

JOURNAL OF THE SENATE [January 27, 1981]

STATE OF WISCONSIN

Senate Journal

Eighty-Fifth Regular Session

TUESDAY, January 27, 1981.

10:00 A.M.

The senate met.

The senate was called to order by the president of the senate.

The roll was called and the following senators answered to their names:

Senators Adelman, Bablitch, Berger, Bidwell, Braun, Chilsen, Cullen, Engeleiter, Flynn, Frank, George, Goyke, Hanaway, Harnisch, Harsdorf, Johnston, Kleczka, Kreul, Krueger, Lasee, Lorge, Lorman, McCallum, Maurer, Moody, Offner, Opitz, Risser, Roshell, Strohl, Theno, Thompson and Van Sistine -- 33.

Absent -- None.

Absent with leave -- None.

The senate stood for the prayer which was offered by Reverend Robert Paulson, minister of Bashford United Methodist Church of Madison.

The senate remained standing and Senator Berger led the senate in the pledge of allegiance to the flag of the United States of America.

By request of the president of the Senate, without objection, the Senate proceeded to the fourth order of business.

COMMITTEE REPORTS

The joint committee on Finance reports and recommends for introduction:

Senate Bill 33

Relating to the collection of state revenue and the administration of state taxes, limiting appropriations, granting rule-making authority, granting authority to issue bonds, making an appropriation and creating a penalty.

Introduction:

Ayes, 9 -- Senators Kleczka, Offner, Roshell & McCallum,
Representatives Norquist, Otte, Roberts, Metz and Ellis;
Noes, 2 -- Senator Braun, Representative Kirby.

Read first time and referred to Joint Survey committee on Tax Exemptions.

GERALD D. KLECZKA
Senate Chair

The committee on Senate Organization reports and recommends:

Assembly Joint Resolution 6

Granting the use of the legislative chambers on February 7 and 8, 1981, to the 1981 Model Legislature of the Young Republicans and Young Democrats.

Passage:

Ayes, 5 -- Senators Risser, Bablitch, Flynn, Chilsen and
Hanaway;
Noes, 0 -- None.

FRED A. RISSER
Chair

INTRODUCTION OF BILLS

Read first time and referred:

Senate Bill 34

Relating to combination of wards for election purposes in certain towns.

By Senator Kreul.

To committee on Labor, Government, Veterans Affairs and Tourism.

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Senate Bill 35

Relating to state payment of public school tuition for children of parents employed at and residing on the grounds of a state park.

By Senator Kreul; cosponsored by Representative Duren.

To committee on Education and State Institutions.

Senate Bill 36

Relating to eliminating legislative tuition remissions and modifying appropriation levels.

By Senator Offner; cosponsored by Representative Roberts.

To committee on Education and State Institutions.

Senate Bill 37

Relating to bounties for rattlesnakes.

By Senators Offner and Kreul; cosponsored by Representatives Lewison and Roberts.

To committee on Agriculture and Natural Resources.

Senate Bill 38

Relating to exempting interspousal transfers from inheritance taxes.

By Senators Kreul, Roshell and Berger; cosponsored by Representatives Conradt, Paulson, Matty, Goodrich, Donoghue, Tregoning and Andrea.

To Joint Survey committee on Tax Exemptions.

Senate Bill 39

Relating to credits against individual income taxes and payments to offset inheritance taxes on farms and businesses acquired by surviving spouses and surviving children.

By Senators Kreul, Cullen, Roshell and Berger; cosponsored by Representatives Andrea and Menos.

To committee on State and Local Affairs and Taxation.

Senate Bill 40

Relating to hunting from airplanes and using airplanes for hunting and increasing penalties.

By Senator Lorge, by request of Daniel Goffard of Appleton, Wisconsin.

To committee on Agriculture and Natural Resources.

Senate Bill 41

Relating to an inheritance tax exemption for transfers to spouses, lineal ancestors and lineal issue.

By Senators Lorge and Berger.

To Joint Survey committee on Tax Exemptions.

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Senate Bill 42

Relating to a sales tax on parking provided by a governmental unit.

By Senator Lorge, by request of City of Appleton.

To Joint Survey committee on Tax Exemptions.

Senate Bill 43

Relating to a loan program for the elderly, granting authority to issue bonds and making appropriations.

By Senators Cullen, Maurer and Bidwell; cosponsored by Representatives Shoemaker, Wagner, Miller, Tuczynski, Crawford, Andrea, Thompson, Knox and Ladwig.

To Joint Survey committee on Debt Management.

Senate Bill 44

Relating to transferring a foreign juvenile delinquent or criminal to the foreign country upon request.

By Senators McCallum, Lorge, Braun, Kreul, Moody and Risser; cosponsored by Representatives D. Travis, Hopkins, Dorff, Stitt, Ladwig, Ellis, Luckhardt, Crawford, Donoghue, Nelsen, Plous, Berndt and Knox.

To committee on Judiciary and Consumer Affairs.

PETITIONS AND COMMUNICATIONS

Wisconsin Legislature
Senate Chamber

January 26, 1981

To the Honorable, the Senate

Pursuant to section 13.15 of the Wisconsin Statutes and Senate Rule 5, I hereby appoint Bruce A. Gardow as Assistant Chief Clerk giving him all powers as are derived from and inherent in said position and to perform the duties and functions of the office in the absence of the Chief Clerk.

Sincerely,

DONALD J. SCHNEIDER

Senate Chief Clerk

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State of Wisconsin
Claims Board

January 21, 1981

Don Schneider
Senate Chief Clerk
State Capitol
Madison, Wisconsin

Dear Mr. Schneider:

Enclosed is the report of the State Claims Board covering claims heard on January 7, 1981.

The amounts recommended for payment under \$1000 on claims included in this report have, under the provisions of s. 16.007, Wisconsin Statutes, been paid directly by the Board.

The Board is preparing the bill(s) on the recommended award(s) over \$1,000, and will submit such to the Joint Finance Committee for legislative introduction.

This report is for the information of the Legislature. The Board would appreciate your acceptance and spreading of it upon the Journal to inform the members of the Legislature.

Sincerely,
EDWARD D. MAIN
Secretary

BEFORE THE
CLAIMS BOARD OF WISCONSIN

The Claims Board conducted hearings at the State Capitol Building, Madison, Wisconsin, on January 7, 1981, upon the following claims:

Claimant	Amount
Jeffrey Kirchhoff	\$ 56.68
James Soley, Jr.	500.00
Cynthia Targ	1,390.00
Theodore Marks	4,800.00
City of Madison Police Dept.	12,427.20
Bruce Baker	32,534.71

In addition, the following claims were considered and decided without hearings:

Randy Sharbonno	35.00
Gene Stulgaitis	103.75

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Vicki Stollenwerk	4.70
Dale Schultz	35.00
Mr. & Mrs. Walter Longen	292.20
State Farm Insurance	557.74
Janet O'Conner	4,575.00

THE BOARD FINDS:

1. Jeffrey Kirchhoff of Madison, claims \$56.68 for repairs to his bicycle which was damaged on June 11, 1980. In an attempt to avoid pedestrians, claimant rode his bicycle off the sidewalk by Observatory and Elm Drives on the University of Wisconsin-Madison campus, striking an eroded area around a water main. There is insufficient evidence showing negligence on the part of the state, its officers, agents, or employes and the Board concludes this claim is not one for which the state is legally liable, nor one which the state should assume and pay based on equitable principles.

2. James T. Soley, Jr., of Chippewa Falls, claims \$500 for the loss of a wedding band while he was a patient in the intensive care unit at University Hospital in November, 1979. Following surgery, the ring was placed on claimant's finger at his request but was missing when he awoke sometime later. There is insufficient evidence showing negligence on the part of the state, its officers, agents or employes and the Board concludes this claim is not one for which the state is legally liable, nor one which the state should assume and pay based on equitable principles.

3. Cynthia Faye Targ, of Highland Park, Illinois, claims \$1,390.00 which she alleges to be the value of jewelry and art pieces she made, and which were stolen from a locked display case at the University of Wisconsin-Stevens Point on April 5, 1980. Perpetrators of the theft were not discovered. The Board concludes \$695 should be paid for the original cost of the items, based on equitable principles.

4. Theodore A. Marks, d/b/a Inner City Rents, claims \$4,800.00 for rent due on property leased to the State of Wisconsin. The Department of Administration entered into a written lease agreement with claimant to rent space at 2208 N. 3rd St. Milwaukee, for a period ending October 15, 1977, and which was later extended through March 15, 1978. Again on July 18, 1978, the state informed claimant that People's Theatre Group would occupy space leased in claimant's building for the University of Wisconsin-Milwaukee during the months of July and August, 1978. On August 31, 1978 the University of Wisconsin terminated its lease with claimant. However, People's Theatre Group remained in claimant's property until July 15, 1979 at which time they were evicted by claimant. The

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Board concludes this claim in the reduced amount of \$1,000 should be paid based on equitable principles.

5. City of Madison Police Department claims \$12,427.20 for reimbursement of extraordinary police services provided to the University of Wisconsin-Madison campus during demonstrations related to a strike by the Teaching Assistants' Association on April 24 and 25, 1980. The University's Department of Protection and Security requested additional assistance from the City of Madison Police Department to deal with the disturbance. Payment of this claim is authorized by sec. 16.008, Wis. Stats. The Board concludes the claim should be paid based on equitable principles.

6. Bruce Baker of Oshkosh claims \$32,534.71 for expenses incurred relating to his nonrenewal of employment at the University of Wisconsin-Oshkosh from June, 1978 to September, 1979. Claimant pursued internal appeals at the University of Wisconsin-Oshkosh which led to his award of tenure by the Chancellor of the UW-Oshkosh in 1979. Claimant now seeks restitution for financial losses incurred and expenses in seeking other employment as a result of the denial of his employment and tenure at the UW-Oshkosh. The Board concludes claimant should be reimbursed for expenses in finding new employment in the amount of \$485.00 and for the difference in medical coverage in the amount of \$424.00 for a total award of \$909.00. The Board further recommends that claimant accept the offer extended by the University at the hearing as compensation for 1978-79 salary loss.

7. Randy Sharbonno of Superior claims \$35.00 for the loss of a watch during an altercation while working as a park patrolman in Pattison State Park under a work study agreement between the University of Wisconsin-Superior and the Department of Natural Resources on July 4, 1980. The Board concludes the claim should be paid based on equitable principles.

8. Gene Stulgaitis of Madison claims \$103.75 for payment of medical expenses due to injuries he sustained at the Copper Top Theatre at the University of Wisconsin-Richland Center campus on March 29, 1980. During rehearsal of a performance a lens from a stage light fell striking claimant below the right eye. The Board concludes the claim should be paid based on equitable principles.

9. Vicki Stollenwerk of Kansasville claims \$4.70 for the loss of a thermos jug which was destroyed by a resident of Southern Wisconsin Center on July 10, 1980, where claimant is employed. The Board concludes the claim is not one for which the state is legally liable, nor one which the state should assume and pay based on equitable principles.

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10. Dale Schultz of Hillpoint claims \$35.00 for replacement of a shirt which was torn as he walked by a dumpster placed in the hallway of the Division of Community Services at the Wilson Street State Office Building on September 12, 1980. The division was moving and requested a dumpster to throw away documents. There is insufficient evidence showing negligence on the part of the state, its officers, agents, or employes, and the Board concludes this claim is not one for which the state is legally liable, nor one which the state should assume and pay based on equitable principles.

11. Mr. and Mrs. Walter Longen of Hudson claim \$292.20 for medical expenses incurred when their son fell off of a slide onto the concrete base of the ladder leading up to the slide at Willow River State Park on May 25, 1980. The Board concludes there has been insufficient evidence showing negligence on the part of the state, its officers, agents, or employes, and this claim is not one for which the state is legally liable, nor one which the state should assume and pay based on equitable principles.

12. State Farm Insurance Company of Eau Claire claims \$557.74 subrogation damages. Its insured, Melford Docken, submitted a claim to the insurance company for damages to his automobile caused when a haywagon parked in the Northern Wisconsin Center parking lot blew into the side of his automobile on July 4, 1980. It is a long-standing policy of the Board to deny payment of subrogation claims made by insurance carriers. The Board concludes this claim is not one for which the state is legally liable, not one which the state should assume and pay based on equitable principles.

In addition, the following claim was scheduled for request for rehearing:

13. The Claims Board originally heard the claim of Janet O'Conner in the amount of \$10,005.93 on April 30, 1979, which claim was denied. Claimant has now petitioned the Board for rehearing the claim in the amount of \$4,575.00. The Board concludes that the petition for rehearing should be denied.

THE BOARD CONCLUDES:

1. The claims of the following claimants should be denied:
Jeffrey Kirchhoff
James Soley, Jr.
Vicki Stollenwerk
Dale Schultz
Mr. and Mrs. Walter Longen
State Farm Insurance
Janet O'Connor

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2. Payment of the following amounts to the following claimants is justified under s. 16.007, Stats:

Cynthia Targ	\$	695.00
Theodore Marks		1,000.00
Bruce Baker		909.00
Randy Sharbonno		35.00
Gene Stulgaitis		103.75

THE BOARD RECOMMENDS:

1. Payment of \$12,427.20 be made to the City of Madison Police Department, as reimbursement of extraordinary police services provided to the University of Wisconsin-Madison campus during demonstration related to a strike by the Teaching Assistants' Association on April 24, and 25, 1980, as authorized by sec. 16.008, Wis. Stats.

Dated at Madison, Wisconsin this 21st day of January, 1981.

GERALD D. KLECZKA
Senate Finance Committee

VIRGIL D. ROBERTS
Assembly Finance Committee

LAURIE ANN McCALLUM
Representative of Governor

EDWARD D. MAIN
Representative of Secretary of
Administration

WARD L. JOHNSON
Representative of Attorney
General

EXECUTIVE COMMUNICATIONS

State of Wisconsin
Office of the Governor
Madison, Wisconsin

January 26, 1981

To the Honorable, the Senate:

Pursuant to section 20.525(1)(b) of the Wisconsin Statutes hereupon is a statement of all such expenditures paid from the

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contingent fund appropriation for the fiscal years ended in 1979 and 1980. These expenditures have been charged to this appropriation in accordance with guidelines prepared by the Department of Administration in consultation with this office.

1978-79

In-state Business Travel	\$ 288.53
Set-up Petty Cash Fund	1,000.00*
Total	\$1,288.53

1979-80

Out-of-state Business Travel	\$ 746.90
Non-state employee travel expense	101.02
Postage	45.77
Reimburse for Petty Cash Fund	-1,000.00*
Miscellaneous Services	332.93
Office Supplies	925.00
Food Supplies	993.91
Total	\$2,145.53

*The contingent fund is no longer used to set-up a petty cash fund. Petty cash is authorized by the Department of Administration pursuant to s.16.52(7) under a separate mechanism as for other state agencies.

Respectfully submitted
MARY M. WILLIAMS
Assistant to the Governor

State of Wisconsin
Office of the Governor
Madison, Wisconsin

January 22, 1981

To the Honorable, the Senate:

This communication is to confirm my Budget Message before a Joint Session of the Legislature on Tuesday, January 27, 1981.

And, as you have requested, I will deliver the address at 10:30 A.M.

Sincerely,
LEE SHERMAN DREYFUS
Governor

SENATE CLEARINGHOUSE ORDERS

Clearinghouse Rule 80-199

A RULE to create Ch. Trans 303, relating to establishing equipment standards for special vehicles.

Submitted by Department of Transportation.

Report received from agency, January 22, 1981.

Referred to committee on Aging, Business and Financial Institutions and Transportation, January 27, 1981.

Clearinghouse Rule 80-221

A RULE to repeal s. PW-PA 20.20, relating to travel reimbursement of county human services employes.

Submitted by Department of Health and Social Services.

Report received from agency, January 23, 1981.

Referred to committee on Human Services, January 27, 1981.

Clearinghouse Rule 80-222

A RULE to create s. Ins 4.01, relating to loss for property insurance purposes.

Submitted by Office of the Commissioner of Insurance.

Report received from agency, January 21, 1981.

Referred to committee on Insurance and Utilities, January 27, 1981.

The committee on Aging, Business and Financial Institutions and Transportation reports and recommends:

Clearinghouse Rule 80-177

A RULE to create Ch. CU 66, relating to the establishment of out-of-state limited services offices by Wisconsin-chartered credit unions.

Review period waived.

Clearinghouse Rule 80-178

A RULE to renumber CU 60.04 (3) (d), (5) (a) and (b) and (6) and 60.05; to renumber and amend CU 60.04 (3) (b) and (c) and (4); to amend CU 60.04 (2) (c) and (3) (a); and to create 60.05 (1) (intro.), (b) and (c), relating to dividends payable on member share accounts and deposit accounts in Wisconsin-chartered credit unions.

Review period waived.

TIM CULLEN
Chair

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By request of Senators Cullen, Berger, Bidwell, Moody and Kreul, with unanimous consent, they were added as co-authors of **Senate Bill 5**.

The chair appointed Senators Kleczka, McCallum, Flynn and Hanaway to await upon the Governor.

The senate proceeded in a body to the Assembly Chamber to meet in Joint Convention to receive the Budget Message.

IN ASSEMBLY CHAMBER IN JOINT CONVENTION

The President of the Senate in the chair.

The committee to await upon the Governor appeared with his excellency the Governor, who delivered his message as follows:

Mr. President, Mr. Speaker, Members of the Legislature and Fellow Citizens:

Two weeks ago in the State of the State, I presented a plan to deal with the fiscal problems of this year. Last week I presented a Revenue message that included a spending limit for the next biennium. Today I will complete the triad and discuss my recommendations for state spending. The three are clearly tied together. What is done in this fiscal year will either help or make worse the fiscal situation in the next two years.

Let me take just a moment to reinforce my beliefs about the need for a specific fixed spending limit as detailed in the Revenue Bill. My reasons are three.

First, it will give the Legislature more review control than it now has over total expenditures. No committee or portion of the Legislature can legally increase that number.

Second, such a fixed ceiling will give you a most important protection against mounting lobby pressures for increases in expenditures.

Third, such a fixed ceiling will help restore the confidence of the people that state government spending is not out of control. The time has come in Wisconsin to spell out a fixed and maximum amount of revenue which will be taken from the people and spent in a given two-year period. Any amount above that will automatically go into the People's Escrow Fund.

I urge you to maintain what we have just begun two years ago, namely, pass a Revenue Bill first and then pass a Budget Bill describing how to spend it. That is exactly the way people have to run

their own homes and lives. That is the way government can learn to live within its means. First decide how much money we will have, then decide how we are going to spend it.

I apologize for the sheer number of pages you must wade through; but there are many changes proposed in this budget; and I find that change requires page upon page upon page to bring statutes into line. For example in the area of deregulation and consolidation, I am proposing that we combine the licenses of funeral directors and embalmers since the licensing requirements under current law are identical. You will find in the bill seventeen pages of statutory changes necessary to bring that simple combination about. By the time you read all of that, you won't need to be embalmed.

As required by law, I am submitting to you a balanced biennial budget. However, that balance is based on the revenue to be generated in the Revenue Bill which accompanies this budget. It is also based upon the bill which I introduced two weeks ago to meet the deficit needs of this current year.

As you consider altering either of the other two bills, keep in mind that such a move will put this budget out of balance, and it is necessary for you to send it back to me in balance.

Let me specifically address the proposal in this budget to ease the cash flow problems and to meet the revenue problems imposed by this deepening recession. Final quarter payments of shared revenues to cover April, May and June have been made traditionally in July, but have been charged against the previous fiscal year. I have proposed here that the payment made in July of 1982 be charged that fiscal year instead of the previous one.

The Joint Finance Committee has just recently proposed to use this accounting tool to solve the current budgetary problems. I urge them and you to consider that now in light of this tight budget and our worsening economic picture. This salvo can only be fired once so it is critical that it be fired at the proper time. The time is not now since local governments and schools have all been well forewarned about a 4.4 percent cut. It is better for all the state programs to take those cuts now and save this key economic tool for 1982 when the need for it will be far greater than it is today. At Bunker Hill, the wisdom was stated as, "Don't fire until you see the whites of their eyes." This applies here. The major attack on our economy is yet to come, and we will regret having fired this cannon too early.

I say this not because that action, should it become law, will affect my proposal. My budget as submitted is balanced. It is balanced on the basis of the spending limit in the revenue bill and on the basis of the 4.4 percent cuts impactive this year.

If you change either you will have to deal with the consequences of that action.

As I see it, if the version before Joint Finance becomes law, you will be faced with an additional multi-million dollar problem in the first fiscal year of the new biennium. You can handle that several ways.

One, raise taxes. They don't go up automatically anymore. All in favor, say aye. There is not much of a majority there.

Two, cut even more deeply into medicaid and other social services than my budget proposes. I believe the people want these programs under control, but they also want the needy to be helped. And the number of needy is increasing as the recession continues.

Three, cut school and local aids.

Four, undermine Wisconsin's long term economic well being and its ability to compete effectively for jobs by creating a climate of fiscal imprudence and unresponsiveness to economic incentives.

It is your choice; but it also requires my signature; and I will not consent to an approach which would force a tax increase in the next two years.

The three bills I have presented will responsibly deal with our fiscal problems in this and the next biennium, will begin to get government spending under control and will lay the foundation for recovery and preservation of the Wisconsin we inherited.

Overall it is a \$14.2 billion budget. Just to keep up with inflation and have no other increases would have required an additional \$700 million. The GPR portion alone would have required a billion dollars more. It is better that that amount remains with the people than to be taxed for government.

Departments for the most part made cuts in base budgets and programs to absorb that massive inflation. Those that did not bring in budgets within the 98-104% target were cut back. The result is that the greater growth in this budget is not in state government but in aids to schools, to local governments, and to the people through property tax relief or direct assistance.

I call your attention to several things in the area of state employee positions. Employee funding comes essentially in three categories. Those which are funded by general state taxes, those which are funded by federal taxes and those which are funded by fees collected from the people who actually use the state program, service, or facility.

Wisconsin currently has 55,614 full time equivalent employees. This budget calls for 56,215 or an increase of 601 employees. That's a 1.1% increase. However, when you see the details, you will see that there are almost 60 fewer positions funded by general state taxes

despite our having to add over 300 positions to the university for enrollment increases and nearly another 300 positions in corrections because of current conditions. There are almost 285 fewer positions funded by federal taxes. The increase is found in that category of funding where the people who use the program must pay for the cost of the personnel in the program.

The reduction in federally funded positions is a change necessary to prepare for the future. If we are to urge the federal government to balance its budget and reduce its expenditures, then we must begin now to cut back on our dependence on federal funds and positions.

My basic approach to this budget was to face the fiscal and political realities, to contain government but to do so in a caring way. To free local governments and school districts to do what they believe right in their own way. To address immediate problems. And to prepare for the future, always the future.

These are turbulent times economically. A time of turbulence is a dangerous time, but its greatest danger is a temptation to deny reality. Attempts to partisanize every issue, to run a two year gubernatorial campaign, to put off dealing straightforwardly with our fiscal condition, to ignore what is happening to the economic triad of transportation, energy and a skilled work force is to deny reality, which can only result in greater turbulence and greater danger in the future.

Sum Sufficient

In the last legislative session we brought tax collections under control. Now we must do the same with spending. There are currently 188 sum sufficient appropriations totalling \$1.4 billion dollars. The appropriation is an estimate of the amount necessary to fund a program but contains no limiting or controlling provision. This amounts to a blank check. No citizen can run his home or business that way and no government has a right to.

This has been justified as necessary to fund unpredictable program costs, to ensure that constitutional obligations are met, and to provide management flexibility. However, only three other states use this approach and then sparingly for AFDC and Medicaid. Forty-six states manage to budget specific sums.

The end of blank check appropriations should result in better management by agencies, more accurate spending projections, increased oversight by the Governor and Legislature, and more accurate general fund condition projections. This includes limits on spending in my own office as well as the Legislature and the courts.

As you know, Wisconsin and the entire middle west has carried the brunt of this national recession.

To deal with contingencies and uncertainties, I am recommending that the contingency appropriation made to the Joint Finance Committee be increased. These additional funds will be available to meet unanticipated expenditures and will increase legislative oversight of the necessity for higher than estimated spending.

I am also recommending that a reserve fund be required at least equivalent to three-quarters of 1% of the General Purpose Revenue appropriations in 1981-1982 and 1% for each fiscal year thereafter. That reserve should be left there by you so there is a small extra cushion in the event the economy worsens beyond our predictions.

Local Aids/Property Tax Relief

Wisconsin's historic commitment to sharing revenues with local governments and providing substantial property tax relief must be maintained. I am proposing major improvements in the state's local aid and property tax relief programs. We can maintain our current commitment to property tax relief while assuring greater stability and predictability of aid distributions to communities. My proposals emphasize relief from school property taxes through greater utilization of direct tax credits. They emphasize aid to property tax payers, rather than tax spenders. The overall design restores balance between urban and rural communities while simplifying and integrating property tax relief efforts.

A major new commitment is to school property tax relief. The long-term concept is a credit equal to 20% of school property taxes which will be provided directly to all property taxpayers. Funding for the School Property Tax Relief program of \$270 million in 1981-1982 and \$302.6 in 1982-1983 represents a 10% increase in credits in the first year with an additional 12% in the second year. Total property tax credits will be \$102.6 million greater during the biennium than under current law.

The shift in emphasis away from general payments to a direct school tax credit reflects the state's responsibility for education which is constitutionally clear in Article X of our State Constitution. It also provides a more effective and equitable distribution of tax relief dollars for property owners in all parts of Wisconsin. And it focuses on the school levy which has the greatest impact on the total property tax bill which so burdens the elderly and those on fixed incomes.

I am also proposing reforms which will make the shared revenue distribution formula make more sense and assist local governments in planning and budgeting. Shared revenue payments will be made in installments designed to improve local cash flow, and localities will receive payment figures a month earlier.

Eligibility for property tax relief payments to farmers will also be expanded and streamlined. The major program change is to expand tax credits to include all farmers subject to land use restrictions. Elements of the current formula which frankly penalize efficient farm operations will be phased out and will eventually be replaced with a flat-rate credit for all qualifying farmland.

Transportation

The state's transportation program continues to be plagued by stagnant revenues. Although decreasing fuel consumption is a state and national objective, the drop in motor fuel tax revenue is a state and national problem as the ability to deliver a balanced transportation program is strained. What I am proposing will maintain only what we have. There will be no new major highway projects.

My budget proposes a flat 5 cents per gallon motor fuel tax increase and an increase in overweight and overlength truck fees.

The budget proposes that no general tax revenues be provided for the transportation fund. However activities not managed by the DOT are eliminated from that fund.

All of the proposed revenue increases are not sufficient to offset the revenue shortfall experienced this year. Inflation at the rate of 10% per year requires \$80 million in additional revenues just to keep up, and the inflation rate in highway construction, maintenance and mass transit has been well above 10% a year. In addition, much of the additional revenue raised through the previous gas tax increase is shared with local governments and not available for state projects.

Despite the proposed gas tax increase, an additional \$50 million in program reductions must be made, with most coming from programs for major highway construction. A total of 85 permanent positions will be eliminated. The budget contains funding only for the completion of I-43 and the Arrowhead Bridge at Superior.

This budget concentrates on preserving our existing system. It includes a new ten-year program to replace or rehabilitate 1,500 of the most deficient bridges in the state, a doubling of our current effort. Without this program, bridges on farm-to-market roads will pose a serious threat to individual safety and to the state's economic well-being. With it, we will also create an estimated 350 private construction jobs in each year.

The budget provides an additional \$45 million for local highway aids to maintain and improve roads and streets under local jurisdiction. An additional \$13 million is provided for local transit systems. I am recommending modifying the transit aids distribution

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formula. Transit aids will be based on operating costs rather than deficits. Additional state assistance will be given to local transit systems which improve their operating efficiency.

This budget proposes \$8 million to purchase and rehabilitate rail branch lines to preserve the most important freight rail transportation systems in the state. An additional \$1 million is allocated for harbors to ensure that they are adequately maintained for commercial activities.

Recognizing the impact on economic development, we will also expand the local airport development program, financed by an increase in the excise tax on jet fuel.

In order to beef up our state trooper force which has not been increased in number since 1968, I am again proposing a merger of the weight inspectors with the state troopers to maximize efficiency at minimum cost and without adding positions.

While this is clearly less than I would like to do, and it is far less than DOT proposed, it does keep us on an even keel and addresses at least the most pressing of our transportation problems. To reduce it will result only in further deferral in the maintenance of our system. That, in my view, is risking the future economic health of this state.

Our highways are the main arteries of our body economic. Eight hundred of our 1,200 communities are served only by truck to provide the necessities of life. We must not let happen to our roads that which has already happened to our railroads. How much better off we would be today as a state and nation if a decade or so ago, responsible people had made the commitment to save our railroads. Let us not be guilty of repeating that tragic error. Let us move now to save our roads and bridges. This gas tax increase will do just that.

I'm sure you have noted the absence of a license plate fee increase as well as the absence of the inclusion of bonding for major highway projects. This is with intent for I believe the two functions are interconnected and I also believe we now all need input from the people.

The Department of Transportation has enumerated a list of fourteen projects which constitute a logical and orderly completion of our highest priority roads. The revenue to pay for such bonds cannot be taken from the gasoline tax without destroying our ability to maintain our current road system. Therefore, an increase of \$12 for every vehicular plate would be necessary to proceed. However, the people have a right to be heard on this. The delay or completion of major road projects is a very different matter in my mind from the question of maintaining our current roads. The latter we must move ahead on now but the other we can and will hear the opinion of the people. Secretary Jackson will detail these projects as well as the

means by which we will gather citizen opinion this very afternoon in Milwaukee.

Medicaid and Welfare Reform

Perhaps the most difficult task we have is to try to get Medicaid under control. It absolutely drives this budget. Over 70% of the Department's increase goes into Medicaid. Without any action, it will increase by about \$472 million or about 200 million state tax dollars. It is difficult because the benefits to those in need is shadowed by the demands of the providers. We must help the poor and those in genuine need; we dare not, however, simply accept what the providers demand.

My proposal will cut almost 42% of that projected growth in the state share. We will accomplish this by restraining rate increases in nursing homes, hospitals and other providers. We will eliminate all optional services for the medically needy except nursing home care and emergency medical transportation. We will increase collections from other insurance and health coverage programs. We are recommending that divorce courts include medical costs in determining support levels. AFDC recipients who become employed will be required to purchase health insurance to retain eligibility. That is what is done by all the working poor who do not receive AFDC. This is a matter of fairness and equity for all taxpayers.

In the area of welfare reform, you will find several necessary and major changes in this budget. Secretary Percy will detail all of these changes this very noon in Milwaukee. Let us mention them in brief.

We have been faced with a growing number of divestment caseload among our elderly and this practice must be stopped. This is a situation where some elderly are dispersing their assets to friends and family, thus becoming impoverished and then eligible for full tax supported care and relief. The law was intended to help those who find themselves truly in need in their aging years. It was not intended to provide universal care for all elderly. This would break the bank. By next month, Secretary Percy will present the necessary rules to control this abuse.

Another problem is related to the program of AFDC where the parents are both unemployed. Obviously, support is needed in such a case; but when one of the parents becomes employed, then the other should not continue to draw support. Recent federal court decisions mandate support for the other parent. The court is wrong, but it is the law. We also want to require an unemployed parent who provides fewer dollars than would be received from welfare, the state would then pay the difference. The federal regulations have said that the unemployed parent has the right to refuse such employment and

remain totally on welfare. This disincentive to work is not in the best interests of either the state or the individual in my opinion.

Therefore, the only way to do this properly is for the state of Wisconsin to withdraw from this federal program and substitute our own Wisconsin Family Support program totally financed by state funds and thus totally controlled by state laws and rules, rules which require people to work when they are able. Maybe if all 50 states do this, the federal government and the courts will straighten up. This is just common sense.

And rules which will not support one parent when the other one is working. That situation exists in many families not on welfare and again this is a matter of fairness and equity for all the taxpayers.

Because of state/federal law conflicts, we have been unable to reflect potential cost savings in grants when a stepparent with adequate resources is involved. While the parent previously on AFDC goes off on remarriage, the children continue to receive the full coverage even though no longer justified. I am proposing a Children's allowance which will lower grant levels in these circumstances.

Child support payments ordered by a court reduce state and federal dollar obligations for AFDC grants, but some parents fall behind in child support. We will not send out Wisconsin tax refunds to absent parents behind in support payments. We will issue standardized support payment guidelines for use by judges, and we will provide a system for inflation indexing of support obligations.

The policy of starting AFDC benefits on the day of application rather than retroactively to the beginning of the month will continue.

These actions are expected to produce a savings of \$52.6 million which will permit us to provide increases in AFDC grants of 6.5% in each year of the biennium. It no where meets inflation but it is well beyond the inflation offset granted to state government itself.

Education

One issue which whipsaws us all is school aids. We talk 40%, 43%, up, down, equalization. The computer is let loose and everyone's predictions are proven in error. We must get a comprehensive view of what we are really talking about.

The first task is to get it all up on the table. When we discuss the level of state support for public education we should include all aids, including those portions of the PPTR payments that go to schools. Total school aids in 1980-81 are \$875 million dollars. The state support then was 46.9% of shared school costs. Because of the fiscal difficulties in the first year of the biennium, I am proposing that state support remain at 46.9% but to increase it to 49% the second year.

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This will result in \$962 million in 1981-82 and over \$1 billion in 1982-83.

The time has come for you the representatives of the people to articulate a philosophy of control and support for education in this state. I have said before, and experience bears this out, that there is a golden rule in government. That rule is, "He who has the gold makes the rules."

With that in mind we are at the point of deciding whether state or local government will control our system of education in Wisconsin. Therefore, I recommend that not only do we approve a budget which ultimately covers 49% of the statewide shared costs, but that hereafter, DPI be instructed to submit its biennial school aid request at a figure never to exceed 49%. This will be a first and necessary step to insure local control in education.

Any additional state dollars intended to help with the burden of school taxes must then be given directly to the property taxpayer. In this budget another \$572.6 million is included for school property tax relief or another 9%. Thus by the second year, a total of 58% of school costs are actually covered by state dollars. The difference is critical, however, that the additional funds are paid to the taxpayers and not to the tax spenders. In this way we can both reduce the burden of local school property taxes and yet maintain local control.

Another step necessary to assure local control is to hold state mandates down to cover only those areas considered absolutely essential and fundamental to a citizen's education.

School officials complain about state mandates. Some of it is legitimate because they unnecessarily restrict local flexibility. I am proposing the lifting of selected mandates, making them discretionary. Requirements for nonfundamental courses are eliminated, not because I believe they are not worthy or should not be taught, but because I believe that local decision-makers should decide that. We must believe that local boards, administrators and teachers have better sense of what is necessary and what is possible to teach.

It is not the 13 standards which seem to bother local districts, but rather the regulatory rules which restrict local decision-making. Therefore in order to insure DPI will review the effectiveness and impact of its rules detailing how local districts meet those standards, I am proposing to sunset all the DPI rules relating to the 13 standards as of June 30, 1983.

It is important that the new rules covering those mandates not be overly restrictive or directive so as to destroy all local flexibility.

Another change introduced here is based on the philosophy that if state dollars are to be a major part of school costs then school cost controls must be imposed. It follows then, that there should be

increased flexibility for low spending districts and there should be no cost controls at all for zero aid districts.

Relative to handicapped aids, it is now believed that we are providing educational assistance to all our handicapped children. Handicapped aid costs amount to 12% of current state aids. With no radical change, either up or down, expected in the number of handicapped pupils in the future, we propose that 12% of all future school aids be set aside for our handicapped education. This policy should guarantee adequate support in the future while at the same time protecting the balance of fund distribution for other needs and other pupils.

Let me mention one other educational policy found in this budget. Currently, the aid formulas involving enrollment utilize a pupil count taken on the third Friday of September. This has created several problems well known to most of you.

In order to bring some certainty to the system and to allow Districts to plan and budget more accurately, I am recommending that general school aids be based on prior year enrollment and district cost information. This also should remove the need for the special aids adjustment which only made a complex system almost undecipherable.

In 1980 there were over 40,000 disadvantaged youth in Wisconsin who were unable to find work. Many lacked basic reading, writing and arithmetic skills. One-fifth of Wisconsin's youth drops out of high school before graduation. There has been a steady increase during the last decade in drop-out rates.

Because youth employment is of the highest priority to me, I am proposing that Wisconsin adopt a comprehensive youth initiatives jobs program. This program will bring all relevant existing resources to bear on drop-out prevention and will assist currently unemployed youth. It includes coordination of services between educational institutions, all levels of government, private industry and community based organizations.

Despite our tight fiscal condition, I am recommending that \$4.9 million be targeted to those areas of highest unemployment in the state to implement proven programs of basic skills education for those young people who have fallen through the cracks of our present system. We will use the VTAE, the public schools, or community based programs where they have already proven effective. This is one of the few initiatives in this budget.

On the post secondary level, this budget continues financing VTAE at 35% of aidable costs.

We hear much about the decline in quality at the University of Wisconsin. If it is said often enough prospective professors and

students may actually believe it and choose not to come here. I don't believe it. I do believe that the University, as every state agency, must set priorities, must make reallocations in order to do new things. The competition for state dollars is very intense. The University must approach that competition with more than an open hand.

At some political risk, I have approved full funding for the enrollment increases which includes over 300 positions and \$13.3 million. Of this total budget, the UW receives over \$2.1 billion. In return for that, I expect them to set their own priorities and do what is most necessary.

Bonding authority is increased to handle the projected demand for student loans.

The sites program of the State Historical Society is clearly in need of a funding policy since the original concept of self-sufficiency has not worked. I am proposing that GPR funding for all sites not exceed 50% of program costs. I am also approving the naming of a historic sites business manager. With this budget, no site may be closed without the approval of the Governor and the Legislature.

Social Services

Our basic approach to dealing with the growing needs of the elderly and disabled is based on three goals: To discourage premature placement in nursing homes or centers, to encourage community based alternatives and to contain medicaid costs.

To further these goals I am supporting a two-year moratorium on nursing home beds to allow Helath and Social Services to reassess certificate of need policy in view of demographic changes, arbitrariness in the law and decision-making, and a policy of deinstitutionalization. A community options program will be established for screening and assessment of individual needs and planning alternative services. We also will create disincentives for inappropriate placements.

Funding for the nutrition, RSVP and senior companion programs will continue. These programs are working well.

With the fiscal limitations we face, we obviously cannot continue to expand every program some would like. We also cannot assume that whatever was appropriated before is the inviolable base for ever thereafter. We must set priorities.

One need which clearly must be a priority is the availability of domestic abuse shelters. I am impressed with the services demand those currently in place must deal with. Therefore I am proposing \$1.2 million over the biennium with the proviso that startup costs for new shelters be limited to areas not now served. This is less than the

need, but still a strong commitment. As the economy grows, we can expand that commitment.

Corrections

We, as do most states, have a serious overcrowding situation in our prisons, particularly since we sold a new prison to the federal government in the middle of the last decade. Projections are that prison population will continue to rise faster than in recent years. It is my hope that we can deal with the problem without emotion or demagoguery. By the end of the biennium we expect to have nearly 600 new beds. We won't really relieve the problem to the extent we would like until the new prison is opened in 1984 or 1985. Let me say clearly that I do not believe the way to deal with the overcrowding is to manipulate the parole system or to release persons en masse earlier than would otherwise happen.

I recognize the difficult job our corrections officers face. They are truly unsung heroes. In order to better prepare them for that difficult work, training for correctional officers will be expanded. In addition, 193 new guards will be authorized under my budget and a total of 300 new positions are added in the area of corrections.

Public Defender

The rise in caseload and our limited resources makes it necessary to insure that the integrity of the original purpose behind the public defender program be maintained. Therefore I am recommending reductions in the scope of responsibility of this program. Under my proposal the State Public Defender will no longer handle paternity, termination of parental rights, traffic misdemeanor and contempt cases. Cost projections by the Public Defender's Office itself make this necessary. To help spread our limited resources, I am also proposing to reduce the cost of cases handled by the private bar by setting a rate schedule which reimburses private attorneys at differing rates for in and out of court time. I strongly believe that private attorneys, because of their oath and the education and status society has granted them, have an absolute obligation to help defend the poor. That obligation is no less because the state has created a public defender program. I am recommending funds for a case docketing system to help achieve greater efficiency and accountability.

Energy

Conservation is cost effective and the technology is available now to reduce the problems associated with dependence on external energy sources. Conservation does not mean doing without energy. It means using energy more efficiently. Conservation must be our highest priority. The Energy Task Force made this clear. Therefore, I am proposing three actions which will encourage conservation and save energy.

The energy conservation rebate program is a strong incentive for residential energy conservation. It can reach 14,000 homes over the next two years reducing energy costs by \$33 million over the next ten years while making a permanent improvement in the housing itself.

The superinsulated homes program will provide grants for the construction, monitoring and demonstration of energy efficient housing. Superinsulated homes will use less than one-third the energy of existing new homes. This demonstration will encourage all new home builders in the future to superinsulate.

Over 60% of the petroleum we use in Wisconsin is consumed in transportation. This budget gives the Department of Transportation the responsibility and resources to promote ridesharing in the state. The coordinated statewide ridesharing effort will include the development of a computer matching system, helping people to save money and energy.

Environment

One state resource that can be used more effectively both in economic development and energy savings is our forests.

A forest productivity and economic development initiative will be funded out of surplus monies in the forestry account. This program will allow 30,000 additional acres of mature timber to be marked for sale, enabling Wisconsin forest products industries to import less while creating 600 new jobs in logging and hauling, especially in the economically depressed northern counties. This will be done under the careful supervision of the DNR to insure proper timber management and environmental safeguards.

Funds will also be provided for identifying wood resources for energy use. DNR will study the needs and facilitate marketing to encourage increased use of wood as energy in both the residential and industrial sectors. It is one of our few indigenous energy resources. This is another recommendation of our Energy Task Force.

A concern I had as I reviewed proposals on state parks and land acquisition was insuring that the recreational needs of the urban areas be addressed. While we will find it necessary to reduce services at some low use state trails and day use parks, we will be able to

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develop the Kinnickinnic State Park near Hudson and Bong near Racine. Because of their proximity to large urban areas, large amounts of fuel will be saved by not driving long distances for recreation.

Our land acquisition program must be carefully balanced to preserve vital natural areas and insure recreational opportunities without destroying good agricultural lands or undermining the local tax base. While the land acquisition proposal in my budget does not meet the demands of many, it will recognize those principles.

Conclusion

In my state of the state, I said that we will find out in this legislative session whether we have delegated to the special interests and the computers the power the people have delegated to us. This year we will learn whether the overall good of all the people can survive the narrower demands of the separate interests.

I am comfortable with this budget, even though I know it will not please many of the special interests and it will require reprogramming many computers. I am comfortable with it because I sincerely believe it does place the overall good of all the people over the narrower demands of the separate interests.

We will also learn if a bipartisan Legislature and Executive can work together to help the state and its people through a difficult economic recession. I urge each of you to put forth your very best. Wisconsin, like the nation, is in the midst of a real storm. You have it within your power to choose a safe and sound course. Always make each choice with the people in mind. May God bless you in your tasks.

AMENDMENTS OFFERED

Senate amendment 1 to **Senate Bill 10** by Senator Berger.

Upon motion of Senator Bablitch the senate adjourned until 10:00 A.M. Thursday, January 29.

10:20 A.M.

CHIEF CLERK'S REPORT

The chief clerk records:

Senate Joint Resolution 1

Correctly enrolled and deposited in the Office of the Secretary of State on January 26, 1981.

CHIEF CLERK'S CORRECTION

Suggested by Legislative Reference Bureau

Senate Bill 8

1. On page 7, line 26, substitute "essential to an" for "consistent with".