: 493, 493c, and 3466r]

3. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE

PR	- \$1,220,000
SEG	<u>- 117,600</u>
Total	- \$1,337,600

Governor/Legislature: Delete \$668,800 annually to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The reductions would include \$610,000 PR and \$58,800 SEG. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance cost reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

4. 10% ACROSS-THE-BOARD REDUCTION FOR NON-STAFF COSTS

PR	- \$1,329,800
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Governor/Legislature: Reduce funding for supplies and services for the agency's program revenue-funded general program operations appropriation by \$664,900 annually. The amount of the reduction equals 10% of the base funding budgeted for supplies and services (\$5,457,000) and transfers that OCI makes to other agencies (\$1,192,400). The bill would reduce funding for non-salary and non-fringe benefit costs by 10% for most GPR and PR appropriations.

5. MEDIGAP HELPLINE [LFB Paper 401]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	- \$243,600	\$294,800	\$51,200

Governor: Reduce funding available to transfer to the Board on Aging and Long-Term Care (BOALTC) for the Medigap Helpline by \$121,800 annually. The Medigap Helpline provides insurance information to elderly individuals. OCI is currently budgeted \$448,000 annually to support the Helpline, and under the Governor's recommendations, would be budgeted \$326,200 annually. The Governor's recommendations allocated \$473,600 in BOALTC for the operation of the Helpline, exceeding the amount that would be transferred from OCI by \$147,400 annually.

Joint Finance/Legislature: Increase funding budgeted in OCI by \$147,400 annually to fully fund the Medigap Helpline. The total funding transferred from OCI to BOALTC would equal \$473,600 annually.

6. ELIMINATE LONG-TERM VACANCIES

	Funding	Positions
PR	- \$125,600	- 1.00

Governor/Legislature: Delete \$62,800 and 1.0 position, beginning in 2011-12, to reflect the elimination of long-term vacant positions under the bill. Funding and position reductions are associated with positions that have been vacant for 12 months or more.

7. SERVICES PROVIDED TO THE IPFCF PEER REVIEW COUNCIL

SEG	\$26,800
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Governor/Legislature: Provide \$13,400 annually to fund organizational support services, such as accounting and information technology services, provided to the injured patients and families compensation fund (IPFCF) Peer Review Council by other units in OCI and by the Department of Administration. The SEG funds administered by OCI are currently charged for these services. However, the costs of organizational support services provided to the Peer Review Council are not charged to, or paid from, the Council's appropriation. This item would apply these charges to the Peer Review Council as well.

The Peer Review Council reviews provider medical malpractice claim records to determine whether a provider must pay a surcharge in addition to the basic fees for participation in the IPFCF. Operation of the Peer Review Council is funded by assessments to the IPFCF and private malpractice insurers, as described in administrative rule.

8. REPLACEMENT OF CLASSIFIED POSITIONS WITH UNCLASSIFIED POSITIONS

Governor/Legislature: Delete 2.0 PR classified positions and provide 2.0 PR unclassified positions under the OCI general program operations appropriation.

Under 2011 Wisconsin Act 10, 38 classified positions are transferred into the unclassified service to serve as division administrators. Act 10 also redefined "administrators" to include "other managerial positions determined by an appointing authority." The State Budget Office indicates that personnel from three separate employment areas (attorney services positions, communications positions, and legislative liaison positions) will be moved from classified to unclassified service within the specified agencies. The revised unclassified positions were renamed as either chief legal advisors, communications directors, or legislative advisors. Individuals in these unclassified positions are at will employees appointed by the heads of the respective agencies.

The provisions in the 2011-13 biennial budget bill effectuate the intent of 2010 Wisconsin Act 10 in regards to the transfer of classified positions to unclassified positions.

9. LOCAL GOVERNMENT PROPERTY INSURANCE FUND REALLOCATION

Governor/Legislature: Transfer \$461,600 SEG in 2011-12 and \$497,900 SEG in 2012-13 from an appropriation that funds specified payments from the local government property insurance fund to the appropriation that funds administrative costs relating to the fund. The fund issues property insurance to local units of government, and is supported by premiums charged to participating governmental entities.

Currently, OCI funds part of the costs of contractual services, such as underwriting and valuation services, from two appropriations -- an administrative appropriation, which is budgeted \$593,800 to support these costs, and an appropriation that funds specified payments, including payments for insurance losses. The administration estimates that the total costs of these contractual services will be \$1,055,400 in 2011-12 and \$1,091,700 in 2012-13. With this funding transfer, all contractual services costs would be expended from the fund's administrative appropriation. This item would permit OCI to comply with a 2009 Legislative Audit Bureau recommendation.

10. CLOSE ENROLLMENT IN THE STATE LIFE INSURANCE FUND [LFB Paper 402]

Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV - \$140,000	\$140,000	\$0

Governor: Prohibit the state life insurance fund from accepting applications for life insurance coverage on or after the effective date of the bill, and specify that the fund may only issue policies on the basis of applications received before the effective date of the bill.

The fund offers life insurance policies of up to \$10,000 to any Wisconsin resident and is subject to the same regulations that apply to other life insurance policies. Currently, the fund offers two types of policies -- term insurance, which offers a benefit only upon the death of the insured, and whole life insurance, which accumulate a cash value which is returned to the insured once the policy is surrendered. The fund currently offers four different whole life policies, each with different premium payment options.

No state money supports the fund's operations or payments, and the fund's policies are not sold by commissioned agents. As of December 31, 2010, the fund had 27,421 policies for a total of \$209.8 million of insurance in force. The administration assumes a decrease in revenue to the fund of \$70,000 annually, due to a decrease in the amount of premiums collected.

Joint Finance/Legislature: Delete provision.

11. COVERAGE REQUIREMENTS FOR DEPENDENTS

Joint Finance/Legislature: Repeal current law provisions that generally require insurers to provide dependent coverage to an insured individual's adult children under the age of 27, and instead require that insurers provide dependent coverage to adult children under the age of 26. This modifies state law to conform to with the dependent coverage requirements under the Patient Protection and Affordable Care Act (PPACA). The bill would modify statute as follows:

Repeal current law provisions that require private health insurance policies and self-insured governmental plans, if requested by an applicant or insured, to provide coverage for an adult child as a dependent of the applicant or insured if the child satisfies all of the following: (a) the child is over 17 but less than 27 years of age; (b) the child is not married; and (c) the child is not eligible for coverage under a group health benefit plan through the child's employer and for which the premium is no greater than the premium for coverage as a dependent under the parent's plan. Instead, require that every insurer that offers health insurance coverage that provides dependent coverage of children, and every self-insured health plan that provides coverage for a child, provide dependent coverage for any child of an applicant or insured if the child is under the age of 26,

Specify that, for any policy year or plan beginning before January 1, 2014, a policy or plan that is a "grandfathered health plan" is required to provide dependent coverage for an adult child only if that child is not eligible for coverage under an eligible employer-sponsored plan other than the policy or plan.

Modify current law to require every insurer that provides health insurance coverage that provides dependent coverage of children to provide coverage for a child of an applicant or insured as a dependent of the applicant or insured if the child meets the following criteria: (a) is a full-time student, regardless of age; and (b) was called to federal active duty in the national guard

or in a reserve component of the U.S. armed forces while the child was attending, on a full-time basis, an institution of higher education.

Prohibit an insurer or self-insured health plan from doing any of the following: (a) defining a "dependent" for purposes of eligibility for dependent coverage other than in terms of relationship between a child and an applicant or insured; or (b) varying the terms of coverage under a policy or plan on the basis of age except for children 26 years of age or older.

Repeal a current law provision that requires an insurer or a self-insured health plan to determine the premium for coverage of a dependent who is over 18 years of age on the same basis as the premium is determined for coverage of a dependent who is 18 years of age or younger. Repeal a current law provision that allows an insurer or self-insured health plan to require that an applicant or insured seeking coverage of a dependent child provide written documentation, initially and annually thereafter, that the dependent child satisfies the criteria for dependent coverage.

Define the following terms: (a) "eligible employer-sponsored plan," as defined under the Internal Revenue Code; (b) "grandfathered plan," as defined under the Patient Protection and Affordable Care Act (generally defined as a plan that was in effect prior to March 23, 2010); and (c) "health insurance coverage," as defined under the Public Health Service Act. Modify a reference to these dependent coverage requirements as they relate to eligibility determinations for the BadgerCare Basic Plan.

These provisions would go into effect on January 1, 2012, and would first apply to the following: (a) health insurance coverage that is newly issued or renewed, and governmental or school district self-insured health plans that are established, extended, modified, or renewed, on January 1, 2012; (b) health insurance coverage covering employees affected by a collective bargaining agreement containing provisions inconsistent with these requirements that are issued or renewed on the day that the collective bargaining agreement expires, or the day that the collective bargaining agreement is extended, modified, or renewed (whichever is earlier); and (c) to governmental or school district self-insured health plans covering employees who are affected by a collective bargaining agreement containing provisions inconsistent with those described above, that are established, extended, modified or renewed on the day that the collective bargaining agreement expires, or the day that the collective bargaining agreement is extended, modified, or renewed (whichever is earlier).

[Act 32 Sections: 1477r, 3472b thru 3472p, 9325(2f), and 9425(2f)]

12. PROVISION OF AGGREGATE CLAIMS DATA TO POLICYHOLDERS

Joint Finance/Legislature: Prohibit an insurer from changing the rating methodology between community rating and experience rating or otherwise penalizing a policyholder or employer (except for charging the policyholder as allowed under current law) for requesting aggregate group health claims experience.

[Act 32 Section: 3472ac]

13. REPEAL REQUIRED INSURANCE COVERAGE OF CONTRACEPTIVES

Governor: Repeal provisions that require private health insurance policies and self-insured governmental health plans to provide coverage of contraceptives and related services. These provisions were enacted as part of 2009 Act 28. The repeal of this insurance requirement would take effect on the first day of the fourth month beginning after publication of the enacted bill, and would first apply as follows:

a. To disability insurance policies that are issued or renewed, and governmental or school district self-insured health plans that are established, extended, modified, or renewed, on the effective date of the bill;

b. To disability insurance policies covering employees who are affected by a collective bargaining agreement containing provisions inconsistent with these requirements that are issued or renewed on the earlier of the following: (a) the day on which the collective bargaining agreement expires; or (b) the day on which the collective bargaining agreement is extended, modified, or renewed; and

c. To governmental or school district self-insured health plans covering employees who are affected by a collective bargaining agreement containing provisions inconsistent with those described above, that are established, extended, modified or renewed on the earlier of the following: (a) the day on which the collective bargaining agreement expires; or (b) the day on which the collective bargaining agreement is extended, modified, or renewed.

Current law requires every disability insurance policy and every self-insured health plan of the state, a county, city, town, village, or school district, that provides coverage of outpatient health care services, preventative treatments and services, or prescription drugs and devices to provide coverage for all of the following: (a) prescribed contraceptives; and (b) outpatient consultations, examinations, procedures, and medical services that are necessary to prescribe, administer, maintain, or remove a contraceptive, if covered for other drug benefits. For the purposes of this requirement, "contraceptives" are defined as drugs or devices approved by the federal Food and Drug Administration to prevent pregnancy.

A policy or plan may only subject coverage of contraceptives to the exclusions, limitations, or cost-sharing provisions that generally apply to outpatient health care services, preventative treatments, and prescription drugs or devices provided under the policy. This requirement does not apply to the following types of policies: (a) a policy that covers only certain specified diseases; (b) a policy that provides only limited-scope dental or vision benefits; (c) a health care plan offered by a limited service health organization, or a preferred provider plan that is not a defined network plan; (d) a long-term care insurance policy; or (e) a Medicare replacement or supplement policy.

Joint Finance/Legislature: Delete provision as a non-fiscal policy item.

INVESTMENT BOARD

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled Amount	Percent
PR	\$60,045,200	\$57,777,200	\$57,777,200	\$57,777,200	\$57,777,200	- \$2,268,000	- 3.8%

FTE Position Summary						
Fund	2010-11 Base	2012-13 Governor	2012-13 Jt. Finance	2012-13 Legislature	2012-13 Act 32	Act 32 Change Over 2010-11 Base
PR	124.25	124.25	124.25	124.25	124.25	0.00

Budget Change Items

1. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE [LFB Paper 410]

PR	- \$2,268,800
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Governor: Delete \$1,134,000 annually to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance cost reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

Joint Finance/Legislature: In addition to the Governor's provision, specify in statute that employees of SWIB are required to pay the same retirement and health insurance coverage contributions as other state employees participating in the Wisconsin Retirement System and state employee group health insurance plans.

[Act 32 Section: 866m]

2. POSITION AND BUDGET AUTHORITY

Joint Finance/Legislature: Authorize the State of Wisconsin Investment Board Executive Director to create or abolish staff positions. Authorize the Investment Board to establish SWIB's operating budget each year and monitor the fiscal management of the budget. Repeal the current law provision under s. 25.187(2)(c), that establishes SWIB's operating budget as an amount not to exceed the greater of the amount that the Board could have assessed the trust funds in the second year of the prior fiscal biennium or a specified percentage of assets under management.

Require that SWIB provide quarterly reports to the Department of Administration, the Co-Chairpersons of the Joint Committee on Finance and the Co-Chairpersons of the Joint Committee on Audit, identifying all operating expenditures and the number of full-time equivalent positions created or abolished during that quarter. Require SWIB officials to appear at the first quarterly meeting under s. 13.10 of each fiscal year of the Joint Committee on Finance to provide an update of SWIB's budget changes, position authorization changes, assessment of the funds under management, and performance of the funds under management for the current and next fiscal year.

[Act 32 Sections: 218g, 218i, 218k, 866m, 868e thru 868j, and 875e thru 875s]

3. CONVERT CLASSIFIED POSITIONS TO UNCLASSIFIED POSITIONS

Joint Finance/Legislature: Convert 2.0 PR classified positions to 2.0 PR unclassified positions. Specify that the incumbents in these positions on the day before the effective date of the provision who have achieved permanent status in class would retain, while serving in the unclassified service, the protections afforded employees under classified civil service law relating to demotion, suspension, discharge, layoff, or reduction in base pay and would have reinstatement privileges to the classified service under the civil service statutes.

[Act 32 Sections: 812m, 866e, 866s, 2758g, and 9126(1f)]

4. OPEN RECORDS EXEMPTION

Joint Finance/Legislature: Exempt, from a SWIB open records provision governing disclosure of records of commissions paid for purchases and sales of investments, records relating to investments made or considered by the Board in securities of entities that are in the venture capital stage. Provide that information relating to investments made or considered by the Board in securities of entities that are in the venture capital stage are not subject to public inspection, copying, or disclosure under state access to records law, unless the information has been publically released by another person.

[Act 32 Sections: 866d and 871m]

JUDICIAL COMMISSION

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$491,600	\$649,200	\$649,200	\$649,200	\$649,200	\$157,600	32.1%

FTE Position Summary						
Fund	2010-11 Base	2012-13 Governor	2012-13 Jt. Finance	2012-13 Legislature	2012-13 Act 32	Act 32 Change Over 2010-11 Base
GPR	2.00	2.00	2.00	2.00	2.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$15,800
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Governor/Legislature: Provide standard adjustments totaling \$7,900 annually. Adjustments are for: (a) full funding of continuing salaries and fringe benefits (\$5,900 annually); and (b) full funding of lease costs and directed moves (\$2,000 annually).

2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE

GPR	-\$20,000
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Governor/Legislature: Delete \$10,000 annually to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance cost reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

3. AGENCY BUDGET REDUCTIONS

GPR	- \$12,400
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Governor/Legislature: Reduce funding by \$6,200 annually associated with a 10% reduction to supplies and other non-personnel costs. Reductions would be applied as follows: (a) \$4,400 annually to the Commission's general program operations appropriation; and (b) \$1,800 annually to the Commission's contractual agreements appropriation, which is utilized to provide funding to retain assistance to investigate and prosecute allegations of judicial disability or misconduct.

4. RISK MANAGEMENT ASSESSMENT

GPR	\$174,200
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Governor/Legislature: Provide \$120,800 in 2011-12, and \$53,400 in 2012-13, to pay increased state risk management assessments. The adjusted base funding for supplies and services for the Judicial Commission in its general program operations appropriation totals \$43,100 annually. Of this base supplies and services funding, \$35,100 annually is utilized to pay for rent and the cost of Commission meetings. Remaining base supplies and services funding (\$8,000) is utilized to pay for certain costs of investigations, office supplies, office equipment, utilities, legal books, and the production of required annual reports.

The state risk management program self-insures state agencies for legal claims involving property damage, liability, and workers' compensation. State agencies are required to pay annual assessments to the state risk management program based on potential legal exposure and actual claims history.

JUDICIAL COUNCIL

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$255,200	\$255,400	\$139,400	\$139,400	\$139,400	- \$115,800	- 45.4%

FTE Position Summary							
Fund	2010-11 Base	2012-13 Governor	2012-13 Jt. Finance	2012-13 Legislature	2012-13 Act 32	Act 32 Change Over 2010-11 Base	
						Amount	Percent
GPR	1.00	1.00	0.50	0.50	0.50	- 0.50	
PR	<u>0.00</u>	<u>0.00</u>	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>	
Total	1.00	1.00	1.00	1.00	1.00	0.00	

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$18,400
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Governor/Legislature: Provide standard adjustments totaling \$9,200 annually. Adjustments are for: (a) full funding of continuing salaries and fringe benefits (\$8,900 annually); and (b) full funding of lease costs and directed moves (\$300 annually).

2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE

GPR	- \$9,600
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Governor/Legislature: Delete \$4,800 annually to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance cost reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

3. AGENCY BUDGET REDUCTIONS

GPR	- \$8,600
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Governor/Legislature: Reduce funding by \$4,300 annually associated with a 10% reduction to supplies and other non-personnel costs.

4. FUNDING MODIFICATION FOR THE JUDICIAL COUNCIL

	Funding	Positions
GPR	- \$116,000	- 0.50
PR	<u>0</u>	<u>0.50</u>
Total	- \$116,000	0.00

Joint Finance/Legislature: Delete \$58,000 GPR and a 0.5 GPR unclassified attorney position annually from the Judicial Council. Instead, create a PR continuing Director of State Courts and Law Library Transfer appropriation, and provide a 0.5 PR unclassified attorney position annually to the appropriation. This PR continuing appropriation may be funded with any moneys transferred by the Supreme Court from the GPR or PR appropriations under the Supreme Court's Director of State Courts and the State Law Library programs. Depending on the amounts authorized for transfer, the deleted GPR funding could be replaced with moneys transferred by the Supreme Court.

[Act 32 Sections: 768g and 3475g]

JUSTICE

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$83,159,600	\$82,197,500	\$82,197,500	\$82,197,500	\$82,197,500	- \$962,100	- 1.2%
FED	17,019,600	16,806,600	15,795,000	15,795,000	15,795,000	- 1,224,600	- 7.2
PR	87,270,200	77,070,900	78,202,100	78,202,100	78,202,100	- 9,068,100	- 10.4
SEG	<u>728,000</u>	<u>746,200</u>	<u>746,200</u>	<u>746,200</u>	<u>746,200</u>	<u>18,200</u>	2.5
TOTAL	\$188,177,400	\$176,821,200	\$176,940,800	\$176,940,800	\$176,940,800	- \$11,236,600	- 6.0%

FTE Position Summary						
Fund	2010-11 Base	2012-13 Governor	2012-13 Jt. Finance	2012-13 Legislature	2012-13 Act 32	Act 32 Change Over 2010-11 Base
GPR	367.08	377.08	383.08	383.08	383.08	16.00
FED	35.35	29.95	24.95	24.95	24.95	- 10.40
PR	190.21	181.21	186.21	186.21	186.21	- 4.00
SEG	<u>2.75</u>	<u>2.75</u>	<u>2.75</u>	<u>2.75</u>	<u>2.75</u>	<u>0.00</u>
TOTAL	595.39	590.99	596.99	596.99	596.99	1.60

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 420]

Governor/Legislature: Provide standard adjustments totaling \$1,635,500 GPR, \$293,100 FED, \$58,500 PR, and \$26,600 SEG in 2011-12, and \$1,635,500 GPR, \$253,500 FED and -1.0 FED position, \$69,500 PR, and \$26,600 SEG in 2012-

13. Adjustments are for: (a) turnover reduction (-\$549,200 GPR and -\$132,600 PR annually); (b) removal of noncontinuing elements from the base (-\$68,200 FED and -\$598,000 PR in 2011-12, and -\$107,800 FED and -1.0 FED position and -\$598,000 PR in 2012-13); (c) full funding of salaries and fringe benefits (\$1,609,400 GPR, \$348,700 FED, -\$115,800 PR, and \$13,500 SEG annually); (d) reclassifications (\$89,100 PR in 2011-12, and \$100,100 PR in 2012-13); (e) overtime (\$157,300 GPR, \$555,400 PR, and \$11,400 SEG annually); (f) night and weekend

	Funding	Positions
GPR	\$3,271,000	0.00
FED	546,600	- 1.00
PR	128,000	0.00
SEG	<u>53,200</u>	<u>0.00</u>
Total	\$3,998,800	- 1.00

differential (\$10,200 GPR and \$2,200 PR annually); and (g) full funding of lease costs and directed moves (\$407,800 GPR, \$12,600 FED, \$258,200 PR, and \$1,700 SEG annually).

2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE

GPR	- \$3,446,200
FED	- 376,600
PR	- 1,769,000
SEG	- 35,000
Total	- \$5,626,800

Governor/Legislature: Delete \$2,816,900 in 2011-12, and \$2,809,900 in 2012-13, to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The reductions would include \$191,800 FED in 2011-12, and \$184,800 FED in 2012-13, as well as \$1,723,100 GPR, \$884,500 PR, and \$17,500 SEG annually. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance cost reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

3. BUDGET REDUCTIONS [LFB Paper 420]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$1,783,600	\$0	- \$1,783,600
PR	- 3,610,200	119,600	- 3,490,600
Total	- \$5,393,800	\$119,600	- \$5,274,200

Governor: Reduce funding by \$891,800 GPR and \$1,805,100 PR annually associated with a 10% reduction to supplies and other non-personnel costs. Included in the recommended reductions are several large reductions which are shown below.

<u>Fund</u>	<u>Appropriation</u>	<u>Annual Reduction</u>
GPR	Law Enforcement-General Program Ops.	\$390,200
	County Victim/Witness Programs	140,800
	Crime Victim Awards	124,500
PR	Victim Surcharge-General Services	\$451,300
	Criminal History Searches; Fingerprints	295,900
	TIME System User Fees	225,500
	Sexual Assault Victim Services	198,000
	Drug Law Enforcement; Crime Labs	193,700

Joint Finance/Legislature: Restore \$59,800 PR annually to the PR continuing criminal history searches; fingerprints appropriation to correct an inadvertent calculation error.

4. ELIMINATE LONG-TERM VACANCIES [LFB Paper 421]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- \$814,800	- 7.00	\$0	6.00	- \$814,800	- 1.00
FED	- 1,264,600	- 8.00	0	0.00	- 1,264,600	- 8.00
PR	- 592,000	- 4.00	0	0.00	- 592,000	- 4.00
Total	- \$2,671,400	- 19.00	\$0	6.00	- \$2,671,400	- 13.00

Governor: Delete \$1,335,700 (all funds) and 19.0 positions annually to reflect the elimination of long-term vacant positions under the bill. The reductions would include \$407,400 GPR and 7.0 GPR positions, \$632,300 FED and 8.0 FED positions, and \$296,000 PR and 4.0 PR positions annually. Funding and position reductions are associated with positions that have been vacant for 12 months or more.

Joint Finance/Legislature: Restore 6.0 GPR positions annually to the Department that were deleted as long-term vacant positions. The funding associated with the positions would not be restored. As a result, the positions would have to be funded from base resources.

5. INTERNET CRIMES AGAINST CHILDREN TASK FORCE [LFB Paper 422]

	Funding	Positions
GPR	\$1,041,200	11.00

Governor: Provide \$497,300 and 8.0 positions in 2011-12, and \$543,900 and 11.0 positions in 2012-13, to provide additional resources to the Internet Crimes Against Children (ICAC) Task Force at DOJ. Under the bill, 4.0 criminal analysts, 3.0 special agents, and 1.0 operations program associate would be created in 2011-12. In 2012-13, an additional 1.0 criminal analyst and 2.0 operations program associates would be created. Funding would include: (a) \$343,200 in 2011-12, and \$491,100 in 2012-13, for salary and fringe benefits costs; and (b) \$154,100 in 2011-12, and \$52,800 in 2012-13 for supplies and services costs.

In addition, transfer \$237,600 GPR and 3.0 GPR positions annually from DOJ's Administrative Services general program operations appropriation to its Law Enforcement Services general program operations appropriation. The provisions of 2009 Act 28 provided 3.0 additional ICAC positions to DOJ under its Administrative Services general program operations appropriation, but required the Department to fund these positions utilizing base resources. This budget provision would transfer these positions and the associated funding to the Department's Law Enforcement Services general program operations appropriation.

The Wisconsin ICAC Task Force was created in 1998 with federal funding to counter the emerging threat of offenders using online technology to sexually exploit children. The task force conducts investigations, provides investigative, forensic and prosecutorial assistance to law enforcement agencies and prosecutors, encourages statewide and regional collaboration, and provides training for law enforcement, prosecutors, parents, teachers, and other community members. The task force also coordinates with the Wisconsin Clearinghouse for Missing and

Exploited Children, to provide support services to children and families that have experienced victimization.

The Wisconsin ICAC Task Force is led by DOJ. In 2006-07, the ICAC task force unit in DOJ was authorized 10.0 full-time equivalent positions. Under 2007 Act 20, the Legislature provided 5.0 additional positions annually to the ICAC unit (2.0 special agents and 3.0 computer forensic analysts). Under 2009 Act 28, the Legislature authorized an additional 5.0 positions annually to the ICAC unit (2.0 special agents and 3.0 computer forensic analysts).

Joint Finance/Legislature: Require that the funding and position authority provided to the Department for the Internet Crimes Against Children Task Force initiative be separately tracked for budgetary purposes.

6. DNA ANALYSIS RESOURCES [LFB Paper 423]

	Funding	Positions
GPR	\$770,300	6.00

Governor: Provide \$394,000 in 2011-12, \$376,300 in 2012-13, and 6.0 DNA analyst positions annually, to provide additional staffing and supplies and services resources to the state crime laboratories for deoxyribonucleic acid (DNA) analysis. Funding would include: (a) \$217,000 in 2011-12, and \$289,300 in 2012-13, for salary and fringe benefits costs; and (b) \$177,000 in 2011-12, and \$87,000 in 2012-13, for supplies and services costs.

Under s. 165.77 of the statutes, the state crime laboratories are required to provide DNA analysis and maintain a DNA databank. The laboratories are required to analyze the DNA in a human biological specimen, if requested: (a) by a law enforcement agency regarding an investigation; (b) pursuant to a court order; and (c) by an individual regarding his or her own specimen, subject to rules established by the Department.

Under 2007 Acts 5 and 20, the Legislature provided additional resources to DOJ to address an increasing DNA analysis caseload/backlog. Prior to the passage of these acts, the state crime laboratories were authorized 29.0 DNA analysts. Together these acts provided position authority and funding for 31.0 additional DNA analysis-related positions including: (a) 29.0 DNA analysts; (b) 1.0 DNA technician; and (c) 1.0 DNA analysis supervisor. With the additional resources DOJ indicated that it eliminated the DNA analysis backlog at the end of the 2009-10 state fiscal year. The Executive Budget Book indicates that the additional resources are recommended to address increasing caseloads and to prevent backlogs.

Joint Finance/Legislature: Require that the funding and position authority provided to the Department for deoxyribonucleic acid (DNA) analysis be separately tracked for budgetary purposes.

7. PENALTY SURCHARGE SHORTFALL [LFB Paper 424]

PR	-\$2,619,500
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Governor: Include the following statutory and funding changes to address a projected shortfall in the penalty surcharge receipts appropriation.

Reduce Penalty Surcharge Funded Appropriations. Reduce penalty surcharge funded appropriations in five different state agencies by 10% annually (generally after standard budget adjustments). The fiscal effects of these reductions are described in the budget summaries of each affected agency [Administration -- General Agency Provisions, Corrections -- Adult Correctional Facilities, Justice, Public Defender, and Public Instruction].

Reduce Affected DOJ Appropriations. Reduce expenditure authority under the following agency appropriations by \$1,309,600 in 2011-12, and by \$1,309,900 in 2012-13.

<u>Appropriation</u>	<u>2011-12</u>	<u>2012-13</u>
Law Enforcement Training Fund-Local	-\$485,000	-\$485,000
Law Enforcement Training Fund-State	-358,700	-358,700
Drug Enforcement Intelligence Operations	-180,000	-180,300
TIME System	-88,700	-88,700
County Victim-Witness Services Reimbursement	-83,200	- 83,200
Drug Crimes Enforcement; Local Grants	-79,800	-79,800
Crime Laboratory Equipment and Supplies	<u>-34,200</u>	<u>-34,200</u>
Total	-\$1,309,600	-\$1,309,900

Modifications to Appropriations. Require that all unencumbered balances at the end of each fiscal year in all penalty surcharge supported appropriations revert to the penalty surcharge receipts appropriation under DOJ.

Joint Finance/Legislature: Provide that, notwithstanding s. 16.513 of the statutes, the Department of Administration (DOA) is not required to submit a plan to the Joint Committee on Finance during the 2011-13 biennium to address the remaining deficit in the penalty surcharge fund. [Under the bill, the deficit in the penalty surcharge fund is projected to decrease from \$5,122,400 PR at the end of 2010-11, to \$2,746,900 PR at the end of 2012-13.]

Under current law, program revenue accounts may not operate in cash deficit. Under s. 16.40(7) of the statutes, DOA is required to collect from any available source and correlate information concerning any and all anticipated state revenues, including program revenues. Under s. 16.513 of the statutes, if DOA projects that there are insufficient moneys, assets, or accounts receivable to cover expenditures under a program revenue appropriation(s), the affected agencies must propose and submit to DOA a plan to assure that there are sufficient moneys, assets, or accounts receivable to meet projected expenditures under the appropriation(s). Any such plan approved by DOA must be forwarded to the Joint Committee on Finance for its approval under 14-day passive review.

In addition, specifically authorize DOJ to continue to utilize penalty surcharge funding deposited to its PR annual drug crimes enforcement; local grants appropriation to fund prosecutor positions serving multijurisdictional enforcement groups. Multijurisdictional enforcement groups are cooperative law enforcement efforts to prosecute criminal violations of Chapter 961 (the Uniform Controlled Substances Act).

[Act 32 Sections: 221e, 221r, 686 thru 692, 696, and 9401(1f)]

8. TRANSFER NARCOTICS ENFORCEMENT FUNDING AND POSITIONS TO CRIMINAL INVESTIGATION [LFB Paper 425]

Governor: Delete base funding and positions allocated to narcotics enforcement totaling \$9,531,100 and 67.0 positions annually (\$2,513,800 GPR and 20.0 GPR positions, \$2,018,500 FED and 14.0 FED positions, and \$4,998,800 PR and 33.0 PR positions annually). Provide an offsetting \$9,531,100 and 67.0 positions annually to the Division of Criminal Investigation (\$2,513,800 GPR and 20.0 GPR positions, \$2,018,500 FED and 14.0 FED positions, and \$4,998,800 PR and 33.0 PR positions annually). The bill would eliminate the specific allocation of funding and positions for narcotics enforcement, and instead allocate these resources more broadly for criminal investigation. Under current law, the Legislature has specifically allocated a portion of the funding and positions provided to the Division of Criminal Investigation for narcotics enforcement.

Joint Finance/Legislature: Delete provision. As a result, funding and position authority provided to DOJ for narcotics enforcement would continue to be separately tracked for budgetary purposes.

9. CRIMINAL HISTORY SEARCH FEES [LFB Paper 420]

PR-REV	\$580,600
PR	-\$500,000

Governor/Legislature: Provide that all requesters of criminal record name searches for non-criminal justice related purposes be charged \$7 per request. Under current law, nonprofit organizations and governmental agencies pay \$7 per request, while other requesters pay \$13 per request. Current law also provides that effective July 1, 2011, the fee charged to nonprofit organizations will revert to \$2. [Prior to 2009 Act 28, nonprofit organizations paid \$2 per request for non-criminal justice related requests for criminal record name searches.] The Department of Justice estimates that adopting these fee changes would generate an additional \$290,300 in annual revenue.

In addition, delete \$250,000 PR annually in expenditure authority supported by criminal history search fees. The Department of Administration indicates that base expenditure authority exceeds estimated annual expenditures in the 2011-13 biennium.

[Act 32 Sections: 2683 thru 2685]

10. ALLOCATION OF DISCRETIONARY LEGAL SETTLEMENT FUNDING [LFB Papers 426 and 427]

Governor: Modify the Division of Administrative Services gifts, grants and proceeds appropriation to provide that funding must annually be transferred from the DOJ appropriation to the new Department of Administration (DOA) federal resource acquisition appropriation. The required transfer would equal the amounts provided in the Chapter 20 appropriations schedule for the DOA appropriation. Under the bill, this DOA appropriation is provided \$128,300 PR annually. Further provide that \$41,000 PR in 2011-12, be transferred from this DOJ gifts, grants and proceeds appropriation to the Supreme Court Law Library's gifts and grants appropriation for the purchase of archival material.

The Executive Budget Book indicates that the transfer of funding to the DOA federal resource acquisition appropriation is intended to provide sufficient funding to eliminate the need for law enforcement agencies to pay a \$500 annual fee to participate in the Section 1033 program. Section 1033 of the National Defense Authorization Act of 1997 permits the federal Department of Defense to transfer excess military property to law enforcement agencies. Eligible law enforcement agencies are government agencies whose primary duty is the enforcement of federal, state, and local laws, and whose compensated full-time law enforcement officers have arrest and apprehension powers. Excess property acquired by law enforcement agencies under the program can be used for counter-drug and other law enforcement activities except for the operation of a jail. The Wisconsin Technical College System Foundation operates the Wisconsin Section 1033 program through an agreement with DOA's Office of Justice Assistance.

Under current law, DOJ utilizes its Division of Administrative Services gifts, grants and proceeds appropriation to receive and allocate legal settlement funds that are distributed at the discretion of the Attorney General. The Executive Budget Book indicates that the intent of the bill is to transfer "discretionary legal settlement funds" to the new DOA federal resource acquisition appropriation and to the State Law Library's gifts and grants appropriation.

Joint Finance/Legislature: Provide that, at the discretion of the Attorney General, up to \$98,300 PR annually in funding may be transferred from the Division of Administrative Services gifts, grants and proceeds appropriation to a new PR annual federal resource acquisition appropriation to provide additional funding for the Section 1033 excess military property program. Delete the requirement that \$41,000 PR in 2011-12, be transferred from this DOJ gifts, grants and proceeds appropriation to the Supreme Court Law Library gifts and grants appropriation for the purchase of archival material. [Instead, the Supreme Court Law Library would be provided \$41,000 GPR to purchase this archival material.]

[Act 32 Sections: 336, 694, and 721]

11. ADMINISTRATION OF SEXUAL ASSAULT VICTIM SERVICES PROGRAM

Governor/Legislature: Amend the PR continuing sexual assault victim services grant program appropriation to authorize funding to be expended from this appropriation to administer the grant program. This appropriation is funded from Part B of the crime victim and witness assistance surcharge. On July 14, 2009, the Joint Committee on Finance approved a request, pursuant to s. 16.515/16.505(2), Stats., to create a 0.4 PR position to administer the sexual assault victim services grant program. In its approval letter, the Committee indicated that "this appropriation might be amended to specifically indicate that the appropriation may be used to administer the sexual assault victim services grant program." The bill language follows up on this Committee recommendation.

Under the sexual assault victim services grant program, grants are provided to eligible nonprofit corporations or public agencies to provide (or subcontract to provide) all of the following services for sexual assault victims: (a) advocacy and counseling services; (b) 24-hour crisis telephone service; (c) educational programs on professional intervention and community

prevention; and (d) services for persons living in rural areas, men, children, elderly or physically disabled persons, minority groups or other groups of victims that have special needs within the service area of the nonprofit corporation or public agency. An eligible organization may not receive more than 70% of its operating budget from grants provided under this program and may not contract, subcontract or enter into agreements with other organizations or individuals to provide all of the required services.

[Act 32 Section: 695]

12. GAMING ENFORCEMENT

Funding Positions		
PR	-\$267,600	- 1.00

Governor/Legislature: Delete the statutory requirement that the Attorney General establish a separate Gaming Enforcement Bureau under the Division of Criminal Investigation in which all of the Department's gaming law enforcement responsibilities must be performed. In addition, delete \$133,800 and 1.0 position annually from the Department's gaming law enforcement; racing revenues appropriation. As a result, this appropriation would have no expenditure or position authority. With the closure of the last dog track in Wisconsin, funding and position authority is no longer needed for oversight and enforcement of state laws regarding dog tracks. While the bill would eliminate the requirement to establish a Gaming Enforcement Bureau, DOJ would continue to enforce the state's gaming laws under Chapters 562 to 569 and Chapter 945 of the statutes.

[Act 32 Sections: 685, 693, and 2682]

13. THREAT LIAISON OFFICER PROGRAM [LFB Paper 428]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$87,400	-\$87,400	\$0
PR	<u>- 174,800</u>	<u>87,400</u>	<u>- 87,400</u>
Total	-\$87,400	\$0	-\$87,400

Governor: Delete \$87,400 PR annually from the PR continuing Law Enforcement Services interagency and intra-agency assistance appropriation associated with salary and fringe benefits funding for a 1.0 project position under the threat liaison officer program. Provide \$87,400 FED in 2011-12 and transfer this 1.0 project position to the Law Enforcement Services federal aid, state operations appropriation. In order to effectuate this provision a 1.0 PR position must be deleted from the interagency and intra-agency assistance appropriation and a 1.0 FED position must be created under the federal aid, state operations appropriation. The Executive Budget Book has also expressed an intention to extend the position authority for this project position for its fourth and final year through June 30, 2012.

The Department of Administration's Office of Justice Assistance (OJA) is the state agency that receives federal homeland security grant awards from the federal government. The Office

then makes awards of these grant funds to eligible state and local agencies. The Executive Budget Book indicates that the threat liaison officer program position is funded through federal homeland security grants awarded by OJA. Under current budget practice, only federal funds directly received by an agency from the federal government are deposited to a federal appropriation. Federal funds to support the threat liaison officer program should be received directly by DOJ, and not by OJA, in order to be deposited to the DOJ federal aid, state operations appropriation.

Under the bill, the funding source of the threat liaison officer program project position would change from PR to FED. While PR project positions must be approved by the Legislature, FED project positions may be created by executive branch agencies without legislative oversight. The Legislature would not have to approve the extension of the threat liaison officer program project position for its final year through June 30, 2012, if the position is converted to a federal position.

The threat liaison officer program trains government officials and members of the private sector across the state to: identify potential terrorist activity, report suspicious activity, respond to natural or man made catastrophic events, work to protect critical infrastructure, and engage in information sharing across disciplines. In carrying out this program, the state has been divided into six regions that mirror the regions developed by Wisconsin Emergency Management. Each region is represented by a coordinating team including a local law enforcement or emergency manager, a member of the FBI and an assigned DOJ analyst from the Wisconsin Statewide Information Center.

Joint Finance/Legislature: Delete provision. In addition, remove \$87,400 PR in 2012-13, as the threat liaison officer project position expires on June 30, 2012.

14. WISCONSIN STATEWIDE INFORMATION CENTER [LFB Paper 428]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance/Leg.</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	<u>Funding Positions</u>		<u>Funding Positions</u>		<u>Funding Positions</u>	
FED	\$924,200	5.00	-\$924,200	- 5.00	\$0	0.00
PR	<u>- 924,200</u>	<u>- 5.00</u>	<u>924,200</u>	<u>5.00</u>	<u>0</u>	<u>0.00</u>
Total	\$0	0.00	\$0	0.00	\$0	0.00

Governor: Delete \$462,100 PR and 5.0 PR positions annually from the PR continuing Law Enforcement Services interagency and intra-agency assistance appropriation associated with salary and fringe benefits funding for 5.0 positions under the Wisconsin Statewide Information Center (WSIC). Provide \$462,100 FED and 5.0 FED positions annually to the Law Enforcement Services federal aid, state operations appropriation.

The Department of Administration's Office of Justice Assistance (OJA) is the state agency that receives federal homeland security grant awards from the federal government. The Office then makes awards of these grant funds to eligible state and local agencies. The Executive Budget Book indicates that the WSIC is funded through federal homeland security grants

awarded by OJA. Under current budget practice, only federal funds directly received by an agency from the federal government are deposited to a federal appropriation. Federal funds to support the WSIC should be received directly by DOJ, and not by OJA, in order to be deposited to the DOJ federal aid, state operations appropriation.

Under the bill, the funding source for the WSIC would change from PR to FED. While PR project positions must be approved by the Legislature, FED project positions may be provided to executive branch agencies without legislative oversight. If the WSIC would seek additional project positions in the future, these project positions could be created without legislative oversight if the positions were considered federally-funded positions.

The WSIC is not restricted to a law enforcement or terrorism focus, but rather, at the recommendation of the federal Department of Homeland Security, has been developed as an all crimes, all hazards information sharing center that has a broad emergency response focus. In an emergency it is the responsibility of the WSIC to provide "actionable information" to assist Wisconsin Emergency Management or other state and local agencies in coordinated response to the emergency. It is also the responsibility of the WSIC to serve as the state agency intelligence lead for any criminal investigation resulting from a major incident.

Joint Finance/Legislature: Delete provision. Continue to identify funding for the program as program revenue.

15. VICTIM SERVICES SPECIALIST POSITION REALIGNMENT

	Funding	Positions
FED	-\$130,000	- 1.00
PR	<u>130,000</u>	<u>1.00</u>
Total	\$0	0.00

Governor/Legislature: Delete \$65,000 FED and 1.0 FED position annually from DOJ's federal aid; victim assistance appropriation. This position is a victim services specialist position that works in the Victim Resource Center at DOJ. Instead, provide \$65,000 PR and 1.0 PR position annually to DOJ's PR annual interagency and intra-agency assistance; reimbursement to counties appropriation. Under the PR appropriation, the position would still be funded from a federal pass-through grant under the federal Victims of Crime Act (VOCA).

16. INTERCHANGE OF EMPLOYEES OR SERVICES WITH MINNESOTA

Governor/Legislature: Provide that any state of Minnesota employee performing services for Wisconsin, pursuant to a valid agreement between the states providing for interchange of employees or services, is considered to have the same status as a Wisconsin employee performing the same services in any action brought under the laws of Wisconsin. Further, provide that any Wisconsin employee performing services for the state of Minnesota pursuant to such an agreement is considered to have the same status as when performing the same services for Wisconsin in any action brought under the laws of Wisconsin. Require DOJ to provide representation in these cases. In addition, any employee of the state of Minnesota found liable as a result of performing services for Wisconsin under a valid interchange agreement between the states must be indemnified by Wisconsin to the same extent as an employee of the

state of Wisconsin performing the same services. Witnesses on behalf of the state in these actions would be entitled to current law witness fees, and the Attorney General would be authorized to compromise and settle actions arising under these provisions.

Under current law, the state may be found liable for acts committed by state employees while carrying out their employment duties within the scope of employment. Current law also provides that any person bringing a civil lawsuit against a state employee on account of any act growing out of, or committed in, the course of employment must generally give the Attorney General notice of the claim within 120 days of the act giving rise to the litigation, and the liability of the state is limited to \$250,000.

[Act 32 Sections: 2681, 3500, and 3504]

17. CRIME VICTIM AND WITNESS ASSISTANCE SURCHARGE

Governor/Legislature: Modify current law which, effective July 1, 2011, provides that the first \$20 of each \$27 Part B crime victim and witness assistance surcharge must be allocated for grants for sexual assault victim services, to instead provide that Part B be reduced to \$20 for each misdemeanor or felony offense or count, all of which would be allocated for grants for sexual assault victim services. Further, modify current law which, effective July 1, 2011, provides that the last \$7 of each of each \$27 Part B crime victim and witness assistance surcharge be allocated for county victim and witness assistance programs and crime victim compensation awards, to instead create a new \$7 Part C crime victim and witness assistance surcharge for each misdemeanor or felony offense or count that would be utilized to fund county victim and witness assistance programs and crime victim compensation awards.

Specify that a person would be required to pay Part B of the crime victim and witness assistance surcharge in full before he or she would pay any amounts owed under Part C of the surcharge. Provide that all Part C revenue be deposited to the crime victim and witness assistance surcharge, general services appropriation to fund county victim and witness assistance programs and crime victim compensation awards.

[Act 32 Sections: 3547 thru 3552]

18. TECHNICAL CORRECTION -- POSITION REDUCTION

Governor/Legislature: Delete a 0.40 full-time equivalent position annually from DOJ's federal aid; victim assistance appropriation to reconcile the budget system with the state's personnel management information system.

Positions	
FED	- 0.40

19. PROCESSING OF DNA EVIDENCE IN A SEXUAL ASSAULT CASE WHERE NO SUSPECT HAS BEEN IDENTIFIED

Joint Finance/Legislature: Provide that whenever a Wisconsin law enforcement agency collects physical evidence in a case of alleged or suspected sexual assault for which

deoxyribonucleic acid (DNA) analysis may be performed, and the person who committed the alleged or suspected sexual assault has not been identified, the law enforcement agency must, in a timely manner, submit the physical evidence it collects to the state crime laboratories. In addition, specify that the state crime laboratories would likewise be required to process this evidence in a timely manner.

[Act 32 Sections: 2682m and 2704m]

LEGISLATURE

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$145,379,200	\$146,670,000	\$146,570,000	\$146,570,000	\$146,570,000	\$1,190,800	0.8%
PR	<u>4,046,000</u>	<u>3,885,400</u>	<u>3,885,400</u>	<u>3,885,400</u>	<u>3,885,400</u>	<u>- 160,600</u>	- 4.0
TOTAL	\$149,425,200	\$150,555,400	\$150,455,400	\$150,455,400	\$150,455,400	\$1,030,200	0.7%

FTE Position Summary						
Fund	2010-11 Base	2012-13 Governor	2012-13 Jt. Finance	2012-13 Legislature	2012-13 Act 32	Act 32 Change Over 2010-11 Base
GPR	758.17	758.17	758.17	758.17	758.17	0.00
PR	<u>19.80</u>	<u>19.80</u>	<u>19.80</u>	<u>19.80</u>	<u>19.80</u>	<u>0.00</u>
TOTAL	777.97	777.97	777.97	777.97	777.97	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENT

GPR	\$1,266,000
PR	<u>- 160,600</u>
Total	\$1,105,400

Governor/Legislature: Provide standard adjustments totaling \$633,000 GPR and -\$88,700 PR in 2011-12 and \$633,000 GPR and -\$71,900 PR in 2012-13. Adjustments are for: (a) full funding of continuing position salaries and fringe benefits (\$1,368,700 GPR and -\$50,200 PR annually); (b) turnover reduction (-\$818,500 GPR annually); (c) removal of noncontinuing funding and positions from base (-\$65,000 PR annually); (d) full funding of lease costs (\$82,800 GPR and \$7,200 PR annually); and (e) funding of position reclassifications (\$19,300 PR in 2011-12 and \$36,100 PR in 2012-13).

2. ACTUARIAL STUDIES

GPR	\$15,000
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Governor/Legislature: Provide \$15,000 in 2011-12 for the Joint Legislative Council contractual studies appropriation to conduct actuarial studies. The biennial contractual studies appropriation has no base funding in the 2011-13 biennium.

3. NATIONAL ASSOCIATION MEMBERSHIP DUES

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$9,800	- \$100,000	- \$90,200

Governor: Provide \$4,900 annually for legislative organization membership dues. Organizations include the National Conference of State Legislatures and the National Conference of Commissioners on Uniform State Laws. Base funding for membership dues is \$244,600 annually.

Joint Finance/Legislature: Reduce funding for membership dues to the National Conference of State Legislatures (NCSL) by \$50,000 annually. Total funding for NCSL dues would be \$146,000 annually.

4. LEGISLATIVE LAPSE REQUIREMENT

GPR-Lapse	\$9,232,200
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Governor/Legislature: Require the Co-Chairpersons of the Joint Committee on Legislative Organization to take actions during the 2011–13 and 2013–15 fiscal biennia to ensure that from general purpose revenue appropriations to the Legislature an amount equal to \$9,232,200 is lapsed from sum certain appropriation accounts or is subtracted from the expenditure estimates for any sum sufficient appropriations, or both, in each fiscal biennium. Lapse amounts are related to: (a) increased employee contributions to the Wisconsin Retirement System (\$2,418,300 annually); (b) increased employee contributions to health insurance (\$799,500 annually); and (c) a 10% reduction to supplies and other non-personnel costs (\$1,398,300 annually).

[Act 32 Section: 9230(1)]

5. ANNUAL UNIVERSAL SERVICE FUND AUDIT REQUIREMENT

Governor: Require the Legislative Audit Bureau (LAB) to annually, by June 30, prepare a financial and performance evaluation of at least one program funded by the segregated universal service fund (USF). The USF supports 14 programs, eight of which are administered by the Public Service Commission. Specify that the LAB file a copy of each audit report with the Chief Clerk of each house of the Legislature, the Governor, the Department of Administration, the Legislative Reference Bureau, the Joint Committee on Finance, the Legislative Fiscal Bureau and the department audited.

Joint Finance/Legislature: Delete provision as a non-fiscal policy item.

6. CHIPPEWA FALLS VETERANS HOME AUDIT [LFB Paper 775]

Governor/Legislature: Authorize the Legislative Audit Bureau to perform, in addition to any other Veterans Home audits required by statute, one or more financial audits of the operation of the Veterans Home at Chippewa Falls by any private entity with which DVA enters into an agreement for management and operation of the home. Specify that the audits would be performed at such time as directed by the Governor or Legislature. [See Department of Veterans Affairs -- Veterans Homes, for additional information regarding the operation of the Veterans Home at Chippewa Falls.]

[Act 32 Section: 65]

7. EMERGENCY ADMINISTRATIVE RULES MODIFICATION

Assembly/Legislature: Modify current law related to emergency administrative rules as follows:

a. Delete the provision requiring that scope statements for emergency rules be sent to the Legislative Reference Bureau (LRB) for publication in the register at the same time that the proposed emergency rule is published.

As enacted in 2011 Act 21, when promulgating emergency rules agencies are required to prepare a statement of the scope of the proposed emergency rule, obtain approval of the statement from the Governor and the appropriate individual or policy-making body, and send the statement to the LRB for publication in the register at the same time that the proposed emergency rule is published. Under Act 21, however, approval an emergency rule by a policy-making body cannot occur until 10 days after publication of the emergency rule scope statement. Further, if the agency changes the scope of a proposed emergency rule the agency is required to prepare and obtain approval of a revised statement of the scope of the proposed emergency rule.

b. Specify that no state employee or official may perform any activity in connection with the drafting of a proposed emergency rule except for the an activity necessary to prepare the statement of the scope of the proposed emergency rule until the Governor and the individual or body with policy-making powers over the subject matter of the proposed emergency rule approves the statement.

c. Modify current law to specify that an agency may not file an emergency rule with the LRB, and an emergency rule may not be published, without gubernatorial approval.

Under current law, agencies are required to submit the proposed emergency rule in final draft form to the Governor for approval. The Governor, in his or her discretion, may approve or reject the proposed emergency rule. If the Governor approves a proposed emergency rule, the Governor is required to provide the agency with a written notice of that approval. An agency may not file an emergency rule for publication until the Governor approves the emergency rule in writing.

[Act 32 Sections: 2739n and 2739p]

LIEUTENANT GOVERNOR

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$781,600	\$787,000	\$787,000	\$787,000	\$787,000	\$5,400	0.7%

FTE Position Summary						
Fund	2010-11 Base	2012-13 Governor	2012-13 Jt. Finance	2012-13 Legislature	2012-13 Act 32	Act 32 Change
						Over 2010-11 Base
GPR	4.00	4.00	4.00	4.00	4.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$51,200
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Governor/Legislature: Provide \$25,600 annually for full funding of salaries and fringe benefits.

2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE

GPR	- \$38,200
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Governor/Legislature: Delete \$19,100 annually to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance cost reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

3. AGENCY BUDGET REDUCTIONS

GPR	- \$7,600
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Governor/Legislature: Reduce funding by \$3,800 annually associated with a 10% reduction to supplies and other non-personnel costs.

LOWER WISCONSIN STATE RIVERWAY BOARD

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
SEG	\$405,400	\$405,200	\$405,200	\$405,200	\$405,200	- \$200	0.0%

FTE Position Summary						
Fund	2010-11 Base	2012-13 Governor	2012-13 Jt. Finance	2012-13 Legislature	2012-13 Act 32	Act 32 Change
						Over 2010-11 Base
SEG	2.00	2.00	2.00	2.00	2.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

SEG	\$16,400
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Governor/Legislature: Provide \$8,200 annually from the conservation fund (75% water resources and 25% forestry account) as follows: (a) \$8,100 for full funding of continuing salaries and fringe benefits; and (b) \$100 for full funding of lease costs and directed moves.

2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE

SEG	- \$16,600
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Governor/Legislature: Delete \$8,300 annually to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance costs reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

MEDICAL COLLEGE OF WISCONSIN

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$13,472,400	\$13,514,900	\$14,000,200	\$14,000,200	\$14,000,200	\$527,800	3.9%
PR	<u>495,000</u>	<u>495,000</u>	<u>495,000</u>	<u>495,000</u>	<u>495,000</u>	<u>0</u>	0.0
TOTAL	\$13,967,400	\$14,009,900	\$14,495,200	\$14,495,200	\$14,495,200	\$527,800	3.8%

FTE Position Summary
<p>The state does not budget nonstate revenues or authorize positions of the Medical College of Wisconsin, which is a private, state-aided institution governed by a Board of Trustees.</p>

Budget Change Items

1. ACROSS-THE-BOARD REDUCTIONS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$1,018,400	\$385,400	-\$633,000

Governor: Delete \$509,200 annually as part of an across-the-board reduction of most GPR and PR appropriations. The across-the-board reductions are equal to 10% of the appropriation less any amounts used to fund salary and fringe benefit costs. GPR appropriations for debt service and PR appropriations for gift and grants were excluded from these across-the-board reductions. These reductions are shown by appropriation below. The appropriation for general program operations provides tuition assistance to students enrolled at the Medical College of Wisconsin.

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	Family medicine education	\$3,165,000	-\$316,500
GPR	General program operations	1,926,600	-192,700

Joint Finance/Legislature: Provide \$192,700 annually to restore the reduction to the general program operations appropriation which provides tuition assistance to resident students enrolled at the Medical College of Wisconsin. This would maintain funding for this program at the 2010-11 level which would be consistent with how other financial aid programs would be treated under the bill.

2. DEBT SERVICE REESTIMATE [LFB Paper 183]

GPR	\$2,472,100
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Governor/Legislature: Increase funding by \$1,086,700 in 2011-12 and \$1,385,400 in 2012-13 to reflect the current law reestimate of GPR debt service costs on state general obligation bonds and commercial paper debt issued for the Medical College of Wisconsin.

3. GPR DEBT RESTRUCTURING -- DEBT SERVICE [LFB Paper 175]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$1,411,200	\$99,900	-\$1,311,300

Governor: Decrease funding by \$1,490,200 in 2011-12 and increase funding by \$79,000 in 2012-13 to reflect estimated changes in GPR debt service costs associated with the proposed restructuring of general obligation bond and commercial paper GPR principal amounts that would otherwise be paid off in 2011-12. Under the bill, the state would issue refunding bonds to restructure a portion of its outstanding general obligation GPR principal debt and would rollover the principal due on its outstanding commercial paper in 2011-12. The increase in debt service for 2012-13 is associated with the initial interest amount due on the additional debt issued to replace the restructured 2011-12 principal amounts. [See "Building Commission" for additional information regarding this provision.]

Joint Finance/Legislature: Modify debt service funding by \$104,700 in 2011-12 and -\$4,800 in 2012-13 associated with a \$100,100,000 reduction in restructuring bonding in 2011-12.

4. BOARD MEMBERSHIP

Joint Finance/Legislature: Modify current law to provide that the Governor would appoint two members to the Medical College of Wisconsin's Board of Trustees as a condition of receiving state funds, rather than one-third of the Board as under current law. Specify that these members would serve staggered, six-year terms expiring on June 30 and would require the confirmation of the Senate. Provide that current board members appointed by the Governor would serve out their remaining terms, so that the reduction in gubernatorial appointments would be achieved through attrition through term expiration, resignation, removal, death, or other cause.

Under current law, the Governor appoints one-third of Medical College of Wisconsin's Board of Trustees as a condition of receiving state funds. Appointees are confirmed by the Senate and serve staggered, six-year terms expiring on May 1. Under its bylaws, the Board of Trustees may have up to 35 members. Members not appointed by the Governor are recommended to serve by a nominating committee made up of members of the Board of Trustees. The Medical College of Wisconsin Board of Trustees currently has 30 members.

[Act 32 Sections: 1105v and 9122(1d)]

MILITARY AFFAIRS

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$45,921,600	\$43,438,500	\$45,026,100	\$45,026,100	\$45,026,100	- \$895,500	- 2.0%
FED	102,756,000	104,893,200	105,205,800	105,205,800	105,205,800	2,449,800	2.4
PR	13,936,000	12,348,800	12,453,000	12,453,000	12,453,000	- 1,483,000	- 10.6
SEG	<u>939,400</u>	<u>1,939,400</u>	<u>1,939,400</u>	<u>1,939,400</u>	<u>1,939,400</u>	<u>1,000,000</u>	106.5
TOTAL	\$163,553,000	\$162,619,900	\$164,624,300	\$164,624,300	\$164,624,300	\$1,071,300	0.7%

FTE Position Summary						
Fund	2010-11 Base	2012-13 Governor	2012-13 Jt. Finance	2012-13 Legislature	2012-13 Act 32	Act 32 Change
						Over 2010-11 Base
GPR	88.82	80.63	80.63	80.63	80.63	- 8.19
FED	295.75	296.39	296.39	296.39	296.39	0.64
PR	48.79	39.29	39.29	39.29	39.29	- 9.50
SEG	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL	433.36	416.31	416.31	416.31	416.31	- 17.05

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide standard budget adjustments to the base totaling \$554,400 GPR, \$1,805,000 FED, and \$215,500 PR annually and -0.25 PR positions in 2011-12 and -1.25 PR positions in 2012-13 for the following: (a) turnover reduction (-\$105,600 GPR and -\$285,600 FED annually); (b) removal of non-continuing elements from the base (-0.25 PR positions in 2011-12 and -1.25 PR positions in 2012-13); (c) full funding of continuing salaries and fringe benefits (\$622,100 GPR, \$1,618,500 FED, and \$170,800 PR annually); (d) overtime (\$37,900 GPR, \$400,900 FED, and \$41,700 PR annually); and (e) night and weekend differential (\$71,200 FED, and \$3,000 PR annually).

	Funding	Positions
GPR	\$1,108,800	0.00
FED	3,610,000	0.00
PR	<u>431,000</u>	<u>- 1.25</u>
Total	\$5,149,800	- 1.25

2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE

GPR	- \$680,800
FED	- 2,095,600
PR	<u>- 317,800</u>
Total	- \$3,094,200

Governor/Legislature: Delete \$1,547,100 annually to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The reductions would include \$340,400 GPR, \$1,047,800 FED, and \$158,900 PR. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance cost reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

3. AGENCY BUDGET REDUCTIONS [LFB Paper 445]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$674,800	\$161,400	- \$513,400
FED	0	312,600	312,600
PR	<u>- 696,200</u>	<u>104,200</u>	<u>- 592,000</u>
Total	- \$1,371,000	\$578,200	- \$792,800

Governor: Reduce funding by \$337,400 GPR and \$348,100 PR annually associated with a 10% reduction to supplies and other non-personnel costs. This would include a reduction of \$138,600 GPR annually in funding to regional emergency response teams.

Joint Finance/Legislature: Restore \$80,700 GPR annually for supplies and services under the repair and maintenance appropriation. Restore \$52,100 PR annually for supplies and services at the Challenge Academy and reestimate federal receipts by \$156,300 FED annually related to matching funds for this appropriation.

4. ELIMINATE LONG-TERM VACANCIES

Governor/Legislature: Delete \$751,800 (all funds) and 15.80 (all funds) positions annually to reflect the elimination of long-term vacant positions under the bill. The reductions would include \$406,100 GPR and 8.19 GPR positions, \$282,900 FED and 6.11 FED positions, and \$62,800 PR and 1.50 PR positions annually. Funding and position reductions are associated with positions that have been vacant for 12 months or more.

	Funding	Positions
GPR	- \$812,200	- 8.19
FED	- 565,800	- 6.11
PR	<u>- 125,600</u>	<u>- 1.50</u>
Total	- \$1,503,600	- 15.80

5. DEBT SERVICE REESTIMATE [LFB Paper 183]

GPR	\$3,831,800
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Governor/Legislature: Increase funding by \$2,140,600 in 2011-12 and \$1,691,200 in 2012-13 to reflect the current law reestimate of GPR debt service costs on state general

obligation bonds and commercial paper debt issued for National Guard facilities operated by the Department.

6. GPR DEBT RESTRUCTURING -- DEBT SERVICE [LFB Paper 175]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$4,239,200	\$1,426,200	- \$2,813,000

Governor: Decrease funding by \$4,433,100 in 2011-12 and increase funding by \$193,900 in 2012-13 to reflect the changes estimated GPR debt service costs associated with the proposed restructuring of general obligation bond and commercial paper GPR principal amounts that would otherwise be paid off in 2011-12. Under the bill, the state would issue refunding bonds to restructure a portion of its outstanding general obligation GPR principal debt and would rollover the principal due on its outstanding commercial paper in 2011-12. The increase in debt service for 2012-13 is associated with the initial interest amount due on the additional debt issued to replace the restructured 2011-12 principal amounts. (see "Building Commission" for additional information regarding this provision).

Joint Finance/Legislature: Modify debt service funding by \$1,477,900 GPR in 2011-12 and -\$51,700 GPR in 2012-13 associated with a \$100,100,000 reduction in restructuring bonding in 2011-12.

7. FUEL AND UTILITIES

GPR	- \$1,016,700
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Governor/Legislature: Delete \$596,800 in 2011-12 and \$419,900 in 2012-13 for decreased fuel and utility cost estimates at agency facilities. Base level funding for the agency energy costs is \$3,293,200.

8. YOUTH CHALLENGE FUNDING [LFB Paper 445]

Governor/Legislature: Modify funding for the Youth Challenge Academy by \$594,300 FED and 6.75 FED positions and -\$594,300 PR and -6.75 PR positions annually related to converting funding for a portion of the program from assessments to the Department of Public Instruction (DPI) to federally-supported grants received by DMA.

	Funding	Positions
FED	\$1,188,600	6.75
PR	<u>-1,188,600</u>	<u>-6.75</u>
Total	\$0	0.00

Under current law, DPI must reduce the state aids payments for school districts that have students attending the Academy. These funds are provided to DMA as program revenue. The Department of Military Affairs also receives federal funds to support the Academy. In July, 2010, the Department of Defense was authorized to assume 75% of the Challenge program costs. Under the bill, federal funds would support \$3,080,600 annually of Youth Challenge program costs and state program revenue from DPI would fund \$1,026,800 annually.

9. STATE DISASTER ASSISTANCE PROGRAM [LFB Paper 446]

SEG	\$1,000,000
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Governor/Legislature: Provide \$1,000,000 in 2011-12 to the state disaster assistance SEG continuing appropriation to provide additional funding for the state disaster assistance program. Funding would be provided from the petroleum inspection fund. Any funds not expended in 2011-12, would be available to the program in subsequent years.

The state disaster assistance program makes payments to local units of government and to federally recognized American Indian tribes or bands for the damages and costs incurred as the result of a disaster if federal disaster assistance is not available. Eligible costs of local units of government under the state program include: (a) debris removal, to include woody debris, building wreckage, dirt, gravel, vehicles, and other disaster-related materials; (b) emergency protective measures to eliminate or reduce immediate threats to life, public health, or safety or a hazard that threatens significant damage to improved public or private property; and (c) damages to roads and bridges. To be eligible for a payment under the program, the local unit of government or tribe or band must pay 30% of the amount of the damages and costs resulting from the disaster.

10. RADIOLOGICAL EMERGENCY PREPAREDNESS FUNDING

PR	\$200,000
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Governor/Legislature: Provide \$100,000 annually for the radiological emergency preparedness program, including \$53,000 annually to the Department of Health Services (DHS) and \$47,000 annually to Military Affairs. Expenditure authority would be utilized by DHS for: (a) in-state travel and fleet costs; (b) increased rent costs; and (c) salary and fringe benefit costs. The Department of Military Affairs would utilize the increased expenditure authority as follows: (a) \$35,100 annually in additional salary funding; (b) \$17,800 annually in additional fringe benefits funding; and (c) -\$5,900 annually in supplies and services funding.

The program is designed to plan for, and respond to, both natural and man-made threats to two nuclear power plants in Wisconsin (Kewaunee and Point Beach) and one in Minnesota (Prairie Island). Revenue for the program is negotiated annually between the State and the power companies which own the nuclear power plants. Based on these negotiations, the power companies provide the program revenue for the program. State agency staff for the program is divided between DMA and the DHS.

11. HAZARDOUS CHEMICALS EMERGENCY PLANNING AND REPORTING SOFTWARE

PR	\$110,000
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Governor/Legislature: Provide \$55,000 annually for estimated maintenance costs associated with the online hazardous chemicals emergency planning and reporting software. Expenditure authority would be utilized to pay a private vendor's annual charge to maintain the software. Program revenue is derived from fees paid by facilities that are subject to federal regulations for hazardous chemicals under the federal Emergency Planning and Community

Right-to-Know Act, and for planning to respond to the potential release of extremely hazardous substances from a facility at which a hazardous chemical is produced, used, or stored.

The software permits facilities subject to regulations associated with hazardous chemicals to file required reports electronically with Wisconsin Emergency Management (WEM) regarding: (a) facility information; (b) owner information; (c) 24-hour emergency contact information; and (d) information on stored and utilized chemicals including Chemical Abstracts Service (CAS) number, chemical name, chemical properties and health hazards, quantity, and site location. The system also permits facilities to update this information online. The system will also store emergency response plans associated with these facilities. In an emergency, information in this system would be accessible to first responders. Finally, the system permits WEM to track fee amounts owed by these facilities and to produce invoices. [A CAS number is a unique numerical identifier assigned by the Chemical Abstracts Service to every chemical described in the open scientific literature.]

12. NATIONAL GUARD TUITION GRANT APPLICATION EXTENSION

Governor/Legislature: Extend the current National Guard Tuition Grant application deadline by 30 days. Under current law, National Guard members who are eligible for a reimbursement of tuition have 60 days after completing a course in which to apply. The Governor's recommendation would extend that deadline to 90 days.

[Act 32 Section: 3084]

MISCELLANEOUS APPROPRIATIONS

Budget Summary							
Fund	2010-11 Base Year Doubled	2011-13 Governor	2011-13 Jt. Finance	2011-13 Legislature	2011-13 Act 32	Act 32 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$259,825,800	\$225,095,000	\$231,125,000	\$231,125,000	\$231,125,000	- \$28,700,800	- 11.0%
SEG	<u>57,558,800</u>	<u>56,887,000</u>	<u>57,231,800</u>	<u>57,231,800</u>	<u>57,231,800</u>	<u>- 327,000</u>	- 0.6
TOTAL	\$317,384,600	\$281,982,000	\$288,356,800	\$288,356,800	\$288,356,800	- \$29,027,800	- 9.1%

FTE Position Summary
There are no authorized positions for Miscellaneous Appropriations.

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	- \$1,666,700
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Governor/Legislature: Request standard budget adjustments of -\$1,666,700 in 2012-13 for removal of noncontinuing elements from the base, relating to one-time grants for engineering purposes that sunset on June 30, 2012.

2. NONPOINT ACCOUNT TRANSFER REDUCTION

GPR	- \$2,572,800
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Governor/Legislature: Reduce by \$1,286,400 annually the sum-certain GPR transfer to the nonpoint account of the segregated environmental fund. Under the bill, the transfer would be reduced by 10% from a base of \$12,863,700 in 2010-11 to \$11,577,300 each year.

3. REESTIMATE OF CANCELLED DRAFT PAYMENTS

GPR	- \$1,700,000
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Governor/Legislature: Delete \$850,000 annually associated with reestimated cancelled draft payments. Under current law, any check, share draft, or other draft that is issued by the state may be cancelled if not cashed in the period stated on the check or draft. The funds are then

re-credited to the fund in which the funds would have been paid. The party to whom the original check or draft was written may request a reissuance of the cancelled check or draft within six years of the original issuance. The cancelled draft payments appropriation is a sum sufficient. The appropriated amounts represent an estimate of the GPR-funded checks and drafts that will be reissued each year. Base funding for the appropriation is \$2,025,000 GPR annually.

4. MARQUETTE DENTAL SCHOOL DEBT SERVICE REESTIMATE

GPR	\$812,900
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Governor/Legislature: Increase funding by \$34,000 in 2011-12 and \$778,900 in 2012-13 to reflect the current law reestimate of debt service costs on state general obligation bonds and commercial paper debt issued to fund a portion of the dental and educational facility for the Marquette Dental School.

5. DEBT RESTRUCTURING -- MARQUETTE DENTAL SCHOOL DEBT SERVICE
[LFB Paper 175]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$341,700	\$245,500	-\$96,200

Governor: Decrease funding by \$357,800 in 2011-12 and increase funding by \$16,100 in 2012-13 to reflect the changes estimated GPR debt service costs associated with the proposed restructuring of general obligation bond and commercial paper GPR principal amounts that would otherwise be paid off in 2011-12. Under the bill, the state would issue refunding bonds to restructure a portion of its outstanding general obligation GPR principal debt and would rollover the principal due on its outstanding commercial paper in 2011-12 (see "Building Commission" for additional information regarding this provision).

Joint Finance/Legislature: Modify debt service funding by \$257,200 GPR in 2011-12 and -\$11,700 GPR in 2012-13 associated with a \$100,100,000 reduction in restructuring bonding in 2011-12.

6. AIRLINE HUB EXEMPTION TRANSFER REESTIMATE

GPR	\$761,000
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Governor/Legislature: Increase funding by \$380,500 annually to reflect a reestimate of the amount of a transfer from the general fund to the transportation fund under a provision related to the state's ad valorem tax exemption for airlines that operate a hub facility in Wisconsin. With this increase, the total amount of the transfer would be \$2,333,800 annually. Under the hub facility exemption provision, an annual transfer is made in an amount equal to the ad valorem tax paid by each airline that qualifies for the exemption in the final year before it qualified for the exemption. During the past several years, the only airline that qualified for the exemption was Midwest Airlines. However, that airline was acquired by Republic Airlines in

2009, merging its operations with other holdings, including Frontier Airlines. The effect of this acquisition was to bring other airlines, that had not qualified for the exemption alone, into one operation that, jointly, qualifies for the exemption. The increase reflected in this item is the ad valorem tax previously paid by those other airlines.

7. OIL PIPELINE TERMINAL DISTRIBUTION

GPR	\$116,600
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Governor/Legislature: Increase estimated expenditures by \$53,800 in 2011-12 and \$62,800 in 2012-13 to reflect oil pipeline terminal tax payments of \$857,000 in 2011-12 and \$866,000 in 2012-13. The oil pipeline terminal tax distribution provides payments to municipalities where oil pipeline terminal facilities are located. The payment equals a proportionate share of the pipeline company's state tax payment based on the terminal facility's historical cost as a percentage of the gross book value of the pipeline company in Wisconsin.

SEG	- \$197,000
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8. RAIL PROPERTY TERMINAL TAX REESTIMATE

Governor/Legislature: Reduce funding by \$100,000 in 2011-12 and \$97,000 in 2012-13 to reflect a reestimate of payments made to local governments under the railroad terminal tax distribution program. Specify that, beginning for 2011 payments (made in August, 2011), the amount distributed to any town, village, or city under the program may not be less than the amount distributed to it in 2010. Railroad terminal tax payments, which are made from a sum sufficient appropriation from the transportation fund, are equal to the amount of ad valorem taxes paid to the state by railroad companies for repair facilities, docks, ore yards, piers, wharves, grain elevators, and their approaches, or car ferries, that are apportionable to the town, village, or city in which those facilities are located. With this reestimate, total payments would be \$1,773,000 in 2011-12 and \$1,776,000 in 2012-13. While these amounts are less than the appropriation base of \$1,873,000 (the estimated distribution included in the 2009-11 budget), they represent an increase above the actual distribution for 2010, which was \$1,687,500.

[Act 32 Section: 2152]

9. TRANSFERS TO THE CONSERVATION FUND [LFB Paper 481]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$31,200	\$0	\$31,200
SEG	- 474,800	344,800	- 130,000
Total	- \$443,600	\$344,800	- \$98,800

Governor: Reestimate the revenue to the segregated snowmobile, all-terrain vehicle (ATV), and water resources accounts of the conservation fund from the recreational vehicle fuel tax transfer based on the current fuel tax rate and the estimated number of registered snowmobiles, ATVs, and motorboats, as follows:

	Base	2011-12		2012-13	
		Change	Total	Change	Total
Snowmobile Transfer	\$4,845,100	\$144,400	\$4,989,500	\$244,200	\$5,089,300
ATV Transfer	1,792,200	-46,700	1,745,500	-83,800	1,708,400
Water Resources Transfer	<u>13,410,600</u>	<u>-471,500</u>	<u>12,939,100</u>	<u>-261,400</u>	<u>13,149,200</u>
Total	\$20,047,900	-\$373,800	\$19,674,100	-\$101,000	\$19,946,900

Also, reestimate the reimbursement to the conservation fund for debt service on certain land acquisitions by \$15,600 GPR annually (to \$16,600).

Joint Finance/Legislature: Provide \$344,800 SEG for the following changes to the recreational vehicle fuel tax transfers to reflect registrations based on more recent data.

	2011-12			2012-13		
	Bill	Jt. Finance	Jt. Finance Chg. to Bill	Bill	Jt. Finance	Jt. Finance Chg. to Bill
Snowmobile Transfer	\$4,989,500	\$5,078,100	\$88,600	\$5,089,300	\$5,104,700	\$15,400
ATV Transfer	1,745,500	1,880,100	134,600	1,708,400	1,892,600	184,200
Water Resources Transfer	<u>12,939,100</u>	<u>12,924,100</u>	<u>-15,000</u>	<u>13,149,200</u>	<u>13,086,200</u>	<u>-63,000</u>
Total	\$15,174,100	\$19,882,300	\$208,200	\$19,946,900	\$20,083,500	\$136,600

10. PUBLIC FINANCING OF CAMPAIGNS FOR SUPREME COURT JUSTICE -- DEMOCRACY TRUST FUND [LFB Paper 331]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$1,580,700	-\$2,143,500	-\$3,724,200

Governor: Delete, effective January 1, 2012, the GPR sum sufficient democracy trust fund transfer appropriation which provides additional funding to the Democracy Trust Fund (DTF) equal to the difference between the unencumbered balance in the DTF and the amounts required to provide full public financing benefits to Supreme Court Justice candidates participating in the DTF. Eliminate \$1,499,500 in 2012-13, in budgeted expenditure authority provided to this appropriation.

Provide that, for taxable years beginning after December 31, 2011, an individual's tax liability would be increased by \$3 or the individual's tax refund would be decreased by \$3 for any designation made to the Wisconsin Election Campaign Fund (WECF) and the DTF on the individual income tax form. Reestimate check-off revenue to the DTF by -\$34,600 in 2011-12, and by -\$46,600 in 2012-13. Total estimated expenditure authority for the DTF sum sufficient appropriation would be \$328,000 in 2011-12 and \$316,000 in 2012-13. Under current law, this designation does not increase an individual's tax liability or decrease an individual's tax refund. Since the check-off does not affect taxpayer liability under current law, the amount generated from the check-off is transferred to the WECF and the DTF from sum sufficient GPR

appropriations. Under current law, for every \$3 designation made, \$1 is transferred to the WECF and the remaining \$2 is transferred to the DTF.

The DTF provides public financing grants for eligible candidates for Supreme Court Justice. The WECF provides public financing grants for eligible candidates for Governor, Lieutenant Governor, Attorney General, State Treasurer, Secretary of State, Superintendent of Public Instruction, State Senate, and State Assembly.

Funding from the Campaign Finance Check-Off

Current Law. Beginning with 2010 tax returns, every individual filing an income tax return who has a tax liability or is entitled to a tax refund may now designate \$3 for the WECF and the DTF. One-third of the total amount designated by taxpayers through the campaign finance check-off is credited to the WECF, and the remaining two-thirds are credited to the DTF. If individuals filing a joint return have a tax liability or are entitled to a tax refund, each individual may make a \$3 designation. Since the check-off does not affect taxpayer liability, the amount generated from the check-off is transferred to the WECF and the DTF from sum sufficient GPR appropriations.

The Secretary of the Department of Revenue (DOR) must provide a place for campaign finance check-off designations on the face of the individual income tax return and must provide next to that place a statement that a designation will not increase tax liability. Annually on August 15, the Secretary of DOR must certify to the Government Accountability Board (GAB), the Department of Administration (DOA) and the State Treasurer the total amount of any campaign finance designations made during the preceding fiscal year. If any individual attempts to place any condition or restriction upon a designation, that individual is deemed not to have made a designation on his or her tax return. The names of persons making campaign finance designations must be kept strictly confidential.

Bill. Current law provisions regarding the campaign finance check-off would not apply to a taxable year that would begin after December 31, 2011. Instead, for taxable years beginning after December 31, 2011, an individual's income tax liability would be increased by \$3 or the individual's tax refund would be decreased by \$3 for any designation made to the WECF and the DTF on the individual income tax form. As the check-off would now increase a taxpayer's liability or decrease a taxpayer's refund, the bill would delete the GPR sum sufficient appropriations that currently provide the funding associated with campaign finance check-offs. Any campaign finance check-off made by an individual that would not be funded, in whole or in part, by an individual's increased payment of taxes or by an available refund would be voided. The names of individuals making campaign finance check-offs would be kept strictly confidential.

Campaign finance check-off amounts would generally not be subject to refund unless the taxpayer submitted information to the satisfaction of DOR, within 18 months after the date taxes were due or the date the return was filed, whichever was later, that the amount designated was clearly in error. Any refund granted by DOR would have to be deducted from the moneys received in the fiscal year that the refund was certified.

If an individual placed any conditions on a campaign finance check-off, the designation would be voided. For any voided designation, DOR would disregard the designation and determine the amounts due, owed, refunded, and received without regard to the voided designation.

The Secretary of DOR would be required to provide a place for the designation on the individual income tax return and on forms printed by the Department. This place would be required to be highlighted with a symbol chosen by GAB that related to the WECF and the DTF.

Annually, on or before August 15, the Secretary of DOR would be required to certify to GAB, DOA, and the State Treasurer all of the following: (a) the total administrative costs, including data processing costs, incurred by DOR in administering these provisions during the previous fiscal year; (b) the total amount of campaign finance check-offs made by taxpayers for the WECF and the DTF during the previous fiscal year; and (c) the net amount of check-off revenue remaining after deducting DOR administrative costs. An amount equal to the administrative costs incurred by DOR during the previous fiscal year would be deposited to the general fund and credited to the DOR administration of income tax checkoff voluntary payments appropriation. Of the remaining amounts generated by the campaign finance check-off, one-third would be deposited to the WECF and two-thirds would be deposited to the DTF.

As indicated above, estimated checkoff revenue to the DTF would be reduced by \$34,600 in 2011-12, and by \$46,600 in 2012-13. As a result, under the bill it is estimated that checkoff revenue to the DTF would total \$328,000 in 2011-12, and \$316,000 in 2012-13.

Backup Sum Sufficient GPR Funding

Current Law. The GPR sum sufficient democracy trust fund transfer appropriation provides additional funding to the DTF equal to the difference between the unencumbered balance in the DTF and the amounts required to provide full public financing benefits to Supreme Court Justice candidates participating in the DTF.

Bill. Delete the GPR sum sufficient democracy trust fund transfer appropriation which ensures that there is sufficient funding to fully fund all grants under the DTF.

Effective Dates

As a campaign finance check-off does not increase the tax liability or decrease the tax refund of a taxpayer under current law, GPR sum sufficient appropriations provide the funding to the WECF and DTF associated with these campaign finance check-offs. Under the bill, the campaign finance check-off would now increase the tax liability or decrease the tax refund of the taxpayer. Effective January 1, 2013, the current law GPR sum sufficient appropriations would be repealed.

The remaining provisions related to the campaign finance check-off and the GPR sum sufficient democracy trust fund transfer appropriation would take effect on January 1, 2012.

Joint Finance/Legislature: Delete provision. Instead, eliminate the Democracy Trust Fund (DTF). Delete the GPR sum sufficient democracy trust fund transfer appropriation and its

remaining expenditure authority of \$1,499,500 in 2011-12. Under current law, this appropriation provides additional funding to the DTF equal to the difference between the unencumbered balance in the DTF and the amounts required to provide full public financing benefits to Supreme Court Justice candidates participating in the DTF.

Delete the GPR sum sufficient democracy trust fund payments appropriation and its remaining expenditure authority of \$328,000 in 2011-12, and \$316,000 in 2012-13. Since the campaign finance check-off does not affect taxpayer liability under current law, the amount generated from the check-off is transferred to the DTF from this sum sufficient GPR appropriation.

With the elimination of the DTF, no public financing of campaigns would be available for candidates for Supreme Court Justice. Instead, candidates for Supreme Court Justice would have to fund their campaigns exclusively from personal funds and private contributions. As the DTF would be eliminated, the campaign finance check-off on individual income tax returns would also be eliminated.

[See "General Fund Taxes -- Income and Franchise Taxes," "Government Accountability Board," and "State Treasurer" for additional information.]

[Act 32 Sections: 774, 775, 1887c, and 9218(3j)]

11. PUBLIC FINANCING OF CAMPAIGNS FOR STATEWIDE AND LEGISLATIVE OFFICES -- WISCONSIN ELECTION CAMPAIGN FUND [LFB Paper 332]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$40,600	- \$322,000	- \$362,600

Governor: Provide that, for taxable years beginning after December 31, 2011, an individual's tax liability would be increased by \$3 or the individual's tax refund would be decreased by \$3 for any designation made to the Wisconsin Election Campaign Fund (WECF) and the Democracy Trust Fund (DTF) on the individual income tax form. Permit the Department of Revenue (DOR) to deduct administrative costs, including data processing costs, in administering the revised campaign finance check-off and deposit this administrative deduction to its administration of income tax checkoff voluntary payments appropriation. Effective January 1, 2013, repeal the GPR sum sufficient election campaign fund payments appropriation which provides one-third of the funding generated from the campaign finance check-off to the WECF. Reestimate check-off revenue to the WECF by -\$17,300 in 2011-12, and by -\$23,300 in 2012-13. As a result, under the bill it is estimated that check-off revenue to the WECF would total \$164,000 in 2011-12, and \$158,000 in 2012-13.

Under current law, this designation does not increase an individual's tax liability or decrease an individual's tax refund. Since the check-off does not affect taxpayer liability under current law, the amount generated from the check-off is transferred to the WECF and the DTF

from sum sufficient GPR appropriations. Under current law, for every \$3 designation made, \$1 is transferred to the WECF and the remaining \$2 is transferred to the DTF. Current law does not permit DOR to deduct administrative expenses from revenue generated by the campaign finance check-off.

The WECF provides public financing grants for eligible candidates for Governor, Lieutenant Governor, Attorney General, State Treasurer, Secretary of State, Superintendent of Public Instruction, State Senate, and State Assembly. The DTF provides public financing grants for eligible candidates for Supreme Court Justice.

Joint Finance/Legislature: Delete provision. Instead, eliminate the Wisconsin Election Campaign Fund (WECF) and delete the GPR sum sufficient election campaign fund payments appropriation and its remaining expenditure authority of \$164,000 in 2011-12, and \$158,000 in 2012-13. Since the campaign finance check-off does not affect taxpayer liability under current law, the amount generated from the check-off is transferred to the WECF from this sum sufficient GPR appropriation.

With the elimination of the WECF, no public financing of campaigns would be available for eligible candidates for Governor, Lieutenant Governor, Attorney General, State Treasurer, Secretary of State, Superintendent of Public Instruction, State Senate, and State Assembly. Instead, candidates for these offices would have to fund their campaigns exclusively from personal funds and private contributions. As the WECF would be eliminated, the campaign finance check-off on individual income tax returns would also be eliminated.

[See "General Fund Taxes -- Income and Franchise Taxes, "Government Accountability Board," and "State Treasurer" for additional information.]

[Act 32 Sections: 773, 1887c, and 9218(3i)]

12. SPECIAL TASK FORCE ON UW

GPR	\$50,000
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Joint Finance/Legislature: Provide \$50,000 in 2011-12 for expenses of the Special Task Force on UW restructuring and operational flexibilities that would be created under the bill (see "University of Wisconsin System"). Specify that no moneys may be encumbered from the appropriation that would be created for this purpose after June 30, 2012.

[Act 32 Section: 775b]

13. OTHER MISCELLANEOUS APPROPRIATION CHANGES

Governor/Legislature: The description and fiscal effect of miscellaneous appropriations changes related to Minnesota-Wisconsin and Illinois-Wisconsin reciprocity are summarized as entries under "General Fund Taxes".