STATE OF WISCONSIN

Assembly Journal

Eighty-Seventh Regular Session

WEDNESDAY, July 24, 1985.

The chief clerk makes the following entries under the above date:

AMENDMENTS OFFERED

Assembly amendment 2 to **Assembly Bill 14** offered by Representative Swoboda.

ADMINISTRATIVE RULES

Read and referred:

Assembly Clearinghouse Rule 84-186

Relating to recreational and educational camps.

Submitted by Department of Health and Social Services.

To committee on Tourism, Recreation and Forest Productivity.

Referred on July 24, 1985.

Assembly Clearinghouse Rule 84-227

Relating to campgrounds and camping resorts.

Submitted by Department of Health and Social Services.

To committee on Tourism, Recreation and Forest Productivity.

Referred on July 24, 1985.

Assembly Clearinghouse Rule 84-252

Relating to a limit on the number of days the department may take to make a determination on an application for a permit.

Submitted by Department of Health and Social Services.

To committee on Children and Human Services.

Referred on July 24, 1985.

INTRODUCTION AND REFERENCE OF PROPOSALS

Read first time and referred:

Assembly Bill 404

Relating to the sulfur dioxide emission limitation for major utilities.

By Representatives Holperin, Bell, Neubauer, Crawford, Hubler, Krug, Gruszynski, Barrett, D. Travis, Black, Seery, Wineke and Metz, cosponsored by Senators Strohl, Feingold, Chvala, Lee and Czarnezki.

To committee on Environmental Resources.

Assembly Bill 405

Relating to improvements on the Wolf river.

By Representatives Zeuske, Volk, Ourada and Byers, cosponsored by Senator Hanaway.

To committee on Environmental Resources.

Assembly Bill 406

Relating to eligibility for farmland preservation agreements.

By Representatives Wineke, Mark Lewis, Hephner, Potter, Volk, Magnuson, Tregoning, Bradley, Schneiders, Goetsch, Cowles, York, Manske, Ourada, Turba and Panzer, cosponsored by Senators Moen, Otte, Harsdorf and Hanaway.

To committee on Ways and Means.

Assembly Bill 407

Relating to state records and forms management and reporting, standards for photographic reproduction of public records, preservation of essential public records, availability of services provided by the microfilm laboratory of the department of health and social services and printing by prison industries.

By Representative Holschbach, cosponsored by Senator Czarnezki.

To committee on Government Operations.

COMMUNICATIONS

State of Wisconsin
Department of State
Madison

To Whom It May Concern:

Dear Sir: Acts, joint resolutions and resolutions, deposited in this office, have been numbered and published as follows:

Bill or Res. No.	Act No.	Publication date
Assembly Bill 291	26	July 18, 1985
Assembly Bill 99	28	July 18, 1985
Assembly Bill 85	29	July 19, 1985

DOUGLAS La FOLLETTE
Secretary of State

GOVERNOR'S VETO MESSAGE

July 17, 1985

To the Honorable Members of the Assembly:

I have approved **Assembly Bill 85** as Wisconsin Act 29, Laws of 1985, and deposited it in the office of the Secretary of State.

The 1985-87 biennial budget bill which I sign today is a document which fundamentally changes the way Wisconsin state government serves the people. It is a budget which reflects the basic changes which are taking place in our society and our economy. The economy of the future will place an ever higher premium on education, and this budget takes crucial steps to improve our educational institutions at every level. It sets us on a course which permits us to pledge to every prospective employer that Wisconsin will soon have the best trained, most efficient workforce anywhere.

This budget also includes an income tax reduction and reform initiative which significantly improves our business climate while making Wisconsin a leader once again in innovative and creative public policy. Others may talk of tax reform and tax fairness; in Wisconsin we have achieved it, and its benefits will be lasting.

I have made virtually no changes in the tax plan that passed the Legislature. It retains the fundamental reform principles embodied in my original proposal and represents a political consensus which I am reluctant to disturb. All in all the tax changes in this budget represent a significant step forward in a continuing effort to advance our competitive position in the national and world economy. I know from experience that for some individuals and special interests in our state no tax reduction is ever enough and the most important tax cut is always the next one, never the last one. These anti-government ideologues will never be satisfied. But most of our people recognize that our new tax system will be less burdensome, easier to understand and fair. The Legislature can take great pride in what they have been able to accomplish.

This is an historic budget, not only because of its income tax reduction and reform proposals but because it provides unprecedented increases in property tax relief programs -- $885.6 million in all. This represents an 11.7 percent increase in 1985-86 and a 9.7 percent increase in 1986-87. Nearly half of that amount comes in additional school aids, increasing the state share of elementary and secondary local school costs from 39 percent to 43 percent. This increase in state resources for education is accompanied by a renewed commitment to excellence throughout our educational system.

The 1985-87 budget begins a new era in state and local relations by introducing a truth-in-taxation property tax bill which will tell property taxpayers more than they have ever known before about state support for local government. Moreover, beginning in 1987 all state aids to local government and school districts will be paid as a credit to be shown on each property tax bill. This change will illuminate local spending decisions, will increase accountability and exert continuing pressure to hold down increases in the property tax. The combination of higher state aids and more local accountability is good news for all of our property taxpayers, but is of particular significance to older people living on fixed incomes and to farmers who are having a hard time making ends meet.

There have been many headlines about the spending increase contained in this budget. But fully 64 percent of the spending increase is for property tax relief of some kind. Increases for funding state operations -- the "bureaucracy" -- account for only one-fifth of the total expenditure increase in the budget.

Growth in the budget is due largely to an increase in property tax relief, not to an increase in the size of government or in welfare payments. The picture so often painted of state government as a swollen army of bureaucrats passing out lavish handouts to people not genuinely in need is a fraud, and it is time we said so.

Will these added state dollars really bring relief? That will depend on the diligence of citizens and taxpayer groups in insisting that higher state payments be reflected in local taxing and spending decisions. I will not hesitate to criticize those who use higher state aids to increase spending rather than as a restraint on property taxes. Changing from direct aids to property tax credits is an important step in increasing local accountability, but it is no substitute for alert and interested taxpayers.

There are other important reforms in the budget which will make a significant difference in the lives of our people. Innovative steps are taken to encourage people to move from the dependence of the welfare system to the freedom and self-respect of holding a job. This budget keeps the pressure on medical care institutions to hold costs down while providing high quality service. The veto of mandated coverage of chiropractic services, along with vetoes strengthening the capital expenditure review program will complement the legislative decision to maintain the Hospital Rate-Setting Commission.

This budget makes progress, though less than I would like, towards the goal of removing general relief costs from the property tax. It strengthens the role of the state board in administering our system of vocational and adult education. This budget adds new resources to the Department of Development, including more emphasis on in-state business retention and regional tourism promotion.

Though the Legislature did a generally commendable job of modifying the budget I presented, I find some of the changes enacted to be objectionable. I am particularly concerned that the ending balance in the budget does not provide sufficient "breathing space" in the event of an economic downturn.

I have deleted expenditures in the budget for excessive increases in the Homestead and Farmland Preservation programs, as well as other more specialized spending items. I am a strong supporter of the Homestead program and will submit legislation in the fall to add $18 million to the program over the biennium, a smaller but more affordable increase.

I have also eliminated building and highway projects which add to our bonded indebtedness and violate the established procedures of the Building Commission and the Transportation Projects Commission. While I am sympathetic to many of the local concerns which inspired these legislative initiatives, I cannot support them.

These disagreements do not diminish my regard for the legislative process which produced the 1985-87 budget. This Legislature, its leadership and the Joint Committee on Finance have shown a commendable willingness to challenge the habits of business as usual in state government. The budget I sign today is a document designed to set a new course for Wisconsin so that we can ensure a more secure economic future for our people.

Respectfully submitted,
ANTHONY S. EARL
Governor

ITEM VETOES

I. **Human Services**
- A. Insurance Coverage of Chiropractic Services
- B. Dental Health Care Services -- Joint Practices
- C. AIDS Statutory Language
- D. Community Integration Program Rates (CIP)
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- J. Nursing Home Appeals Board Grants
- K. County Match for Mental Health Gatekeeper Program
- L. Group Home Surplus Funds Carryover
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- N. Allocation of New Categorical Funding for the Developmentally Disabled
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- Q. Allocations to Community Action Agencies and Organizations
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- F. Sales Tax Exemption -- Motorized Wheelchairs
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- H. Out-of-State Partnerships
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I. Human Services

A. Insurance Coverage of Chiropractic Services

Sections 741g, 741r, 2060b, 2060bf, 2060bk, 2060bp, 2060bs, 2060bw, 2060by, 2304, 2304d, 2304g, 2304r, 2316r, 2316v, 2317b, 2317m, 2333n, 2333r, 2333u, 2333y, 3202(30)(cm), 3202(30)(cn), 3203(56)(cm), 3203(56)(cn), 3203(56)(cp), 3204(56)(gm) and 3204(56)(gn)

These sections mandate chiropractic coverage for 28 visits per year if an insurance policy includes coverage of any diagnostic or treatment services or procedure by a licensed physician or osteopath. The mandated coverage is applicable to HMOs, PPOs and any plan offered to state employes.

Under current law, s. 628.33, chiropractic coverage must be offered by all insurance companies offering accident and health coverage to any purchasers who request it. This allows consumers the freedom of choice regarding what type of coverage they feel is necessary. However, mandating chiropractic coverage erodes cost containment efforts of health insurers and results in higher priced policies and/or a reduction in other services currently being covered under the plans. Many of the cost savings realized are a result of the primary physician acting as a gatekeeper. This gatekeeper role functions as a control on excessive utilization of costly services. Mandated chiropractic coverage erodes this gatekeeper function of the primary physician and therefore, directly contributes to higher costs.

In addition, mandated insurance benefits create incentives for employers to self-insure. Most large employers in the state already self-insure health benefits for their employes, and are thus exempt from any mandated coverage of chiropractic care. The Office of the Commissioner of Insurance estimates that more than 40 percent of the employes in the state are covered under self-insured plans. Therefore, the mandated coverage of chiropractic care will strongly affect the employes of smaller firms, the elderly and the individual policyholder. These are groups that may be least able to afford the increased costs of health care.

The average number of visits nationwide to chiropractors is 8.8 per year. The number of Medicaid recipient visits to chiropractors is approximately 9 to 10 visits per year. In comparison, the targeted number of 28 visits per year is excessive. The State Group Insurance Board estimates that it may cost approximately $3 million GPR annually for chiropractic coverage for state employes. However, no funds were appropriated for this purpose. For all of the reasons cited above, I have vetoed these sections.

B. Dental Health Care Services -- Joint Practices

Sections 2342yam and 3201(30)(ba)

These sections create a separate chapter of the statutes for dental health care services joint practices, that are not subject to insurance laws. While there is some oversight by the Office of the Commissioner of Insurance, this oversight is general in scope.

I have vetoed these sections because the creation of a separate chapter of the statutes for dental joint practices, and the exemption of this group of health care providers from insurance laws is contrary to the general treatment of other health care providers. Under this chapter, dental joint practices would be the only risk-bearing entities which would be in the business of insurance but would not be licensed as insurers. An insurer should be regulated under the insurance laws in order to protect both the insurer and the insuree in areas such as advertising, marketing, underwriting, timely payment of claims, reserves, and investment practices. Such regulation enhances the ability of insurers to maintain efficient and orderly conduct of business, and contributes to the provision of quality services for the consumer.

My budget bill contained specific language relating to the formation of joint ventures of health care providers. I feel that this language sufficiently addresses the issue of the formation of joint ventures of health care providers, and therefore, it is unnecessary to create a separate chapter for a specific health care provider group.

C. AIDS Statutory Language

Sections 1962gm, 2329m, 3023(27a) and 3201(23)(jc)

Section 1962gm restricts the use of information gained from an HTLV III antibody test. The test, recently licensed by the federal government, is used primarily to screen potential blood donors. However, due to the fact that the HTLV III virus is the causative agent of acquired immunodeficiency syndrome (AIDS) and there is an established continuum between an HTLV III infection and AIDS, the test is perceived to be a tool in the treatment of AIDS.

I am very sympathetic to the need for confidentiality. But, the goal of public health and safety -- providing the proper tools for treatment of disease -- has to be considered. My veto strikes a balance between these competing policy goals.

I have made a partial veto of this section to allow for the confidentiality of the test results except for the subject of the test and health care providers. This veto will ensure confidentiality of the test results, except for those parties directly involved in the treatment of HTLV III infections, AIDS and AIDS-related disorders. Lacking a statutory definition of acquired immunodeficiency syndrome (AIDS), the intent of my veto is to establish a definition of the term to include not only clinically diagnosed AIDS cases, but also HTLV III infections and AIDS-related disorders. In addition, it is my understanding that the parties interested in this issue will work to develop legislation to allow the Department of Health and Social Services (DHSS) discrete access to test results for prevention efforts.

Further, in making this partial veto, I eliminated language regarding information to be provided to a person who receives a positive test result. At present, DHSS has established guidelines to test providers to give this and other information about the test. I am directing DHSS to formalize these guidelines in administrative rule to ensure that all persons having a positive test receive this vital information.

Section 2329m restricts the use of HTLV III antibody test results by insurers and requires DHSS to make a determination of the reliability of the antibody test and a test for the HTLV III virus. I have vetoed the reference to the finding of reliability of the tests. As the language is written, DHSS would be in a position to immediately determine that both tests are reliable. The test for the virus, however, is very expensive and at present is used exclusively for research. While the test for the antibody to HTLV III is reliable, a definitive, actuarial correlation between presence of the antibody and the risk of AIDS has not been established. Until the correlation is established, or a confirmatory test for the virus is readily available, the antibody test should not be used for insurance purposes.

I have also vetoed Section 3023(27a) which would mandate DHSS to conduct a socio-psychological study of the effects on the patient of a positive HTLV III test. This mandate would have diverted resources from current prevention efforts and may be redundant to other studies sponsored by the federal government.

D. Community Integration Program Rates (CIP)
Section 896L

Section 896L increases the daily CIP rate from the current level of $56.38 per person in 1984-85 to $60.00 per person in 1985-86 and $62.40 in 1986-87. This section also requires the Department of Health and Social Services (DHSS) to request approval of the allocation amounts from the federal Department of Health and Human Services (DHHS) and prohibits exceeding the lesser of the requested amount or the amount approved by DHHS.

My initial recommendation for the 1985-87 budget was to establish the CIP rates at $80.00 and $82.40 respectively for 1985-86 and 1986-87. During the budget deliberations in the Joint Committee on Finance and the Assembly, I supported a compromise of $72.35/$76.58 which was approved in the Assembly version of AB 85.

I have partially vetoed section 896L which would retain current law which sets the rates at $55 per person in 1983-84 and $56.38 per person in 1984-85. For 1985-86 and 1986-87, the Department of Health and Social Services would be allowed to set the per person rate at the level approved by the federal Department of Health and Human Services. However, I will direct DHSS to set the rates at an average of $66/$69 for 1985-87 or the rates approved by DHHS, whichever is less. These rates reflect a compromise between the versions of each house. The higher anticipated CIP rate based on the federal approval is expected to allow DHSS to increase CIP placements from 120 to 160 over the biennium. Remaining with the Legislature's version of $60.00/$62.40 would, to a large degree, prohibit parents/guardians of individuals from some urbanized counties -- particularly Milwaukee -- from participating in this voluntary program in which parents/guardians, counties and the state must work together and agree on any community placement.

E. County IM Administration
Sections 436 and 1048g

I am committed to property tax relief through greater state sharing with the counties in the cost of administering federally mandated public assistance programs. My original budget recommendation included a $5.98 million increase in funding for county income maintenance administration. These sections inadvertently created a situation which would prohibit the allocation and distribution of the full amount of funding provided by the Legislature. In order to maintain my commitment, I have vetoed language in these sections that may reduce the funds committed to county property tax relief.

F. CER Modifications
Sections 1979u, 1980e, 1980h, 1980L, 1980o and 1980t

There are several technical modifications that I have made to the CER program which include:

Reference to the Hospital Rate-Setting Commission. This section was repealed with the repeal of the CER, and was omitted when the CER program was reestablished later in the budget process. This section deals specifically with the linkage of CER and the Hospital Rate-Setting Commission relating to capital expenditures by hospitals and the relation of these expenditures on hospital rates. A veto of the repeal of this section would reestablish this critical link; and would correct a technical error that was made at the time of the drafting of this language.

Services Subject to Automatic Review. This section requires a review of hospital projects that instituted both cardiac surgery and catheterization simultaneously. If these cardiac programs are phased in or implemented at different times, they are individually exempt from CER review. In practice, these two types of projects are phased in, and therefore, under this language would be exempt from CER review. A veto of this section would result in the cardiac program (whether surgery, catheterization, or both) being subject to CER review.

Exemptions from CER. This section allows hospital mergers and consolidations to be exempt from CER. In addition, this section would allow for some acquisitions and capital expenditures made subsequent to the merger or consolidation to be exempt from CER as well. Current law exempts hospital mergers and consolidations from review under CER, unless there is

legal consideration which establishes that the merger or consolidation itself represented an acquisition. Acquisitions and capital expenditures by hospital merger or consolidation should not be exempt from review under CER because the purpose of CER is to control unnecessary growth of hospitals and hospital services. Therefore, I have vetoed this section, which would reestablish current law.

Thresholds for Capital Expenditures. This section establishes a $1,000,000 capital expenditure limit on a hospital's expansion of its floor space. In addition, this section establishes a $1,500,000 limit on hospital expenditures which would either convert to a new use or would renovate part or all of the hospital. I have vetoed the section that relates to the limit on expansion of hospital floor space, but have retained the limit of $1,000,000. This would allow the Department of Health and Social Services to review any hospital project that exceeds the $1,000,000 limit, rather than review of only those projects that would expand a hospital's floor space and may result in an expenditure that is greater than $1,000,000. Under current law, DHSS reviews hospital projects that exceed $600,000. This veto would allow DHSS to continue to review the full range of projects which exceed the $1 million threshold. An exception to this limit is the $1,500,000 limit for conversion to new use or the renovation of all or part of a hospital.

Moratorium. This section specifies that there will be a moratorium on the relocation of hospitals, except if the relocation is a result of a hospital merger or consolidation, and the construction of new hospitals. In addition, this section prohibits any hospital from adding to its approved bed capacity, even if this additional bed capacity is the result of a hospital merger or consolidation. Currently, a hospital's approved bed capacity is based on the State Medical Facilities Plan for specific general acute care areas in the state. Therefore, additional overall bed capacity within a given general acute care area would not be approved. Moreover, if there were a hospital merger or consolidation that resulted in additional bed capacity at one facility this would not be permissible. Therefore, I have vetoed the language that relates to the prohibition of additional bed capacity because additional bed capacity may be warranted in the event of a hospital merger or consolidation.

G. Hospital Conversion to Nursing Home Beds
Section 1979c

This section allows general acute care hospitals to be permanently and completely converted to licensed nursing homes if: (1) they have an approved bed capacity of 25 or fewer beds; and (2) they are directly affiliated with a licensed nursing home. This provision sets a statewide limit of 50 on the number of bed conversions. Moreover, facilities may not create more nursing home beds than the number of hospital beds that existed at that facility. Lastly, these bed conversions are limited to those counties where: (1) the average occupancy rate of the nursing homes in that county is greater than 93 percent; and (2) the nursing home bed utilization rate is below the statewide average.

Currently, the state has an excess number of nursing home beds. The statewide nursing home bed limit has been maintained at last biennium's level of 55,471 with the Department of Health and Social Services having the authority to lower the bed cap with the reduction of licensed nursing home beds. This provision added to AB 85 represents special legislation aimed at helping a particular hospital which is experiencing financial difficulties. Conversion of beds to a nursing home would help this hospital's financial situation. The Department of Health and Social Services has successfully maintained the statewide nursing home bed cap for the past several years. The county in which this particular hospital is located had 1,580 nursing home beds in 1984, with 1,458 beds occupied. The 122 vacant nursing home beds (an eight percent vacancy rate) means that allowing a 25-bed hospital to convert to a nursing home would only add to the current number of vacant beds and result in an overall decrease in the average occupancy rate of beds in this county. Therefore, I have vetoed this section because it establishes a precedent for conversions to nursing homes that is contrary to the actual nursing home bed need in the state. In addition, I have directed the Department of Administration to hold in unallotted reserve $313,000 GPR from the Medical Assistance appropriation, to be lapsed to the general fund.

H. Addition of Psychiatric Beds under Chapter 150
Section 1980om

This section allows the approval of any hospital project, under chapter 150 (the Capital Expenditure Review Program), if: (1) the hospital's application for approval has been declared complete before January 1, 1985; (2) the project has not been approved by the effective date of this act; and (3) the project would result in a net reduction of the hospital's beds.

I have vetoed this section because it establishes a precedent for exemptions under CER which undermine the purpose of the CER program. In general, one purpose of CER is to control the growth rate of hospital and psychiatric beds in the state, as determined by the State Medical Facilities Plan. Currently, the state has an excess number of psychiatric beds. Statistics from the Department of Health and Social Services indicate that in 1984, Wisconsin had an average of 1,572 psychiatric beds. This is 678 beds more than the 894 beds determined to be needed in the state.

This section was added to AB 85 to help a particular hospital in the state. This hospital sought approval under the CER program for additional psychiatric beds. After much study, the proposal was not approved because the number of psychiatric beds available in this service area significantly exceeded the number needed (465 available; 219 needed).

Since no new information has been identified which would change this decision, I see no reason to approve the request through legislation. Doing so would be contrary to state efforts to eliminate unnecessary and duplicative health services in order to control costs for health consumers.

I. Pregnancy Counseling Services
Section 1969h

This section restricts the Department of Health and Social Services from making grants from appropriation s.20.435(1)(eg), Pregnancy Counseling Services, to any individuals or organizations which perform, refer, advertise or encourage the practice of abortion. Further, the provision requires the Department to give preference in awarding grants to groups and individuals who do not receive funding under s. 20.435 (1)(f), Family Planning. The intent of the Pregnancy Counseling Services appropriation is to provide funding to implement the recommendations of the Legislative Council's Special Committee on Pregnancy Options which is charged with the task of finding suitable alternatives to abortion. The effect of this particular portion of Section 1969h would be to unduly restrict the options available for the Special Committee's consideration. Therefore, I have made a partial veto of this section in order to maintain the funding, but lift the specific restrictions on the use of funds in s.20.435(1)(eg). My veto would still allow for the restriction that these grants may not be used for abortions. With this latter exception, this veto restores the language to the Joint Committee on Finance version.

J. Nursing Home Appeals Board Grants
Section 3023(12)(b)

This section established facility grants of $1.5 million in FY 1986 and $1 million in FY 1987 to the Nursing Home Appeals Board for applicant nursing homes that: (1) have at least 70 percent developmentally disabled or chronically mentally ill residents; (2) have an operating deficit in direct care; (3) have 90 percent or more Medicaid residents; (4) have demonstrated efforts to contain costs; and (5) have demonstrated performance of a study to reduce all or part of the facility's operations. There are additional criteria based on lower percentages of developmentally disabled or chronically mentally ill residents which include specific phasing down of geriatric beds of the facility by a preestablished amount.

I have partially vetoed the language in this section that explicitly defines the percentages of developmentally disabled or chronically mentally ill residents that an applicant facility must have in order to receive a grant. Such arbitrary percentages of difficult-to-care-for patients as a basis for award determinations are inappropriate. My veto of this section will result in facility grants being awarded to nursing homes that meet the criteria listed above, without reference to the specific percentage of developmentally disabled or chronically mentally ill. The second set of criteria includes the first set but adds that the facility is willing to phase down some of its beds, to be determined according to criteria developed by DHSS. Broadening the language in this way will enhance the flexibility of both the state and nursing home administrators applying for these grants. In addition, this will allow the state to tailor assistance to meet local conditions.

K. County Match for Mental Health Gatekeeper Program
Section 1093

This section requires county matching funds for specified allocations under the Community Aids program, including mental health expenditures for Medical Assistance clients -- a program known as the "mental health gatekeeper." I have vetoed the cross-reference in this section which requires county matching funds for the "mental health gatekeeper" program. Counties have not been required to provide matching funds for this program. The matching requirement in Assembly Bill 85 was included inadvertently. A match of these funds, which are intended to cover s.51.42 Boards' liability for authorized Medical Assistance services, would be inappropriate. My veto will correct this error, and maintain desirable policy and practice regarding local matching under the "mental health gatekeeper" program.

L. Group Home Surplus Funds Carryover
Section 809r

This section provides that group homes or certain community living arrangements, under contract with county social services departments, may apply "surplus revenues" against deficits in the preceding year or the succeeding year. Carryover would be authorized for up to five percent, but not more than $5,000, of "surplus revenue." I have vetoed this section, to avoid what would otherwise be exceptional, unwarranted treatment of certain types of service providers. This veto retains current law governing purchase of service contracts, including provisions for payments based on actual allowable costs or unit rates per client. Concerns about purchase of service contracts should be addressed through more comprehensive statutory revisions. The Department of Health and Social Services is submitting a comprehensive revision of s.46.036 this fall, to address such issues as balance and fairness among types of vendors regarding purchase of social service agreements.

M. Community Options Program Waiver Requirement
Section 896am

This section requires DHSS to request federal approval of a waiver under the Medical Assistance program, related to Wisconsin's Community Options Program (COP). A number of specific conditions are applied to the required waiver application, including an average monthly service allowance not to exceed $539, for persons to be covered by the waiver. I have vetoed the language in s.46.27(11)(c)4, which limits the average monthly service allowance to a maximum of $539. I believe such a ceiling would greatly reduce our ability to

serve high-cost clients under COP and would largely negate programmatic benefits of a waiver.

In an effort to accommodate legislative concerns expressed by the $539 ceiling, I am directing DHSS to apply for the waiver embodied by this section, but to include average monthly service allowances of $670 for 1985-86 and $682 for 1986-87. These levels provide a reasonable middle-ground, between the legislatively approved levels and my original request of $800 for 1985-86 and $824 for 1986-87. My original proposal authorized higher allowances for persons meeting skilled nursing level of care requirements, with lower levels for persons meeting intermediate level of care requirements. This two-tiered approach should be incorporated by DHSS within the allowances I have suggested here. With this veto, fiscal savings can accrue to the state and higher-cost clients can be served, assuming federal approval of Wisconsin's proposed waiver application.

N. Allocation of New Categorical Funding for the Developmentally Disabled
Section 3023(3)(qr)

This section requires DHSS to use a specified formula, to be promulgated by rule, to allocate $2 million in Community Aids funds for the expansion of community-based programs for the developmentally disabled. The allocation would be based on three factors -- number of persons on waiting lists for services; estimated amount of funds needed to serve persons on waiting lists; and the amount by which county expenditures exceeded their required Community Aids match.

I have vetoed the requirements that DHSS promulgate a formula by rule; and that one of the formula factors must be based on the estimated amount of funds needed to serve persons on waiting lists. Even under the emergency rule process, it would not be possible to promulgate rules in time for DHSS to allocate funds, or for counties to adequately plan for the expenditure of these funds in calendar year 1986. Also, I have serious concerns about the reliability and comparability of waiting list data. These concerns are compounded by the proposed formula because it necessitates counties to estimate both the number of persons on waiting lists and the funding required to serve them -- both of which are highly subjective. Therefore, I have vetoed the most subjective factor -- the estimated funding needed to serve persons on waiting lists. I am directing DHSS to develop a more reliable need-based formula factor to replace this after consulting with a variety of interested persons, including advocates for the developmentally disabled, representatives of counties, and legislators.

O. AODA/Mental Health Insurance Benefits -- Sunset Provisions
Section 2335

This section establishes a sunset on AODA/mental health insurance benefit levels, effective June 30, 1987. The establishment of the sunset was intended to focus future discussion on a reexamination of minimum AODA/mental health benefit levels. While I agree that this area needs periodic reexamination, I do not feel that such reexamination warrants a sunset in this case. The requirements for the provision of AODA/mental health benefits have existed since the mid-1970's. These benefits are important in the delivery of services which may otherwise not be accessible to persons requiring treatment for alcohol and other drug abuse or mental illness.

These benefit levels represent an important policy issue. If the decision is to be made to delete or reduce these benefit levels, this should be done as an affirmative decision not as a decision by omission. Therefore, I have vetoed the sunset provision regarding AODA/mental health insurance benefit levels.

P. Minority Counselor Training Stipends
Section 3023(3)(qq)

This section requires DHSS to allocate $125,000 to providers of alcohol and drug abuse treatment services, to be used for stipends of up to $2,500 each for training for up to 56 minority alcohol and drug abuse counselors. DHSS is further required to develop guidelines for the distribution of these stipends.

I have partially vetoed this section, to broaden the category of service providers to receive funding beyond those providing "treatment;" to remove the restriction that funds be used for stipends; and to remove the requirement that DHSS is to develop guidelines for distributing stipends. This veto will enable funds to be used in a variety of ways to provide training to minority alcohol and drug abuse counselors needing to achieve certification, rather than being restricted to use as stipends. The result of this veto will be more effective use of funds provided to help minority alcohol and drug abuse counselors achieve certification.

Q. Allocations to Community Action Agencies and Organizations
Sections 898v and 898x

These sections define "limited purpose agency," and provide for the allocation of Community Services Block Grant (CSBG) funds among community action agencies and organizations and limited purpose agencies. I have partially vetoed these sections, to restrict the definition of "limited purpose agency" to only statewide organizations; to remove the requirement that community action agencies are to receive at least 90 percent of CSBG funds; and to remove language requiring certain allocations and procedures for limited purpose agencies. By restricting the definition of limited purpose agency to only statewide organizations, CSBG funds will be targeted to organizations with the greatest potential for addressing broadly-based problems associated with poverty. In addition, my veto will enable allocations to be generally consistent with recent practice and with the department's proposed block grant plan for 1986. Under the 1986 plan, CSBG funds would be allocated 86 percent to community action agencies, 4

percent to migrant organizations, 4 percent to tribes, 2.5 percent to limited purpose agencies, and 3.5 percent for state administration.

R. Primary Care Program

Sections 1970jm and 3023(23s)

These sections provide statutory authorization for the Primary Care Program, which provides medical care to recently unemployed workers and their families. However, the authorizing language would restrict the program exclusively to outpatient services although the program at present covers inpatient maternity services. I have vetoed the reference to outpatient services to allow the program to continue to cover both outpatient and inpatient medical services.

In addition, the language restricts program participation to those counties experiencing "the highest unemployment rate," (emphasis added) which may prohibit some counties from continuing in the program. This was not anyone's interest or intent. I have made a partial veto to ensure that counties with high unemployment continue to participate in the Primary Care Program.

II. Education

A. Children at Risk

Section 1717

This section includes significant changes in definitions and program specifications from those originally proposed in my Children at Risk initiative.

The definitions of "children at risk" and "dropout" have been made excessively restrictive. I have vetoed parts of these definitions to expand them to include more children for whom special attention may be appropriate. At a minimum, school districts must identify children at risk and develop plans describing how their educational needs will be met.

An exemption is also created for small school districts from identifying and planning for their children at risk. I have vetoed the exemption. While some small school districts may consider this requirement somewhat burdensome, the benefits for children at risk far outweigh the minor administrative burden of identification and planning.

This section requires Milwaukee Public Schools (MPS) to contract for services for 30 percent of their at-risk students. The purpose would be to meet the outcome requirements of districts with excessively high dropout rates or numbers of dropouts. I have vetoed this requirement and, instead, have made it permissive. If alternative local services are available and appropriate, MPS may contract with them for up to 30 percent of their at-risk students.

This section specifies that the total of seven types of aid -- including equalization aid -- shall be used as the basis for determining the amount of incentive aid a district may receive; however, the incentive aid would be paid from the equalization aid appropriation. With a partial veto, I have eliminated five of the aid categories forming the basis of this incentive and, instead, have left equalization aid and supplemental state aid, s.20.255(2)(ac) and (an), as the basis upon which average per pupil aid is determined. I have taken this action for fiscal and equalization reasons. Equalization assistance represents over 80 percent of all state school aid and is a sufficient basis upon which to compute the incentive aid. To provide more would be excessive and disequalizing in that it would draw more heavily from the equalization appropriation leaving less to be distributed as direct equalization assistance to all other school districts.

This section also specifies an aid penalty for failure to achieve performance outcomes. This provision is prematurely punitive and would likely translate into less services for children. I have therefore vetoed it. The incentive aid should be sufficient to encourage improvements and should be given a chance to work.

B. Directed Allocation of Federal Funds

Sections 211m, 268m, 1687m, 3043(2m) and 3043(2r)

These sections direct the allocation of federal funds to projects which -- in three of the four cases -- have a distinctly local orientation. Federal handicapped discretionary funding is directed to the Milwaukee, Greenfield and Kenosha school districts, and federal block grant funding is directed at CESAs for regional educational broadcasting service units. I have vetoed each of the four provisions which direct the allocation of these federal funds. While each of the targeted projects may have merit, the selective legislative earmarking of funds alters the current agency application and allocation process. DPI uses federal project eligibility and allocation criteria and specific local needs in determining grant recipients and amounts. The direct allocation of funds on a case-by-case basis sidesteps -- and, as a result, weakens -- the process by which most applicants receive grants. The Legislature exercises broad oversight of the allocation of federal funds. However, to specify individual projects within larger appropriations for special treatment is not a fair system. I have also vetoed similar provisions directing the Educational Communications Board to allocate funding for CESA regional service units.

In addition, I have directed the Department of Administration to place in unallotted reserve $60,000 GPR in 1985-86 from the Tuition Aid appropriation (20.255(2)(cg)). This amount was added to offset the loss to Madison of federal handicapped discretionary funding for CWC students because of the directed allocation of $60,000 of these funds to Kenosha. Since I have vetoed the directed allocation of federal discretionary funds, the supplement to the tuition appropriation is unnecessary.

C. Special Adjustment (Hold Harmless) Aids
Section 1776m

This section creates a hold harmless provision for school equalization aid recipients. Beginning in 1985-86, districts meeting aid reduction and equalized value per member criteria are eligible. Beginning in 1986-87, districts receiving 50 percent or less of their previous year's aid are eligible. I have partially vetoed this provision to limit eligibility to districts which meet both aid reduction and equalized value criteria. However, it is also my intention to seek the repeal of this special adjustment aid in the 1987-89 biennial budget. While only a handful of districts will be eligible in 1985-87, an increasing number of districts will be eligible in future biennia. I view this as a one-biennium-only transitional funding mechanism for a very limited number of districts which meet specific eligibility criteria. An ongoing hold harmless provision is contrary to the notion that equalization assistance should be distributed in a manner which reflects each district's relative wealth and spending.

D. Kenosha P-3 Program
Section 1763

This section makes the Kenosha school district eligible to receive funds under the special impact incentive fund created for preschool through fifth grade programs in Milwaukee. However, for Kenosha, the added language specifically prescribes preschool through third grade programs as being eligible. This runs contrary to the special emphasis of the P-5 program by excluding grades 4 and 5. I have vetoed this qualification on Kenosha's eligibility so that the school district must develop an acceptable proposal which includes preschool through fifth grade to receive a grant under this program.

E. Income-Based School Aid Study
Sections 1414m, 3056(10m) and 3203(46)(vy)

This section requires that the Department of Revenue collect school district information on income and franchise tax forms, analyze this data and submit with its 1987-89 budget request a plan to replace the current local property tax funding mechanism with a local income tax. The Department of Public Instruction is required to submit a similar request from a state aid perspective, the Attorney General is required to analyze the legal questions, and the Governor is required to appoint a task force to advise the others of their duties under this provision. This section also provides the Department of Revenue with 0.8 FTE positions and $84,300 in 1986-87, and requires Revenue's consultation with the Legislative Fiscal Bureau and DPI. Data for taxable year 1986 would be collected.

There are clear advantages to having income data related to school districts for analytical purposes prior to the 1987-89 biennium. Our current total reliance in the school aid formula on property values as a surrogate for wealth does not always reflect ability to pay. This is particularly true for some of our northern school districts. For this reason, I have endorsed the minimum aids provisions contained in this budget. But, I would like to have the opportunity for future action, if warranted, to better incorporate ability to pay into our school aid formula. My vetoes of these sections allow access to the data for such a study, but stop short of replacing property value with income prior to a study. The results of this analysis should be shared with the Legislature.

I have vetoed the requirement that the school district be identified on franchise tax forms because of the difficulties this causes for multi-state, multi-location corporate taxpayers.

I have vetoed the requirement that DOR and DPI submit budget requests with plans to replace the current method of school finance because such a requirement is premature. Without current income data and its analysis, it is inappropriate to conclude that a solely income-based system of school finance is preferable to the current system. A major problem with an income-based system is that income levels can shift dramatically from year to year. Land values, by contrast, generally provide a more stable base from which to derive revenues. These considerations should be addressed as part of a study of the relative merits of property value and income-based funding.

The requirements that the Attorney General analyze the conversion and that the Governor appoint a task force to direct participants in the conversion are also premature.

Finally, I have vetoed the effective date of this provision so that it becomes effective sooner. As presently worded, income data would not be available for review until 1987. It is possible to begin collecting this data as early as taxable year 1985 so review can begin in 1986. This veto would permit incorporation of study results in the 1987-89 budget, if warranted.

F. Student Reciprocity Agreement Changes
Sections 702x and 723r

The first section requires that out-of-state students in Wisconsin VTAE institutions under reciprocity agreements must pay at least the rate charged to Wisconsin students attending a school outside their home VTAE district beginning January 1, 1987. The second section requires that medical, dental, and veterinary students be excluded from the Minnesota Reciprocity Agreement beginning with the class entering in 1986-87.

I am in sympathy with both these provisions. Nevertheless, I have vetoed them because they constitute unilateral changes in negotiated agreements. I am directing the Department of Administration, the Higher Educational Aids Board, and the State Board of Vocational, Technical and Adult Education to renegotiate current reciprocity agreements to incorporate these policies as soon as possible.

G. Wisconsin Higher Education Corporation
Sections 148m, 153m, 2054m, 3056(7) and 3204(56)(c)

These sections subject the Wisconsin Higher Education Corporation (WHEC) to certain provisions of state law that ordinarily apply only to governmental bodies. Also, the WHEC Board is restructured by these provisions to consist of gubernatorial appointees and legislators. The chief executive officer of WHEC would also be a gubernatorial appointee.

WHEC is a private not-for-profit corporation organized under chapter 181 of the Wisconsin Statutes to provide for a guaranteed student loan (GSL) program. The WHEC Board includes four members elected by the gubernatorially-appointed Higher Educational Aids Board. This current governance structure is sufficient for public accountability in the GSL program, and I have therefore vetoed the legislative changes that unduly interfere in the governance and operations of a private corporation.

H. Local History Position
Section 3026(3)

This section provides an additional 0.5 Local History position and directs the State Historical Society to finance the 0.5 position by reallocating from its base, which includes funds targeted for the Circus World Museum library and archives. The budget already provides and finances a 0.5 position for local history. The intent is to make the position full-time. The current 0.5 position is providing an acceptable level of service for this biennium. The Society has higher priorities for its limited resources, including the library and archives at Circus World Museum. Therefore, I am vetoing the entire section.

I. Commencement of Fall Semester
Sections 685m and 3203(53)(as)

These sections direct the Board of Regents to ensure that the fall semester at UW institutions begins after Labor Day. I am vetoing this change primarily because it would disrupt the academic calendar at several UW institutions by requiring students to return to school after the Christmas break to finish the first semester. Also, the delay in the start of the first semester would delay the ending date of the second semester until after Memorial Day which would hinder many students' chances of obtaining summer employment.

I am sympathetic, however, to the needs of the tourism industry. I believe that an acceptable compromise is available. That compromise would set the UW starting date after the first of September, but not necessarily after Labor Day. In three of the next seven years, this change could provide student labor for the tourism industry while also allowing the fall semester to end before the Christmas break. This concept would provide more stability to the tourism industry while also meeting the academic concerns of the UW students and staff. I am committed to supporting legislation which would require UW classes to start after Sept. 1st and intend to work with members of the Legislature to ensure passage of such a bill in the fall session.

J. Academic Staff
Sections 679 and 3053(6)

Section 679 limits the University's authority to reallocate funds for competitive salary adjustments only for faculty. The University should also have reallocation authority to adjust academic staff salaries for reasons of competition. This reallocation authority is necessary if the University is to provide 4.7 percent adjustments to academic staff salaries as directed under section 3053(5). Other state agencies have the authority to reallocate, and in fact are required to reallocate base resources, to implement the results of salary surveys. In addition, reallocation authority for academic staff is required under section 3053(5)(f) in order to implement a revised academic staff categorization structure. This veto will ensure consistency in the statutes and consistent treatment of all state agencies in the implementation of salary surveys.

Section 3053(6) deals with a study of the academic staff personnel system. The provisions of the study include the evaluation of whether academic staff positions are substantially similar to classified positions and should be placed in the classified service. I am vetoing the language on placement in the classified service to ensure that the conversion of academic staff positions to classified positions does not overshadow the study. The study should focus on policies which can improve the academic staff personnel system including retention, affirmative action, career progression and the establishment of a categorization structure. Any classification recommendations would come after all the other primary steps have been accomplished. A number of academic staff positions will likely be recommended to be placed in the classified service. However, classification should not be a foregone conclusion of a study that has yet to be started.

K. Sunset of UW Minority Programs
Sections 273d, 687m and 687p

These sections sunset UW minority student services by June 30, 1989. Specific programs affected are those aimed at recruiting and retaining minority students. The sunset date would indicate to students and staff a lack of long-term commitment to minority student programs, particularly since these would be the only UW programs with a termination date. I understand that the authors of the sunset provision included it in order to ensure that UW minority recruitment and retention programs are thoroughly reviewed for effectiveness before June 30, 1989. The recent performance of these programs certainly justifies their concerns, but I do not believe we need to raise doubts about our commitment to these programs in order to rigorously assess their effectiveness.

L. Stout Physical Education Facility
Section 3007(1)(j)

This section enumerates the authorized state building program for the 1985-87 biennium. I am vetoing the physical education facility at UW-Stout because this project was not approved by the State Building Commission. The Stout project was scheduled by the Building Commission for approval in the 1987-89 building program and should continue to receive priority consideration from the Building Commission.

M. Infotext Prohibition
Section 684m

This section prohibits the University from implementing the infotext system on a permanent basis. The infotext system is a facility currently operating on a trial basis for disseminating primarily agricultural information throughout the state. There was concern in the Legislature that the state-supported infotext system directly competes with private information distribution services. While I understand that the potential for unfair competition exists, this is not currently the case. An elimination of infotext at this point would deprive the agricultural community and others of useful public information from the University.

While I am vetoing this provision, I am also directing the UW-Extension to avoid direct competition with private information and data services. Further, at the end of the current trial period, the UW-Extension should submit a report to the Department of Administration detailing the results of the trial and outlining the future plans for infotext.

N. Dairy Center Reallocation
Section 3153(1)(b)

This section establishes a center for dairy research at the UW-Madison funded from unused WHEDA farm loan funds matched by private funds. I support the establishment of the center. However, an additional provision was included to require the Board of Regents to reallocate base funds for this project if sufficient WHEDA funds are not available. Since it is very likely that sufficient funds will be available, I am vetoing the reallocation language. This veto will remove the uncertainty over $244,000 within the University's state-funded research program.

O. UW-La Crosse Upward Bound Reallocation
Section 3053(7)(g)

This section requires the UW Board of Regents to reallocate $14,000 in each year of the 1985-87 biennium to support the upward bound program which the UW-La Crosse provides to Native American students in the Black River Falls school district. My veto of this provision is intended to make the $14,000 reallocation permissive rather than mandatory. However, it is my intent that this program should be continued and should, if necessary, be funded from reallocated UW funds.

III. Enviroumental and Commercial Resources

A. Major Highways Program
Sections 1565 as it relates to 84.013(3)(um), 3051(13p) and (13q)

I am vetoing two major highway projects added or changed from the Transportation Projects Commission recommendations which I included in the 1985-87 biennial budget. The two projects vetoed are Highway 151 from Sun Prairie to Columbus and the acceleration of STH 29 in Brown county.

I am vetoing the changes to preserve the Transportation Projects Commission process for establishing priorities for the construction of major highway projects. The commission recommended for construction a reasonable and balanced package of highway projects. Substantially altering its recommendation jeopardizes the future use of the commission to set priorities for transportation projects. The Commission has worked well in its first two years of existence and should be given the opportunity to continue to be the forum to deal with major highway projects.

The Highway 151 project is at the top of the priority list for the next session of the Transportation Projects Commission. I am committed to keeping the project the top priority for the 1987-89 highway budget.

B. Highway 12 -- North Crossing Bridge and Highway
Section 3051(17)

This section requires the Department of Transportation to conduct preliminary engineering and design work during 1985-87 for a bridge and highway project on USH 12 in Eau Claire County. I am vetoing part of this section to eliminate the requirement to conduct design work. Project design cannot be done until preliminary engineering work and site review analysis have been completed and a site selected. Only the preliminary engineering and site selection process will be completed during 1985-87. The actual construction should be a Transportation Projects Commission decision as it selects construction projects for future years.

C. Avalon Road I-90 Interchange and Bridge
Sections 3051(2) and (2m)

These sections require the Department of Transportation to build a cloverleaf interchange on I-90 in Rock County at Avalon Road and to construct a bridge and improve Avalon Road. I am vetoing parts of these sections to give the Department of Transportation greater flexibility in designing the interchange. I am also vetoing the language that limits the department's ability to fully fund the improvements. Finally, a partial veto was made to the location of the Avalon Road Bridge to correct a technical wording problem regarding where the bridge should be built.

D. Highway 100 Re-routing and the 107th Street Traffic
Sections 3051(10m) and (11m)

These sections direct the Department of Transportation to re-route state highway 100 in Milwaukee using STH 74 and USH 41/45, re-designate parts of STH 100 to STH 91, and to study the traffic on 107th Street between Good Hope Road and Brown Deer Road. I am vetoing the requirement to re-designate as state highway 91 that part of state highway 100 routed over 107th Street between Brown Deer Road and Good Hope Road and over Good Hope Road between 107th Street and USH 41/45. I am vetoing this portion of the re-routing in order to direct the department to negotiate with the City of Milwaukee for the jurisdictional transfer of that part of state highway 100. The transfer will negate the need for a study of the traffic on 107th Street and I have vetoed that requirement. It will also eliminate the need for local control of truck traffic on state connecting highways, a provision vetoed as a separate action. These vetoes in combination will resolve the traffic problems on 107th Street while preserving the integrity and state control over the state highway system.

E. Heavy Traffic Prohibition
Section 2221r

I am vetoing the provision allowing a first class city to prohibit heavy traffic on streets and highways within its boundaries which are now state highways or connecting highways in the state highway system. The provision is being vetoed because these highways serve state and inter-regional traffic which could be delayed and inconvenienced by unilateral municipal rerouting. In addition, the authority for Milwaukee to prohibit truck traffic on state highways and connecting highways would encourage other communities to seek similar authority which would jeopardize the integrity of the state highway system. This veto is necessary to assure an efficient and useful state highway system and avoid undesirable fragmentation.

F. I-94 and I-894 Noise Barriers
Sections 3051(12m) and (12o)

These sections require the Department of Transportation to reallocate $4 million in the interstate highway program for the construction of noise barriers at a specific site on I-94 and on I-894 in Milwaukee County. I am vetoing parts of these sections to allow flexibility to place the noise barriers in the most advantageous locations after study by the Department. The Department of Transportation will be completing a study of the noise barriers placed on the interstate during the last biennium and will prepare specific criteria for siting and designing noise barriers. The full $4 million reallocation is not affected by this veto. This veto will facilitate implementation of an orderly and effective noise abatement program.

G. Milwaukee County Sheriff Expressway Patrol Aid
Section 394m

The section increases aid to Milwaukee County for vehicle inspection and traffic enforcement on the Milwaukee expressway. I have vetoed this section because Milwaukee County receives local highway aids which include aid for these police costs. Eligible police costs included in the local highway aid formula accounted for approximately 41 percent of aidable costs for Milwaukee County in 1983. In addition, the expressway patrol aid increase applies only to Milwaukee County. All other municipalities pay for vehicle inspection and traffic enforcement with local funds and local highway aids. Finally, money was not added to pay for the aid increase, and consequently the State Patrol would have to reallocate within its operating budget to pay the additional aid. This would cause an unacceptable reduction in State Patrol services.

H. Payments for Jurisdictional Transfers
Section 373m

This section gives the Department of Transportation authority to make payments to compensate for needed highway maintenance to Dane County when transferring highway 12/18 to local control. I am partially vetoing this section to expand this authority to allow payments to other municipalities scheduled to receive jurisdictional transfers. This recommendation returns the provision to what I originally recommended to the Legislature. The broader authority is needed to facilitate the Department of Transportation's plan to transfer certain state roads to local control, including highway 12/18 in Dane County. In addition, I am directing the department to take steps to ensure that payments made to local governments under this provision will be used for road repair and maintenance.

I. Aeronautics Revenues and Expenditures
Section 3051(5)

This section attempts to prevent aeronautics program expenditures from exceeding aeronautics revenues in 1985-87. The Department of Transportation must report to the Joint Committee on Finance if an imbalance between revenues and expenditures occurs and to propose solutions. I am vetoing this provision because it segregates accounts within the transportation fund, a policy with serious implications if applied to other transportation modes. The provision applies only when expenditures exceed revenues and ignores the fact that the aeronautics programs have been a net contributor to the transportation fund in the past. Finally, the provision may force program cuts and fee increases outside of the biennial budget. These decisions are best made in the context of the biennial budget process.

J. License Plate Color
Sections 2139m and 3203(51)(d)

These sections require the Department of Transportation to issue vehicle license plates with red letters and

numbers on a white background beginning January 1, 1986. I am vetoing these sections to give the Department of Transportation more flexibility to design a new license plate. I support a complete redesign of the state license plates to better present the state's image. These sections prohibit the consideration of many color and design options. In addition, the requirement for a red on white color scheme prevents the use of different reflector material which may be more cost-effective than the current process.

K. Lake Arterial Stub-end Project
Section 3051(3)

This section removes from the state highway system that part of the highway south of the Hoan Bridge in Milwaukee which was to be used for the lake arterial project and requires the Department of Transportation to construct a stub-end project at the end of the Hoan Bridge during 1985-87. I have vetoed this section in part to eliminate the requirement for the stub-end project. The partial veto is made to provide greater flexibility to the Department of Transportation to design and construct the necessary roads to move traffic from and onto the bridge from the local roads. The vetoed language is too restrictive and would have precluded other, possibly more effective, options from consideration.

L. Radioactive Waste Transportation Liability
Section 2022y

This section defines the liability of responsible parties and the basis for recovery by injured persons in lawsuits involving a nuclear incident. The section creates statutory strict and joint liability for all responsible parties and establishes a presumption that a responsible party was the cause of harm as a result of a nuclear incident. It also contains a definition of what constitutes harm which includes mental anguish and consequential economic loss. The section also establishes the use of federal standards as a defense in liability cases. I have retained the shift in the burden of proof because it is desirable from an environmental standpoint. I have partially vetoed other provisions in this section.

This veto eliminates the reference to federal standards as a measurement of performance, thus retaining measurements which are currently applicable in liability cases. The language which establishes a new burden of proof of clear, satisfactory and convincing evidence is vetoed. The veto of this language will have the effect of continuing current Wisconsin evidentiary proof for strict liability uses. This veto also deletes the ability to recover for mental anguish and the word consequential as a qualifier for economic loss. These changes reduce the potential for frivolous lawsuits and retain the application of normal tort case law where desirable.

M. CHAP Development Subsidy Program
Sections 897t, 898m and 3028

I am vetoing section 898m and parts of sections 897t and 3028, which relate to the creation of a WHEDA financed Community Housing Alternatives Program development subsidy program. The program mismatches funding sources and program administration, creates a duplicate process for legislative review of the use of WHEDA surplus reserve funds, and places unnecessary restrictions on how WHEDA subsidies would be provided. The program is now substantially different from the program which I proposed to be funded with GPR through a line agency, the Department of Health and Social Services. If the funding for a CHAP project is totally dependent on funding through the Wisconsin Housing and Economic Development Authority, then the development program needs enough flexibility to permit WHEDA to use its resources for the program. I do believe WHEDA and DHSS should develop a workable CHAP program and concur with the language requiring WHEDA and the Department of Health and Social Services to submit a joint report to me and the Legislature outlining the use of WHEDA funds for development subsidies.

N. Oak Creek Landfill Prohibition
Sections 1209ao and 1209ap

I am vetoing provisions which prohibit the Milwaukee Metropolitan Sewerage District from developing a landfill in any fourth-class city in Milwaukee County unless it is in a county park next to Lake Michigan. The provisions would force a proposed landfill in Oak Creek to be moved to Bender Park.

This veto is consistent with my other veto of specific landfill site prohibitions which undermine the state's comprehensive landfill siting process. The inconsistencies which result from these site specific provisions are obvious; one prohibits landfills near Lake Waubesa in Dane County and the other requires a landfill to be moved next to Lake Michigan. The process already provides the opportunity for a contested case hearing on the need for the site which has yet to occur. In addition, the provisions mandate only one site without the benefit of detailed economic and environmental review. A preliminary review of the Bender Park site reveals several problems which could hinder landfill site development including land use limitations and shoreland erosion problems. In order to address this siting issue fairly, I have asked for and received a commitment from the district to pursue site feasibility studies at both the Oakwood Road and Bender Park sites. The intent of this veto is not to preclude selection of the Bender Park site if it proves to be acceptable. If Bender Park is selected, the Milwaukee County Executive has agreed to cooperate with site development. The district will also survey other potential sites in the area. This veto is meant to assist efforts by the district to find a suitable landfill site in cooperation with the county and Oak Creek representatives. It is my hope that all

parties will work diligently and in good faith to find common ground in this issue.

O. Landfill Siting Prohibitions -- Dane County
Section 1955p

This provision prohibits landfill development within 2,500 feet of lakes greater than 640 acres in a county with a population of 315,000 or more. This provision would preclude developing the Libby site and a site on Vonderan Road in Dane County. I am vetoing this provision because it undermines the state's comprehensive landfill siting process. In recent years landfill laws have been strengthened to provide extensive opportunities for public participation and thorough environmental review. Current laws are among the most stringent in the nation and ensure that new landfills are safely designed and appropriately located. Opponents of proposed landfill developments have many avenues to challenge proposed sites. This veto preserves our already effective statewide process by eliminating unnecessary site specific landfill prohibitions.

P. Well Compensation Grants
Sections 158 as it relates to 20.370(2)(eb) and 3039(8)

I am vetoing funding for contaminated well compensation grants in FY 1986-87 because I do not believe GPR should be the long-term funding for the program. The Legislative Council is scheduled to complete a study on alternative funding sources for well compensation grants by July 1, 1986. I encourage the early study and development of a permanent non-GPR funding source as part of a long-term strategy for providing safe drinking water for people with contaminated private water supplies. The funds in the first year of this continuing appropriation still provide a 34 percent increase over the base funding level. The $500,000 appropriated for FY 1984-85 combined with $1,345,000 provided in FY 1985-86 will fund replacement of up to 500 contaminated wells. These funds may allow additional replacements now that 1985 Wisconsin Act 22 allows state grants for connections with public water supplies where they are more cost effective. This veto leaves a sizable grant fund for replacing eligible contaminated wells but withholds establishing a long-term reliance on the general fund to totally finance the program.

Q. Fox River Locks
Section 669ut and 3039(10m)

I am vetoing a provision which allows the Fox River Management Commission to receive 100 percent state grants to manage and operate the Fox River locks during the 1986 boating season from the Recreational Boating Facilities Program. This veto removes the exception provided to the Fox River Management Commission in 1986 and restores the 50 percent local match requirement used for all other grants offered under this program. The veto is made to assure a state/local partnership for financial support of the Fox Locks and to make grants to the Fox River Management Commission consistent with other eligible governmental units. I am also vetoing a provision which earmarks $25,000 in grants to the Commission during FY 1985-86, restoring open competition for funds.

These partial vetoes do not alter my support for continued operation of the locks on the lower Fox River. However, I am concerned that an unwarranted precedent would be established by allowing 100 percent funding for one entity out of the many which will be competing for funds. The policy of requiring local match funds started with 1985 Wisconsin Act 16 which established a state and local partnership to continue lock operation during the 1985 boating season. Recreational boating facility grants for lock operations will provide substantial local benefits, therefore, state grants should be limited to 50 percent of costs.

R. Endangered Resources Tax Check-Off
Section 1361m

This provision eliminates the voluntary income tax check-off for the endangered resources program after the 1986 tax year. I have vetoed this provision because elimination of the check-off ignores the voluntary support for the program on behalf of Wisconsin residents who choose to use this mechanism. The Department of Natural Resources has run a public information campaign about the check-off and this effort and any momentum in increased participation that has been developed would be lost if the check-off were eliminated. In addition, continuation of the program without the check-off would require either higher DNR fees, a reallocation of DNR funds from other important wildlife programs or new GPR funding in the 1987-89 biennium.

S. Wildlife Damage Payments
Section 668m

This section specifies that the Department of Natural Resources pay a minimum of $200,000 per year on wildlife damage claim payments. I have vetoed the $200,000 set aside provision because it shifts the program emphasis from abatement to wildlife damage payments and may limit the number of additional counties which will be able to participate. It may also require a change in the percentage of county administrative and abatement costs which would be paid for by the program. At present, damage claims are paid as a last priority and on a prorated basis after abatement and program delivery costs are paid. In addition, the $200,000 set aside establishes a precedent and expectation for future additional damage payments.

T. Managed Forest Land Exemption
Section 1501

This provision requires the Department of Natural Resources to deny a landowner's petition to enroll in the Managed Forest Program if the land is in a town entirely surrounded by water, the land totals more than five percent of the area of the town and the town board votes

to deny the request. I have vetoed this provision because it applies to a single site and because all petitions for enrollment under the Managed Forest Program should be treated and evaluated equally. This limited exception would encourage proposals for additional and broader exemptions.

This provision also establishes a two-tiered approval process. Both town and department approval may be required before land could be entered into the program. This is undesirable because it will slow down the process of enrollment, create administrative difficulty for the department and will be confusing to the applicant. Allowing town boards to restrict landowner entry to the Managed Forest Program would jeopardize an important economic development program designed to improve forest productivity.

U. Landowner Preference
Section 659

This section sets aside 30 percent of special deer hunting permits for qualified landowners. In addition, it gives preference for the remaining 70 percent of the permits to those applicants who were unsuccessful in acquiring a special deer hunting permit in the previous year. The section unintentionally allows landowners qualifying for the 30 percent preference category to be eligible for the remaining 70 percent. I have vetoed this provision because inclusion of eligible landowners in both preference categories exceeds the level of preference intended and would not be equitable for nonlandowners or unqualified landowner applicants.

V. Farmland Preservation -- 10 Percent Minimum Credits
Sections 1338sg, 1338sh and 3203(46)(w)

These sections allow farmers to receive a 10 percent minimum credit for eligible property taxes in areas not covered by exclusive agricultural zoning regardless of their income. Under current law, only participants in zoned areas are eligible for 10 percent minimum credits if their income is too high to claim a credit under the formula. I am vetoing this change to the farmland preservation program because it reduces the incentive for local governments to approve exclusive agricultural zoning, and benefits a small number of high income farmers.

Farmland preservation credits are designed to encourage zoning controls and provide tax relief to low and moderate income farmers. The proposed minimum credit would provide $500 each to only about 500 farmers with household incomes over $36,000. The biennial cost of these provisions is $1 million GPR based on the assumption that more high income farmers would sign agreements once a minimum credit is available. This veto continues the policy of targeting tax credits to farmers with low and moderate incomes, high property taxes and land protected by exclusive agricultural zoning.

W. Expanded Farmland Preservation Tax Credit Brackets
Sections 1338rm and 3203(46)(x)

I am vetoing provisions which modify the farmland preservation credit formula providing an average four percent increase for approximately one-half of participating farmers. I am vetoing this modification because it would increase program costs by $4 million over the next biennium, but would provide very marginal increases to individual farmers and would not provide additional incentives for new participants. Those who would benefit under these vetoed provisions would see their average credit of $2,550 increase to $2,650. Even without these bracket changes, the program will grow from $28 million in 1984-85 to nearly $36 million in 1986-87. The marginal increase which I am vetoing primarily benefits participating farmers already receiving large credits and is a costly modification to a rapidly growing program. The farmland preservation program already provides substantial property tax relief for farmers in the program. Participating farmers receive income tax credits which amount to an average of 40 percent of their property tax bills.

A separate provision in the budget requires the Department of Public Instruction to use current year values in calculating school aids and credits. This action, recommended by my Commission on Agriculture, will provide additional property tax relief to all farmers because recent declines in farm values will be more quickly and accurately reflected. In addition, I endorse the provision which increases the credit for town zoning agreements from 70 percent to 90 percent. This latter provision is consistent with the dual purposes of farmland preservation.

X. Meat Sales to Nonprofit Organizations
Section 1645m

I am vetoing provisions allowing persons who sell inspected meat directly to consumers and exempt from state or federal meat licensure to make occasional sales of meat products to nonprofit organizations. Allowing sales to nonprofit organizations by nonlicensed businesses conflicts with federal meat inspection program standards. As a result, federal grants which support state inspection responsibilities may be threatened. In addition, nonprofit organizations which may lack professional food preparation expertise benefit from the additional protection provided by purchasing meat from licensed and inspected meat processors. This veto retains the current requirement that nonprofit organizations purchase meat from licensed meat processors.

IV. General Government Operations

A. Homestead Tax Credit
Sections 1337, 1337e, 1337k, 1337p and 1337v

These sections expand the Homestead tax credit program by $38.4 million in the 1985-87 budget period.

Homestead is an extremely important tax relief program which I consistently supported during my years in the Legislature. As Governor, I signed 1983 Wisconsin Act 212 which expanded annual Homestead funding by $20 million for claims paid this year. However, I am vetoing these sections because the program expansion provided in the budget is excessive. I will introduce a bill in the September floor period which will raise Homestead funding in a manner consistent with the Joint Finance version of the budget bill. The Joint Finance version increased Homestead funding by $18 million.

Such a substitute would continue the trend of generous increases in Homestead tax relief provided during my administration. In FY 1983, the cost of Homestead was approximately $84 million. For FY 1985, the cost rose to an estimated $103 million. Under my proposal for the fall session, the funding for FY 1986 would be about $110 million.

The Joint Finance version of Homestead would have increased the income ceiling and maximum aidable property taxes to $17,500 and $1,300 from the current law levels of $16,500 and $1,200. For the 1982-83 claim year, the income and property tax levels were $14,000 and $1,000 respectively. Since 1982-83 then, the Joint Finance package would result in a 25 percent increase in the income ceiling and 30 percent boost in the maximum amount of aidable property tax.

The following examples provide a better sense of what such a substitute Homestead bill would mean for needy claimants.

A household with $8,000 of income and $850 in property tax in 1982-83 would have had a $480 Homestead credit. Under current law, the credit is $617. This would rise to $680 if the Joint Finance alternative were adopted. In percentage terms, the credit increase is nearly 42 percent above the 1982-83 level and 10.2 percent above the existing one. For a household with $12,000 of income and $1,150 in property tax, the Homestead credit would be $200 in 1982-83, $435 in 1984-85 and $482 in 1985-86 under the Joint Finance plan. Again, there is a substantial increase, 141 percent over the 1982-83 level and 10.8 percent above current law.

I have vetoed these sections, but the bill that I will introduce in September will underscore my commitment to the Homestead program.

B. Mining -- Local Impact Committees
Section 1958c, 3201(46)(bm) and 3202(46)(km)

These sections would completely delete the authorization for local impact committees to request money from the Mining Investment and Local Impact Fund Board and for the Board to grant funds to the local impact committees. Removal of authorization of grants to local impact committees would make it difficult for local governments to participate fully in the decision-making processes involved in mining development. Over the past few years, the Board has imposed tighter fiscal guidelines and monetary limits on grants to local impact committees, and is working with them to coordinate local participation in decision-making. The efforts of the Board and local governments in the last few years would be negatively affected by this restriction. I have therefore vetoed these sections.

C. Treatment of Retirement Benefits (Technical)
Section 3204(46)(s)

This section inadvertently provides a delayed effective date for some persons with respect to language which clarifies that the public employe's retirement exemption does not apply to tax sheltered annuity benefits. I have vetoed this section but have not vetoed the initial applicability date for this change which is specified in Section 3203(46)(um) as taxable year 1985.

D. Clarification of Depreciation Treatment
Section 1281j

The intent of this section, together with other sections of the bill, is to disallow current federal depreciation treatment for residential rental real property and certain farm property placed in service after 1985. The tax code provisions affected by this section of the bill provide statutory guidance to corporations commencing business in Wisconsin in determining depreciation for all types of assets, including those placed in service in prior years. The wording of this section would inadvertently restrict the statutory guidance to residential rental and farm property; thereby creating a statutory void regarding the depreciation treatment of other assets. I have vetoed this section to prevent this confusion.

E. Uniform Property Tax Bill
Sections 1216r and 3046(14r)

These sections duplicate the intent of 1985 Wisconsin Act 12 (full disclosure property tax bill). Wisconsin Act 12 requires that beginning with property tax bills for 1985, the bill, or an insert accompanying the bill, include information on the amount of school aids, VTAE aids, highway aids and state shared revenues, in addition to information already provided on state tax credits. However, the language included in the budget bill imposes an unnecessarily restrictive format. The language will require a number of additional calculations by local clerks to fulfill the format and detail requirements. More than 400 taxing districts do not use automated equipment to prepare their tax bills, rather they are prepared manually each year. The additional requirements will present these taxing jurisdictions with insufficient time to automate or to contract with a service bureau since the extent of the work required will not allow for timely issuance of tax bills under a manual system. I have vetoed these sections in their entirety, thereby restoring current law and the provisions of the 1985 Wisconsin Act 12.

F. Sales Tax Exemption -- Motorized Wheelchairs
Section 1491p

This section expands the sales and use tax exemption for wheelchairs to include motorized wheelchairs, scooters and other personal property used as substitutes for wheelchairs. The proposed exemption is good public policy in substance. However, I have vetoed the language referring to "other personal property used as substitutes for wheelchairs" because it is too broad and could include such things as automobiles. This technical veto makes the desired change but removes the overly broad language.

G. Tax Refunds -- Local Governments
Sections 1434s, 3202(46)(jp) and 3203(46)(np)

This section would require that if a municipality must refund property taxes to an individual taxpayer due to an error in preparing the tax bill, the municipality can charge the school and county for their "share" of the refund. While this may sound like a reasonable proposal, in fact it would result in an unwarranted shift of property taxes from taxpayers in the municipality to other taxpayers in the same school district and county. This will occur because the amount of school and county taxes apportioned to a municipality is not affected by assessed values or by an error on the tax bill. Since there is no justification for charging the school and county for a share of the refund, I have vetoed these sections in their entirety.

H. Out-of-State Partnerships
Sections 1281m and 3203(46)(yd)

The budget bill contains a number of provisions which restrict the use of ACRS depreciation in connection with residential rental and farm property. The intent of the Legislature was to reduce the extent to which such property can be employed in tax shelter activities. However, the sections noted here would preserve ACRS claimed on farm and residential rental property located outside the state and owned by non-Wisconsin partnerships. It is questionable public policy to provide tax advantages for out-of-state investments while denying them to in-state ones. In addition, the wording of the specific provisions is unworkable. Therefore, I have vetoed these sections in their entirety.

I. July 1985 Shared Revenue Payment
Section 3046(5)

My budget proposal retained the July shared revenue payment at the 15 percent level, rather than allow a scheduled increase to 20 percent. The increase in the July payment is unnecessary since local governments receive property tax and credit funds in July and August. This nonstatutory provision was included to prevent potential administrative complications associated with late passage of the budget. Because the Legislature passed the budget bill in a timely manner, I have vetoed this section so that the 1985 July payment will be made at the 15 percent level consistent with the budget bill.

J. Financial Administration Handbook
Section 3046(9)

This section would prohibit the distribution to local governments of a free copy of the new financial administration handbook for small municipalities prepared by the Department of Revenue. My budget recommendation provided that each municipality would receive one free copy with a $10 charge for any additional copies. Since the material in the handbook is intended to help clerks and treasurers complete their financial responsibilities which will result in more accurate reporting to state agencies and to local governing bodies, it is in the state's interest to assure that the handbook is available in every jurisdiction. Therefore, I have partially vetoed this section to remove the prohibition on the distribution of a free copy of the handbook to municipalities.

K. 1985 Utility Shared Revenue Payment
Section 3046(6)

This section is intended to delay until 1986 the effective date of a minor shared revenue utility formula change, relating to exempt pollution abatement equipment. I included this section in my budget so that the one affected town and county would receive 1985 payments consistent with earlier estimates. I have partially vetoed this section to correct an incorrect statute cross-reference which failed to protect the town's 1985 payment.

L. Tax Appeals Commission -- Positions/Deadline
Sections 1411, 3056(1) and 3203(46)(xb)

My 1985-87 budget proposal made several changes to the structure and procedures of the Tax Appeals Commission, including a provision for full-time Commission members. A primary goal was eliminating the backlog of cases which the Commission is experiencing, particularly the manufacturing assessment cases backlog. However, an amendment reduced two Commission positions to three-quarters time with terms expiring July 1, 1987. The severity of the backlog (over 1,100 cases) justifies authority for five full-time commissioners, at least through the 1985-87 biennium. The findings of a June 1985 Legislative Audit Bureau review of the manufacturing assessment process support my concern. Therefore, I am exercising my partial veto authority and eliminating the three-quarters time reference, thereby creating authorization for five full-time members.

Sections 1411 and 3203(46)(xb) would require that all manufacturing assessment appeals to the Tax Appeals Commission be heard and decided within one year of the filing of petitions, beginning in 1987. The manufacturing assessment appeal backlog is a serious problem which I have taken other steps in this budget bill to address. I have instructed the Secretary of Revenue to work with the Tax Appeals Commission to resolve this problem as soon as possible. However, it is impossible to meet the deadline established by this section, given available resources. I support the concept of a one-year

turnaround time at a later date, once the current backlog is eliminated. I have partially vetoed these sections to eliminate the one-year requirement and, in so doing, make immediately applicable a second, workable requirement that the Tax Appeals Commission issue decisions within 90 days of the completion of proceedings.

M. Judicial Retirement Benefits
Sections 724m, 729m, 3202(17) and 3203(17)

These sections provide that circuit court and court of appeals judges and Supreme Court justices would have their retirement benefits calculated upon the statutory salary level in effect at the time of retirement, instead of the present three-high-year average. These judges and justices may not now receive salary increases during their term of office unless a new judge is seated in their category at which time the current statutory salary becomes payable to all judges within that category.

I have vetoed this language because the actual effect of the restriction on salary increases and corresponding retirement benefits for judges and justices has been minimal. Salary increases for all judges and justices were authorized in 1979, 1980, 1983 and 1984. Except for 1979, the longest that sitting judges and justices had to wait to receive the new statutory salary was about one month. Establishing a statutory salary for benefit computation purposes for judges in lieu of the three-high year earning average could cause distortion and manipulation of retirement benefits for this select group of WRS participants and is contrary to the methodology used for all other general state employes and protectives. Further, this provision would provide significant "windfall benefits" for those individuals who stay on to the next statutory increase, and would also cause a disparity in benefits for those who retired before the change in statutory salary became effective.

N. Unemployment Compensation Changes
Sections 1661g and 3029(3m)

These sections provide unemployment compensation benefits for privately employed school bus drivers for the period of May 26 through September 7, 1985 and deny benefits to individuals who perform transcription services for court reporters if the person is paid on a per diem basis. These sections change the package of taxes and benefits recently agreed upon by the Unemployment Compensation Advisory Council, the Department of Industry, Labor and Human Relations, and the Legislature and which I endorsed by signing 1985 Wisconsin Act 17.

I am vetoing these benefit changes for four reasons:

1. Benefits for school bus drivers represent an unfunded benefit increase which creates an imbalance in the Unemployment Compensation Fund. The Fund still owes the federal government $389 million and may be harmed by this benefit increase.

2. Reinstatement of benefits for privately employed school bus drivers also would result in an inequity because publicly employed school bus drivers are not eligible for benefits under state and federal law.

3. Unemployment compensation should not be viewed as an income supplement.

4. Denial of benefits to individuals who transcribe for court reporters is currently under consideration by the Unemployment Compensation Advisory Council. Therefore, benefit denial is inappropriate at this time because it has not received Council review and approval. In addition, the provision may not accomplish its purpose of relieving court reporters of the responsibility of paying UC taxes. Benefits are denied in the provision but taxes are not eliminated.

O. Salary Cap for New Public Defenders
Section 3042(2)

This section provides that staff attorneys hired in 1985-87 may not receive a gross starting salary exceeding $20,000 annually unless the person possesses pertinent work experience, excluding experience gained in attaining a law degree. This provision was intended to address the disparity between district attorneys and public defenders. I am vetoing the salary cap proposal because of problems it will cause for the agency management. Over 25 new attorneys would be on one salary schedule with the existing staff of 175 on another, although both groups would be doing identical work, are similarly qualified, and located in the same offices. Moreover, starting attorneys in other agencies are not subject to the salary cap. Therefore, this select group of Public Defender attorneys would be on a different salary track than all other state-employed attorneys. This will hamper the State Public Defender's recruitment efforts and restrict its ability to meet Affirmative Action goals. It is my intention that the agency meet the increased salary costs within existing resources.

P. Municipal Judge Education
Sections 542c and 2345m

These sections require the use of state general purpose revenues for most costs associated with state required municipal judge training. They also eliminate the program revenue appropriation established in the 1983-85 biennium for this purpose. I agree with the need for required education for municipal judges, but I think the affected municipalities should be responsible for the associated costs. When the Legislature mandated in 1983 that the Supreme Court establish these requirements, it specified that the municipalities would bear the cost of the programs provided by the courts. Since the Supreme Court only recently established the training requirements, the program revenue appropriation has not been used. I am vetoing the use of GPR funds in order that the program revenue approach be given an opportunity to work. I will direct that these funds, $45,500 GPR in 1985-86 and $76,100 GPR in 1986-87, be

placed in unallotted reserve to lapse to the general fund balance.

Q. Wisconsin Council on Criminal Justice -- Appropriation Transfers
Section 3113

This section eliminates 4.5 federal positions and transfers the associated savings from WCCJ's state operations appropriation to a local assistance appropriation. This transfer was amended into the budget because of concern that a disproportionate amount of federal juvenile justice funds were retained by the agency for technical assistance and research functions. I am vetoing this funding transfer because I am not convinced that WCCJ's expenditure plan has left the counties underfunded. The funding distribution plan was authorized by the federal Juvenile Justice Office, the granting agency. The federal act governing the funds in question states that the administering agencies should strive for a spending ratio of two-thirds local funds to one-third state funds. The current WCCJ spending split is 63 percent to local programs and 37 percent for state spending, which is very close to the recommended ratio. Under Section 3113 the local share would increase to 78 percent in 1985-86 and 82 percent in 1986-87 which clearly exceeds the levels anticipated by the funding authority. Moreover, the affected positions are not administrators but provide consulting services to the counties at a lesser cost than if the counties had to contract for them.

The Legislative Audit Bureau is about to undertake a review of this and related WCCJ issues. It is premature to intrude on the decision-making authority of the independent WCCJ body until it has been clearly demonstrated that it has acted inappropriately.

R. Pay Inequities
Section 3019(2p)

I praise the efforts of legislators to correct errors in our compensation system and to uniformly and economically apply pay equity adjustments. I too support these goals. However, after considerable fiscal, legal and policy analysis, I am vetoing certain provisions.

I have two concerns with s. 3019(2p)(b), which requires the Secretary of the Department of Employment Relations to reassign to the appropriate pay range all those who are currently placed at levels higher or lower than appropriate for their work. First, the Secretary of DER under existing statutes now has the responsibility and authority to keep the classification system current and accurate. DER already has the mandate, therefore, to reassign classifications to the proper pay range. Second, raising the salaries of all jobs found to be paid under the pay line standard, rather than just those shown to have gender-based discrimination problems, would add an additional $17 to $22 million GPR to the ongoing cost of this initiative. This action would be inconsistent with the intent of my budget proposal which is to remove pay discrimination liabilities.

Although I do agree that Wisconsin should eliminate irregularities which may exist in the state's compensation system without market or other legally defensible justifications, the provision in the budget bill under s.3019(2p)(c) that would require DER to evaluate and correct classifications and categories improperly assigned to a pay range higher than the pay line is unnecessary. DER already has this responsibility and authority. The study of the Comparable Worth Task Force will provide DER with data regarding which classifications and categories may be out of line. Under section 230.09(2)(b) the Secretary then will have responsibility for "reassigning classes to different pay rates or ranges" where appropriate. Chapter 230 and the rules of the Wisconsin Administrative Code provide specific methods and techniques which the Secretary shall apply to carry out this responsibility. Such evaluation and needed correction will be carried out by DER as a follow up to the Comparable Worth Task Force study.

There is potential continuing legal liability in s.3019(2p)(d), which requires that all classifications and academic staff job categories be included in the pay line formula for determining the degree to which pay inequities exist. The State of Wisconsin must not perpetuate the pay bias of female-dominated jobs into the pay equity corrections that are made. Only jobs that are free from discrimination should be included in the formula by which Wisconsin determines if underpayment exists. If not carried out in this manner, Wisconsin would face continuing legal liability even after making pay equity adjustments.

S. Master Salary Schedule Exclusions
Sections 2100h and 2100i

I am vetoing a provision that would exclude certain categories of state jobs from the application of a master salary schedule designed to correct pay structure problems. The veto will allow the Department of Employment Relations to examine minimum and maximum pay rates of all jobs so that similar jobs are assigned similar salary structures. If no veto is made, the master salary schedule could not be applied and separate schedules would continue to have pay structures with inappropriate minimum and maximum rates.

T. Robert L. Borum Claim
Section 3056(9b)

This section authorizes a $125,000 GPR payment to Robert L. Borum in 1985-86 to compensate him for a permanent partial disability. Settlement of this claim as part of the 1985-87 budget bill raises constitutional issues. Article IV, section 18 of the Wisconsin Constitution states that no private bill passed by the Legislature may embrace more than one subject and that subject must be expressed in the title. This section solely benefits one individual and is unquestionably a private bill. As such, it is unconstitutionally housed in the budget bill. Furthermore, this claim has already followed established statutory procedures and a

recommendation has been made from the State Claims Board. I support settlement of this claim through a separate piece of legislation, which will retain the established statutory procedure.

U. JCF Review of Pay Plan Supplements
Sections 609, 609g and 609r

These sections require that the Joint Committee on Finance review and approve pay plan supplements provided to state agencies.

Currently, the Department of Administration is authorized to provide pay plan supplements to state agencies, as needed, to reflect approved compensation adjustments. The pay plan supplement process involves a complex review of agency expenditure patterns throughout the year in order to make a judgment about the level of pay plan supplements an agency should be entitled to.

Section 20.928(1) currently reads: "the secretary [of administration] shall supplement, at such times and in such amounts as he or she determines, the respective appropriations." The process under my administration has been to use the supplement as the funding source of last resort. If pay plan supplements are not used, they become a guaranteed lapse. My administration has maximized the pay supplement lapse by tightening transfers from the salary line in the fourth quarter. This forces agencies to use base funds to meet pay plan requirements, which I assume is the intent behind the language I am vetoing. Requiring an additional review will not save any money and will create a paperwork flow which will not serve the Executive or the Legislature. In fact, it may delay state payments to private vendors and delay publication of the state's annual fiscal report.