

1999-01 WISCONSIN STATE BUDGET

COMPARATIVE SUMMARY OF BUDGET PROVISIONS

ENACTED AS 1999 ACTS 9 AND 10

VOLUME I

*LEGISLATIVE FISCAL BUREAU
JANUARY, 2000*

1999-01 WISCONSIN STATE BUDGET

Comparative Summary of Budget Provisions

Enacted as 1999 Acts 9 and 10

Volume I

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INTRODUCTION

This two-volume document, prepared by Wisconsin's Legislative Fiscal Bureau, is the final edition of the cumulative summary of executive and legislative action on the 1999-01 Wisconsin state biennial budget. The budget was enacted into law as 1999 Wisconsin Act 9 on October 27, 1999. Subsequent to that, the sales tax rebate legislation was enacted on November 16, 1999, as 1999 Wisconsin Act 10. This document describes each of the provisions of Acts 9 and 10 (hereafter referred to as "the budget"), including all fiscal and policy modifications recommended by the Governor, Joint Committee on Finance and Legislature.

The document is organized into seven basic sections, the first of which contains a Table of Contents, History of the 1999-01 Budget, Brief Chronology of the 1999-01 Budget, Key to Abbreviations, User's Guide and a listing of the 1999-01 Biennial Budget Issue Papers prepared by the Legislative Fiscal Bureau.

This is followed by an "overview" section which provides a series of summary tables and charts which display 1999-01 revenues, appropriations and authorized position levels. Information is presented for all fund sources, the general fund, transportation fund and the state's lottery program.

The third section of the document, "General Fund Taxes," identifies the policy and 1999-01 revenue effect of each general fund tax change contained within the budget act. It appears in Volume I, starting on page 71. The fourth section, "1999 Wisconsin Act 10," provides a comparative summary of the sales tax rebate legislation. It begins on page 151, Volume I.

The next section contains budget and policy summaries for each state agency and program. The agencies appear in alphabetical order. For each agency, comparative tables are presented which depict funding and authorized position levels. This is followed by a narrative description and fiscal effect, if any, of each budget change item. Volume I contains summaries of the Department of Administration (beginning on page 157) through Historical Society. Volume II begins with the Information Technology Investment Fund on page 825. In this section, the author of each change is identified.

The sixth section of the document lists the various reports and studies which are required in 1999 Act 9. This begins on page 1573 of Volume II.

The seventh section provides a description of the non-fiscal, policy items contained within the Governor's original budget recommendations. Rather than being considered as a part of budget deliberations by the Joint Committee on Finance, these items were drafted as separate legislation. A description of each of these items is shown in this section which begins on page 1587, Volume II.

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HISTORY OF THE 1999-01 BIENNIAL BUDGET

This section provides a narrative history of the 1999-01 biennial budget. Although the formal legislative history of the biennial state budget commenced with the introduction of a bill comprising the Governor's budget recommendations, the actual process of assembling the budget began several months prior to introduction. This history starts at that point, on June 3, 1998, when the Department of Administration issued budget instructions to each state agency outlining the Governor's major budget policy priorities and detailing the procedures that agencies should follow in preparing their 1999-01 biennial budget requests.

Included in the Governor's major policy directives for the 1999-01 biennial budget were instructions that state agencies meet both a "budget target policy" and a "reduced base budgeting plan" for most of their general purpose revenue (GPR) funding requests.

The budget target policy directive required agencies to limit their GPR funding requests for the 1999-00 fiscal year to 100% of the funding level for the 1998-99 adjusted base year and to limit their funding requests for the 2000-01 fiscal year to 101% of the funding level for the 1998-99 adjusted base year. This budget target request limitation policy applied to all GPR-funded state operations appropriations (other than debt service), all GPR-funded aids to individuals and organizations appropriations and all GPR-funded local assistance appropriations (other than school aids). Agency GPR-funded standard budget adjustments were excluded from the target policy limitation requirement.

The reduced base budgeting plan directive required agencies to include a budget request for each fiscal year containing funding adjustments such that their GPR base budget for state operations (other than debt service), plus aids to individuals and organizations, was equal to 95% of the 1998-99 adjusted base year. State operations administrative appropriations that were funded from the segregated Transportation, Conservation and Lottery funds were also made subject to this 95% reduced base budgeting plan requirement exercise.

Agencies were instructed to submit their formal budget to the Executive Budget Office and the Legislative Fiscal Bureau by September 15, 1998. Further, agencies required to submit a spending reduction plan equivalent to 95% of their base budget were directed to forward the proposal to the Executive Budget Office and the Legislative Fiscal Bureau by November 16, 1998.

The Executive Budget Office began reviewing agency funding requests and base funding reduction proposals as they were submitted. On November 20, 1998, as required by statute, the Executive Budget Office distributed to Governor Tommy G. Thompson and to the Legislature a compilation of state agencies' 1999-01 biennial budget requests. This summary of agencies' budget requests indicated that they were seeking total 1999-01 funding of \$40.93 billion (all funds), of which \$21.96 billion was requested from general purpose revenues. Also included in the summary was the statutorily-required estimate of tax revenues for fiscal year 1998-99 and the 1999-01 biennium, as developed by the Department of Revenue. Total general fund tax collections for the biennium were projected at \$20.32 billion.

Every January, the Legislative Fiscal Bureau prepares general fund expenditure and revenue projections for the Legislature as it begins to consider the state's budget and other legislation. Based on updated tax collection data and other information, on January 28, 1999, the Bureau estimated that the state's general fund would realize a total of \$481.2 million more in the period from 1998-99 through 2000-01 than was reflected in the report from the Departments of Administration and Revenue.

The Governor, with the assistance of the Department of Administration, continued to review agency funding and policy change requests during this time to develop specific gubernatorial budget recommendations for each agency for submittal to the 1999 Legislature. Also during this period, the Governor made decisions on individual gubernatorial funding and policy initiatives to be included in the biennial budget bill.

By statute, the Governor is required to submit the budget message and the executive budget bill (or bills) to the new Legislature on or before the last Tuesday in January of each odd-numbered year. However, under 1999 Senate Joint Resolution 1, adopted by the Senate on January 4, 1999, and concurred in by the Assembly on the same day, this deadline for the submission of the Governor's budget message and the executive budget bill (or bills) was extended to February 18, 1999. The Governor officially delivered his 1999-01 biennial budget message and recommendations to a joint convention of the Legislature on February 16, 1999.

That same day, the Joint Committee on Finance, at the request of the Governor, introduced companion biennial budget bills in each house of the Legislature. The bills, formally introduced in the Senate as 1999 Senate Bill 45 (SB 45) and in the Assembly as 1999 Assembly Bill 133 (AB 133), were both read for the first time and referred to the Joint Committee on Finance for further consideration. The Governor subsequently submitted the recommendations of the State Building Commission constituting the capital budget and the state building program, as well as recommendations for the Stewardship 2000 program, to the Joint Committee on Finance on April 6. These recommendations were taken up by the Joint Committee on Finance as modifications to the budget bill.

Five days of agency informational briefings on the biennial budget bills were held by the Joint Committee on Finance between March 11 and March 25. During these briefings, agency representatives testified before the Committee on the executive budget recommendations affecting their respective agencies. Five public hearings on the biennial budget bills were held by the Joint Committee on Finance to solicit public testimony on the proposals. Public hearings were held in Green Bay on March 26, in Racine on April 8, in Stevens Point on April 13, in Osceola on April 14, and in Madison on April 15. In addition, two listening sessions were held to solicit further public input, in Superior (via teleconferencing with Madison) on March 30 and in Milwaukee on March 31. Another agency briefing on the building program and the stewardship program was held in Madison on April 29. While the Joint Committee on Finance was conducting its informational briefings and public hearings, many of the standing committees in each house of the Legislature also held hearings on those aspects of the executive budget bills that fell under their subject matter jurisdiction.

On April 9, 1999, Senator Brian Burke (D-Milwaukee), the Senate Chair of the Joint Committee on Finance, and Representative John Gard (R-Peshtigo), the Assembly Chair of the Joint Committee on Finance, issued a memorandum outlining the process that the Joint Committee on Finance would

follow during its deliberations on the 1999-01 state budget. The following procedures were announced:

- The Joint Committee on Finance would work from AB 133, and upon the completion of the Committee's work, all modifications would be incorporated into a substitute amendment to AB 133, which would be reported to the Assembly for first house consideration. SB 45 would not be reported from the Committee.

- For a number of state agencies and programs, the Joint Committee on Finance would work from the 1998-99 adjusted base rather than from the recommendations for the agencies or programs, as proposed by the Governor in AB 133. Thus, while the Governor's recommendations with respect to these agencies and programs would still be before the Committee for consideration, a majority vote would be required for the Governor's recommendations (or any other proposals affecting these specified agencies or programs) to be adopted. The following agencies and programs were subject to this treatment.

- Department of Agriculture, Trade and Consumer Protection
- Building Commission
- Building Program
- Department of Commerce
- Department of Corrections
- Educational Broadcasting Corporation
- Educational Communications Board
- Elections Board
- Employment Relations Commission
- Ethics Board
- Financial Institutions
- Department of Health and Family Services
 - Departmentwide & Management & Technology
 - Medical Assistance
 - Children and Family Services
 - Community Aids
- Historical Society
- Office of the Commissioner of Insurance
- Investment Board
- Judicial Commission
- Legislature
- Lower Wisconsin State Riverway Board
- Marquette Dental School
- Minnesota-Wisconsin Boundary Area Commission
- Program Supplements
- Public Service Commission
 - Agencywide
 - Universal Service Fund
- Department of Regulation and Licensing
- Shared Revenue and Tax Relief
- Technology for Educational Achievement in Wisconsin Board
- Department of Transportation
 - Local Transportation Aid
 - Motor Vehicles
 - Other Divisions
- Wisconsin Housing and Economic Development Authority
- Wisconsin Technical College System

- For all other agencies and programs, the Joint Committee on Finance would work from the Governor's recommendations contained in AB 133. The Committee would entertain motions to amend the bill with respect to these other agencies and programs, and a majority vote would be required for the bill to be amended.

- A total of 112 nonfiscal policy items in AB 133 were identified that would not be addressed as part of the Joint Committee on Finance's budget deliberations. These provisions would be deleted from the biennial budget bill and would be drafted as separate legislation.

The Joint Committee on Finance held a total of 24 executive sessions on the biennial budget bill. The first executive session was held on April 20, and the last was held on June 10. At the Committee's final June 10 executive session, the Committee adopted a substitute amendment (ASA 1 to AB 133) incorporating all of its previous actions modifying the biennial budget and recommended passage of the substitute amendment on a vote of 14 to 2. The revised budget bill, ASA 1 to AB 133, was formally reported to the Assembly on June 25.

Also on June 25, the Assembly received the reports of the Joint Survey Committee on Tax Exemptions and the Joint Survey Committee on Retirement Systems concerning the relevant provisions of ASA 1 to AB 133. The Joint Survey Committee on Tax Exemptions reported that the provisions of the substitute amendment relating to tax exemptions are good public policy if the provisions related to the transfer of time-share property were amended. Because the original Retirement Systems report was not supported by a majority of the Committee, a subsequent report had to be prepared. The amended report of July 8 indicated that the provisions of the substitute amendment were good public policy.

Following the conclusion of Joint Committee on Finance action on the biennial budget, the majority party caucuses in both houses began holding a series of meetings to consider further modifications to the biennial budget bill. The Legislative Fiscal Bureau conducted a briefing on June 16 before the full Assembly, which had first house consideration of the biennial budget bill, on the major provisions of the substitute amendment. The Assembly Republican Caucus met on five days (June 15, 17, 18, 21 and 22) to consider individual motions from members to modify ASA 1. On June 22, the Assembly Republican Caucus approved a package of recommended modifications to ASA 1 that would be introduced as a super-amendment to ASA 1.

Meanwhile, members of the Senate Democratic Caucus were advised to submit proposed changes to ASA 1 to party leadership for possible inclusion in a package of Senate modifications to the biennial budget bill. The Caucus met on June 15 and 17 to discuss changes to be made to the biennial budget bill. On June 24, the Caucus approved a package of changes to the budget that would be introduced as a super-amendment during Senate deliberation of AB 133.

The Assembly began consideration of the 1999-01 state budget on June 29. The changes recommended by the Assembly Republican Caucus were drafted as Assembly Amendment 2 (AA 2) to ASA 1 to AB 133. During the Assembly's deliberations, 39 amendments to ASA 1 were offered and 31 amendments to AA 2 were offered. The Assembly adopted Assembly Amendment 2 (as modified by Assembly Amendments 14, 25, 29 and 30) and Assembly Amendments 3 and 39. The substitute amendment, as amended, was adopted on a 57-42 vote, and the bill, as amended, was passed on a vote of 56 to 43 on the morning of June 30. The bill was ordered immediately messaged to the Senate.

The bill was formally received by the Senate on June 30, and the Senate began consideration of the bill on the same day. The Legislative Fiscal Bureau briefed the Senate Republican Caucus on the provisions of the Assembly Republican Caucus package on June 29 and on the provisions of the Senate Democratic Caucus package on June 30. Senate Substitute Amendment 1, identical to ASA 1, formed the basis for Senate consideration of the budget. Senate Amendment 1 (SA 1) to SSA 1 to AB 133 was drafted to incorporate the changes to the budget recommended by the Senate Democratic Caucus. A total of 43 amendments to SA 1 were offered. SA 1 (as modified by Senate Amendments 40 and 41) was adopted on a vote of 17 to 16. Thirteen amendments to SSA 1 were also offered. SSA 1, as

amended, was adopted by the Senate on a 17-16 vote on the morning of July 1. The bill was immediately messaged to the Assembly.

The amended AB 133 was received by the Assembly on July 1. That same day, the Assembly voted nonconcurrency in SSA 1, as amended, on a 64-35 vote. The nonconcurrency was messaged to and received by the Senate on the same day.

During Senate consideration of the budget, Senate Joint Resolution 19 (SJR 19), regarding the establishment of a Committee of Conference on AB 133, was offered. SJR 19 authorized the creation of Conference Committee of five members from each house, with Assembly members appointed by the Speaker of the Assembly and Senate members appointed by the President of the Senate. SJR 19 specified that the report of the Conference Committee be supported by the votes of a majority of the members of each house. Assembly Joint Resolution 65, which authorized a Conference Committee consisting of three members from each house, passed the Assembly on a 54-45 vote on July 1. Assembly Amendment 1 to SJR 19, which was adopted in the Assembly on a 53-45 vote and concurred in by the Senate, set the size of the conference committee at four members from each house. Senators Charles Chvala (D-Madison), Brian Burke (D-Milwaukee), Russell Decker (D-Schofield) and Gary George (D-Milwaukee) were named the Senate conferees, while Representatives Scott Jensen (R-Waukesha), Steven Foti (R-Oconomowoc), John Gard (R-Peshtigo), and Cloyd Porter (R-Burlington) were named as the Assembly conferees.

The Conference Committee began deliberations on the 554 items of difference between the houses on AB 133 on July 2 and also met on July 7 and 8. On July 12, the Legislative Fiscal Bureau issued a memorandum to the members of the Conference Committee with updated information on general fund tax collections and projections. The memorandum noted that the estimated closing balance of the general fund should be increased by \$568.1 million. The Conference Committee subsequently met on July 12, 13, 14 and 15 and September 16 to continue resolving the differences between the houses on AB 133. On October 4, the Conference Committee voted unanimously for approval of Conference Amendment 1 to ASA 1 to AB 133. On October 5, the Legislative Fiscal Bureau briefed the Senate and Assembly Republican Caucuses on the provisions of Conference Amendment 1. A briefing was held for the Senate and Assembly Democratic Caucuses on October 6. On October 6, the Conference Committee report was approved by the Senate on a vote of 18-15 and then by the Assembly on an 82-17 vote. The bill was enrolled on October 12, and awaited final action by the Governor.

On October 11, the Assembly received a report prepared by the Department of Natural Resources regarding the provisions of AB 133 amending the conveyance of a lakebed area in the City of Milwaukee to include public park purposes. The report found that the proposed amendment was consistent with the public trust doctrine of the Wisconsin Constitution.

The Governor called for Assembly Bill 133 on October 26. He approved the bill, in part, on October 27, and had it deposited in the Office of the Secretary of State as 1999 Wisconsin Act 9. The Governor indicated in his message to the Assembly that he had exercised his authority to make 255 partial vetoes to the bill, as passed by the Legislature. Act 9 was published on October 28, and except

as otherwise specifically provided, became effective the following day. None of the Governor's partial vetoes has been considered by the Legislature.

The Governor's vetoes altered the school levy credit and property tax/rent credit provisions adopted by the Legislature in Enrolled AB 133. The Governor indicated in his veto message of Act 9 that he would call the Legislature into special session to consider a bill to provide sales tax rebate checks in lieu of the school levy and property tax/rent credit provisions of Act 9. Executive Order Number 383, which called the special session, was signed on October 27. October Special Session Assembly Bill 1 (SS AB 1) was introduced by the Assembly Committee on Rules on October 29 and referred to the Joint Committee on Finance. On November 2, SS AB 1 was withdrawn from the Joint Committee on Finance and placed on the Assembly Calendar for that day. Seven amendments to SS AB 1 were offered. Assembly Amendments 3, 4, 5, 6 and 7 to the bill were adopted, and the bill as amended passed on a 94-3 vote.

The bill was received by the Senate on November 4 and referred to the Joint Committee on Finance. The Committee took executive action on the bill and a companion bill (SB 275) on that date. The amendments approved by the Assembly as well as the motions adopted by the Committee were incorporated into Senate Substitute Amendment 1 to SS AB 1, which was adopted by the Committee on a vote of 15-1.

The Senate considered SS AB 1 on November 11. Eight amendments to SSA 1 to SS AB 1 were offered as well as one separate substitute amendment. Senate Amendments 1 and 3 to SSA 1 were adopted, and the bill as amended passed the Senate on a 31-2 vote. The Assembly received the bill the same day and concurred with the Senate changes on a 96-1 vote.

The Governor called for Special Session Assembly Bill 1 on November 16, and approved it, in part, on the same date. It was deposited in the Office of the Secretary of State as 1999 Wisconsin Act 10. The Governor indicated in his message to the Assembly that he had exercised his authority to make partial vetoes to two sections of the bill, as passed by the Legislature. Act 10 was published on November 18, and became generally effective the following day.

BRIEF CHRONOLOGY OF THE 1999-01 BUDGET

GOVERNOR/ADMINISTRATION

- June 3, 1998 Department of Administration issued budget instructions
- September 15 Agency deadline for submission of budget requests
- November 16 Agency deadline for submission of 95% reduced base budgeting plans
- November 20 Executive Budget Office submitted compilation of agency budget requests and Department of Revenue estimate of tax revenues
- February 16, 1999 Governor delivered budget message and recommendations to the Legislature
- April 6 Governor submitted recommendations of the State Building Commission for the capital budget and authorized state building program, including the stewardship program

JOINT COMMITTEE ON FINANCE

- February 16 Introduced 1999 Assembly Bill 133 (AB 133) and 1999 Senate Bill 45 (SB 45) as companion executive budget bills
- March 11-25 Budget bill briefings by agency officials
- March 26-April 15 Public hearings
- April 6 Received recommendations of the State Building Commission for the capital budget and authorized state building program, including the stewardship program
- April 9 Nonfiscal items removed from budget bills; decision announced to advance only AB 133 from the Joint Committee on Finance
- April 20-June 10 Executive sessions
- June 10 Adopted Assembly Substitute Amendment 1 (ASA 1) to AB 133 and passed bill on a 14-2 vote
- June 25 ASA 1 to AB 133, as recommended by the Joint Committee on Finance, reported to the Assembly

LEGISLATURE

- June 16 Briefing for the Assembly by the Legislative Fiscal Bureau
- June 25 Reports of Joint Committee on Tax Exemptions and the Joint Committee on Retirement Systems received
- June 15-22 Assembly Republican Caucus met to formulate position on budget bill
- June 15-24 Senate Democratic Caucus met to formulate position on budget bill
- June 28 Previously adopted actions of the Assembly Republican Caucus introduced as Assembly Amendment 2 to ASA 1
- June 29-30 Assembly adopted Assembly Amendment 2 to ASA 1 (as amended by Assembly Amendments 14, 25, 29 and 30) and Assembly Amendments 3 and 39 to ASA 1 and the bill, as amended, on a vote of 56-43
- June 29-30 Briefings for Senate Republican Caucus by the Legislative Fiscal Bureau

- June 30 AB 133 received by Senate
- June 30 Senate Substitute Amendment 1 (identical to ASA 1) offered as basis for Senate consideration
- June 30 Previously adopted actions of the Senate Democratic Caucus introduced as Senate Amendment 1 to SSA 1
- June 30-July 1 Senate adopted Senate Amendment 1 to SSA 1 (as amended by Senate Amendments 40 and 41), and the bill, as amended, on a vote of 17-16
- July 1 Amended AB 133 received by Assembly
- July 1 Assembly votes nonconcurrence in SSA 1, on a vote of 64-35 vote

COMMITTEE OF CONFERENCE

- June 30 Senate Joint Resolution 19 to create Conference Committee adopted by Senate
- July 1 Assembly Joint Resolution 65 to create Conference Committee adopted by Assembly
- July 1 Assembly Amendment 1 to SJR 19 adopted by Assembly and concurred in by Senate
- July 1 Senate and Assembly conferees appointed
- July 2-October 4 Conference Committee meets to resolve differences between the Houses on AB 133
- October 4 Conference Committee adopts Conference Amendment 1 to ASA 1 to AB 133

LEGISLATURE

- October 5-6 Briefings for the Senate and Assembly on Conference Amendment 1
- October 6 Conference Amendment 1 approved by Senate on 18-15 vote
- October 6 Conference Amendment 1 approved by Assembly on 82-17 vote
- October 12 Assembly Bill 133 reported correctly enrolled

ENACTMENT

- October 26 Enrolled AB 133 called for by the Governor
- October 27 Governor approved bill, with partial vetoes, as 1999 Wisconsin Act 9
- October 28 Act 9 published
- October 29 Act 9 became generally effective

SPECIAL SESSION

- October 27 Governor signs Executive Order Number 383, calling for special session of the Legislature regarding the property tax/rent credit, school levy tax credit and sales tax rebate
- October 29 Special Session Assembly Bill 1 introduced by Assembly Committee on Rules and referred to the Joint Committee on Finance
- November 2 SS AB 1 withdrawn from Joint Committee on Finance
- November 2 Assembly adopted SS AB 1, as amended by Assembly Amendments 3, 4, 5, 6 and 7, on a 94-3 vote
- November 4 SS AB 1 received by Senate and referred to Joint Committee on Finance

- November 4 Executive session on SS AB 1 and a companion bill (SB 275) by Joint Committee on Finance
- November 4 Senate Substitute Amendment 1 to SS AB 1 adopted by Joint Committee on Finance by a vote of 15-1
- November 11 Senate adopted SSA 1 to SS AB 1, as amended by Senate Amendments 1 and 3, on a 31-2 vote
- November 11 Assembly votes concurrence with Senate changes on a 96-1 vote
- November 16 SS AB 1 reported correctly enrolled
- November 16 Enrolled SS AB 1 called for by Governor
- November 16 Governor approved bill, with partial vetoes, as 1999 Wisconsin Act 10
- November 18 Act 10 published
- November 19 Act 10 became generally effective

KEY TO ABBREVIATIONS

REVENUES

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

APPROPRIATIONS

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

OTHER

1997 Wisconsin Act 27	The 1997-99 biennial budget act.
1997 Wisconsin Act 237	The 1997-99 budget adjustment act.
1999 Wisconsin Act 9	The 1999-01 biennial budget act.
1999 Wisconsin Act 10	The sales tax rebate act.
AB 133/SB 45	1999 Assembly Bill 133 and 1999 Senate Bill 45, the Governor's 1999-01 budget recommendations.
ASA 1 to AB 133	Assembly Substitute Amendment 1 to Assembly Bill 133, the 1999-01 budget recommendations of the Joint Committee on Finance.
CY	Calendar year.
FY	Fiscal year.
FTE	Full-time equivalent position.
LTE	Limited-term employment position for which employment is limited to 1,044 hours per appointment in a 12-month period.
1998-99 Base	The total 1998-99 authorized funding level for an agency or program. The base equals 1998-99 appropriations, pay plan modifications and any other supplements. It is this base that serves as the beginning point for calculating budget changes for 1999-01.
1998-99 Base Year Doubled	The 1998-99 base multiplied by two. This produces the biennial base level against which 1999-01 budget levels may be compared.
Lapse	Budgeted amounts that are unspent at the end of a fiscal period which revert back to the fund from which they were appropriated.

USER'S GUIDE

The following explanation of entries is keyed to the accompany sample entry (page 13).

- ① The funding source for the amounts shown in columns 2 through 4. Only the funding sources which are included in the agency's budget are shown.
- ② The 1998-99 base represents authorized appropriation and position levels for 1998-99. The base is doubled in the budget column to provide a two-year to two-year comparison.
- ③ Appropriation and position levels recommended by the Governor, Joint Committee on Finance, Legislature, and as authorized by 1999 Wisconsin Act 9 (includes the impact of any gubernatorial vetoes).
- ④ These columns indicate the change of the budget level contained in 1999 Wisconsin Act 9 to the 1998-99 base year doubled. For positions, the increase or decrease is based on the 2000-01 authorized level compared to the 1998-99 level.
- ⑤ This uniform entry, "Standard Budget Adjustments," includes such things as full funding of continuing positions, turnover reductions and removal of one-time items. The box highlights the funding and position change to the agency's base as a result of the item. For every item which has a fiscal and/or position change, a box with that information will be presented.
- ⑥ Title of the budget change item. Immediately following the title, if applicable, "[]" shows the number of the Legislative Fiscal Bureau issue paper prepared on this item. In this example, paper [992] pertains to the Centers. A complete listing of all Fiscal Bureau issue papers begins on page 12 of this document.
- ⑦ Funding and position change to the agency's base budget. If the entry is entitled, "GOVERNOR/LEGISLATURE," the recommendations proposed by the Governor were adopted by the Joint Committee on Finance and the Legislature. For those budget items where the recommendations of the Governor, Joint Finance Committee or Legislature differ, the fiscal and position effect shown at each step is the change to the previous recommendation.
- ⑧ Narrative description of the various budget change items, for each entry, as recommended by the Governor, Joint Committee on Finance and Legislature.
- ⑨ Narrative description of partial vetoes by the Governor. At the beginning of the veto entry in the "[]" is the number (in this example A-26) of the veto from the Governor's veto message (October 27, 1999).
- ⑩ Bill sections relating to the budget change item. "Act 9 Sections" lists the sections which remain in the act. "Act 9 Vetoes Sections" lists those sections which were partially or entirely vetoed.

UNIVERSITY OF WISCONSIN SYSTEM

Budget Summary							4	
1	2	3	3	3	3			
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled Amount	Percent	
GPR	\$1,821,965,800	\$1,866,397,700	\$1,878,962,800	\$1,913,964,000	\$1,912,543,300	\$90,577,500	5.0%	
FED	1,203,959,400	1,203,959,400	1,203,959,400	1,203,959,400	1,203,959,400	0	0.0	
PR	2,472,944,800	2,624,087,000	2,619,990,900	2,622,449,300	2,622,449,300	149,504,500	6.0	
SEG	<u>43,385,000</u>	<u>48,463,700</u>	<u>48,713,700</u>	<u>49,113,700</u>	<u>48,563,700</u>	<u>5,178,700</u>	11.9	
TOTAL	\$5,542,255,000	\$5,742,907,800	\$5,751,626,800	\$5,789,486,400	\$5,787,515,700	\$245,260,700	4.4%	

FTE Position Summary							4
1	2	3	3	3	3		
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change Over 1998-99 Base	
GPR	18,250.94	18,290.44	18,290.94	18,292.94	18,291.44	40.50	
FED	3,487.81	3,487.81	3,487.81	3,487.81	3,487.81	0.00	
PR	6,262.15	6,290.65	6,293.65	6,291.65	6,291.65	29.50	
SEG	<u>85.69</u>	<u>85.69</u>	<u>85.69</u>	<u>88.69</u>	<u>85.69</u>	<u>0.00</u>	
TOTAL	28,086.59	28,154.59	28,158.09	28,161.09	28,156.59	70.00	

Budget Change Items

5. 1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Adjust the base budget for: (a) removal of noncontinuing items (-\$1,175,700 GPR and -\$77,000 PR annually); (b) full funding of continuing salaries and ...

GPR	\$11,378,800
PR	<u>1,865,400</u>
Total	\$13,244,200

6. 2. AREA HEALTH EDUCATION CENTERS [LFB Paper 992]

7	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Veto (Chg. to Leg.)	Net Change
GPR	\$800,000	\$250,000	\$1,150,000	-\$700,000	\$1,500,000

8 Governor: Transfer \$400,000 annually from the Area Health Education Centers (AHECs) appropriation under the Medical College of Wisconsin (MCW) to the ...

Joint Finance: Provide \$125,000 annually for the AHEC system in the UW's AHEC appropriation and \$125,000 GPR annually in the Joint Committee on Finance's ...

Senate/Legislature: Modify the Joint Finance provisions to provide an additional \$450,000 annually for area health education centers (AHECs) and transfer ...

9 Veto by Governor [A-26]: Delete \$350,000 annually. This results in annual funding for AHECs of \$1,154,300 annually in the UW's AHEC appropriation, compared to adjusted base level funding of \$804,200 in 1998-99.

[Act 9 Sections: 249 and 285]

10 [Act 9 Vetoed Section: 172 (as it relates to s.20.285(1)(b))]

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OVERVIEW

ALL FUNDS BUDGET AND POSITION SUMMARIES

TABLE 1**Summary of 1999-01 Appropriations and Authorizations**

<u>Fund Source</u>	<u>1999-00</u>	<u>2000-01</u>	<u>Total</u>	<u>% of Total</u>
General Purpose Revenue (GPR)	\$11,371,783,700	\$11,178,273,900	\$22,550,057,600	50.98%
Appropriations	11,315,683,700	11,060,523,900	22,376,207,600	
Compensation Reserves	56,100,000	117,750,000	173,850,000	
Federal Revenue (FED)	5,089,501,600	4,710,921,900	9,800,423,500	22.16
Appropriations	5,073,553,400	4,677,447,800	9,751,001,200	
Compensation Reserves	15,948,200	33,474,100	49,422,300	
Program Revenue (PR)	2,690,386,500	2,810,821,600	5,501,208,100	12.44
Appropriations	2,647,370,200	2,720,533,400	5,367,903,600	
Compensation Reserves	43,016,300	90,288,200	133,304,500	
Segregated Revenue (SEG)	2,285,246,300	2,311,828,900	4,597,075,200	10.39
Appropriations	2,275,227,200	2,290,799,300	4,566,026,500	
Compensation Reserves	10,019,100	21,029,600	31,048,700	
Subtotal	\$21,436,918,100	\$21,011,846,300	\$42,448,764,400	95.96%
Appropriations	21,311,834,500	20,749,304,400	42,061,138,900	
Compensation Reserves	125,083,600	262,541,900	387,625,500	
Bond Revenue			\$1,786,462,900	4.04
General Obligation Bonding			1,324,877,300	
Revenue Bonding			461,585,600	
TOTAL	\$21,436,918,100	\$21,011,846,300	\$44,235,227,300	100.00%

TABLE 2

1999-01 Comparative Summary of Appropriations and Authorizations

All Funds

<u>Fund Source</u>	<u>Governor</u>	<u>Jt. Finance</u>	<u>Legislature</u>	<u>Acts 9 and 10</u>
General Purpose Revenue	\$21,596,741,800	\$21,582,426,000	\$21,950,858,800	\$22,550,057,600
Federal Revenue	9,750,758,100	9,590,715,500	9,825,106,400	9,800,423,500
Program Revenue	5,461,652,200	5,481,721,900	5,505,956,800	5,501,208,100
Segregated Revenue	<u>4,351,426,800</u>	<u>4,539,780,500</u>	<u>4,907,027,800</u>	<u>4,597,075,200</u>
Subtotal	\$41,160,578,900	\$41,194,643,900	\$42,188,949,800	\$42,448,764,400
Bonding				
General Obligation	\$1,064,109,900	\$1,257,589,000	\$1,364,089,300	\$1,324,877,300
Revenue	<u>629,666,000</u>	<u>455,166,000</u>	<u>489,285,600</u>	<u>461,585,600</u>
Subtotal	\$1,693,775,900	\$1,712,755,000	\$1,853,374,900	\$1,786,462,900
TOTAL	\$42,854,354,800	\$42,907,398,900	\$44,042,324,700	\$44,235,227,300

TABLE 3

Summary of Total All Funds Appropriations by Agency

Agency	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Assembly	1999-01 Senate	1999-01 Legislature	1999-01 Acts 9 & 10	1999-01 Acts 9&10 Change Over Base Amount	Percent
Administration	\$745,971,600	\$759,942,900	\$764,119,000	\$760,151,400	\$847,422,800	\$827,572,100	\$826,956,400	\$80,984,800	10.9%
Adolescent Pregnancy Prevention	1,096,400	1,103,000	1,103,000	1,103,000	1,103,000	1,103,000	1,103,000	6,600	0.6
Agriculture, Trade and Consumer Prot.	123,488,000	127,679,000	129,966,100	136,252,400	134,847,400	134,217,400	133,617,400	10,129,400	8.2
Arts Board	7,132,000	6,415,300	6,665,300	6,414,900	6,915,300	6,715,300	6,665,300	-466,700	-6.5
Board of Commissioners of Public Lands	1,924,600	2,656,300	2,386,200	2,386,200	2,386,200	2,663,300	2,663,100	738,500	38.4
Board on Aging and Long-Term Care	2,343,200	3,416,800	3,589,900	3,589,900	3,589,900	3,589,900	3,563,300	1,220,100	52.1
Building Commission	42,561,600	68,673,000	31,960,600	31,960,600	31,960,600	31,960,600	31,960,600	-10,601,000	-24.9
Child Abuse and Neglect Prevention Board	4,527,600	4,652,900	5,222,900	5,222,900	5,222,900	5,222,900	5,222,900	695,300	15.4
Circuit Courts	135,073,000	141,202,800	140,882,800	141,044,600	140,882,800	145,544,600	145,544,600	10,471,600	7.8
Commerce	401,742,200	417,962,900	418,456,400	413,863,500	416,023,400	414,555,700	413,555,700	11,813,500	2.9
Compensation Reserves	---	309,587,500	309,587,500	309,587,500	309,587,500	387,625,500	387,625,500	387,625,500	N.A.
Corrections*	1,513,916,200	1,762,840,100	1,661,959,100	1,663,335,700	1,678,317,100	1,662,955,900	1,659,862,000*	145,945,800*	9.6*
Court of Appeals	13,267,600	13,995,800	13,995,800	13,995,800	13,995,800	13,995,800	13,995,800	728,200	5.5
District Attorneys	67,668,800	69,226,900	69,988,000	69,988,000	69,988,000	70,240,600	68,785,300	1,116,500	1.6
Educational Broadcasting Corporation	0	100,000	0	0	0	0	0	0	N.A.
Educational Communications Board	28,862,400	29,037,300	30,488,800	30,488,800	30,138,800	29,138,800	29,138,800	276,400	1.0
Elections Board	3,044,400	3,971,700	2,620,300	2,391,300	2,632,300	2,632,300	2,632,300	-412,100	-13.5
Employee Trust Funds	41,027,400	39,574,300	39,857,300	40,257,300	40,227,900	42,973,700	42,973,700	1,946,300	4.7
Employment Relations	13,069,800	13,223,500	12,659,400	12,878,500	13,104,100	12,878,500	12,878,500	-191,300	-1.5
Employment Relations Commission	6,079,200	6,092,300	5,818,600	5,818,600	5,818,600	5,818,600	5,818,600	-260,600	-4.3
Environmental Improvement Fund	63,350,600	73,243,300	69,501,400	69,501,400	70,041,400	70,041,400	69,501,400	6,150,800	9.7
Ethics Board	1,003,600	1,098,600	1,055,400	1,055,400	1,055,400	1,055,400	1,055,400	51,800	5.2
Financial Institutions	26,408,200	27,130,900	27,093,000	27,093,000	27,333,000	27,333,000	27,333,000	924,800	3.5
Governor	6,286,400	6,499,200	6,511,100	6,511,100	6,511,100	6,653,500	6,653,500	367,100	5.8
Health and Family Services*	8,074,302,200	8,770,392,900	8,777,574,400	8,772,316,300	8,806,116,000	8,807,002,400	8,799,828,300*	725,526,100*	9.0*
Higher Educational Aids Board	124,090,600	127,876,400	126,109,700	127,770,500	129,570,700	132,045,800	128,718,300	4,627,700	3.7
Historical Society	36,384,200	38,059,400	38,403,400	38,864,800	38,914,800	38,964,800	38,839,800	2,455,600	6.7
Information Tech. Development Projects	1,829,600	0	0	0	0	0	0	-1,829,600	-100.0
Insurance	153,868,800	168,574,000	167,261,600	167,261,600	167,261,600	167,261,600	167,261,600	13,392,800	8.7
Investment Board	25,832,800	28,004,000	28,490,400	28,490,400	28,490,400	32,219,100	32,219,100	6,386,300	24.7
Judicial Commission	447,000	452,200	452,200	452,200	452,200	452,200	452,200	5,200	1.2
Justice	127,028,200	136,601,100	139,914,100	139,630,700	141,627,900	140,332,100	139,037,500	12,009,300	9.5
Legislature	116,181,600	117,596,800	118,961,800	119,045,200	119,069,200	119,069,200	119,069,200	2,887,600	2.5
Lieutenant Governor	978,400	1,006,200	1,006,200	1,006,200	1,006,200	1,006,200	1,006,200	27,800	2.8
Lower Wisconsin State Riverway Board	238,400	251,200	251,200	251,200	251,200	251,200	251,200	12,800	5.4

TABLE 3 (continued)

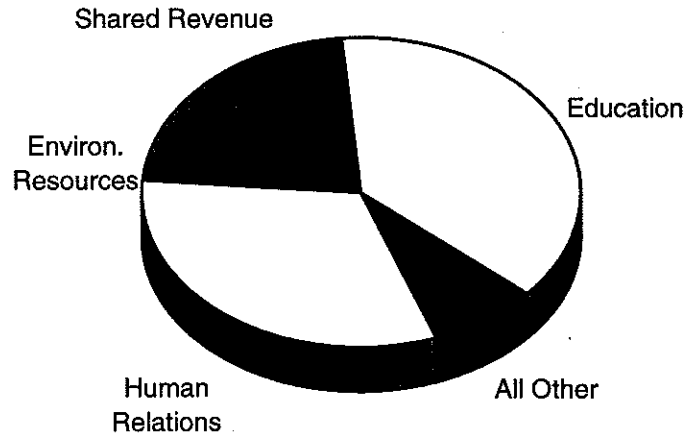
Summary of Total All Funds Appropriations by Agency

Agency	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Assembly	1999-01 Senate	1999-01 Legislature	1999-01 Acts 9 & 10	1999-01 Acts 9&10 Change Over Base Amount	Percent
Medical College of Wisconsin	\$15,810,200	\$16,298,000	\$15,798,000	\$15,798,000	\$15,798,000	\$15,798,000	\$15,798,000	-\$12,200	-0.1%
Military Affairs	103,999,000	102,331,800	103,075,500	103,185,500	103,075,500	103,185,500	103,185,500	-813,500	-0.8
Miscellaneous Appropriations	175,217,600	184,757,100	188,352,400	188,085,000	188,352,400	172,152,400	172,152,400	-3,065,200	-1.7
MN-WI Boundary Area Commission	528,200	0	371,000	0	371,000	371,000	371,000	-157,200	-29.8
Natural Resources	882,946,200	902,433,900	887,593,200	886,187,200	954,515,900	936,287,900	905,086,300	22,140,100	2.5
Personnel Commission	1,681,800	1,786,000	1,719,200	1,719,200	1,719,200	1,719,200	1,719,200	37,400	2.2
Program Supplements	134,557,600	79,553,800	336,165,000	323,861,000	265,259,000	319,258,600	317,358,600	182,801,000	135.9
Public Broadcasting Transitional Board	0	0	50,000	50,000	0	0	0	0	N.A.
Public Defender	123,711,400	125,851,800	125,271,600	125,271,600	125,495,700	125,495,700	125,495,700	1,784,300	1.4
Public Instruction	8,772,218,000	9,511,731,900	9,522,967,000	9,535,128,200	9,592,146,600	9,598,881,900	9,596,141,500	823,923,500	9.4
Public Service Commission	44,567,800	40,901,300	36,517,300	36,517,300	37,017,300	37,417,300	37,367,300	-7,200,500	-16.2
Regulation and Licensing	19,244,200	23,334,100	23,499,900	23,499,900	23,499,900	23,499,900	23,499,900	4,255,700	22.1
Revenue	295,952,200	303,120,700	299,108,000	299,108,000	299,036,200	299,476,900	280,705,100	-15,247,100	-5.2
Sales Tax Rebate	1,075,800	1,205,000	1,249,000	1,249,000	1,249,000	1,249,000	1,249,000	700,000,000	N.A.
Secretary of State	1,075,800	1,205,000	1,249,000	1,249,000	1,249,000	1,249,000	1,249,000	173,200	16.1
Shared Revenue and Tax Relief	3,670,493,000	3,767,952,200	3,739,888,300	3,408,495,200	3,306,424,000	4,171,399,700	3,829,183,700	158,690,700	4.3
State Fair Park Board	30,711,400	31,210,900	31,147,700	31,147,700	31,147,700	31,147,700	31,147,700	436,300	1.4
State Treasurer	3,037,400	3,656,300	3,393,700	3,393,700	3,393,700	3,393,700	3,393,700	356,300	11.7
Supreme Court	37,831,800	41,587,000	42,951,000	42,851,600	42,951,000	42,988,800	42,988,800	5,157,000	13.6
TEACH Board	117,030,800	132,733,100	115,290,200	115,290,200	114,940,200	114,940,200	114,940,200	-1,282,000	-1.1
Tobacco Control Board	0	0	0	0	0	25,992,000	23,500,000	23,500,000	N.A.
Tourism	27,294,200	35,371,400	33,800,000	33,800,000	29,350,000	32,250,000	32,250,000	4,955,800	18.2
Transportation	3,710,044,400	3,807,862,900	3,913,099,900	3,910,552,300	3,925,236,300	3,920,506,700	3,900,996,700	190,952,300	5.1
University of Wisconsin System	5,542,255,000	5,742,907,800	5,751,626,800	5,756,453,800	5,771,635,400	5,789,486,400	5,787,515,700	245,260,700	4.4
UW Hospitals and Clinics Board	117,030,800	126,390,300	126,390,300	126,390,300	126,390,300	126,390,300	126,390,300	9,359,500	8.0
Veterans Affairs	278,140,800	293,733,900	292,867,100	294,040,700	294,117,700	294,117,700	294,087,700	15,946,900	5.7
WHEDA	0	3,500,000	0	0	0	0	0	0	N.A.
Wisconsin Technical College System	332,721,600	334,599,500	337,399,500	337,488,700	337,949,500	350,338,700	350,338,700	17,617,100	5.3
Workforce Development	2,227,777,400	2,267,627,700	2,101,139,400	2,101,364,500	2,093,771,900	2,306,112,200	2,306,112,200	78,334,800	3.5
SUBTOTAL	\$38,576,096,600	\$41,160,578,900	\$41,194,643,900	\$40,850,909,500	\$40,976,708,900	\$42,188,949,800	\$42,448,764,400	\$3,872,667,800	10.0%
Bonding Authorization		1,693,775,900	1,712,755,000	1,657,755,000	2,387,308,000	1,853,374,900	1,766,462,900		
TOTAL		\$42,854,354,800	\$42,907,398,900	\$42,508,664,500	\$43,364,016,900	\$44,042,324,700	\$44,235,227,300		

*Excludes \$62,500,000 GPR for Corrections and \$21,495,300 GPR for Health and Family Services that is placed under Program Supplements for release by the Joint Committee on Finance. If shown here, the change to base would be \$211,145,800 (13.9%) for Corrections and \$747,021,400 (9.3%) for Health and Family Services.

FIGURE 1

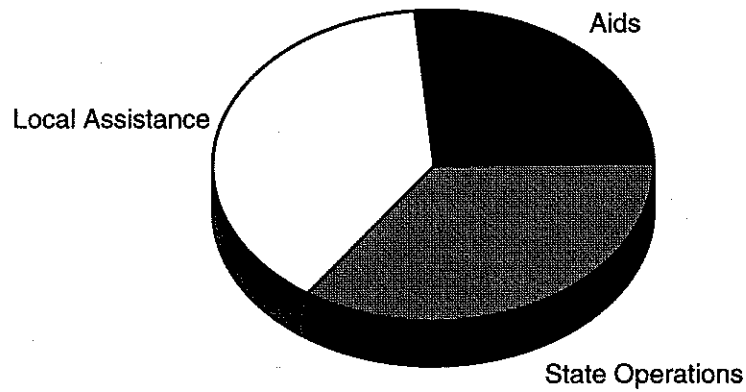
**1999-01 All Funds Appropriations
By Functional Area**



<u>Functional Area</u>	<u>Amount</u>	<u>Percent of Total</u>
Education	\$16,068,096,300	37.8%
Human Relations and Resources	13,536,496,600	31.9
Environmental Resources	4,908,456,600	11.5
Shared Revenue and Tax Relief	4,529,183,700	10.7
All Other		
General Executive	1,341,600,900	3.2
Commerce	833,782,600	2.0
General Appropriations	521,471,600	1.2
Compensation Reserves	387,625,500	0.9
Judicial	202,981,400	0.5
Legislative	<u>119,069,200</u>	<u>0.3</u>
TOTAL	\$42,448,764,400	100.0%

FIGURE 2

1999-01 All Funds Appropriations By Purpose



<u>Purpose</u>	<u>Amount</u>	<u>Percent of Total</u>
Local Assistance	\$16,578,427,700	39.0%
State Operations	(14,847,927,500)	(35.0)
UW System	5,381,241,300	12.7
Other Programs	9,079,060,700	21.4
Compensation Reserves	387,625,500	0.9
Aids to Individuals and Organizations	<u>11,022,409,200</u>	<u>26.0</u>
TOTAL	\$42,448,764,400	100.0%

TABLE 4 (continued)

Summary of All Funds Full-Time Equivalent Positions by Agency

	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Assembly	2000-01 Senate	2000-01 Legislature	2000-01 Acts 9 & 10	Change to Base
Military Affairs	385.14	384.53	384.53	385.53	385.53	385.53	385.53	0.39
Natural Resources	2,932.13	2,916.13	2,926.88	2,925.38	2,947.88	2,946.88	2,936.13	4.00
Personnel Commission	10.00	10.00	10.00	10.00	10.00	10.00	10.00	0.00
Public Defender	530.55	524.55	524.55	524.55	527.55	527.55	527.55	-3.00
Public Instruction	621.75	620.28	619.80	620.80	622.80	629.80	625.80	4.05
Public Service Commission	192.50	192.50	192.50	192.50	192.50	192.50	192.50	0.00
Regulation and Licensing	131.50	138.50	137.50	137.50	137.50	137.50	137.50	6.00
Revenue	1,300.20	1,297.70	1,302.20	1,305.20	1,302.20	1,309.70	1,306.70	6.50
Secretary of State	7.50	7.50	8.50	8.50	8.50	8.50	8.50	1.00
State Fair Park Board	47.70	51.20	51.20	51.20	51.20	51.20	51.20	3.50
State Treasurer	15.50	18.50	18.50	18.50	18.50	18.50	18.50	3.00
Supreme Court	190.00	190.50	200.50	200.50	200.50	200.50	200.50	10.50
TEACH Board	6.00	8.00	8.00	8.00	8.00	8.00	8.00	2.00
Tobacco Control Board	0.00	0.00	0.00	0.00	0.00	2.00	2.00	2.00
Tourism	62.25	62.25	62.25	62.25	62.25	62.25	62.25	0.00
Transportation	3,899.95	3,915.95	3,915.35	3,919.35	3,913.35	3,917.35	3,917.35	17.40
University of Wisconsin System	28,086.59	28,154.59	28,158.09	28,156.09	28,161.09	28,161.09	28,156.59	70.00
UW Hospitals and Clinics Board	1,613.33	1,634.54	1,634.54	1,634.54	1,634.54	1,634.54	1,634.54	21.21
Veterans Affairs	820.80	837.30	846.30	864.30	865.30	865.30	865.30	44.50
Wisconsin Technical College System	82.30	80.30	80.30	81.05	80.30	81.05	81.05	-1.25
Workforce Development	<u>2,436.20</u>	<u>2,440.95</u>	<u>2,418.70</u>	<u>2,418.70</u>	<u>2,413.95</u>	<u>2,416.70</u>	<u>2,416.70</u>	<u>-19.50</u>
TOTAL	64,149.64	65,448.63	65,430.45	65,469.10	65,552.70	65,541.60	65,494.85	1,345.21

TABLE 5

Full-Time Equivalent Positions Summary by Funding Source

	<u>1998-99</u> <u>Base</u>	<u>2000-01</u> <u>Governor</u>	<u>2000-01</u> <u>Jt. Finance</u>	<u>2000-01</u> <u>Assembly</u>	<u>2000-01</u> <u>Senate</u>	<u>2000-01</u> <u>Legislature</u>	<u>2000-01</u> <u>Acts 9 & 10</u>	<u>Change</u> <u>to Base</u>
GPR	33,279.04	34,746.35	34,873.73	34,981.99	35,073.98	35,026.99	35,004.24	1,725.20
FED	8,100.23	7,966.60	7,977.26	7,977.76	7,980.71	7,974.56	7,974.56	-125.67
PR	17,422.14	17,351.35	17,177.98	17,194.63	17,194.53	17,210.33	17,197.83	-224.31
SEG	<u>5,348.23</u>	<u>5,384.33</u>	<u>5,401.48</u>	<u>5,314.72</u>	<u>5,303.48</u>	<u>5,329.72</u>	<u>5,318.22</u>	<u>-30.01</u>
TOTAL	64,149.64	65,448.63	65,430.45	65,469.10	65,552.70	65,541.60	65,494.85	1,345.21

OVERVIEW

GENERAL FUND BUDGET AND POSITION SUMMARIES

TABLE 7**1999-01 General Fund Condition Statement
Acts 9 and 10**

	<u>1999-00</u>	<u>2000-01</u>
Revenues		
Opening Balance, July 1	\$701,293,000*	\$550,993,800
Estimated Taxes	10,648,005,100	10,327,091,100
Departmental Revenues		
Tobacco Settlement	185,031,900	148,984,800
Other	252,555,800	182,585,200
Transfer from Computer Escrow Fund	<u>64,000,000</u>	<u>0</u>
Total Available	\$11,850,885,800	\$11,209,654,900
Appropriations, Transfers and Reserves		
Gross Appropriations	\$11,315,683,700	\$11,060,523,900
Compensation Reserves	56,100,000	117,750,000
1999 Act 4	500,000	0
Transfer to Tobacco Control Fund	23,500,000	0
Less Estimated Lapses	<u>-95,891,700</u>	<u>-118,987,100</u>
Total Expenditures	\$11,299,892,000	\$11,059,286,800
Balances		
Gross Balance	\$550,993,800	\$150,368,100
Less Required Statutory Balance	<u>-113,717,800</u>	<u>-134,139,300</u>
Net Balance, June 30	\$437,276,000	\$16,228,800

*Reflects balance taken from the Annual Fiscal Report for 1998-99 dated October 15, 1999.
Enrolled AB 133 assumed an opening balance of \$714,970,000.

TABLE 8

Estimated 1999-01 General Fund Taxes

<u>Tax Source</u>	<u>1999-00</u>	<u>2000-01</u>	<u>Total</u>	<u>% of Total</u>
Individual Income	\$5,795,065,000	\$5,343,763,400	\$11,138,828,400	53.1%
Sales and Use	3,443,143,500	3,623,801,900	7,066,945,400	33.7
Corporate Income and Franchise	645,703,200	639,562,400	1,285,265,600	6.1
Public Utility	244,105,000	219,950,000	464,055,000	2.2
Excise				
Cigarette	238,000,000	233,000,000	471,000,000	2.3
Liquor and Wine	33,000,000	33,500,000	66,500,000	0.3
Beer	,300,000	9,300,000	18,600,000	0.1
Tobacco Products	9,575,000	9,600,000	19,175,000	0.1
Insurance Company	84,000,000	86,000,000	170,000,000	0.8
Estate	90,000,000	70,000,000	160,000,000	0.8
Miscellaneous	<u>56,113,400</u>	<u>58,613,400</u>	<u>114,726,800</u>	<u>0.5</u>
TOTAL	\$10,648,005,100	\$10,327,091,100	\$20,975,096,200	100.0%

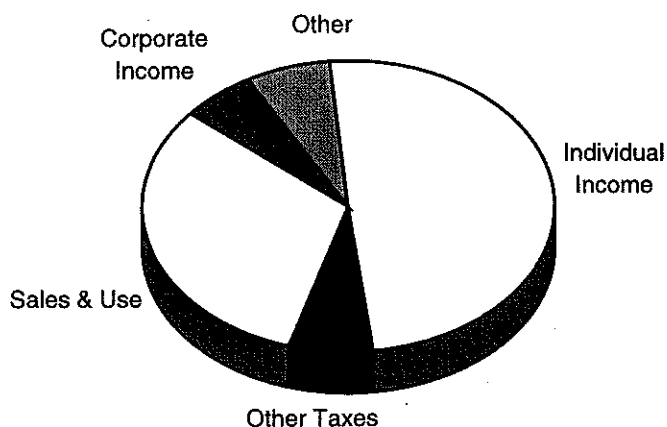
TABLE 9

**Estimated 1999-01 Departmental Revenues
(GPR-Earned Amounts)**

	<u>1999-00</u>	<u>2000-01</u>	<u>1999-01</u>
Administration	\$1,946,800	\$2,791,800	\$4,738,600
Agriculture, Trade & Consumer Protection	2,673,100	673,100	3,346,200
Board of Commissioners of Public Lands	122,300	126,800	249,100
Circuit Courts	26,000,000	26,000,000	52,000,000
Commerce	50,000	50,000	100,000
Corrections	7,099,600	7,099,600	14,199,200
Court of Appeals	225,000	225,000	450,000
Educational Communications Board	10,000	10,000	20,000
Employment Relations	100	100	200
Financial Institutions	15,456,400	15,369,600	30,826,000
Health and Family Services	34,188,500	33,979,500	68,168,000
Insurance	1,314,500	1,187,400	2,501,900
Interest Earnings	44,800,000	39,900,000	84,700,000
Justice	1,296,300	1,296,300	2,592,600
Military Affairs	1,000	1,000	2,000
Miscellaneous Appropriations	11,560,000	2,450,000	14,010,000
Natural Resources	8,545,000	8,853,000	17,398,000
Personnel Commission	3,000	3,000	6,000
Public Instruction	22,000	22,000	44,000
Public Service Commission	1,522,300	1,615,300	3,137,600
Recycling	15,000,000	7,000,000	22,000,000
Regulation and Licensing	1,415,300	1,171,300	2,586,600
Revenue	14,251,400	14,072,000	28,323,400
Secretary of State	41,700	31,000	72,700
Shared Revenue and Tax Relief	8,289,100	9,899,100	18,188,200
State Treasurer	2,755,500	2,830,500	5,586,000
Supreme Court	66,800	66,800	133,600
Tobacco Settlement	185,031,900	148,984,800	334,016,700
UW System	4,878,500	4,878,500	9,757,000
Veterans Affairs	531,600	492,500	1,024,100
WI Technical College System	1,000	1,000	2,000
Workforce Development	<u>48,489,000</u>	<u>489,000</u>	<u>48,978,000</u>
TOTAL	\$437,587,700	\$331,570,000	\$769,157,700

FIGURE 3

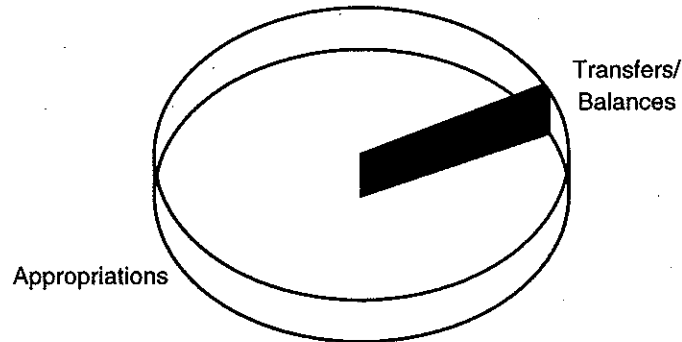
Estimated 1999-01 General Fund Revenues



<u>Tax Source</u>	<u>Amount</u>	<u>Percent of Total</u>
Individual Income	\$11,138,828,400	49.5%
Sales and Use	7,066,945,400	31.4
Corporate Income and Franchise	1,285,265,600	5.7
Public Utility	464,055,000	2.0
Excise		
Cigarette	471,000,000	2.1
Liquor and Wine	66,500,000	0.3
Beer	18,600,000	0.1
Tobacco Products	19,175,000	0.1
Insurance Company	170,000,000	0.8
Estate and Gift	160,000,000	0.7
Miscellaneous	<u>114,726,800</u>	<u>0.5</u>
Total--Taxes	\$20,975,096,200	93.2%
Other		
Opening Balance, July 1, 1999	\$701,293,000	3.1%
Transfers from Computer Escrow Fund	64,000,000	0.3
Departmental Revenues	<u>769,157,700</u>	<u>3.4</u>
Total--Other	\$1,534,450,700	6.8%
GRAND TOTAL	\$22,509,546,900	100.0%

FIGURE 4

Use of 1999-01 General Fund Revenues



<u>Use</u>	<u>Amount</u>	<u>Percent of Total</u>
Appropriations	(\$22,550,557,600)	(99.2%)
Gross Appropriations	22,376,207,600	98.4
Compensation Reserves	173,850,000	0.8
1999 Act 4	500,000	< 0.1
Transfer to Tobacco Control Fund	23,500,000	0.1
Balances	(150,368,100)	(0.7)
Statutory Balance	134,139,300	0.6
Net Balance	<u>16,228,800</u>	<u>0.1</u>
GROSS TOTAL	\$22,724,425,700	100.0%
Less Lapses	<u>-214,878,800</u>	
NET TOTAL	\$22,509,546,900	

TABLE 10

Summary of General Fund Appropriations by Agency

Agency	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Assembly	1999-01 Senate	1999-01 Legislature	1999-01 Acts 9 & 10	1999-01 Acts 9&10 Change Over Base Amount	Percent
Administration	\$40,626,400	\$40,166,500	\$38,942,400	\$39,222,400	\$38,385,000	\$46,354,900	\$46,354,900	\$5,728,500	14.1%
Adolescent Pregnancy Prevention	1,096,400	224,400	220,600	220,600	220,600	220,600	220,600	- 875,800	- 79.9
Agriculture, Trade and Consumer Prot.	51,524,600	52,718,900	52,492,500	56,068,300	54,192,500	54,268,300	53,668,300	2,143,700	4.2
Arts Board	5,364,800	5,074,700	5,324,700	5,124,700	5,574,700	5,374,700	5,324,700	- 40,100	- 0.7
Board on Aging and Long-Term Care	1,473,600	1,693,000	1,196,900	1,196,900	1,196,900	1,196,900	1,180,900	- 292,700	- 19.9
Building Commission	40,513,200	66,624,600	29,912,200	29,912,200	29,912,200	29,912,200	29,912,200	- 10,601,000	- 26.2
Circuit Courts	134,663,000	140,882,800	140,882,800	141,044,600	140,882,800	145,544,600	145,544,600	10,881,600	8.1
Commerce	44,338,000	42,932,100	42,632,100	42,632,100	40,632,100	42,632,100	42,632,100	- 1,705,900	- 3.8
Compensation Reserves	---	138,850,000	138,850,000	138,850,000	138,850,000	173,850,000	173,850,000	173,850,000	N.A.
Corrections*	1,248,404,800	1,476,701,400	1,385,275,500	1,383,568,100	1,401,999,300	1,383,188,300	1,380,094,400*	131,689,600*	10.5*
Court of Appeals	13,246,800	13,995,800	13,995,800	13,995,800	13,995,800	13,995,800	13,995,800	749,000	5.7
District Attorneys	65,052,200	65,553,600	67,221,300	67,221,300	67,221,300	67,473,900	66,018,600	966,400	1.5
Educational Broadcasting Corporation	0	100,000	0	0	0	0	0	0	N.A.
Educational Communications Board	14,148,800	14,240,900	14,342,400	14,342,400	14,342,400	14,342,400	14,342,400	193,600	1.4
Elections Board	1,537,800	2,485,900	1,735,900	1,735,900	1,747,900	1,747,900	1,747,900	210,100	13.7
Employe. Trust Funds	13,621,000	10,066,400	10,484,500	10,884,500	10,855,100	10,884,500	10,884,500	- 2,736,500	- 20.1
Employment Relations	11,626,200	11,332,200	11,400,400	11,400,400	11,400,400	11,400,400	11,400,400	- 225,800	- 1.9
Employment Relations Commission	5,323,600	5,343,500	5,325,200	5,325,200	5,325,200	5,325,200	5,325,200	1,600	< 0.1
Environmental Improvement Fund	55,350,600	62,243,300	60,001,400	60,001,400	60,541,400	60,541,400	60,001,400	4,650,800	8.4
Ethics Board	416,800	472,800	453,400	453,400	453,400	453,400	453,400	36,600	8.8
Governor	6,154,600	6,148,600	6,411,100	6,411,100	6,411,100	6,553,500	6,553,500	398,900	6.5
Health and Family Services*	3,198,882,600	3,358,322,200	3,414,713,800	3,407,601,600	3,441,070,300	3,439,973,100	3,439,387,900*	240,505,300*	7.5*
Higher Educational Aids Board	120,710,400	123,505,600	122,462,300	124,123,100	125,923,300	128,398,400	125,070,900	4,360,500	3.6
Historical Society	22,976,600	23,276,600	23,620,600	23,851,300	23,901,300	23,951,300	23,826,300	849,700	3.7
Information Tech. Development Projects	1,829,600	0	0	0	0	0	0	- 1,829,600	- 100.0
Insurance	0	200,000	0	0	0	0	0	0	N.A.
Judicial Commission	447,000	452,200	452,200	452,200	452,200	452,200	452,200	5,200	1.2
Justice	72,827,200	73,763,100	73,937,900	74,390,600	75,251,700	74,853,600	74,530,600	1,703,400	2.3
Legislature	113,377,400	114,959,700	116,324,700	116,408,100	116,432,100	116,432,100	116,432,100	3,054,700	2.7
Lieutenant Governor	978,400	1,006,200	1,006,200	1,006,200	1,006,200	1,006,200	1,006,200	27,800	2.8

TABLE 10 (continued)

Summary of General Fund Appropriations by Agency

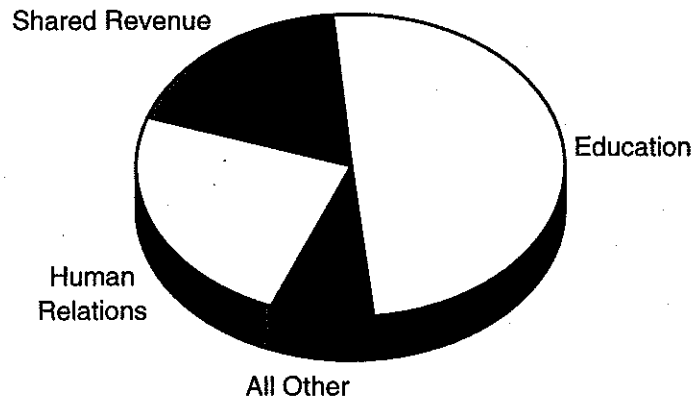
Agency	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Assembly	1999-01 Senate	1999-01 Legislature	1999-01 Acts 9 & 10	1999-01 Acts 9&10 Change Over Base Amount	Percent
Medical College of Wisconsin	\$15,810,200	\$16,298,000	\$15,298,000	\$15,298,000	\$15,298,000	\$15,298,000	\$15,298,000	-\$512,200	-3.2%
Military Affairs	35,851,600	36,114,200	37,246,300	37,356,300	37,246,300	37,356,300	37,356,300	1,504,700	4.2
Miscellaneous Appropriations	145,038,400	154,173,100	155,973,100	155,705,700	155,973,100	139,773,100	139,773,100	-5,265,300	-3.6
Natural Resources	318,216,600	348,203,200	339,194,900	329,550,000	336,206,300	333,331,500	333,331,500	15,114,900	4.7
Personnel Commission	1,675,800	1,780,000	1,713,200	1,713,200	1,713,200	1,713,200	1,713,200	37,400	2.2
Program Supplements	127,468,200	69,891,400	171,184,000	172,170,000	144,879,400	173,754,700	172,754,700	45,286,500	35.5
Public Broadcasting Transitional Board	0	0	50,000	50,000	0	0	0	0	N.A.
Public Defender	121,160,200	123,315,800	122,735,600	122,735,600	122,959,700	122,959,700	122,959,700	1,799,500	1.5
Public Instruction	7,948,078,000**	8,619,612,000	8,645,744,500	8,657,783,600	8,714,924,100	8,721,537,300	8,718,919,000	770,841,000	9.7
Revenue	128,896,800	136,612,900	157,053,500	282,421,000	208,651,300	282,421,000	220,656,400	91,759,600	71.2
Sales Tax Rebate (Act 10)	3,374,687,200	3,525,231,200	3,372,728,200	3,408,495,200	3,306,424,000	3,437,541,400	3,413,570,500	38,883,300	1.2
Shared Revenue and Tax Relief	1,949,600	1,940,500	1,877,300	1,877,300	1,877,300	1,877,300	1,877,300	-72,300	-3.7
State Fair Park Board	0	170,000	170,000	170,000	170,000	170,000	170,000	170,000	N.A.
State Treasurer	18,578,600	19,403,000	19,403,000	19,265,800	19,403,000	19,403,000	19,403,000	824,400	4.4
Supreme Court	85,897,400	89,268,000	88,216,900	88,216,900	87,866,900	87,866,900	87,866,900	1,969,500	2.3
TEACH Board	26,527,400	26,606,600	25,106,600	25,106,600	20,656,600	23,556,600	23,556,600	-2,970,800	-11.2
Tourism	1,821,965,800	1,866,397,700	1,878,962,800	1,877,121,000	1,895,608,700	1,913,964,000	1,912,543,300	90,577,500	5.0
University of Wisconsin System	4,478,800	4,591,900	5,310,200	5,310,200	5,549,000	5,549,000	5,549,000	1,070,200	23.9
Veterans Affairs	0	1,000,000	0	0	0	0	0	0	N.A.
WHEDA	262,456,200	263,224,700	266,024,700	266,024,700	266,574,700	278,874,700	278,963,900	16,507,700	6.3
Wisconsin Technical College System	476,877,600	439,570,600	498,814,400	499,383,200	488,414,400	493,583,200	493,583,200	16,705,600	3.5
Workforce Development	20,202,126,800	\$21,596,741,800	\$21,582,426,000	\$21,743,198,700	\$21,658,573,200	\$21,950,858,800	\$22,550,057,600	\$2,347,930,800	11.6%
TOTAL									

*Excludes \$62,500,000 GPR for Corrections and \$21,495,300 GPR for Health and Family Services that is placed under Program Supplements for release by the Joint Committee on Finance. If shown here, the change to base would be \$196,889,600 (15.8%) for Corrections and \$262,000,600 (8.2%) for Health and Family Services.

**Includes \$100,000,000 of GPR funding that was transferred in 1998-99 to the segregated property tax relief fund and appropriated as general school aid in that year. Thus, the 1998-99 base year doubled figure includes \$200,000,000 (\$100,000,000 x 2).

FIGURE 5

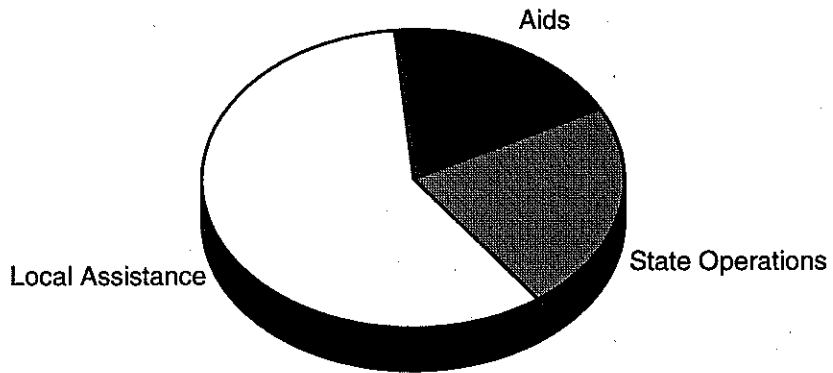
**1999-01 General Fund Appropriations
By Functional Area**



<u>Functional Area</u>	<u>Amount</u>	<u>Percent of Total</u>
Education	\$11,182,155,400	49.6%
Human Relations and Resources	5,503,246,700	24.4
Shared Revenue and Tax Relief	4,113,570,500	18.2
All Other		
General Executive	423,900,100	1.9
Environmental Resources	416,889,500	1.9
General Appropriations	342,440,000	1.5
Compensation Reserves	173,850,000	0.8
Judicial	179,395,600	0.8
Legislative	116,432,100	0.5
Commerce	<u>98,177,700</u>	<u>0.4</u>
TOTAL	\$22,550,057,600	100.0%

FIGURE 6

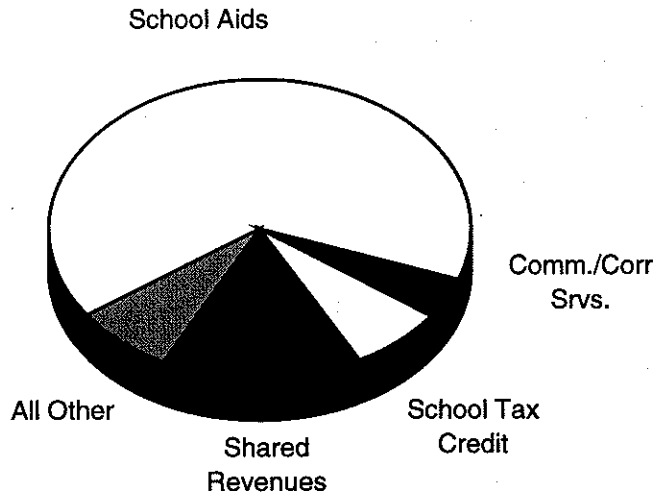
**1999-01 General Fund Appropriations
By Purpose**



<u>Purpose</u>	<u>Amount</u>	<u>Percent of Total</u>
Local Assistance	\$13,200,524,700	58.5%
State Operations	(5,133,513,500)	(22.8)
UW System	1,891,619,300	8.4
Other Programs	3,068,044,200	13.6
Compensation Reserves	173,850,000	0.8
Aids to Individuals and Organizations	<u>4,216,019,400</u>	<u>18.7</u>
TOTAL	\$22,550,057,600	100.0%

FIGURE 7

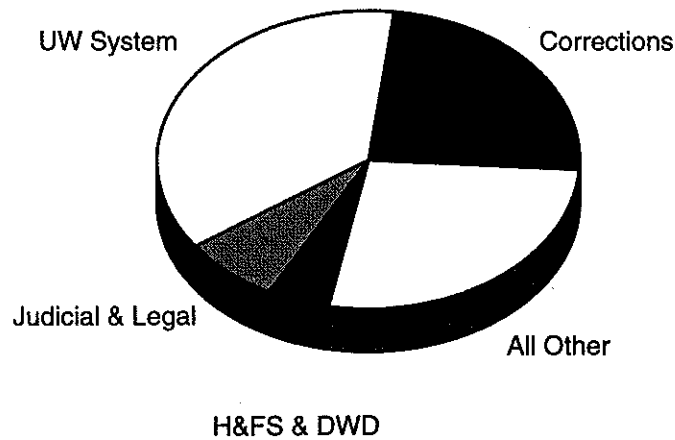
**1999-01 General Fund Appropriations
Local Assistance**



<u>Program</u>	<u>Amount</u>	<u>Percent of Total</u>
Elementary & Secondary School Aids	\$8,602,288,700	65.2%
Shared Revenues	2,027,842,400	15.3
School Levy Tax Credit	938,610,000	7.1
Community & Juvenile Correctional Services	605,014,100	4.6
Technical College System Aids	265,702,800	2.0
Environmental Aids	263,282,000	2.0
Community Options Program	209,950,000	1.6
Other	<u>287,834,700</u>	<u>2.2</u>
TOTAL	\$13,200,524,700	100.0%

FIGURE 8

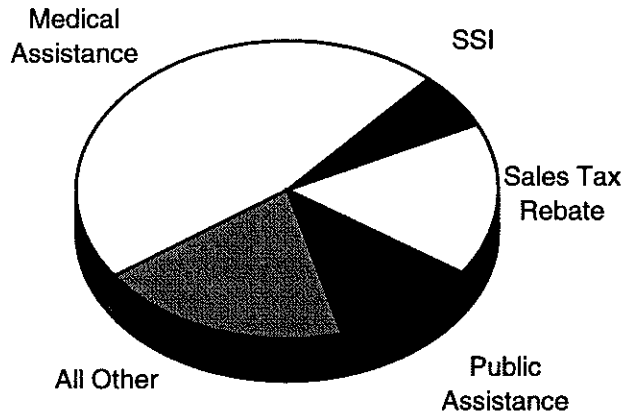
**1999-01 General Fund Appropriations
State Operations**



<u>Program</u>	<u>Amount</u>	<u>Percent of Total</u>
UW System	\$1,891,619,300	36.8%
Correctional Operations	1,233,005,100	24.0
Judicial and Legal Services	388,650,400	7.6
H&FS/Workforce Development (DWD)	242,628,500	4.7
Tax Administration	220,656,400	4.3
State Residential Institutions	195,558,600	3.8
Compensation Reserves	173,850,000	3.4
Natural Resources	138,250,100	2.7
Legislature	116,432,100	2.3
Other	<u>532,863,000</u>	<u>10.4</u>
TOTAL	\$5,133,513,500	100.0%

FIGURE 9

**1999-01 General Fund Appropriations
Aids to Individuals and Organizations**



<u>Program</u>	<u>Amount</u>	<u>Percent of Total</u>
Medical Assistance	\$1,958,554,500	46.5%
Sales Tax Rebate	700,000,000	16.6
Public Assistance	485,063,200	11.5
Supplemental Security Income	256,563,200	6.1
Homestead Tax Credit	175,900,000	4.2
Student Grants and Aids	150,372,900	3.6
Farmland Preservation Tax Credit	36,700,000	0.9
Earned Income Tax Credit	25,200,000	0.6
Other	<u>427,665,600</u>	<u>10.1</u>
TOTAL	\$4,216,019,400	100.0%

TABLE 11

Distribution of 1990-01 General Fund Appropriations

	1999-00			2000-01			Total		
	Amount	% of		Amount	% of		Amount	% of	
		Category	Total		Category	Total		Category	Total
LOCAL ASSISTANCE									
Elementary & Secondary School Aids	\$4,183,290,600	64.8%	36.8%	\$4,418,998,100	65.5%	39.5%	\$8,602,288,700	65.2%	38.1%
Shared Revenues	1,008,618,800	15.6	8.9	1,019,223,600	15.1	9.1	2,027,842,400	15.3	9.0
School Levy Tax Credit	469,305,000	7.3	4.1	469,305,000	7.0	4.2	938,610,000	7.1	4.1
Community & Juvenile Correctional Services	294,885,000	4.6	2.6	310,129,100	4.6	2.8	605,014,100	4.6	2.7
Technical College System Aids	130,516,400	2.0	1.2	135,186,400	2.0	1.2	265,702,800	2.0	1.2
Environmental Aids	130,352,700	2.0	1.1	132,929,300	2.0	1.2	263,282,000	2.0	1.2
Community Options Program	103,982,800	1.6	0.9	105,967,200	1.6	0.9	209,950,000	1.6	0.9
Other	<u>136,842,500</u>	<u>2.1</u>	<u>1.2</u>	<u>150,992,200</u>	<u>2.2%</u>	<u>1.4</u>	<u>287,834,700</u>	<u>2.2</u>	<u>1.3</u>
TOTAL--LOCAL ASSISTANCE	\$6,457,793,800	100.0%	56.8%	\$6,742,730,900	100.0%	60.3%	\$13,200,524,700	100.0%	58.5%
STATE OPERATIONS									
UW System	\$929,933,300	37.6%	8.2%	\$961,686,000	36.1%	8.6%	\$1,891,619,300	36.8%	8.4%
Correctional Operations	584,472,300	23.7	5.1	648,532,800	24.4	5.8	1,233,005,100	24.0	5.5
Judicial and Legal Services	193,751,800	7.8	1.7	194,898,600	7.3	1.7	388,650,400	7.6	1.7
H&FS/Workforce Development	121,106,400	4.9	1.1	121,522,100	4.6	1.1	242,628,500	4.7	1.1
Tax Administration	146,286,200	5.9	1.3	74,370,200	2.8	0.7	220,656,400	4.3	1.0
State Residential Institutions	94,068,300	3.8	0.8	101,490,300	3.8	0.9	195,558,600	3.8	0.9
Compensation Reserves	56,100,000	2.3	0.5	117,750,000	4.4	1.1	173,850,000	3.4	0.8
Natural Resources	67,574,500	2.7	0.6	70,675,600	2.6	0.6	138,250,100	2.7	0.6
Legislature	58,957,400	2.4	0.5	57,474,700	2.2	0.5	116,432,100	2.3	0.5
Other	<u>220,086,900</u>	<u>8.9</u>	<u>1.9</u>	<u>312,776,100</u>	<u>11.8</u>	<u>2.8</u>	<u>532,863,000</u>	<u>10.4</u>	<u>2.3</u>
TOTAL--STATE OPERATIONS	\$2,472,337,100	100.0%	21.7%	\$2,661,176,400	100.0%	23.8%	\$5,133,513,500	100.0%	22.8%
AIDS TO INDIVIDUALS AND ORGANIZATIONS									
Medical Assistance	\$972,242,300	39.8%	8.5%	\$986,312,200	55.6%	8.8%	\$1,958,554,500	46.4%	8.7%
Sales Tax Rebate	700,000,000	28.7	6.2	0	0.0	0.0	700,000,000	16.6	3.1
Public Assistance	206,078,700	8.4	1.8	278,984,500	15.7	2.5	485,063,200	11.5	2.1
Supplemental Security Income	128,281,600	5.3	1.1	128,281,600	7.2	1.1	256,563,200	6.1	1.1
Homestead Tax Credit	79,100,000	3.2	0.7	96,800,000	5.5	0.9	175,900,000	4.2	0.8
Student Grants and Aids	73,977,300	3.0	0.7	76,395,600	4.3	0.7	150,372,900	3.6	0.7
Farmland Preservation Tax Credit	18,600,000	0.8	0.2	18,100,000	1.0	0.2	36,700,000	0.9	0.2
Earned Income Tax Credit	12,200,000	0.5	0.1	13,000,000	0.7	0.1	25,200,000	0.6	0.1
Other	<u>251,172,900</u>	<u>10.3</u>	<u>2.2</u>	<u>176,492,700</u>	<u>10.0</u>	<u>1.6</u>	<u>427,665,600</u>	<u>10.1</u>	<u>1.9</u>
TOTAL--AIDS	\$2,441,652,800	100.0%	21.5%	\$1,774,366,600	100.0%	15.9%	\$4,216,019,400	100.0%	18.7%
GRAND TOTAL	\$11,371,783,700		100.0%	\$11,178,273,900		100.0%	\$22,550,057,600		100.0%

TABLE 12

Ten Largest General Fund Programs for 1999-01

	1999-00		2000-01		Total	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Elementary & Secondary School Aids	\$4,183,290,600	36.8%	\$4,418,998,100	39.5%	\$8,602,288,700	38.1%
Shared Revenues	1,008,618,800	8.9	1,019,223,600	9.1	2,027,842,400	9.0
Medical Assistance	972,242,300	8.5	986,312,200	8.8	1,958,554,500	8.7
UW System	929,933,300	8.2	961,666,000	8.6	1,891,619,300	8.4
Correctional Operations	584,472,300	5.1	648,532,800	5.8	1,233,005,100	5.5
School Levy Tax Credit	469,305,000	4.1	469,305,000	4.2	938,610,000	4.2
Sales Tax Rebate	700,000,000	6.2	0	0.0	700,000,000	3.1
Community & Juvenile Correctional Services	294,885,000	2.6	310,129,100	2.8	605,014,100	2.7
Public Assistance	206,078,700	1.8	278,984,500	2.5	485,063,200	2.1
Judicial and Legal Services	193,751,800	1.7	194,898,600	1.8	388,650,400	1.7
Subtotal	\$9,542,577,800	83.9%	\$9,288,069,900	83.1%	\$18,830,647,700	83.5%
All Other Programs	1,829,205,900	16.1%	1,890,204,000	16.9%	3,719,409,900	16.5%
GRAND TOTAL	\$11,371,783,700	100.0%	\$11,178,273,900	100.0%	\$22,550,057,600	100.0%

TABLE 13

Summary of General Fund Full-Time Equivalent Positions by Agency

	<u>1998-99</u> <u>Base</u>	<u>2000-01</u> <u>Governor</u>	<u>2000-01</u> <u>Jt. Finance</u>	<u>2000-01</u> <u>Assembly</u>	<u>2000-01</u> <u>Senate</u>	<u>2000-01</u> <u>Legislature</u>	<u>2000-01</u> <u>Acts 9 & 10</u>	<u>Change</u> <u>to Base</u>
Administration	172.71	173.51	171.11	171.11	167.61	172.11	172.11	-0.60
Adolescent Pregnancy Prevention	1.50	1.50	0.30	0.30	0.30	0.30	0.30	-1.20
Agriculture, Trade and Consumer Protection	317.86	318.11	317.11	318.11	317.11	318.11	318.11	0.25
Arts Board	5.00	5.00	5.00	5.00	5.00	5.00	5.00	0.00
Board on Aging and Long-Term Care	15.45	15.45	11.25	11.25	11.25	11.25	11.25	-4.20
Circuit Courts	496.00	509.00	509.00	511.00	509.00	511.00	511.00	15.00
Commerce	85.85	80.40	80.40	80.40	80.40	80.40	80.40	-5.45
Corrections	7,086.32	8,054.57	8,002.30	8,005.30	8,071.30	8,002.30	8,002.30	915.98
Court of Appeals	75.50	75.50	75.50	75.50	75.50	75.50	75.50	0.00
District Attorneys	364.00	364.00	384.75	384.65	384.75	387.65	370.65	6.65
Educational Communications Board	61.75	61.75	61.75	61.75	61.75	61.75	61.75	0.00
Elections Board	13.00	13.00	13.00	13.00	13.00	13.00	13.00	0.00
Employe Trust Funds	0.00	0.00	0.00	3.50	3.50	3.50	3.50	3.50
Employment Relations	80.05	80.05	80.05	80.05	80.05	80.05	80.05	0.00
Employment Relations Commission	28.50	28.50	28.50	28.50	28.50	28.50	28.50	0.00
Ethics Board	3.00	3.00	3.00	3.00	3.00	3.00	3.00	0.00
Governor	46.05	45.75	45.75	45.75	45.75	47.75	47.75	1.70
Health and Family Services	1,865.23	2,310.17	2,302.27	2,302.77	2,302.27	2,302.77	2,302.77	437.54
Higher Educational Aids Board	11.50	11.00	10.50	12.36	10.50	12.36	12.36	0.86
Historical Society	146.50	139.50	140.50	140.50	140.50	140.50	139.50	-7.00
Judicial Commission	2.00	2.00	2.00	2.00	2.00	2.00	2.00	0.00
Justice	407.40	407.65	409.65	412.40	419.15	416.40	415.40	8.00
Legislature	810.17	810.17	810.17	811.17	811.17	811.17	811.17	1.00
Lieutenant Governor	7.75	7.75	7.75	7.75	7.75	7.75	7.75	0.00
Military Affairs	119.08	122.90	122.90	123.65	123.65	123.65	123.65	4.57

TABLE 13 (continued)

Summary of General Fund Full-Time Equivalent Positions by Agency

	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Assembly	2000-01 Senate	2000-01 Legislature	2000-01 Acts 9 & 10	Change to Base
Natural Resources	520.28	514.78	512.78	494.28	513.78	512.78	512.78	- 7.50
Personnel Commission	10.00	10.00	10.00	10.00	10.00	10.00	10.00	0.00
Public Defender	526.55	520.55	520.55	520.55	523.55	523.55	523.55	- 3.00
Public Instruction	327.37	328.85	328.37	328.37	331.37	337.37	334.37	7.00
Revenue	907.75	914.25	1,095.75	1,206.25	1,206.25	1,209.25	1,209.25	301.50
State Treasurer	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Supreme Court	111.00	111.50	111.50	111.50	111.50	111.50	111.50	0.50
TEACH Board	6.00	6.00	6.00	6.00	6.00	6.00	6.00	0.00
Tourism	58.25	58.25	58.25	58.25	58.25	58.25	58.25	0.00
University of Wisconsin System	18,250.94	18,290.44	18,290.94	18,290.94	18,290.94	18,292.94	18,291.44	40.50
Veterans Affairs	6.30	6.30	6.30	6.30	8.80	8.80	8.80	2.50
Wisconsin Technical College System	38.65	38.65	38.65	38.65	38.65	38.65	39.40	0.75
Workforce Development	<u>293.78</u>	<u>305.55</u>	<u>299.13</u>	<u>299.13</u>	<u>299.13</u>	<u>299.13</u>	<u>299.13</u>	<u>5.35</u>
TOTAL	33,279.04	34,746.35	34,873.73	34,981.99	35,073.98	35,026.99	35,004.24	1,725.20

OVERVIEW

TRANSPORTATION FUND BUDGET

TABLE 14

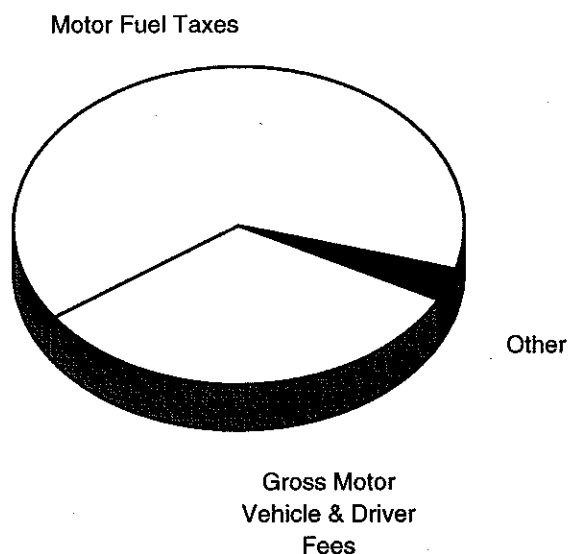
1999-01 Transportation Fund Condition Statement

	<u>1999-00</u>	<u>2000-01</u>
Revenues		
Unappropriated Balance, July 1	\$36,022,700*	\$25,973,700
Motor Fuel Tax	\$802,916,200	\$824,412,400
Vehicle Registration Fees	360,106,300	362,485,500
Less Revenue Bond Debt Service	-92,689,600	-101,911,500
Driver's License Fees	30,723,500	30,398,200
Miscellaneous Motor Vehicle Fees	14,558,200	14,866,300
Aeronautical Taxes and Fees	9,892,100	9,752,600
Railroad Revenue	11,977,100	12,279,500
Motor Carrier Fees	3,306,200	3,566,200
Investment Earnings	7,228,000	7,178,000
Miscellaneous Revenue	<u>12,936,000</u>	<u>12,773,200</u>
Total Annual Revenues	\$1,160,954,000	\$1,175,800,400
Total Available	\$1,196,976,700	\$1,201,774,100
Appropriations and Reserves		
DOT Appropriations	\$1,153,640,600	\$1,162,365,500
Other Agency Appropriations	16,774,500	17,512,000
Less Estimated Lapses	-3,000,000	-3,000,000
Compensation and Other Reserves	<u>3,587,900</u>	<u>14,105,300</u>
Net Appropriations and Reserves	\$1,171,003,000	\$1,190,982,800
Unappropriated Balance, June 30	\$25,973,700	\$10,791,300

*Actual opening balance. Enrolled AB 133 assumed an opening balance of \$25,553,600.

FIGURE 10

Estimated 1999-01 Transportation Fund Revenues



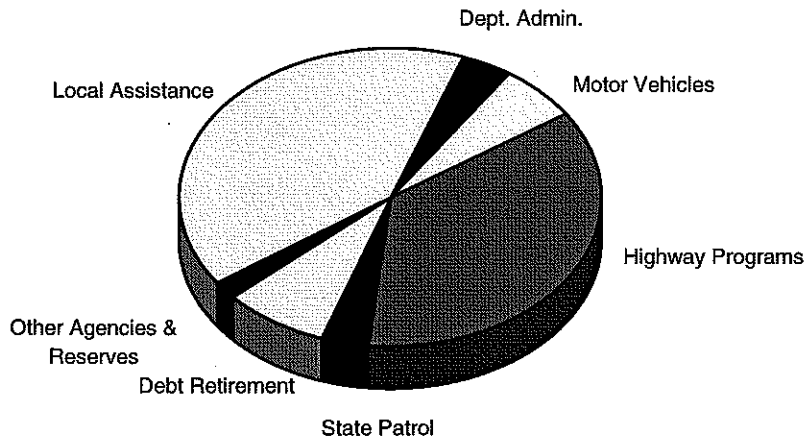
<u>Source</u>	<u>Amount</u>	<u>Percent of Total</u>
Motor Fuel Taxes	\$1,627,328,600	64.3%
Gross Motor Vehicle and Driver Fees*	820,010,400	32.4
Railroad Taxes and Fees	24,256,600	1.0
Aeronautics Taxes and Fees	19,644,700	0.8
Miscellaneous Revenues	<u>40,115,200</u>	<u>1.6</u>
TOTAL	\$2,531,355,500	100.0%

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

NOTE: The July 1, 1999, unappropriated balance of the transportation fund was \$36,022,700. Therefore, the total amount available in the transportation fund for the 1999-01 biennium is estimated to be \$2,567,378,200.

FIGURE 11

**1999-01 Transportation Fund Appropriations
By Category**



<u>Category</u>	<u>Amount</u>	<u>Percent of Total</u>
Local Assistance	\$1,034,575,900	40.4%
Highway Programs	930,437,100	36.3
Debt Retirement*	208,071,100	8.1
Division of Motor Vehicles	151,513,700	5.9
Departmental Administration	98,976,900	3.9
Division of State Patrol	87,032,500	3.4
Other Agencies & Reserves	34,286,500	1.3
Reserves	<u>17,693,200</u>	<u>0.7</u>
TOTAL	\$2,562,586,900	100.0%

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

NOTE: Lapses from the appropriations above are estimated to be \$6,000,000 in 1999-01. Therefore, expenditures in the 1999-01 biennium are estimated to be \$2,556,586,900.

OVERVIEW

LOTTERY FUND BUDGET

TABLE 15

1999-01 Lottery Fund Condition Statement

	<u>1999-00</u>	<u>2000-01</u>
Opening Balance	\$33,467,000	\$8,437,200
Operating Revenues		
Ticket Sales	\$421,776,400	\$427,279,200
Retailer Fees and Miscellaneous	<u>84,000</u>	<u>84,000</u>
Gross Revenues	\$421,860,400	\$427,363,200
Expenditures		
Prizes	\$241,690,100	\$244,368,500
Basic and Bonus Retailer Compensation ¹	0	30,573,800
Vendor Payments ²	0	12,419,000
General Program Operations ³	0	0
Appropriation to DOJ - Lottery Enforcement ⁴	0	0
Appropriation to DOR -- Credit Administration ⁵	130,600	152,900
Appropriation to Counties and Cities--Credit Certification ⁶	<u>892,500</u>	<u>0</u>
Total Expenditures	\$242,713,200	\$287,514,200
Net Proceeds	\$179,147,200	\$139,849,000
Interest Earnings	\$3,730,000	\$2,400,000
Gaming-Related Revenue ⁷	\$4,688,300	\$3,302,200
Total Available for Tax Relief ⁸	\$221,032,500	\$153,988,400
Appropriations for Property Tax Relief		
Lottery and Gaming Credit ⁹	\$212,595,300	\$130,441,100
Farmland Tax Relief Credit ¹⁰	<u>0</u>	<u>15,000,000</u>
Total Appropriations for Property Tax Relief	\$212,595,300	\$145,441,100
Gross Closing Balance	\$8,437,200	\$8,547,300
Reserve (2% of Gross Revenues)	\$8,437,200	\$8,547,300
Net Closing Balance	\$0	\$0

¹ Under Act 9, \$27,927,600 GPR is provided for this purpose in 1999-00.

² Under Act 9, \$12,178,700 GPR is provided for this purpose in 1999-00.

³ Under Act 9, \$21,095,800 GPR is provided for this purpose in 1999-00. Funding in 2000-01 (\$21,095,800) is not provided at this time.

⁴ Under Act 9, \$226,000 GPR is provided for this purpose in 1999-00. Funding in 2000-01 (\$226,700) is not provided at this time.

⁵ The SEG funding indicated was provided on September 16, 1999, under s. 13.10 of the statutes. In addition, \$43,300 GPR is provided under Act 9 for this purpose in 1999-00.

⁶ Estimated amount based on 1999 Act 5 provisions.

⁷ Estimated amounts based on constitutional requirement and 1999 Act 5 provisions.

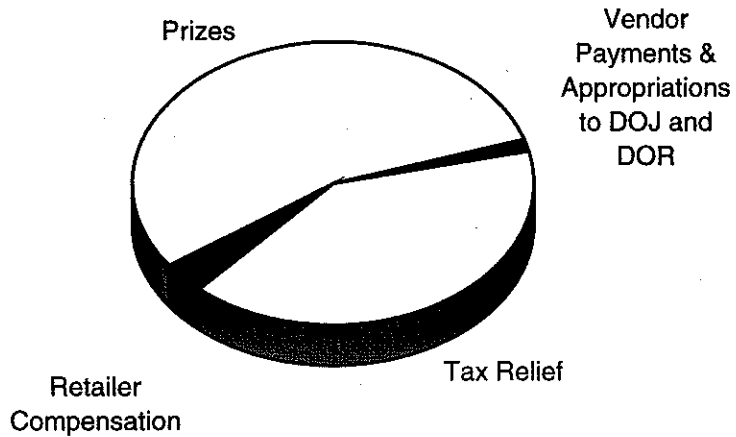
⁸ Opening balance, net proceeds, interest earnings and gaming-related revenue.

⁹ Restoration of lottery general program operations funding in 2000-01 (\$21,095,800 SEG) and DOJ enforcement funding in 2000-01 (\$226,700 SEG) would reduce the estimated lottery and gaming credit amount in 2000-01 to \$109,118,600.

¹⁰ Under Act 9, \$15,000,000 GPR is provided for this purpose in 1999-00.

FIGURE 12

1999-01 Lottery Fund Expenditures*



	<u>Amount</u>	<u>Percent of Total</u>
Operating Expenditures	(\$530,227,400)	(59.7%)
Prizes	486,058,600	54.7
Retailer Compensation	30,573,800	3.5
Vendor Payments	12,419,000	1.4
Appropriations to DOJ and DOR	1,176,000	0.1
Appropriations for Tax Relief	(358,036,400)	(40.3)
Lottery Property Tax Credit	343,036,400	38.6
Farmland Tax Relief Credit	<u>15,000,000</u>	<u>1.7</u>
TOTAL	\$888,263,800	100.0%

*Figure 12 reflects only segregated lottery fund expenditure estimates (as of January, 2000) and does not include lottery activities funded from the general fund in 1999-00.

GENERAL FUND TAXES

GENERAL FUND TAXES

1. GENERAL FUND TAX CHANGES

The following table outlines the general fund tax changes recommended by the Governor, Joint Committee on Finance and Legislature along with the estimated fiscal effect in the 1999-01 biennium. The next column shows the tax changes under Act 9 which include the effect of the Governor's partial vetoes. The final column shows the tax changes through Act 10 (the sales tax rebate legislation) following the Governor's vetoes. The \$700 million sales tax rebate is not shown in the table because the rebate will be paid from a sum sufficient appropriation rather than accounted for as a reduction in tax revenues. (A summary of the sales tax rebate legislation follows the "General Fund Taxes" section of this document.) The items relating to the integrated tax system, nexus investigations, temporary events and delinquent tax measures are summarized under "Revenue -- Tax Administration."

1999-01 General Fund Tax Changes--Biennial Fiscal Effects (In Millions)

	<u>Governor</u>	<u>Joint Finance</u>	<u>Legislature</u>	<u>Act 9</u>	<u>Act 10</u>
Individual Income Tax					
Income Tax Modifications	-\$289.00	-\$317.90	-\$474.20	-\$718.80	-\$78.00
Credit for Military Income	0.00	0.00	-0.26	-0.26	-0.26
Taxation of Trusts	0.00	-0.30	0.00	0.00	0.00
Internal Revenue Code Update	0.00	6.99	6.99	6.99	6.99
Delinquent Tax Measures	0.00	5.10	5.10	5.10	5.10
Corporate Income Tax					
Single Sales Apportionment	-74.60	-12.50	0.00	0.00	0.00
Combined Reporting	70.10	0.00	0.00	0.00	0.00
LLCs and Partnerships	0.00	12.50	12.50	0.00	0.00
Nexus Investigations	0.31	0.31	0.31	0.31	0.31
Internal Revenue Code Update	0.00	15.08	15.08	15.08	15.08
Delinquent Tax Measures	0.00	0.63	0.63	0.63	0.63
Activity Not Creating Nexus	0.00	0.00	-0.75	-0.75	-0.75
General Sales and Use Tax					
Integrated Tax System	4.78	4.78	4.78	4.78	4.78
Timeshare Property	2.64	0.00	-0.16	-0.16	-0.16
Late Filing Fee	2.53	1.27	1.27	1.27	1.27
Nexus Investigations	1.00	1.00	1.00	1.00	1.00
Temporary Events	1.04	1.04	1.04	1.04	1.04
Direct Marketers Agreements	0.00	8.30	8.30	8.30	8.30
Occasional Vehicle Sales	0.00	0.41	0.41	0.41	0.41
Delinquent Tax Measures	0.00	3.22	3.22	3.22	3.22
Farm Electricity	0.00	0.00	-2.90	-2.90	-2.90
Railroad Tracks	0.00	0.00	-0.47	0.00	0.00

	<u>Governor</u>	<u>Joint Finance</u>	<u>Legislature</u>	<u>Act 9</u>	<u>Act 10</u>
Public Utility					
Car Line Companies	-\$0.30	\$0.00	\$0.00	\$0.00	\$0.00
Extend Current Computer Exemption	-0.15	-0.08	-0.08	-0.08	-0.08
Expand Computer Exemption	-0.08	0.00	0.00	0.00	0.00
Transition Fee Credit	0.00	-0.87	-0.87	-0.87	-0.87
Postpone Current Computer Exemption	0.00	0.00	0.00	0.00	0.00
Excise Taxes					
Convert Tobacco Products Tax to Excise	0.00	0.88	0.88	0.88	0.88
Cigarette Tax Discount	0.00	0.00	-0.95	0.00	0.00
Total	-\$281.73	-\$270.14	-\$419.13	-\$674.81	-\$34.01

Individual and Corporate Income Taxes

1. INDIVIDUAL INCOME TAX MODIFICATIONS [LFB Papers 100 thru 109]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Veto (Chg. to Leg)	Act 10 (Chg. to Act 9)	Net Change
GPR-REV	-\$289,000,000	-\$28,900,000	-\$156,300,000	-\$244,600,000	\$640,800,000	-\$78,000,000

Governor: Modify the individual income tax structure by federalizing the treatment of social security benefits, increasing the sliding scale standard deduction, creating personal exemptions, creating a fourth income tax bracket, reducing the income tax rates, eliminating miscellaneous deductions from the itemized deduction credit, increasing the married couple credit, eliminating certain income tax credits and making withholding table adjustments. The administration estimates that these modifications would reduce individual income tax revenue by \$289.0 million in 2000-01. On a tax year basis, the Governor's proposal would reduce income tax revenues by \$168 million in 2000 and \$269 million in 2001. The \$289 million estimate for 2000-01 also includes \$121 million from the proposed withholding table adjustment on July 1, 2000, as described later in this summary.

The administration did not provide a fiscal estimate of each income tax modification on an individual basis because of the interaction of the different provisions. For example, the estimated cost of eliminating the working families credit would be greatly offset due to the proposed increase in the standard deduction, the creation of the personal exemptions and the lower income tax rates.

A. Social Security Benefits. Federalize the treatment of social security benefits beginning with tax year 2000. Under federal law, no social security benefits are taxable for taxpayers with provisional income below \$25,000 if single and \$32,000 if married filing a joint return. Provisional income is defined as one-half of social security plus federal adjusted gross income (AGI), tax-exempt interest and other specified amounts that are excluded from gross income. Up to 50% of social security benefits are taxable if provisional income exceeds these base amounts and is below \$34,000 if single and \$44,000 if married-joint. For taxpayers with provisional income above the higher thresholds, up to 85% of benefits are taxable. Married taxpayers who file separate returns pay taxes on up to 85% of social security benefits.

Under current state law, up to 50% of social security benefits are taxable for taxpayers with provisional income above \$25,000 if single, \$32,000 if married-joint and zero if married-separate. No benefits are taxed for taxpayers with income below these amounts.

Under the Governor's recommendation, up to 85% of social security would be taxed by the state for taxpayers with income above \$34,000 if single and \$44,000 if married-joint and for all married-separate taxpayers. Taxpayers with income below these amounts would not be impacted by the modification.

B. Sliding Scale Standard Deduction. Increase the sliding scale standard deduction beginning with tax year 2000 by increasing the maximum standard deduction and the AGI amounts over which the credit is phased out. The estimated current law standard deduction formulas for tax year 2000 and the formulas under the Governor's proposal for 2000 are shown below. The estimated formulas under current law reflect two years of indexing over the 1998 amounts. The standard deduction would continue to be indexed for changes in inflation for tax years 2001 and thereafter under both current law and under the Governor's proposal.

**Estimated Current Law Standard Deduction
Tax Year 2000**

<u>Filing Status</u>	<u>Wisconsin AGI</u>	<u>Standard Deduction</u>
Single	Less than \$7,790	\$5,400
	\$7,790 to \$52,790	\$5,400 - 12%(WAGI-\$7,790)
	Greater than \$52,790	\$0
Married, Joint	Less than \$10,380	\$9,240
	\$10,380 to \$57,099	\$9,240 - 19.778%(WAGI-\$10,380)
	Greater than \$57,099	\$0
Married, Separate	Less than \$4,940	\$4,390
	\$4,940 to \$27,136	\$4,390 - 19.778%(WAGI-\$4,940)
	Greater than \$27,136	\$0
Head-of- Household	Less than \$7,790	\$7,310
	\$7,790 to \$25,955	\$7,310 - 22.515%(WAGI-\$7,790)
	Greater than \$25,955	Single Standard Deduction

**Governor's Proposed Standard Deduction
Tax Year 2000**

<u>Filing Status</u>	<u>Wisconsin AGI</u>	<u>Standard Deduction</u>
Single	Less than \$10,380	\$7,200
	\$10,380 to \$70,380	\$7,200 - 12%(WAGI-\$10,380)
	Greater than \$70,380	\$0
Married, Joint	Less than \$14,570	\$12,970
	\$14,570 to \$80,150	\$12,970 - 19.778%(WAGI-\$14,570)
	Greater than \$80,150	\$0
Married, Separate	Less than \$6,920	\$6,160
	\$6,920 to \$38,070	\$6,160 - 19.778%(WAGI-\$6,920)
	Greater than \$38,070	\$0
Head-of- Household	Less than \$10,380	\$9,300
	\$10,380 to \$30,350	\$9,300 - 22.515%(WAGI-\$10,380)
	Greater than \$30,350	Single Standard Deduction

C. Personal Exemptions. Provide personal exemptions to be subtracted from Wisconsin AGI in calculating Wisconsin taxable income, which is the amount of income subject to tax, beginning with tax year 2000. Under the Governor's proposal for the 2000 tax year, a \$600 personal exemption would be provided for each taxpayer, the taxpayer's spouse and for each individual claimed as an exemption under the Internal Revenue Code (IRC). The personal exemption amount would be increased to \$700 for tax year 2001 and thereafter.

Provide an additional \$200 exemption in tax year 2000 for each taxpayer who has reached age 65 before the end of the tax year (two exemptions would be provided if both the taxpayer and their spouse are 65 at the end of the year). The additional exemption would be increased to \$250 for tax years 2001 and thereafter. Thus, for each taxpayer over the age of 65 the total exemption would be \$800 in 2000 and \$950 in 2001 and thereafter.

Prorate the personal exemptions for nonresident and part-year resident taxpayers based on the ratio of Wisconsin AGI to federal AGI.

D. Rates and Brackets. Create a fourth income tax bracket and reduce the tax rates in tax years 2000 and 2001. The rate and bracket schedules under current law for tax years 1999 and 2000 and under the Governor's proposal for 2000 and 2001 are shown below. The current law bracket amounts for 2000 reflect two years of indexing over the 1998 brackets; these amounts will continue to be adjusted for changes in inflation in tax year 2001 and thereafter. Under the Governor's proposal, the tax brackets would be indexed for changes in inflation in tax years 2002 and thereafter.

**Current Law Rates and Brackets
Tax Year 1999**

<u>Taxable Income Brackets</u>			<u>Marginal Tax Rates</u>
<u>Single</u>	<u>Married-Joint</u>	<u>Married-Separate</u>	
Less than \$7,620	Less than \$10,160	Less than \$5,080	4.77%
7,620 to 15,240	10,160 to 20,320	5,080 to 10,160	6.37
15,240 and Over	20,320 and Over	10,160 and Over	6.77

**Estimated Current Law Rates and Brackets
Tax Year 2000**

<u>Taxable Income Brackets</u>			<u>Marginal Tax Rates</u>
<u>Single</u>	<u>Married-Joint</u>	<u>Married-Separate</u>	
Less than \$7,790	Less than \$10,380	Less than \$5,190	4.77%
7,790 to 15,580	10,380 to 20,770	5,190 to 10,380	6.37
15,580 and Over	20,770 and Over	10,380 and Over	6.77

**Governor's Proposed Rates and Brackets
Tax Years 2000 and 2001**

<u>Taxable Income Brackets</u>			<u>Marginal Tax Rates</u>	
<u>Single</u>	<u>Married-Joint</u>	<u>Married-Separate</u>	<u>2000</u>	<u>2001 and Thereafter</u>
Less than \$7,500	Less than \$10,000	Less than \$5,000	4.73%	4.60%
7,500 to 15,000	10,000 to 20,000	5,000 to 10,000	6.33	6.15
15,000 to 112,500	20,000 to 150,000	10,000 to 75,000	6.55	6.50
112,500 and Over	150,000 and Over	75,000 and Over	6.75	6.75

E. Indexing. The Governor would maintain current law and index the standard deduction and tax brackets for changes in inflation in tax year 1999. The standard deduction would not be indexed in 2000 because it would be increased statutorily under the bill; the proposed standard deduction formulas would be indexed in 2001 and thereafter. The tax brackets would not be indexed for changes in inflation in tax years 2000 and 2001, which are the years the fourth tax bracket and lower tax rates would be implemented. Bracket indexing would resume in 2002.

The first three tax brackets are the same under the Governor's recommendation as under current law for tax year 1998, prior to any indexing adjustment. Since indexing would take

place in 1999, the first three brackets for 2000 and 2001 under the bill would be lower than the 1999 tax brackets. For example, the first tax bracket for married-joint taxpayers was \$10,000 in 1998. This amount is indexed to \$10,160 in 1999 under current law and under the Governor's proposal. However, under the bill, the first married-joint tax bracket would be statutorily set at \$10,000 in 2000 and in 2001 before indexing would resume in 2002. It should be noted that over the same time period, the lowest tax rate would be reduced from 4.77% in 1999 to 4.73% in 2000 and 4.60% in 2001.

F. Withholding Table Adjustments. The bill would modify current law provisions related to the Department of Revenue's adjustment of the withholding tables. Generally, under current law, DOR is directed to periodically adjust the withholding tables to reflect any statutory changes in the income tax rates, any applicable surtax, changes in the tax bracket amounts or the working families credit. An exception under current law prohibits DOR from adjusting the withholding tables to reflect the rate reduction that took effect in 1998 or any indexing adjustments before January 1, 2000. As a result, the withholding tables for the 1999 tax year do not reflect the tax rate reduction that took effect in 1998 or the first year of indexing. The withholding tables would be adjusted as follows based on current law provisions and the Governor's recommendation:

As under current law, on January 1, 2000, the Department would be allowed, but not required, to adjust the tables to reflect the current law tax rate reduction that took effect with the 1998 tax year.

On July 1, 2000, the Department would be required to adjust the tables to reflect the proposed tax rates for tax year 2001. The administration indicates that the tables would be adjusted to reflect the proposed 2001 rate cut prior to its statutory effective date so that the cost of the reduction would not be pushed out of the 1999-01 biennium and so that the tax cuts would be available to taxpayers earlier. The Department is also directed to adjust the tables to reflect bracket indexing. However, as noted in the section on indexing, the tax brackets would not be indexed in 2000 and 2001 because the amounts would be set statutorily.

The Department indicates that it would likely not adjust the tables on January 1, 2000, since the tables would be adjusted again six months later under the Governor's proposal.

G. Itemized Deduction Credit. Eliminate miscellaneous itemized deductions as eligible expenses under the state's itemized deduction credit. This modification would first apply to tax years beginning on January 1, 2000. Miscellaneous itemized deductions allowed under federal law include unreimbursed employe expenses, tax preparation fees, safe deposit box rent, gambling losses (to the extent of gambling winnings), casualty and theft losses from income-producing property and other amounts paid to produce or collect taxable income and manage or protect property held for earning income. Under the IRC, certain miscellaneous itemized deductions can only be deducted to the extent that they exceed 2% of the taxpayer's AGI.

Under current law, the itemized deduction credit is equal to 5% of the excess of allowable itemized deductions over the sliding scale standard deduction. State itemized deductions generally conform to the expenses permitted as federal itemized deductions and currently include charitable contributions; medical expenses exceeding 7.5% of AGI; interest expenses for a principal residence or a second home in Wisconsin; interest expenses for property sold on a land contract; other interest expenses, except personal interest; and miscellaneous itemized deductions.

H. Married Couple Credit. Increase the maximum credit to \$440 in 2000 and to \$480 in 2001 and thereafter. Under current law, two-earner married couples are eligible for a credit equal to 2.75% of the secondary earner's earned income in 2000 (up to a maximum of \$385) and 3.0% in 2001 and thereafter (up to a maximum of \$420). These percentages would not be modified.

I. Eliminate Certain Tax Credits. Eliminate the property tax/rent credit (PTRC), dependent credit, senior citizen credit and working families credit for tax years 2000 and thereafter. Under current law, the PTRC is equal to 10% of property taxes, or rent constituting property taxes, to a maximum credit of \$200 (the credit was increased to 14% of property taxes to a maximum credit of \$350 on a one-time basis in 1998). Current law also provides for a \$50 dependent credit and a \$25 senior citizen credit for persons age 65 and over who fall under certain income limitations. The working families credit is equal to the net tax liability for taxpayers with Wisconsin AGI below \$9,000 (\$18,000 if married-joint); the credit phases out over the next \$1,000 of income until eliminated when AGI exceeds \$10,000 (\$19,000 if married-joint).

Joint Finance: Modify the Governor's recommended income tax proposal as follows:

A. Reestimate Cost. Reestimate the cost of the Governor's recommendation to be \$152.2 million in tax year 2000 and \$253.0 million in tax year 2001. The total estimated cost for the 2000-01 fiscal year is \$266.1 million, which includes \$113.9 million from the proposed withholding table adjustment. These revised estimates are lower than the administration's by \$15.8 million in tax year 2000 and \$16.0 million in tax year 2001; the estimated cost for the 2000-01 fiscal year is lower by \$22.9 million.

B. Modify Governor's Proposal. Modify the Governor's income tax proposal as described below. These modifications are estimated to reduce income tax revenues from the reestimated cost of the bill by \$42.9 million in tax year 2000 and \$52.1 million in tax year 2001. For the 2000-01 fiscal year, revenues are estimated to be lower by \$51.8 million, which includes \$8.9 million as the additional cost of adjusting the withholding tables. Based on these changes, the income tax proposal, as modified, is estimated to reduce income tax revenues from current law by a total of \$195.1 million in tax year 2000 and \$305.1 million in tax year 2001. Revenues for the 2000-01 fiscal year are estimated to be lower by \$317.9 million, which includes \$122.8 million as the estimated cost of the withholding table adjustment.

Social Security Benefits. Retain the current state tax treatment of social security benefits.

Indexing. Modify the Governor's recommendation by continuing to index the tax brackets in tax year 2000 and 2001. In addition, modify the current indexing provisions by: (a) eliminating the maximum income amounts for the standard deduction from the statutes; and (b) specifying that the tax brackets and standard deduction be indexed based on the 1998 amounts. These technical changes would allow the standard deduction to be calculated accurately for taxpayers in the phase-out range for the deduction and would incorporate the federal indexing method into state law.

Miscellaneous Itemized Deductions. Adopt the Governor's recommendation to eliminate miscellaneous deductions from the itemized deduction credit with modifications to: (a) continue to allow professional dues and union dues to be included as a miscellaneous deduction in calculating the credit; and (b) specify that the amount claimed as a federal miscellaneous deduction for repayment of income that was taxed in a prior year may be subtracted from federal adjusted gross income.

Filing Threshold. Specify that the filing threshold be set to reflect the gross income level at which no taxpayer would have a state tax liability. The thresholds would be based on whether the taxpayer is filing a single, head-of-household, married-joint or married-separate return and whether the taxpayer is 65 years of age or over.

Withholding Table Adjustment. Increase projected income tax collections by \$62.0 million in 1999-00 and reduce estimated collections by \$62.0 million in 2000-01. This modification reflects a decision by DOR to not adjust the withholding tables on January 1, 2000, to reflect the 1998 tax rates and indexing adjustments. The Department intends to adjust the tables on July 1, 2000, and again on January 1, 2001, to reflect the various income tax provisions contained in the budget bill.

Assembly: Retain the income tax modifications that were adopted by the Joint Committee on Finance with a modification to allow travel and home office expenses to continue to be claimed as a miscellaneous itemized deduction under the itemized deduction credit. This modification is estimated to have a minimal fiscal effect.

Senate: Delete the individual income tax modifications that were adopted by the Joint Committee on Finance. Instead, increase the property tax/rent credit for renters from 10% of rent constituting property taxes to 14.1% beginning with tax year 2000. In addition, increase the percentages used to calculate the amount of rent that constitutes property taxes from 25% to 35% of actual rent if payment for heat is not included and from 20% to 30% of rent if payment for heat is included. Retain the maximum amount of rent constituting property taxes that may be used in claiming the credit at \$2,000; the maximum credit for renters would be increased from \$200 to \$282.

The PTRC for homeowners would remain at 10% of property taxes for a maximum credit of \$200. For taxpayers who claim both property taxes as a homeowner and rent constituting

property taxes as a renter in an amount that exceeds the \$2,000 maximum, those amounts would be allocated proportionately when determining how much rent would be eligible for the 14.1% credit and how much property taxes would be eligible for the 10% credit.

This provision would retain the current law income tax structure, with the exception of the increase in the PTRC for renters. Eliminating the income tax modifications contained in the budget bill adopted by the Finance Committee would increase tax revenues by an estimated \$317.9 million in 2000-01. The proposed increase in the renter's PTRC would reduce revenues by an estimated \$49.7 million in 2000-01. In total, this provision would increase income tax revenues by \$268.2 million in 2000-01, compared to the Joint Finance provisions.

Conference Committee/Legislature: Include the Assembly provision with the following modifications:

a. Retain the current law working families tax credit on a permanent basis. This is estimated to reduce income tax revenues by \$5.1 million in tax year 2000 and \$3.5 million in tax year 2001 (in 2000 dollars) compared to the Finance Committee's version of the budget.

b. Retain the PTRC in tax year 2000 at 6.4% of property taxes or rent constituting property taxes to a maximum of \$2,000 in taxes or rent. The maximum credit would be \$128. Compared to the Joint Finance provisions, the estimated cost of this modification would be \$156.0 million in 2000-01. The PTRC would be eliminated with tax year 2001 and thereafter, as under the Finance Committee provision.

c. Reestimate the cost of the property tax/rent credit by -\$4,500,000 in 1999-00 and -\$8,300,000 in 2000-01 to account for lower property taxes due to the increased lottery credit. The 6.4% PTRC would cost an estimated \$147.7 million in 2000-01 rather than \$156.0 million due to the impact of the increased lottery credit.

In addition, reestimate the cost of the Joint Finance provisions by \$5.0 million in tax year 2000 and \$8.0 million in tax year 2001 (\$8.0 million in 2000-01, which includes \$3.0 million as the reestimated cost of the withholding table adjustment) to reflect revised general fund tax estimates released by the Legislative Fiscal Bureau in July, 1999. Compared to current law, the Conference Committee's provision is estimated to reduce revenues by \$352.9 million in tax year 2000 and \$316.6 million in tax year 2001 (in 2000 dollars). On a fiscal year basis, the proposal is estimated to cost \$478.8 million in 2000-01, which includes \$125.8 million as the cost of adjusting the withholding tables on July 1, 2000, to reflect the 2001 tax rates.

Veto by Governor [F-15 and F-16]: The Governor's partial veto makes the following changes.

Miscellaneous Itemized Deductions. Delete the exceptions to the elimination of miscellaneous itemized deductions from the itemized deduction credit. As passed by the Legislature, the enrolled bill would eliminate miscellaneous itemized deductions from the calculation of the itemized deduction credit, with the exception of union and professional dues and travel and

home office expenses. No miscellaneous itemized deductions will be considered under the Governor's veto. This is estimated to have a minimal impact on revenues.

Property Tax/Rent Credit. Increase the PTRC for tax year 1999 to 16.4% for a maximum credit of \$328 and increase the PTRC for 2000 to 10% for a maximum credit of \$200. Retain the elimination of the PTRC beginning with tax year 2001. The veto reduces general fund tax revenues by an estimated \$150.6 million in 1999-00 and \$94.0 million in 2000-01 as compared to the enrolled bill. These estimates reflect projected reductions in property taxes due to the lottery credit increase in 1999(00) and levy credit increase in 2000(01) contained in the act.

[Act 9 Sections: 1674, 1674t, 1688d, 1689 thru 1707, 1711, 1714, 1715, 1716, 1716p, 1717, 1721, 1722, 1784 thru 1787 and 9343(20)&(20tx)]

[Act 9 Vetoed Sections: 1711, 1716m and 1716p]

Act 10: Eliminate the PTRC for tax year 1999 and thereafter. Compared to Act 9, this would increase tax revenues by an estimated \$399.1 million in 1999-00 and \$241.7 million in 2000-01 for a total of \$640.8 million over the biennium. This funding was used to partially fund a one-time sales tax rebate of \$700 million in 1999-00.

[Act 10 Sections: 2, 2m and 3]

2. INDIVIDUAL INCOME TAX CREDIT FOR MILITARY INCOME

GPR-REV - \$260,000

Assembly/Legislature: Provide an income tax credit for up to \$200 in income received as an active duty member of the U.S. Armed Forces while stationed outside of the U.S. beginning in tax year 2000. A married couple would be eligible for a credit of up to \$400 if both spouses qualify. Require that the credit be subtracted from the regular income tax for purposes of determining if the Wisconsin alternative minimum tax applies. Finally, specify that the credit would not be available to nonresident and part-year resident taxpayers. This provision is estimated to reduce income tax revenues by \$260,000 in 2000-01.

Veto by Governor [F-14]: Eliminate the requirement that the credit be subtracted for purposes of the alternative minimum tax.

[Act 9 Sections: 1715m, 1719g, 1719j and 9343(20ty)]

[Act 9 Vetoed Sections: 1719g and 9343(20ty)]

3. INDIVIDUAL INCOME TAX DEDUCTION FOR POLITICAL CONTRIBUTIONS

Assembly: Provide an income deduction for up to \$500 in political contributions made by an individual beginning in tax year 1999 (a total of \$1,000 for a married couple filing a joint

return). Specify that contributions made to individual candidates for elective public office in Wisconsin, including federal, state and local races, would be allowed. This provision is estimated to reduce income tax revenues by \$60,000 annually.

Conference Committee/Legislature: Delete provision.

4. ASSIGNMENT OF LOTTERY PRIZES: TAXATION

Assembly/Legislature: Allow lottery prizes to be used as security for a loan or assigned to another person. Specify that all income that is realized from the sale of or purchase and subsequent sale of lottery prizes is taxable to Wisconsin if the winning tickets were originally bought in Wisconsin. In addition, specify that such income would be taxed as ordinary income and would not qualify for the capital gains exclusion. Allowing prize winners to assign their prize to another person would have an unknown impact on state tax revenues. More information on this provision is provided under "Lottery."

[Act 9 Sections: 1674v, 1682pd, 1722yb, 1722ym, 1738t, 1748Lm, 1748Ln, 1748y, 1748yb, 1748ym, 1749p, 1753d, 1753m, 1786, 3023t, 3025m and 9343(23cm)]

5. INCOME TAX EXCLUSION FOR MASS TRANSIT FRINGE BENEFITS

Senate/Legislature: Allow taxpayers to exclude from taxable income the amount paid by an employer for a public transportation pass, token or fare card that is provided to the employee, or the value of such pass, token or fare card. Specify that this provision would first apply to taxable years beginning on the January 1 following the year in which the bill takes effect.

Under current law, the maximum amount that may be excluded as a transportation fringe benefit, not including parking, is \$60 per month. This amount would be increased to \$65 per month in 1999 and to \$100 per month in 2002 under the federal Internal Revenue Code update provision of the budget bill. This provision would eliminate the limit on the amount that may be excluded for employer-provided transit passes, which is estimated to have a minimal impact on tax revenues.

Veto by Governor [F-13]: Delete provision.

[Act 9 Vetoed Sections: 1688h and 9343(7c)]

6. INCOME TAX EXCLUSION FOR AMOUNTS RECEIVED BY VICTIMS OF NAZI OR AXIS PERSECUTION

Senate/Legislature: Exclude any amounts received as a settlement for claims for recovered assets, or any amount of assets or any gain generated on such assets, that were stolen from, hidden from or otherwise lost by an individual who was persecuted by Nazi Germany or

any Axis regime during any period from 1933 to 1945 and that have been recovered, returned or otherwise paid to the original victim, heir or beneficiary. Specify that this provision applies to cash, bonds, stocks, deposits in a financial institution, proceeds from a life or other type of insurance policy, jewelry, precious metals, artwork or any other item of value owned by such a victim during any period from 1920 to 1945. Specify that this exclusion would take effect with tax year 1999.

The fiscal effect of this provision is unknown because there is no information available on the number of Wisconsin taxpayers that would be affected by this provision nor on the amount of income that would be excluded from taxation.

[Act 9 Section: 1688f]

7. HOMESTEAD TAX CREDIT: EXPANSION [LFB Paper 110]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Veto (Chg. To Leg.)	Act 10 (Chg. to Act 9)	Net Change
GPR	\$3,700,000	-\$7,900,000	\$6,200,000	\$9,400,000	\$500,000	\$11,900,000

Governor: Increase funding by \$2,600,000 in 1999-00 and \$1,100,000 in 2000-01 to reflect estimated expenditures for the homestead credit under current law (-\$3,000,000 in 1999-00 and -\$5,000,000 in 2000-01) and to fund the Governor's proposed expansion of the homestead tax credit (\$5,600,000 in 1999-00 and \$6,100,000 in 2000-01). Under the bill, the maximum income amount under the credit would increase from \$19,154 to \$20,290, beginning with claims filed in 2000 and thereafter based on property taxes or rent constituting property taxes accrued during the previous year (tax year 1999). In addition, the bill would reduce the percentage used in phasing out the credit for higher-income claimants from 13% to 11.8%. The homestead credit formulas under current law and under the Governor's proposal are shown below. Under current law and the Governor's proposal, property taxes claimed for the credit may not exceed \$1,450 and the maximum credit is \$1,160. With the reestimate of current law funding and the proposed expansion, the bill would provide a total of \$84,600,000 in 1999-00 and \$83,100,000 in 2000-01.

Current Law Credit = 80% (Property Taxes - 13.0% (Household Income - \$8,000))

Proposed Credit = 80% (Property Taxes - 11.8% (Household Income - \$8,000))

Joint Finance: Include the provision but decrease funding by \$3,400,000 in 1999-00 and \$4,500,000 in 2000-01 to reflect a reestimate of the cost of the credit, including the proposed expansion. Total funding for the homestead credit would be \$81,200,000 in 1999-00 and \$78,600,000 in 2000-01.

Senate: Provide \$7,700,000 in 2000-01 to fund a further expansion of the homestead tax credit beginning with claims filed in 2001 and thereafter on property taxes or rent constituting

property taxes accrued during the previous year (tax year 2000). Increase the maximum income amount from \$20,290, as recommended by the Governor and adopted by the Joint Committee on Finance, to \$22,000 and reduce the percentage used in phasing out the credit for higher-income claimants from 11.8% to 10.4%.

Conference Committee/Legislature: Provide \$18,200,000 in 2000-01 to further expand the homestead credit beginning with claims filed in 2001 and thereafter on property taxes or rent accrued during the previous year (tax year 2000). Increase the maximum income amount to \$24,500 and reduce the percentage used in phasing out the credit for higher-income claimants to 8.8%.

The following chart shows the parameters of the credit under prior law for tax year 1998 and under the budget provisions for 1999 and 2000.

	<u>Prior Law</u> <u>Tax Year 1998</u>	<u>Act 9</u>	
		<u>Tax Year 1999</u>	<u>Tax Year 2000</u>
Maximum Income	\$19,154	\$20,290	\$24,500
Maximum Property Taxes	1,450	1,450	1,450
Property Tax Reimbursement Rate	80%	80%	80%
Income Threshold	8,000	8,000	8,000
Phase-Out Rate	13.0%	11.8%	8.8%
Maximum Credit	1,160	1,160	1,160

In addition, reestimate the cost of the homestead credit by -\$3,300,000 in 1999-00 and -\$8,700,000 in 2000-01 to account for lower property taxes due to the increased lottery credit. With these modifications and the expansion of the program, the homestead credit is estimated to cost \$77,900,000 in 1999-00 and \$88,100,000 in 2000-01.

Veto by Governor [F-41]: Increase the estimated cost of the homestead credit to \$79,100,000 in 1999-00 and \$96,300,000 in 2000-01 to reflect the partial vetoes affecting the size of the lottery credit and providing a one-time funding increase for the school levy tax credit. Changes in the levy credit and lottery credit impact the cost of the homestead credit because the homestead credit is based on the claimant's income and amount of property taxes paid.

[Act 9 Sections: 1762 thru 1763c]

Act 10: Increase the estimated cost of the homestead credit to \$96,800,000 in 2000-01 to reflect the Act 10 provision that eliminates the one-time school levy credit increase provided under the Governor's partial vetoes of Act 9. The estimated cost for 1999-00 (\$79,100,000) remains unchanged.

8. EARNED INCOME TAX CREDIT [LFB Paper 1082]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	\$1,000,000	-\$124,400,000	-\$4,400,000	-\$127,800,000
PR	0	119,000,000	-14,000,000	105,000,000
Total	\$1,000,000	-\$5,400,000	-\$18,400,000	-\$22,800,000

Governor: Decrease funding by \$2,500,000 GPR in 1999-00 and increase funding by \$3,500,000 GPR in 2000-01 for estimated costs of the earned income tax credit (EITC). Total funding would be \$74,000,000 GPR in 1999-00 and \$80,000,000 GPR in 2000-01. This funding level includes \$2,000,000 each year to reflect a November, 1998, Internal Revenue Service ruling that gains realized on the sale of property used in a trade or business are not counted as investment income for purposes of the EITC. This ruling restores eligibility to individuals (particularly farmers) who were not previously able to claim the credit due to the limitation on disqualified income.

Joint Finance: Decrease funding for the EITC by \$1,800,000 GPR in 1999-00 and \$3,600,000 GPR in 2000-01 to reflect a reestimate of funding needed for the credit. Total funding for the EITC would be \$72,200,000 in 1999-00 and \$76,400,000 in 2000-01.

Specify that \$58,000,000 in 1999-00 and \$61,000,000 in 2000-01 of the total cost of the EITC would be funded from a newly created annual PR-S appropriation consisting of federal temporary assistance to needy families (TANF) revenues transferred from the Department of Workforce Development (DWD) to fund the share of the EITC permitted under federal law. Decrease GPR funding for the EITC by the same amounts and specify that the GPR appropriation would be used to cover the costs of the credit that are not paid from the TANF appropriation.

Final federal regulations for the TANF program allow TANF funding to be used to cover the share of the EITC that is refunded to the claimant (rather than used to reduce the claimant's income tax liability). An additional restriction specifies that TANF funds may not be used to provide the credit to certain legal immigrants. More information on this provision is shown under "Workforce Development -- Economic Support and Child Care."

Conference Committee/Legislature: Reduce funding by \$9,000,000 in 1999-00 (\$2,000,000 GPR and \$7,000,000 PR) and by \$9,400,000 in 2000-01 (\$2,400,000 GPR and \$7,000,000 PR) to reflect revised estimates of the cost of the earned income tax credit. Funding for the EITC would total \$63,200,000 in 1999-00 (\$51,000,000 PR and \$12,200,000 GPR) and \$67,000,000 in 2000-01 (\$54,000,000 PR and \$13,000,000 GPR).

[Act 9 Sections: 475, 611, 612m, 1278g and 1719b]

9. LIMIT EDUCATIONAL EXPENSES ALLOWED UNDER THE ITEMIZED DEDUCTION CREDIT

Governor/Legislature: Specify that any amount claimed under the deduction for higher education tuition expenses would not be allowed for purposes of the itemized deduction credit. Specify that this provision would first apply to taxable years beginning on January 1 of the year in which the bill takes effect, except that if the bill takes effect after July 31, the provision would first apply to taxable years beginning on January 1 of the following year.

Under current law, a deduction from income is allowed for higher education tuition expenses for each taxpayer or dependent of a taxpayer, up to \$3,000 per student each tax year. The student must be attending an institution of higher education located in Wisconsin or that is subject to the Minnesota-Wisconsin tuition reciprocity agreement. The maximum deduction is available to taxpayers with income below \$50,000 if single, \$80,000 if married-joint and \$40,000 if married-separate. The amount of the deduction phases-out as income increases above these amounts until eliminated when income exceeds \$60,000 if single, \$100,000 if married-joint and \$50,000 if married-separate. In addition, education expenses may be deducted as an itemized deduction for federal tax purposes, and also under the state's itemized deduction credit, if the education is undertaken to maintain or improve a skill required for employment, trade or business. Currently, an individual can deduct the same expenses under both provisions and receive a double benefit.

[Act 9 Sections: 1712 and 9343(4)]

10. CLARIFY THE LIMITS AND PRORATION OF THE HIGHER EDUCATION TUITION EXPENSE DEDUCTION

Governor/Legislature: Specify that the proration of the higher education tuition expense deduction for nonresident and part-year resident taxpayers would apply to the full deduction, as it currently applies to the phase-out of the deduction for higher-income taxpayers.

Under current law, a deduction from income is allowed for higher education tuition expenses for each taxpayer or dependent of a taxpayer, up to \$3,000 per student per tax year. The student must be attending an institution of higher education located in Wisconsin or that is subject to the Minnesota-Wisconsin tuition reciprocity agreement. The deduction is subject to the income limitations noted in the previous entry.

The deduction is currently prorated for nonresident and part-year resident taxpayers based on the ratio of income that is taxable in Wisconsin to total income. However, as drafted under current law, the proration provision only applies to the phase-out of the deduction for higher income taxpayers and not to taxpayers with income below the minimum income amounts.

In addition, extend the current law provision that limits the amount of the deduction for nonresident and part-year resident taxpayers to the aggregate wages, salary, tips, unearned income and net earnings from a trade or business that are taxable to this state to apply to full-year resident taxpayers. Specify that the limitation would first apply to taxable years beginning on January 1 of the year in which the bill takes effect, except that if the bill takes effect after July 31, the provision would first apply to taxable years beginning on January 1 of the following year.

For nonresident and part-year resident taxpayers, the deduction is limited to the amount of income subject to tax in Wisconsin. The bill provision would extend this limitation to all taxpayers so that the amount of the deduction would not exceed the taxpayer's taxable income.

[Act 9 Sections: 1687, 1688 and 9343(3)]

11. INDIVIDUAL INCOME TAX DEDUCTIONS FOR ALIMONY AND SUPPLEMENTAL UNEMPLOYMENT COMPENSATION FOR NONRESIDENT TAXPAYERS

Governor/Legislature: Delete a current law provision that requires all alimony and repayments of supplemental unemployment benefits deducted for federal income tax purposes and made while the individual was a nonresident of Wisconsin to be added to income for purposes of calculating Wisconsin adjusted gross income. The denial of these deductions to nonresidents could violate the privileges and immunities clause of the U.S. Constitution. Specify that this provision, as it relates to the repayment of supplemental unemployment compensation, would first apply to taxable years beginning on January 1 of the year in which the bill takes effect. However, if the bill takes effect after July 31, the provision, as it relates to the repayment of supplemental unemployment compensation, would first apply to taxable years beginning on January 1 of the following year.

[Act 9 Sections: 1684 and 9343(5)]

12. DISTRIBUTING INCOME TAX REFUNDS BETWEEN FORMERLY MARRIED PERSONS

Governor/Legislature: Specify that if a judgment of divorce apportions any income tax refund due to formerly married persons to one of the former spouses or between the spouses, and if they include a copy of that portion of the judgment with their return, the Department would be directed to issue the refund under the terms of the judgment or to issue one check to each of the former spouses according to the apportionment terms of the judgment. This provision would first apply to a judgment of divorce that is entered on the effective date of the bill.

Under current law, a refund payable on the basis of separate returns must be issued to the person who filed the return and a refund payable on the basis of a joint return is issued jointly to the persons who filed the return.

[Act 9 Sections: 1788 and 9343(9)]

13. TAXATION OF TRUSTS

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
GPR-REV	-\$300,000	\$300,000	\$0

Joint Finance: Modify current law as it relates to the taxation of inter vivos trusts (trusts created by a living person) as follows: (a) authorize Wisconsin to tax trusts created by persons who were Wisconsin residents at the time the trust becomes irrevocable, whether the trust is administered in Wisconsin or in another state; and (b) prohibit Wisconsin from taxing the trusts of nonresidents that are administered in Wisconsin. Specify that a trust is irrevocable if the power to revest title does not exist and that a trust is revocable if the person whose property constitutes the trust may revest title to the property. Specify that this provision would take effect with tax year 2000. This provision is estimated to result in a revenue loss of \$300,000 in 2000-01.

Conference Committee/Legislature: Modify the Finance Committee provision to specify that this provision would first apply to taxable years beginning on January 1, 1999. In addition, specify that this provision would only apply to trusts or portions of trusts that become irrevocable after the date this provision takes effect. Due to these modifications, the fiscal effect compared to current law would be minimal; revenues would increase by \$300,000 in 2000-01 compared to the Finance Committee provision.

[Act 9 Sections: 1674e, 1721es, 1721it and 9343(13g)&(23x)]

14. INTERNAL REVENUE CODE UPDATE [LFB Paper 116]

GPR-REV \$22,070,000

Joint Finance: Provide that, beginning in tax year 1999, state individual income and corporate and business tax provisions referenced to the federal Internal Revenue Code (IRC) would refer to the code in effect on December 31, 1998, rather than December 31, 1997, as under current law. Modify current lottery provisions to allow prize winners to make a designation of whether to receive the prize as a lump sum or as an annuity within 60 days after winning if the lottery prize is payable over at least 10 years. In addition, allow individuals who won prior to October 21, 1998, and currently receive the prize as an annuity, to designate a lump sum payment for the remaining portion of the prize, if the option

is exercised by December 31, 2000. The following table provides a summary of the items that are estimated to have an impact on state revenues.

Summary of Federal Law Changes with Substantive Fiscal Effects

	<u>1999-00</u>	<u>2000-01</u>
Individual Income Tax		
Exclusion for Transportation Fringe Benefits	-\$635,000	-\$375,000
Treatment of Lottery Prizes with Cash or Annuity Option	<u>5,700,000</u>	<u>2,300,000</u>
Individual Total	\$5,065,000	\$1,925,000
Corporate and Business Taxes		
Meals Provided for Convenience of Employer	-\$200,000	-\$150,000
Deduction for Deferred Compensation	7,870,000	2,680,000
Mark-to-Market Treatment Denied to Customer Receivables	<u>3,180,000</u>	<u>1,700,000</u>
Corporate and Business Total	\$10,850,000	\$4,230,000
IRC Update Total	\$15,915,000	\$6,155,000

Conference Committee/Legislature: Include a nonstatutory provision relating to adopting the IRC update for prior years.

[Act 9 Sections: 1673d thru 1673n, 1722d thru 1722x, 1740d thru 1740m, 1741m, 1748c thru 1748L, 1748m thru 1748x, 1749m, 3025g, 3025j, 9143(3c) and 9343(23v)]

15. CORPORATE INCOME AND FRANCHISE TAX -- SINGLE SALES FACTOR APPORTIONMENT FORMULA [LFB Paper 111]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR-REV	-\$74,600,000	\$62,100,000	\$12,500,000	\$0

Governor: Require the income of corporations and nonresident individuals and estates and trusts engaged in business within and outside of Wisconsin to be apportioned to the state using a single sales factor apportionment formula. Similarly, insurance companies that are subject to the state corporate franchise tax and that collect premiums on property and risks inside and outside of the state would apportion income based on a single premiums factor. Use of property and payroll factors to apportion income would be eliminated.

The definition of sales used in determining the sales factor of the single sales factor apportionment formula would be modified. Sales, rents, royalties, and other income from real

property, and the receipts from the lease or rental of tangible personal property, would be attributed to the state in which the property was located.

Receipts from the lease or rental of moving property including but not limited to motor vehicles, rolling stock, aircraft, vessels or mobile equipment would be included in the numerator of the sales factor to the extent the property was used in Wisconsin. The use of moving property in the state would be determined as follows:

a. A motor vehicle would be used in Wisconsin if it was registered in the state and used wholly in the state.

b. The use of rolling stock in Wisconsin would be determined by multiplying the receipts from the lease or rental of the rolling stock by the following fraction: miles traveled in Wisconsin by the leased or rented rolling stock divided by total miles traveled by the rolling stock.

c. The use of an aircraft in Wisconsin would be determined by multiplying the receipts from the lease or rental of the aircraft by the following fraction: the number of landings of the aircraft in Wisconsin divided by the total number of landings of the aircraft anywhere.

d. The use of a vessel, mobile equipment or other mobile property in Wisconsin would be determined by multiplying the receipts from the lease or rental of the property by the following fraction: the number of days in the tax year that the vessel, mobile equipment or other mobile property was in Wisconsin divided by the number of days in the tax year that the vessel, mobile equipment or other mobile property was rented or leased.

Royalties and other income received for the use of intangible property would be attributed to the state where the purchaser used the intangible property. Similarly, sales of intangible property would also be attributed to the state where the purchaser used the intangible property. If the intangible property was used in more than one state, the royalties and other income received for the use of the intangible property or the sales of the intangible property would be apportioned to the state according to the portion of the intangible property's use in Wisconsin. If this could not be determined, the royalties and other income would be excluded from the numerator and the denominator of the sales factor. Intangible property would be treated as used in Wisconsin if a purchaser used the intangible property or the rights to the intangible property in the regular course of the purchaser's business in Wisconsin, regardless of where the purchaser's customers were located.

Receipts from the performance of services would be attributed to the state where the purchaser received the benefit of the services. If the purchaser received the benefit of a service in more than one state, the receipts from the performance of the service would be included in the numerator of the sales factor according to the portion of the benefit of the service received in Wisconsin. If the state where the purchaser received the benefit could not be determined, the benefit of a service would be treated as being received in the state where the purchaser, in the regular course of the purchaser's business, ordered the service. In cases where the state in which

a purchaser ordered the service could not be determined, the benefit of the service would be received in the state where the purchaser, in the regular course of business, received a bill for the service.

The modified definition of sales would be used in computing the state research credit under corporate income and franchise tax.

These provisions would be effective for tax years beginning on January 1, 2000. Use of a single sales factor apportionment formula would reduce corporate income and franchise tax revenues by an estimated \$24,600,000 in 1999-00 and \$50,000,000 in 2000-01.

Under Wisconsin law, formula apportionment is used if a corporation's Wisconsin activities are an integral part of a unitary business which operates both within and outside of the state. In these cases, the corporation adds its total gross income from its in-state and out-of-state unitary activities, subtracts its deductions, and multiplies the amount of net income by its apportionment ratio as determined by the Wisconsin apportionment formula. The apportionment ratio is used to approximate how much of a corporation's total net income is generated by activities in Wisconsin.

The apportionment ratio is the end result of the application of the Wisconsin apportionment formula to a particular corporation. For most corporations, the apportionment ratio or fraction is determined by dividing the corporation's property value, payroll and sales in Wisconsin by the corporation's total property value, payroll and sales, respectively. The apportionment ratio is determined by adding three fractions (referred to as the three factors of the formula)—the corporation's property in Wisconsin divided by its total property, the corporation's payroll in Wisconsin divided by its total payroll and the corporation's sales in Wisconsin divided by its total sales--double weighting the sales factor, and dividing the aggregate sum by four. The following figure provides an illustration of the Wisconsin apportionment formula.

$$\text{Apportionment Percentage} = \left[\frac{\text{Property in WI}}{\text{Total Property}} + \frac{\text{Payroll In WI}}{\text{Total Payroll}} + 2 \frac{\text{Sales by WI Destination}}{\text{Total Sales}} \right] \div 4$$

The property factor of the apportionment formula is the ratio of the average value of real and tangible personal property owned or rented and used by the taxpayer in Wisconsin to that for the company as a whole. Tangible property includes land, buildings, machinery and equipment, inventories, furniture and fixtures and other tangible personal property actually owned and used in producing apportionable income.

The payroll factor is the ratio of the total amount of compensation paid by the company in the state to the total compensation paid by the company. Compensation includes wages, salaries, commissions and any other form of remuneration (including certain fringe benefits) paid to employees for personal services.

The sales factor is the ratio of the total sales of the taxpayer in the state to total sales everywhere. Sales are generally all gross receipts from the course of the taxpayer's regular trade or business operations which produce apportionable business income. For the sales factor, sales of tangible personal property are generally considered to be in Wisconsin if the property is delivered or shipped to a purchaser within Wisconsin or if the property is shipped from Wisconsin and the taxpayer is not subject to the taxing jurisdiction of the state of destination. The latter type of sales are "throwbacks" and single-weighted in the apportionment formula. In addition, sales of tangible personal property from an office in the state, but shipped from an out-of-state supplier to an out-of-state customer are considered throwback sales if neither the supplier nor the customer are subject to the taxing jurisdiction of the states in which they are located. Sales to the federal government are only considered to be in Wisconsin if they are shipped from a location within the state and are delivered to the federal government at a location within the state or if they are throwback sales. Federal throwback sales are single-weighted in the apportionment formula. Sales other than the sales of tangible personal property are usually considered to be in Wisconsin if the income-producing activity is performed wholly in Wisconsin. Generally, sales of intangible assets are excluded from the sales factor. Sales which produce nonapportionable income are also excluded from the sales factor.

Interstate air carriers, motor carriers, pipeline companies, taxable insurance companies and financial organizations are required to use different apportionment formulas to determine Wisconsin net taxable income. These corporations must use special apportionment factors in order to attribute income to their Wisconsin business activities.

[It should be noted that the administration indicates that, as drafted, the provisions of the bill do not capture the administration's intent in certain areas. Specifically, the administration indicates that it intended for the single-sales apportionment provisions to apply to financial institutions, utilities and other businesses that currently use specialized apportionment formulas. The administration also indicates that the provisions regarding the treatment of intangible assets, services and diversified businesses should be modified.]

Joint Finance: Delete implementation of the single sales factor apportionment formula for tax years beginning on January 1, 2000 and, instead, phase in the single sales factor apportionment formula over three years, beginning with tax year 2001. For tax years beginning on or after January 1, 2001 and before January 1, 2002, the sales factor would equal 63% of the apportionment fraction and the property and payroll factors would each equal 18.5% of the fraction. For tax years beginning on or after January 1, 2002 and before January 1, 2003, the sales factor would equal 85% of the apportionment fraction and the property and payroll factors would each be 7.5% of the fraction. For tax years beginning on or after January 1, 2003, the

apportionment fraction would be the sales factor. In addition, make the following modifications to implement single sales factor apportionment.

a. For tax years beginning after December 31, 1999, sales, rents, royalties and other income from real property and the receipts from the lease or rental of tangible personal property would be attributed to the state in which the property was located.

b. Methods for attributing receipts from the lease or rental of moving property including motor vehicles, rolling stock, aircraft, vessels, mobile equipment or other mobile property would be specified.

c. The treatment of income from intangibles would be modified. Intangible property would include securities, patents, copywrites, trademarks, trade names, service names, service marks, logos, franchises, licenses, plans, specifications, blueprints, processes, techniques, formulas, designs, layouts, patterns, drawings, manuals, customer lists, contracts, technical know-how and trade secrets. Intangible property would not include securities. For tax years beginning after December 31, 1999, gross royalties and gross income received for the use of intangible property, excluding securities, would be attributable to this state if:

1. The purchaser of intangible property uses the intangible property in the production, fabrication or manufacturing of a product that is sold to a customer who is located in this state.

2. The purchaser of intangible property uses the intangible property in printing or publication of materials that are sold to a customer who is located in this state.

3. The purchaser of intangible property uses the intangible property in the operation of a trade or business at a location in this state.

4. The purchaser of intangible property is billed for the purchase of the intangible property at a location in this state.

5. The purchaser of intangible property does not use the intangible property in this state but the trade or business of the seller of the intangible property is managed at a location in this state.

6. The taxpayer is not subject to the income tax in the state in which the intangible property is used but the taxpayer's commercial domicile is in this state.

d. Establish a definition for determining where the purchaser received the benefit of services. For tax years beginning after December 31, 1999, receipts from a service would be attributable to the state where the purchaser of the service received the benefit of the service. The benefit of a service would be received in this state if any of the following applied:

1. The service relates to real property that is located in this state.

2. The service relates to tangible personal property that is located in this state at the time that the service is received.

3. The service is provided to a person who is located in this state.

4. The service is provided to a person doing business in this state.

5. The service is performed at a location in this state.

6. If the taxpayer is not subject to income tax in the state in which the benefit of the service is received, the benefit of the service is received in this state to the extent that the taxpayer's employes or representatives performed the service from a location in this state.

If the purchaser of a service received the benefit of a service in more than one state, the receipts from the performance of the service would be included in the numerator of the sales factor according to the portion of the services received in this state. If the state where a purchaser received the benefit of a service could not be determined, the benefit of a service would be received in the state where the purchaser in the regular course of the purchaser's business, ordered the service. If the state where a purchaser ordered a service could not be determined, the benefit of the service would be received in the state where the purchaser, in the regular course of the purchaser's business, received a bill for the service.

e. Delete references to prior law development zones credits.

f. Apply the phase-in of the single sales factor apportionment formula to insurance companies and specify the method for determining a single premiums apportionment fraction. Premiums and assumed premiums for reinsurance would be included in the sales factor. In addition, the method for determining the apportionment ratio under current law would be modified so that the apportionment percentage would be used to determine Wisconsin income rather than non-Wisconsin income.

g. Specify a single sales factor method for apportioning the income of interstate financial organizations including the definition of financial institutions and receipts for tax years beginning on or after January 1, 2000.

"Financial organization" would mean a bank; a savings bank; a bank holding company; a savings and loan association; a trust company; a credit union, except a credit union that is exempt from taxes under state law; a production credit association; or an agency or branch of a foreign depository; whether chartered under the laws of this state, another state or territory, the laws of the United States or the laws of a foreign country. A "financial organization" would include a corporation that derives at least 50% of its total gross income from finance leases, including direct finance leases and leveraged leases as defined by rule, and a corporation that derives at least 50% of its total gross income from an activity that a financial organization performs.

Net income would be apportioned to Wisconsin by use of an apportionment fraction, the numerator of which is the receipts of the taxpayer in this state during the taxable year and the denominator of which is the receipts of the taxpayer within and without this state during the taxable year. The method of calculating receipts for purposes of the denominator would be the same as the method used in determining receipts for purposes of the numerator.

Gross receipts would include gross receipts from the lease of real property, gross receipts from the lease of tangible personal property, gross interest from loans secured by real property, gross interest from loans, income from the sale of loans, gross interest fees and penalties from sale of credit card receivables, credit card reimbursement fees, receipts from merchant discounts, loan servicing fees, gross income from investment banking services, and gross receipts from other services.

h. Establish a single sales factor method for apportioning the income of interstate brokers-dealers and underwriters including the definition of broker-dealer, underwriter and receipts for tax years beginning on or after January 1, 2000.

"Broker-dealers" would mean a person who does business as a broker of securities or commodities. Broker would not include a sales agent; a bank, savings institution or trust company that enters a securities or commodities transaction as an agent; an executor, guardian or conservator who enters a securities or commodities transaction as an agent for another; or a person who purchases or sells the person's own securities or commodities.

"Underwriter" would mean a person who guarantees to provide a definite sum of money by a definite date to a corporate or government entity in exchange for securities; who markets a corporate or government security offering to the public or who buys a security offering for a specified price and sells the security offering to the public.

Net income would be apportioned to Wisconsin by use of an apportionment fraction, the numerator of which would be the receipts of the taxpayer in this state during the taxable year and the denominator the receipts of the taxpayer within and without this state during the taxable year.

Gross receipts would include gross brokerage commissions and total margin interest paid on behalf of brokerage accounts, gross commissions, gross management or underwriting fees or other gross income earned in performing underwriting activities on behalf of the issuer of the securities, gross commissions, gross management fees or other gross income earned in providing investment research, management services and advice and other financial services and other related receipts.

i. Specify the treatment of receipts from professional sports teams and broadcasting and publishing. For broadcasting, gross receipts, including advertising revenues from television and radio broadcasting within and without the state, would be attributed to the numerator of the receipts factor based on the ratio of the audience within this state to the audience everywhere. For publishing, gross receipts, including advertising revenues, from

newspapers and magazines would be attributed to the numerator of the receipts factor based on the ratio of circulation within this state to circulation everywhere.

j. Maintain the current law formulas for apportioning the income of interstate public utilities, air carriers, motor carriers, railroad and sleeping car and carline companies and pipeline companies.

k. Delete DOR authority to waive the use of one of the apportionment factors if it results in an unreasonable or inequitable final apportionment ratio.

l. The method for determining the applicable apportionment ratio(s) for interstate diversified businesses would be specified.

m. A definition of commercial domicile would be created. Commercial domicile would mean either: (a) the headquarters of the trade or business, from which the trade or business is principally managed and directed; or (b) if a taxpayer is organized under the laws of a foreign country, the commonwealth of Puerto Rico or any territory or possession of the U.S., commercial domicile would be the state from which the taxpayer's trade or business in the U.S. is principally managed or directed. It would be presumed, subject to rebuttal, that the location from which the taxpayer's trade or business is principally managed and directed is the state to which the greatest number of employees are regularly connected or out of which they are working, irrespective of where the services of the employees are performed.

These provisions would decrease corporate income tax revenues by an estimated \$12,500,000 in 2000-01 compared to current law. Compared to the estimates used in the bill, revenues would increase by \$24,600,000 in 1999-00 and \$37,500,000 in 2000-01. Once the new provisions are fully phased-in, the estimated cost would be a minimum of \$80 million annually.

Assembly: Provide that electric and gas utilities be included in the phase-in of the single sales factor apportionment formula for tax years beginning on or after January 1, 2001. Include technical corrections to implement the phase-in of single sales factor apportionment. This provision would reduce state corporate income and franchise tax revenues by an estimated \$100,000 in 2000-01. When single sales factor apportionment is fully phased-in, the inclusion of electric and gas utilities would reduce revenues by an estimated \$800,000, annually.

In addition, provide that, in determining sales that would be included in the sales factor of the apportionment formula, if the receipts from services would be attributed to Wisconsin because the benefit of a service was received in the state and the taxpayer submits evidence to the Department of Revenue that another state that has jurisdiction to tax the service, attributes the receipts from the service to that state to determine income taxable by that state, then the taxpayer could elect, by a method prescribed by DOR, to attribute the receipts from the service to Wisconsin in proportion to the direct cost of performing such service. This provision, which would first apply to tax years beginning on or after January 1, 2000, would reduce state individual and corporate income and franchise taxes by an unknown amount.

Senate: Delete provisions that phase in the use of single sales factor apportionment, beginning with tax year 2001. Compared to the Joint Finance version of the bill, this would increase corporate income and franchise tax revenues by an estimated \$12,500,000 in 2000-01.

Conference Committee/Legislature: Include the Senate provision to delete the phase-in of single sales factor apportionment. However, retain statutory provisions for sourcing sales from services including the Assembly provision that would allow the taxpayer to elect to attribute receipts of a service to the state in proportion to the direct cost of performing the service. As a result, sales from services would be attributed based on where the benefit of the service is received rather than where the service is performed, which is the case under current law.

Veto by Governor [F-9]: Delete provision.

[Act 9 Vetoed Sections: 1682, 1736 and 9343(22fd)]

16. CORPORATE INCOME AND FRANCHISE TAX -- COMBINED REPORTING [LFB Paper 112]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	\$70,100,000	-\$70,100,000	\$0

Governor: Require corporations that are subject to the state corporate income and franchise tax and that are members of an affiliated group engaged in a unitary business to compute state corporate income and franchise tax liability using the combined reporting method of determining income. Use of combined reporting would increase corporate income and franchise tax revenues by an estimated \$23,100,000 in 1999-00 and \$47,000,000 in 2000-01. The specific provisions related to combined reporting are described in the following sections.

Corporations Required to Use Combined Reporting

A corporation that is subject to the state corporate income and franchise tax, that is a member of an affiliated group and that is engaged in a unitary business with one or more members of the affiliated group would be required to compute its income using the combined reporting method. In addition, the Department of Revenue would be authorized to require the use of combined reporting for any corporation, regardless of the country in which it is organized or incorporated or conducts business and for any tax-option corporation, if the corporation is a member of an affiliated group that is engaged in a unitary business and the Department determines that combined reporting is necessary to accurately report the income of the corporation.

Business entities that would be subject to combined reporting would include corporations, insurance corporations, insurance joint stock companies, insurance associations,

insurance common law trusts, publicly traded partnerships treated as corporations under the Internal Revenue Code (IRC), limited liability corporations (LLCs) treated as corporations under the IRC, joint stock companies, associations, common law trusts and all other entities treated as corporations under the IRC, unless the context requires otherwise.

An "affiliated group" would include the following:

a. A parent corporation and any corporation or chain of corporations that are connected to the parent corporation by ownership of the parent corporation if: (1) the parent corporation owns stock representing at least 50% of the voting stock of at least one of the connected corporations; or (2) the parent corporation or any of the connected corporations owns stock that cumulatively represents at least 50% of each of the connected corporations.

b. Any two or more corporations if a common owner owns stock representing at least 50% of the voting stock of the corporations or the connected corporations.

c. A partnership, LLC or tax-option corporation (S corporation) if a parent corporation or any corporation connected to the parent corporation by common ownership owns shares representing at least 50% of the shares of the partnership, LLC or tax-option corporation.

d. Any two or more corporations if stock representing at least 50% of the voting stock in each corporation are interests that cannot be separately transferred.

e. Any two or more corporations if stock representing at least 50% of the voting stock is directly owned by, or for the benefit of, family members. A family member is an individual or a spouse related by blood, marriage or adoption within the second degree of kinship as computed under state law.

A "unitary business" would be two or more businesses that have a common ownership or are integrated with or dependent upon each other. Two or more businesses would be presumed to be a unitary business if the businesses have: (a) centralized management or a centralized executive force; (b) centralized purchasing, advertising or accounting; (c) intercorporate sales or leases; (d) intercorporate services; (e) intercorporate debts; (f) intercorporate use of proprietary materials; (g) interlocking directorates or interlocking corporate officers; or (h) if a business conducted in the state is owned by a person that conducts a business entirely outside the state that is different from the business conducted in the state.

A "combined report" would be a form prescribed by DOR to show the calculations required to divide the income of a unitary affiliated group among the jurisdictions where the affiliated group conducts its business.

Presumptions and Burden of Proof

An affiliated group would be presumed to be engaged in a unitary business and all of the income of the unitary business would be presumed to be apportionable business income. The

corporation, partnership, LLC or tax-option corporation would have the burden of proving that it was not a member of an affiliated group that would be subject to combined reporting.

Computation of Income

Income under combined reporting would be determined in the following manner:

a. The net income of each corporation would be determined under current law provisions for computing income. A general or limited partner's share of income would be computed in this manner to the extent that the general or limited partner and the partnership in which the partner invests are engaged in a unitary business, regardless of the percentage of the partner's ownership in the partnership.

b. Each corporation's income would be adjusted as provided under current law general provisions related to accounting methods, order of computations and methods of determining income for specific entities such as Domestic International Sales Corporations (DISCs) or specific cases such as defense contract renegotiations.

c. Intercompany transactions would be subtracted from income such that intercompany accounts of assets, liabilities, equities, income, costs or expenses are excluded from the determination of income to accurately reflect the income, the apportionment factors and the tax credits in a combined report. Distributions of intercompany dividends that are paid from nonbusiness earnings or nonbusiness profits, or distributions of intercompany dividends that are paid from earnings or profits that are accumulated before the payer corporation becomes a member of an affiliated group that is engaged in a unitary business, could not be excluded from the income of the recipient corporation. An intercompany distribution that exceeds the payer corporation's earnings or profits or stock basis would not be considered income from an intercompany sale of an asset and would not be excluded as income from an intercompany transaction. Intercompany dividends that are paid from earnings or profits from a unitary business income would be considered as paid first from current earnings or profits and then from accumulations from prior years in reverse order of accumulation.

An intercompany transaction would be a transaction between corporations, partnerships, LLCs or tax-option corporations that become members of the same affiliated group that is engaged in a unitary business immediately after the transaction. An intercompany transaction would include the following:

1. Income from sales of inventory from one member of the affiliated group to another.
2. Gain or loss from sales of intangible assets from one member of the affiliated group to another member.
3. Gain or loss on sales of fixed assets or capitalized intercompany charges from one member of the affiliated group to another.

4. Loans, advances, receivables and similar items that one member of the affiliated group owes to another member of the affiliated group, including interest income and interest expense related to these items.

5. Stock or other equity of one member of the affiliated group that is owned or controlled by another member.

6. Intercompany dividends paid out of earnings and profits from a unitary business income [except for those affected by the provisions described in paragraph (c)].

7. Annual rent paid by one member of the affiliated group to another member of the affiliated group.

8. Management or service fees paid by one member of the affiliated group to another.

9. Income or expenses allocated or charged by one member of the affiliated group to another member.

d. After income from intercompany transactions is subtracted, the next step would be to subtract nonbusiness income, net of related expenses. Nonbusiness losses, net of related expenses, would be added to income. The resulting amount would be each corporation's apportionable net income or apportionable net loss.

e. Each corporation's apportionable net income or apportionable net loss would be multiplied by the corporation's apportionment fraction to arrive at the income that is attributed to Wisconsin. To calculate the state apportionment factors, the numerator and denominator of each corporation's apportionment factors would first be determined under current law provisions. (This would apply to a general or limited partner's share of the numerator and the denominator of the apportionment factors to the extent that the general or limited partner and the partnership are engaged in a unitary business, regardless of the percentage of the partner's ownership.) The next step would be to subtract intercompany transactions from the numerators and denominators of each company. The denominators of the apportionment factors of each company would be added to arrive at the combined denominator. Each corporation's apportionment factors would be computed by dividing the corporation's numerator for each factor by the combined denominator for each factor. The apportionment ratio would be computed using these factors.

f. The nonbusiness income of each corporation that was attributable to Wisconsin would be added to the corporation's apportioned income and nonbusiness losses would be subtracted.

g. The final step in computing income would be to subtract from income each corporation's net business loss carry-forward as determined under current law. For the first two tax years that a combined report was filed, the net operating loss for each member of an affiliated group that filed the report would be determined by adding each member's share of

nonbusiness income to each member's share of business income and subtracting each member's share of nonbusiness loss from each member's share of business loss. Beginning with the third tax year that a combined report was filed, if a member of an affiliated group that files a combined report had a positive net income, the affiliated group would only deduct the amount of the net operating loss carry-forward attributable to that member. A corporation could not carry forward a business loss from tax years ending before January 1, 2000, if the corporation was not subject to the state corporate income and franchise tax for tax years ending before that date.

Accounting Period

The income, apportionment factors and tax credits of all corporations that were members of an affiliated group and that were engaged in a unitary business would have to be determined by using the same accounting period. If the affiliated group had a common parent corporation, the accounting period of the common parent corporation would be used by all the corporations that were members of that affiliated group. If the affiliated group had no common parent corporation, then the income, apportionment factors and tax credits of that group would be determined using the accounting period of the member that had the most significant operations on a recurring basis in the state.

Filing Returns

Corporations with the Same Accounting Period. Corporations that were required to file returns and that had the same accounting period could file a combined return that reported the aggregate state income or franchise tax liability of all the members of the affiliated group. Corporations that were required to file combined returns could file separate returns reporting the respective apportionment of the corporation's income or franchise tax liability determined by combined reporting, if each corporation that filed a separate return paid its own apportioned share of its state income or franchise tax liability.

Corporations with Different Accounting Periods. Corporations that were required to file combined reports and that had different accounting periods would be required to use the actual figures from the corporations' financial records to determine the proper income and income-related computations to convert to a common accounting period. Corporations that were required to file a combined report could use a proportional method that did not materially misrepresent the income apportioned to the state. The apportionment factors and tax credits would have to be computed according to the same method used to determine income for the common accounting period. If a corporation performed an interim closing of its financial records to determine the income attributable to the common accounting period, the actual figures from the interim closing would have to be used to convert the apportionment factors to the common accounting period.

Designated Agent. The parent corporation of the affiliated group would be the sole designated agent for each member of the group that filed a combined report using the same

accounting period. The designated agent would be required to file the combined report for affiliated groups using the same accounting period and the taxes, including estimated taxes, would be paid in the designated agent's name. The designated agent would also be required to file for extensions, amended reports, claims for refund or credit, and would be required to send and receive all correspondence with DOR regarding a combined report. Any notice the Department sent to the designated agent would be considered a notice sent to all members of the affiliated group. Any refund would be required to be paid to and in the name of the designated agent and would discharge any liability of the state to any member of the affiliated group regarding the refund. The designated agent would be required to participate on behalf of the affiliated group in any investigation or hearing requested by the Department regarding a combined report and would be required to produce all information requested by the DOR regarding the combined report. The designated agent would be authorized to execute a power of attorney on behalf of members of the affiliated group. The designated agent would also be required to execute waivers, closing agreements and other documents for reports for groups using the same accounting period, and any waiver, agreement or document executed by the designated agent would be considered as executed by all members of the affiliated group. If the Department acted in good faith with an affiliated group member that represented itself as the designated agent for the group but was not the designated agent, any action taken by the Department with that member would have the same effect as if that affiliated group member was the actual agent of the group.

Part-Year Members. If a corporation became a member of an affiliated group engaged in a unitary business or ceased to be a member of such a group after the beginning of a common accounting period, the method for apportioning that corporation's income would differ, depending on whether the corporation was required to file two federal short period returns. If the corporation was required to file two short period federal returns for the common accounting period, the income for the short period that the corporation was a member of the unitary affiliated group would be determined by using the combined reporting method and the corporation would be required to join in filing a combined report for the short period. The income for the remaining short period would be determined by separate reporting. If the corporation became a member of another unitary affiliated group in the remaining short period, its income would be determined for that period by using the combined reporting method.

If the corporation was not required to file federal short period returns, the corporation would be required to file a separate return. Income would have to be determined by: (a) the combined reporting method for any period that the corporation was a member of a unitary affiliated group; and (b) separate reporting for any period that the corporation was not a member of a unitary affiliated group.

Amended Combined Report. An amended combined report could be filed for the same corporations that joined in filing the original combined report in the following cases:

a. If an election to file a combined report that is in effect for a tax year is revoked because DOR determines that the affiliated group that filed the combined report was not a

unitary business, the designated agent for the affiliated group could file an amended separate return for each corporation that joined in filing the combined report. In computing the tax owed, each corporation filing an amended return would consider all of the payments, credits or other amounts, including refunds, that the designated agent allocated to the corporation.

b. If a change in tax liability results from a corporation being removed from an affiliated group as ineligible for membership due to a DOR determination, the designated agent would be required to file an amended combined report. The ineligible corporation would file a separate amended return.

c. If a corporation erroneously failed to join in filing a combined report, the designated agent would be required to file an amended combined report that included the corporation. If that corporation had filed a separate return, the corporation would be required to file an amended separate return that showed no net income, overpayment or underpayment and showed that the corporation had joined in filing a combined report.

Estimated Tax Payments

For the first two tax years that a combined report was filed, estimated corporate income and franchise taxes could be paid either on a group basis or a separate corporation basis. If estimated taxes were paid on a separate corporation basis, the amount of taxes paid during the first two years would be credited to the group's tax liability. The designated agent would be required to notify DOR of any estimated taxes paid on a separate basis during the first two years that a combined report is filed.

After a combined report was filed for two consecutive tax years, estimated taxes would have to be paid on a group basis for each subsequent tax year until the corporations that are members of the affiliated group file separate returns. DOR would consider the affiliated group that is filing a combined report to be one taxpayer for each tax year in which combined estimated tax payments are required.

If a corporation subject to combined estimated payment requirements files a separate return in a tax year following a year in which the corporation joined in filing a combined report, the amount of any estimated tax payments made on a group basis for the previous year would be allocated by the designated agent and credited against the tax liability of that corporation, if DOR approves. If an affiliated group paid estimated taxes on a group basis for any part of a tax year and the members filed separate returns for the tax year, the designated agent, with DOR approval, would allocate the estimated tax payments among the members of the affiliated group. If estimated taxes were filed on a group basis for a tax year but the group did not file a combined report for the tax year or the previous tax year, the estimated tax would be credited to the corporation that made the estimated tax payment on the group's behalf.

Interest for Underpayment of Estimated Tax

Interest would be due for an underpayment of estimated taxes by an affiliated group. The amount of interest due for the first year in which a combined report is filed would be determined by using the aggregate of the tax and income shown on the returns filed by the members of the group for the previous year. The amount of interest that would be due from a member of a group that filed separate returns would be determined using the group member's separate items from the combined report filed for the previous year and the group member's allocated share of the combined estimated payments for the current year. The designated agent would be required to report the group member's allocated share of the combined estimated payments to DOR, in a manner prescribed by the Department.

A corporation that became a member of an affiliated group during a common accounting period would have interest due for underpayment of estimated taxes allocated to it as follows: (a) if the corporation became a member of the affiliated group at the beginning of a common accounting period, the corporation would include with the corresponding items on the combined report for the previous common accounting period the separate items shown on the corporation's return for the previous tax year; or (b) if the corporation was not a member of an affiliated group for an entire common accounting period, the corporation would include with the corresponding items on the combined report for the current tax year, the corporation's separate items for that portion of the common accounting period that the corporation was a member of the affiliated group. In determining separate items for a corporation that was a member of an affiliated group during a portion of a common accounting period in which the corporation becomes a member of another affiliated group, the corporation's separate items would include separate items that were attributed to it by the designated agent of the first affiliated group.

A corporation that left an affiliated group during a common accounting period would have interest for underpayment of estimated taxes allocated to it as follows: (a) the separate items attributed to it by the designated agent for the common accounting period during which the corporation left the affiliated group would be excluded from the corresponding items of the affiliated group for the current common accounting period and all common accounting periods following the corporation's departure from the affiliated group; and (b) a corporation that left an affiliated group would consider the separate items attributed to it by the designated agent of the affiliated group to determine the amount of interest due for underpayment of estimated taxes.

Liability for Tax, Interest and Penalty

Members of an affiliated group that filed a combined report would be jointly and severally liable for any combined tax, interest or penalty. The liability of a member of an affiliated group for any combined tax, interest or penalty could not be reduced by an agreement with another member of the affiliated group or by an agreement with another person.

Assessment Notice

In cases where DOR sent notice to a designated agent of taxes owed by an affiliated group, the notice would have to name each corporation that was a member of the affiliated group during any part of the period covered by the notice. The Department's failure to name a member on such a notice would not invalidate the notice as to the unnamed member of the affiliated group. Any levy, lien or other proceeding to collect the amount of tax assessment would have to name the corporation from which DOR would collect the assessment. In cases where a corporation that joined in filing a combined report left the affiliated group, the Department would be required to send the corporation a copy of any notice sent to the affiliated group, if the corporation notified DOR that it was no longer a member of the group and requested in writing that the Department send it such information. DOR's failure to comply with a corporation's request to receive a notice would not affect the tax liability of the corporation.

Insurance Company Liability Limit

The current law provision that the amount that an insurance company pays under the state franchise tax cannot exceed the liability that would be calculated under a 2% gross premium tax would be repealed. As drafted, this provision would take effect on the day after publication of the bill.

Rule Making

The Department of Revenue would be required to promulgate rules to implement the combined reporting provisions.

Conform Current Law Provisions

Current law provisions related to the treatment of apportionable income, interest and dividends, sales of intangible assets, intangible income or loss of personal holding companies, nonapportionable income, expenses and interest from wholly exempt income would be modified to reflect the use of combined reporting.

Effective Date

Except as noted above, these provisions would apply to tax years beginning on January 1 of the year in which the bill takes effect, if it takes effect by July 31. If the bill takes effect after July 31, then the provisions would first apply to tax years beginning on January 1 of the following year. The fiscal estimate assumes that the new provisions would first apply to tax year 2000.

In general, the Wisconsin corporate income and franchise tax is computed using federal provisions to determine income and deductions and then apportioning the net income of a multistate corporation, applying the tax rate and allowing for any credits. For state tax

purposes, specified rules and laws are used to allocate or assign income to a particular corporate taxpayer.

A corporation which conducts all of its business and owns property only in Wisconsin has all of its income subject to taxation in Wisconsin. Such firms are typically incorporated in Wisconsin. These types of firms are often referred to as "100% Wisconsin firms" and they compute their taxes like a Wisconsin resident under the individual income tax.

A corporation which conducts its business operations and owns property both within and outside of the state is subject to a different corporate income tax treatment than is a 100% Wisconsin firm. When the states tax the income of corporations generated by activities carried on across state lines, they are required to tax only the income that is fairly attributable to activities carried on within the state. In order to meet this obligation, Wisconsin generally employs one of three methods of assigning income to the state -- separate accounting, formula apportionment or specific allocation.

Under separate accounting, a geographic or functional area of a single multistate corporation is treated separately from the rest of the business activities of the corporation. Net income is computed as if the activities of the corporation were confined to that geographic or functional area. Wisconsin law permits a multijurisdictional corporation to use separate accounting when the corporation's business activities in the state are not an integral part of a unitary business. Currently, few multijurisdictional corporations in Wisconsin use separate accounting to determine net tax liability.

Formula apportionment is characterized by the use of a mathematical equation to assign income of a multistate corporation to each state in which the corporation's business is conducted. States have developed apportionment formulas as a means of attributing a reasonable share of the tax base of a multistate unitary business to the taxing state. A principal reason for using formula apportionment is that, frequently, income from the multistate business activities of corporations cannot be explicitly attributed to each taxing state.

Under Wisconsin law, formula apportionment is used if a corporation's Wisconsin activities are an integral part of a unitary business which operates both within and outside of the state. In these cases, the corporation adds its total gross income from its in-state and out-of-state unitary activities, subtracts its deductions, and multiplies the amount of net income by its apportionment ratio as determined by the Wisconsin apportionment formula. The apportionment ratio is used to approximate how much of a corporation's total net income is generated by activities in Wisconsin.

Specific allocation traces income to the state of its supposed source and includes the income in that state's tax base. Generally, this method of assigning income is applied to income from property with the source of the income generally following the location of the property. Wisconsin law distinguishes nonapportionable income from apportionable income. In determining a corporation's tax liability, total corporate nonapportionable income or loss is

removed from the total income of a unitary multistate corporation and the remaining income or loss is apportioned to the state. Nonapportionable income allocated to Wisconsin is then added to apportioned business income to determine Wisconsin net income.

Wisconsin taxes all multijurisdictional corporations based on the unitary principle. Generally, all gross income and all the business expenses of the unitary operation of a single corporation are used in determining that company's apportionable income. The apportionment percentage is based on the ratio of the company's Wisconsin payroll, property and sales to the total payroll, property and sales for the unitary business.

However, Wisconsin taxes each corporation separately. Consequently, only the gross income, business expenses and apportionment formula factors which reflect the unitary operations of a single corporation are used to determine net taxable income. The income, business expenses and formula factors of affiliated corporations are not included, even if the business operations of the affiliated corporations would be considered part of a single unitary business. If the state has nexus with affiliated corporations engaged in a unitary business, they are taxed separately. If the state does not have nexus with such corporations, they are not taxed by the state.

[It should be noted that the administration indicates that, as drafted, the provisions of the bill do not capture the administration's intent regarding the applicability of the combined reporting requirement for firms located outside the United States, the computation of income and apportionment factors, estimated payments and a number of other areas.]

Joint Finance/Legislature: Delete provision.

17. DEVELOPMENT AND ENTERPRISE DEVELOPMENT ZONE PROGRAM AND TAX CREDIT MODIFICATIONS [LFB Papers 114 and 115]

Governor: Modify the development and enterprise development zones programs and tax credits as outlined below. Although these changes could affect the amount of credits claimed, the bill does not include a fiscal effect for these provisions.

a. *Limit on Total Tax Credits.* The current limit on the total amount of tax credits that can be claimed under the development zone program of \$33,155,000 would be eliminated. Instead, a maximum limit on the total amount of tax credits that could be claimed under both the development and enterprise development zone programs would be established at \$300,000,000.

b. *Enterprise Development Zones.* The Department of Commerce would be authorized to designate up to 100 enterprise development zones. The current requirement that the Department obtain approval from the Joint Committee on Finance to designate more than 50 zones would be eliminated.

In addition, Commerce would be authorized to designate enterprise development zones for environmental remediation projects. "Environmental remediation" would be defined as removal or containment of environmental pollution and restoration of soil or groundwater that is affected by environmental pollution in a brownfield if that removal, containment or restoration began after the area that contains the site was designated as an enterprise development zone. Commerce would be required to determine that the project would likely provide for significant environmental remediation and that other current law criteria were met. At least ten of the total number of enterprise development zones designated would have to be for environmental remediation projects.

c. *Development Zones Tax Credit--Jobs Component.* The full-time jobs component of the development zones tax credit would be modified to: (1) increase from \$6,500 to \$8,000 the maximum credit that could be claimed for each full-time job that was created and filled by a member of a targeted group; (2) eliminate the credit for retaining a job that is filled by a member of a targeted group; (3) provide a maximum tax credit of \$8,000 for retaining a full-time job in an enterprise development zone if Commerce determines that a significant capital investment was made to retain the full time job; and (4) increase from \$4,000 to \$6,000 the maximum tax credit that could be claimed for each full-time job created or retained and filled by an individual who is not a member of a targeted group. In addition, at least one-third of jobs credits claimed would have to be based on jobs created and filled by members of a targeted group. Currently, the credits must be based on jobs created or retained for targeted group members. These modifications would first apply to tax years beginning on January 1, 2000.

d. *Administrative Provisions.* The requirement that targeted group members for whom tax credits are claimed must be certified within 90 days after the first day of employment would be eliminated. This provision would first apply to tax years beginning on January 1 of the year in which the bill takes effect, unless the bill takes effect after July 31. In that case, this provision would first apply to tax years beginning in the following year. The bill would also authorize Commerce to specify by rule the circumstances under which an exception could be established from the requirement that the development zones tax credit must be based on regular, full-time nonseasonal jobs that are created or retained. This provision would first apply to tax years beginning on January 1, 2000. The bill would also correct a cross-reference regarding eligibility for the credits.

Wisconsin has two programs which provide tax credits to businesses as incentives to expand and locate in designated economically distressed areas--development zones and enterprise development zones. The programs are designed to promote economic growth through job creation and investment in the distressed areas. Designation criteria target areas with high unemployment, low incomes and decreasing property values. Businesses which locate or expand in the different zones are eligible to receive the following tax credits:

a. *Environmental Remediation Component.* A credit against income taxes due can be claimed for 50% of the amount expended for environmental remediation in a brownfield located in a development zone or enterprise development zone.

b. *Full-Time Jobs Component.* A credit of up to \$6,500 against corporate income taxes can be claimed for each full-time job created or retained in a development or enterprise development zone and filled by a member of a targeted group (generally, public assistance recipients and other economically disadvantaged individuals). In addition, a credit of up to \$4,000 can be claimed for each full-time job created or retained in a development or enterprise development zone that is filled by an individual who is not a member of a targeted group.

Joint Finance: Delete provisions that would: (a) eliminate the current limit on the total amount of tax credits that can be claimed under the development zone program of \$33,155,000 and establish a maximum limit on the total amount of tax credits that could be claimed under both the development and enterprise development zone programs of \$300,000,000; and (b) authorize the Department of Commerce to designate up to 100 enterprise development zones.

Instead, the following modifications would be made:

a. Increase the maximum amount of tax credits that can be claimed under the development zones program by \$5 million, from \$33.155 million to \$38.155 million.

b. Authorize Commerce to create an additional 15 enterprise development zones. The total number of zones authorized would be 79 (up to 100 could be designated with Joint Committee on Finance approval), including at least 10 of which would be for environmental remediation.

c. Specify that development zone credits could only be used to offset income from the claimant's business activities in the development or enterprise zone.

d. Delete the requirement that 25% of all development zone tax credits claimed must be based on creating or retaining full time jobs for development zone environmental remediation tax credits and provide that environmental remediation tax credits claimed in development and enterprise development zones would not have to be based on activities that created or caused to create jobs.

Conference Committee/Legislature: Include the Joint Finance provision. In addition, designate an area in the City of Kenosha as a development opportunity zone. The Kenosha development opportunity zone would exist for seven years. Any corporation that conducted economic activity in the zone and that, in conjunction with the local governing body of the City of Kenosha, submitted a project plan by July 1, 2000, would be eligible to claim the development zone credit and a development zone investment credit. The maximum amount of tax credits that could be claimed by businesses in the Kenosha development opportunity zone would be \$7 million. (This provision is designed to provide assistance to Daimler Chrysler Company for expansion of its Kenosha engine plant.)

Businesses in the Kenosha development opportunity zone would be eligible to claim a development zone investment credit and the development zone credit provided under current law.

Investment Tax Credit. Eligible corporations could claim a credit against income taxes due of 2.5% of the purchase price of depreciable tangible personal property or 1.75% of the purchase price of depreciable tangible personal property that was expensed under section 179 of the Internal Revenue Code (IRC). The property must be purchased after the business is certified for tax benefits by Commerce. The credit would be available only for qualified new and used property that had at least 50% of its use devoted to the conduct of business operations at a location in the development zone or, if the property was mobile, the base of operations of the property for at least 50% of its use must be at a location in a development zone. If the credit was claimed for used property, the claimant may not have used the property for business purposes at a location outside the development zone.

Only taxes due on income generated by or directly related to business activities in the development zone could be offset by the credit. The credit would not be refundable but unused credit amounts could be carried forward fifteen years to offset future tax liabilities on income generated by activities in the development zone. However, if the corporation ceased business operations in the development zone, unused credit amounts could not be carried forward. If certification was revoked, no credit could be claimed beginning with the year in which the revocation occurs and unused credits could not be carried forward to offset tax liabilities in succeeding years. The claimant would be subject to recapture provisions when the investment credit property was disposed of or moved outside the development zone.

Development Zone Tax Credit. A consolidated development zone tax credit can be claimed by businesses in development and enterprise development zones, under both the individual and corporate income and franchise taxes. The credit is based on amounts spent on environmental remediation and the number of full-time jobs created or retained.

Veto by Governor [B-25]: Change the effective date of the provision related to certification of target group members from January 1, 2000, to January 1, 1999.

[Act 9 Sections: 1707g thru 1707m, 1708 thru 1709bb, 1741n thru 1741pp, 1742 thru 1743bb, 1754g thru 1754t, 1755 thru 1756e, 2998g thru 3013, 9310(1)&(2) and 9343(1g),(2)&(22d)]

[Act 9 Vetoed Section: 9343(2)]

18. DEVELOPMENT ZONES JOBS TAX CREDIT

GPR	- \$600,000
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Governor/Legislature: Decrease the sum sufficient appropriation

for the development zones jobs tax credit by \$300,000 annually. Total funding for the credit would be \$150,000 each year. This reflects a change enacted in 1995 Wisconsin Act 209 that provided that the credit was no longer refundable for tax years beginning on January 1, 1997.

19. DEVELOPMENT ZONES SALES TAX CREDIT

GPR	- \$100,000
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Governor/Legislature: Decrease the sum sufficient appropriation for the development zones sales tax credit by \$50,000 annually. Total funding for the credit would be \$150,000 each year. This reflects a change enacted in 1995 Wisconsin Act 209 that provided that the credit was no longer refundable for tax years beginning on January 1, 1997.

20. DEVELOPMENT ZONES LOCATION CREDIT

GPR	\$1,000
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Governor/Legislature: Increase funding by \$500 annually for the development zones location credit for Native American businesses or tribal enterprises. Total funding would be \$2,500 annually.

21. CORPORATE INCOME AND FRANCHISE TAX -- ACTIVITY NOT CREATING NEXUS [LFB Paper 113]

GPR-REV	- \$750,000
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Governor: Provide that an out-of-state corporation is not considered to have nexus with Wisconsin and is not subject to the corporate income and franchise tax if the corporation stores tangible personal property in or on property in the state that is not owned by the corporation and the tangible personal property is transferred to another person in the state for fabricating, processing, manufacturing or printing in the state. The provision would first apply to tax years beginning on January 1 of the year in which the bill takes effect, if the bill takes effect prior to July 31. If the bill takes effect after July 31, the provision would first apply beginning on January 1 of the following year. The bill does not include a fiscal effect for this provision.

Under current law, essentially two circumstances give Wisconsin taxing jurisdiction over corporations. First, corporations which are created and authorized to act in a corporate capacity (incorporated) under Wisconsin law or foreign corporations which are licensed to transact business in the state are subject to the Wisconsin corporate income and franchise tax. Such firms are subject to the corporate income and franchise tax whether or not they conduct business or own property in the state.

Second, corporations which are organized under the laws of other states or foreign nations are generally subject to the Wisconsin corporate income and franchise tax if they exercise a franchise, conduct business or own property within the state. A non-Wisconsin (foreign) corporation is considered to have "nexus" with Wisconsin and be subject to taxation if it has one or more of the following "activities" in the state:

- a. Maintenance of any business location in Wisconsin, including any kind of office.
- b. Ownership of real estate in Wisconsin.
- c. Ownership of a stock of goods in a public warehouse or on consignment in Wisconsin.
- d. Ownership of a stock of goods in the hands of a distributor or other nonemployee representative in Wisconsin, if used to fill orders for the owner's account.
- e. Usual or frequent activity in Wisconsin by employes or representatives soliciting orders with authority to accept them.
- f. Usual or frequent activity in Wisconsin by employes or representatives engaged in purchasing activity or in the performance of services, including construction, installation, assembly or repair of equipment.
- g. Operation of mobile stores in Wisconsin, such as trucks with driver-salespersons, regardless of frequency.
- h. Miscellaneous other activities by employes or representatives in Wisconsin such as credit investigations, collection of delinquent accounts, conducting training classes or seminars for customer personnel in the operation, repair and maintenance of the taxpayer's products.
- i. Leasing of tangible property and licensing of intangible rights for use in Wisconsin.
- j. The sale of other than tangible personal property such as real estate, services and intangibles in Wisconsin.
- k. The performance of construction contracts and personal services contracts in Wisconsin.

An out-of-state corporation is not considered to have nexus with Wisconsin and is not subject to the corporate income tax if: (a) the corporation stores tangible personal property, such as inventory or a stock of goods, in or on property in the state that is not owned by the corporation and the tangible personal property is delivered to another person in the state for manufacturing, fabricating, processing or printing in the state; (b) the corporation stores, in or on property not owned by the corporation, finished goods that have been fabricated, processed, manufactured or printed in the state and the entire amount of such goods is shipped or delivered out-of-state by another person in the state; or (c) the corporation is an out-of-state publisher which has finished publications printed and stored in this state in or on property not owned by the publisher whether or not the finished publications are subsequently sold or delivered in this state or shipped outside of it.

Joint Finance: Delete provision.

Senate/Legislature: Provide that an out-of-state corporation would not have nexus with Wisconsin and would not be subject to the corporate income and franchise tax if each of the following conditions were met:

- a. The out-of-state corporation stores tangible personal property in the state on property not owned by the corporation;
- b. The tangible personal property is stored for 90 days or less;
- c. The tangible personal property is stored on another person's property and is transferred to the person for manufacturing in the state;
- d. The value of manufacturing real estate of the parcel on which the tangible personal property is stored and manufactured was between \$10 million and \$11 million on January 1, 1999.

This provision would take effect for tax years beginning on or after January 1, 2000, and would reduce corporate income and franchise tax revenues by an estimated \$250,000 in 1999-2000 and \$500,000 in 2000-01.

[Act 9 Sections: 1722yc and 9343(22dd)]

22. TAX TREATMENT OF CORPORATE PARTNERS AND LIMITED LIABILITY COMPANY MEMBERS

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
GPR-REV	\$12,500,000	-\$12,500,000	\$0

Joint Finance: Modify current corporate income and franchise tax provisions as follows:

- a. Define "doing business in this state" to include owning a direct or indirect interest in a general or limited partnership or limited liability company that transacts in the state for pecuniary gain.
- b. Provide that the corporate income and franchise tax would be imposed on corporations that derive income from sources within the state or from activities attributable to the state.
- c. Provide that a general or limited partner's share of the numerator and the denominator of the partnership's apportionment factors would be included in the numerator and the denominator of the general or limited partner's apportionment factors and for a limited liability company treated as a partnership a member's share of the numerator and the

denominator of the limited liability company's apportionment factors would be included in the numerator and the denominator of the member's apportionment factors.

d. Provide that these provisions would first apply to tax years beginning on or after January 1, 1999.

This provision would increase corporate income and franchise tax revenues by an estimated \$7,500,000 in 1999-00 and \$5,000,000 in 2000-01. The higher figure in the first year includes one-time revenues of \$2,500,000 from reconciling estimated and final tax payments.

Currently, the Wisconsin tax treatment of corporate partners and LLC members depends on whether or not the partnership or LLC is an extension of the corporation's business. If the partnership or LLC is an extension of the corporation's business, the corporation is considered to be doing business in Wisconsin as a result of that ownership interest. On the other hand, if the partnership or LLC is not an extension of the corporation's business, the corporation is not subject to Wisconsin taxation if its only connection to Wisconsin is that ownership interest. These provisions would make corporate partners and members of Wisconsin partnerships and LLCs, respectively, subject to taxation if they were doing business in Wisconsin regardless of the type of interest in the entity.

Assembly: Modify the Joint Finance provision to include issuing credit, debit or travel or entertainment cards to customers in the state in the definition of doing business. Delete references to affiliated and subsidiary corporations and degree of ownership, control and management that are related to certain amounts not deductible because they are related to wholly exempt income.

Conference Committee/Legislature: Include the Joint Finance and Assembly provisions and modify the definition of doing business for corporate partners and LLC members and apportionable income for corporations to be income, gain or loss from sources that are apportionable as income, including unitary or operational income, that is taxable in the state.

Veto by Governor [F-8]: Delete provisions.

[Act 9 Sections: 1722cd, 1722y, 1722yd, 1748y and 9343(22t)]

[Act 9 Vetoed Sections: 1722cd, 1738s, 1753g and 9343(22t)]

23. SUSTAINABLE URBAN DEVELOPMENT ZONE TAX CREDIT

Joint Finance: Direct DNR, in cooperation with the Departments of Health and Family Services, Transportation, Revenue, Administration and Commerce, and the Cities of Milwaukee, Green Bay, La Crosse and Oshkosh, to develop a pilot program no later than January 1, 2001, that promotes the use of financial incentives to clean up and redevelop contaminated properties in the listed cities. Of \$2,250,000 in total funding, the following

amounts would be available as grants to the cities: (a) \$1,000,000 for the City of Milwaukee; (b) \$500,000 for the City of Green Bay; (c) \$500,000 for the City of La Crosse; and (d) \$250,000 for the City of Oshkosh. State funds could be used for the assessment, investigation and cleanup of brownfields properties in the cities. Persons that conduct an eligible project under the pilot program would be eligible for a sustainable urban development zone tax credit that would be created for the program. The credit would equal 50% of the amount expended for environmental remediation under the sustainable urban development zone program. Environmental remediation would mean removal or containment of environmental pollution and restoration of soil or groundwater that is affected by environmental pollution in a brownfield, unless an investigation determined that remediation was required but the remediation was not undertaken. The Department of Commerce would be required to certify persons that conducted projects in the sustainable urban development zones as eligible to claim the tax credits and to provide the claimant and the Department of Revenue with a copy of the certification. The fiscal effect is expected to be minimal in the 1999-01 biennium.

Senate: Provide \$250,000 SEG in 1999-00 from the environmental management account of the environmental fund to expand the sustainable urban development zone pilot program created by Joint Finance to include the City of Beloit (which would receive the \$250,000), and provide a total of \$2,500,000 in funding (instead of \$2,250,000 under Joint Finance) for the sustainable urban development zone program. Of the \$2,500,000 in total funding, the following amounts would be available as grants to the cities for the investigation and cleanup of environmental contamination: (a) \$1,000,000 for Milwaukee; (b) \$500,000 for Green Bay; (c) \$500,000 for La Crosse; (d) \$250,000 for Oshkosh; and (e) \$250,000 for Beloit. The Department of Transportation would be required to work with Beloit, in addition to the four other cities to develop transportation planning, transportation access and infrastructure improvements for inclusion in the DOT 2001-03 biennial budget request.

Conference Committee/Legislature: Approve the Senate provision, as modified to: (a) provide \$200,000 SEG for Beloit instead of \$250,000; and (b) provide \$130,000 of the \$200,000 from the environmental management account of the environmental fund and the remaining \$70,000 from the all-terrain vehicle (ATV) account of the conservation fund. (See Natural Resources -- Air, Waste and Contaminated Land #23.)

Veto by Governor [B-31]: Delete the sustainable urban development zone tax credit and eliminate the requirement that the Departments of Health and Family Services, Revenue and Transportation assist in developing the pilot program.

[Act 9 Sections: 332e, 1719g, 1798 and 2649h]

[Act 9 Vetoed Sections: 1684d, 1709c, 1719g, 1719m, 1722bd, 1740c, 1743d, 1747m, 1748bm, 1749k, 1756h, 1760q, 1798, 2649h and 9343(22c)]

24. WHOLLY EXEMPT INCOME

Assembly/Legislature: Delete provisions that specify that wholly exempt income for corporations subject to franchise or income taxes includes amounts received from affiliated or subsidiary corporations because of the degree of common ownership, control or management between the payor and payee.

Veto by Governor [F-10]: Delete provisions.

[Act 9 Vetoed Sections: 1740n and 9343(22t)]

25. CORPORATE INCOME AND FRANCHISE TAX--ENDANGERED RESOURCES CHECKOFF

Joint Finance: Allow corporate income taxpayers to donate a portion of their tax refund or, if taxes are due, include an additional amount with their tax payment for the endangered resources program, consistent with provisions allowing individual taxpayer donations. In 1997-98, the endangered resources tax check-off generated \$535,200.

Assembly/Legislature: Delay the effective date for implementation of the endangered resources check-off on corporate income and franchise tax returns from tax year 2000 to tax year 2001.

[Act 9 Sections: 1748b and 9343(2g)]

26. RECYCLING SURCHARGE

Conference Committee/Legislature: Impose a recycling surcharge on businesses. The surcharge would be calculated the same as under prior law with certain modifications. Prior law, until April, 1999, imposed a surcharge in tax year 1998 equal to 2.75% of gross tax liability for corporations (5.5% in tax years prior to 1998) and 0.2173% of net business income for nonfarm sole proprietorships, partnerships, limited liability companies taxable as partnerships and S corporations (0.4345% in tax years prior to 1998). Businesses with under \$4,000 in gross income, farms with less than \$1,000 of net income and members of the clergy were excluded from paying the prior surcharge.

Under the bill, businesses (including farms) with \$1 million or less in gross receipts would be excluded from paying the surcharge. However, businesses with gross receipts in excess of \$1 million would be subject to the surcharge based on the business' total net income or gross tax liability. The maximum payment would be increased from \$9,800 under prior law to \$20,000. The minimum payment would remain at \$25. The recycling surcharge rate would be effective beginning with tax year 2000 and would be 3.3% of gross tax liability for corporations or 0.2607% of net business income for nonfarm sole proprietorships, partnerships, limited liability

companies taxable as partnerships and S corporations. In addition, DOR would be authorized to promulgate rules to define gross receipts and provisions would clarify that the surcharge is imposed on partnerships like other businesses.

The recycling surcharge would generate an estimated \$10.5 million in 1999-00 and \$29.8 million in 2000-01 and thereafter on an annual basis. These revenues would be deposited in the segregated recycling fund. [The fiscal effect and additional information regarding this provision are shown under "Natural Resources -- Air, Waste and Contaminated Land."]

Veto by Governor [B-30]: Veto provisions to modify the recycling surcharge as follows: (a) reduce the surcharge rate to 3.0% for corporations and 0.2% for nonfarm sole proprietorships, partnerships, S corporations and LLCs taxed as partnerships; (b) set the maximum payment at \$9,800; and (c) exclude nonfarm businesses with less than \$4,000,000 in gross receipts from paying the surcharge. As vetoed, the recycling surcharge is estimated to generate \$6 million in 1999-00 and \$16.9 million in 2000-01.

[Act 9 Sections: 1817bb, 1817bcm thru 1817bn, 9143(3d) and 9343(23em)]

[Act 9 Vetoed Sections: 1817be, 1817bf, 1817bh and 1817bi]

27. EDUCATION TAX CREDIT

Assembly: Provide, for tax years beginning on or after July 1, 2001, a tax credit under the individual and corporate income and franchise taxes equal to 50% of the amount paid or incurred for an individual to participate in an education program of a qualified postsecondary institution, if the individual is enrolled in a degree-granting program. The claimant could not claim tax credits based on tuition amounts also used to claim the state and federal higher education credits and deductions. The credit could be carried forward up to fifteen years to offset future tax liabilities.

Corporations and insurance companies could claim the education tax credit to offset tax liabilities. Partnerships, limited liability companies and tax-option corporations could not claim the tax credit, but eligibility for and the amount of credit that could be claimed would be based on amounts paid for tuition by the entity. A partnership, LLC or tax-option corporation would be required to compute the amount of tax credit each of its partners, members or shareholders could claim and to provide that information to them. Partners, LLC members and shareholders of tax-option corporations would claim the credit in proportion to their ownership interest.

"Degree-granting program" would be defined as an educational program for which an associate, a bachelor's or a graduate degree is awarded upon successful completion. "Qualified postsecondary institution" would mean a University of Wisconsin system institution, a technical college system institution or a regionally accredited four-year nonprofit college or university having its regional headquarters and principal place of business in Wisconsin.

Because the tax credit would first apply for tax years beginning on or after July 1, 2001, there would be no fiscal effect in the 1999-01 biennium. However, when implemented the education tax credit would reduce state individual and corporate income and franchise tax revenues by an estimated \$9 million annually.

Conference Committee/Legislature: Delete provision.

28. CORPORATE INCOME AND FRANCHISE TAX -- DEDUCTION FOR SALARIES PAID TO CORPORATE OFFICERS AND EMPLOYEES

Senate: Limit the deduction, under the state corporate income and franchise tax, for wages, salaries and bonuses paid to an employee or officer of a corporation to an amount equal to twenty-five times the wages, salaries, commissions and bonuses paid to the corporation's lowest paid full-time employee. This provision would first apply to tax years beginning on or after January 1 of the year following the bill's general effective date and would increase corporate income and franchise tax revenues by an estimated \$6.5 million in 1999-00 and \$13.0 million in 2000-01.

Conference Committee/Legislature: Delete provision.

29. INDIVIDUAL AND CORPORATE INCOME AND FRANCHISE TAXES -- FOREIGN STUDY TAX CREDIT

Senate: Provide, for tax years beginning on or after January 1, 2000, a tax credit of \$1,000 under the individual and corporate income and franchise taxes for eligible expenses incurred by a business to sponsor an eligible student to attend a post-secondary educational institution in a foreign country. Eligible expenses would include transportation costs, room and board, books, tuition and other expenses related to attending school in a foreign country. A business would be required to pay a minimum of \$3,000 of such expenses to claim the tax credit. An eligible student would be defined as a full-time undergraduate student enrolled in a Wisconsin public post-secondary institution who would be eligible for a grant under the Wisconsin Higher Education Grant (WHEG) program.

The credit could be claimed by corporations, sole proprietors, partners, tax-option corporation shareholders and limited liability company members. A partnership, tax-option corporation or LLC would be required to compute the amount of credit that each of its partners, shareholders or members may claim and provide that information to them. Partners, members of limited liability companies and shareholders of tax-option corporations could claim the credit in proportion to their ownership interest. Unused credit amounts could be carried forward up to 15 years to offset future tax liabilities. This provision would have a minimal fiscal effect.

Conference Committee/Legislature: Delete provision.

General Sales and Use Tax

1. VOLUNTARY AGREEMENTS WITH DIRECT MARKETERS TO COLLECT WISCONSIN SALES TAX

GPR-REV \$8,300,000

Joint Finance/Legislature: Authorize DOR to enter into voluntary agreements with out-of-state direct marketers for collection of Wisconsin sales and use tax from Wisconsin customers at a rate to include the general state sales tax rate plus the optional general county sales tax rate.

Specify that direct marketers who voluntarily agree to collect Wisconsin sales and use tax may retain 5% of the first \$1 million of such tax in a calendar year and 6% of any additional amounts collected in the remainder of the same year. Specify that these provisions would not apply to an out-of-state retailer that has nexus with the state of Wisconsin for sales and use tax purposes.

Authorize DOR to promulgate administrative rules as needed to promote this option with Direct Marketing Association members and to negotiate payment schedules and audit follow-up as necessary.

Provide that all taxes collected through such voluntary agreements be deposited in the general fund. Specify that 1/11 of the funds generated in a fiscal year be appropriated to the Department of Health and Family Services (DHFS) in the subsequent fiscal year to be distributed to counties on a per capita basis in the form of block grants to fund services for children and families. Require DOR to certify at the close of each fiscal year the amount to be appropriated to DHFS for the block grants. Specify that these provisions would take effect on the first day of the second month beginning after publication of the bill.

Under current law, if an out-of-state seller has adequate nexus (business connection) with the state, the state can require the seller to collect the Wisconsin sales and use tax on sales to its Wisconsin customers. Any out-of-state seller that is not required to collect Wisconsin sales and use tax may voluntarily obtain a business tax registration certificate from DOR and thereby be authorized and required to collect the 5% tax. Current law provides a retailers' discount of the greater of \$10 or 0.5% of sales and use tax payable per reporting period to cover administrative costs associated with collecting and remitting the tax. These provisions would increase the retailer's discount for an out-of-state direct marketer without nexus with the state who voluntarily collects the Wisconsin sales and use tax.

It is estimated that these provisions would generate increased general fund revenues of \$2.8 million in 1999-00 and \$5.5 million in 2000-01. The share to be distributed by DHFS to counties in the form of block grants is projected at \$250,000 in 2000-01 (the actual amount would be determined from collections during 1999-00) and \$500,000 in 2001-02 and thereafter. The

amounts for the block grants are reflected in the agency budget summary for "Health and Family Services -- Children and Family Services."

[Act 9 Sections: 390d, 1104g and 1815g]

2. FULL-YEAR SALES TAX EXEMPTION FOR ELECTRICITY USED IN FARMING

GPR-REV - \$2,900,000

Assembly/Legislature: Extend the current law sales tax exemption for electricity sold from November through April for use in farming to electricity sold for use in farming at any time of the year. Provide that the extension of this exemption would first apply to electricity sold for use in farming on May 1, 2000. It is estimated that these provisions would reduce general fund revenues by \$700,000 in 1999-00 and \$2.2 million in 2000-01.

[Act 9 Sections: 1812p and 9343(23g)]

3. SALES TAX ON MATERIALS FOR RAILROAD TRACKS AND RIGHTS-OF-WAY

	Legislature (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
GPR-REV	-\$470,000	\$470,000	\$0

Senate/Legislature: Provide a sales and use tax exemption for the gross receipts from the sale of and the storage, use or other consumption of materials, supplies and fuel used in the maintenance of railroad tracks and rights-of-way. Specify that this provision would be effective on January 1, 2001. This provision would reduce general fund revenues by an estimated \$470,000 in 2000-01 and \$940,000 annually thereafter.

Veto by Governor [F-31]: Delete provision.

[Act 9 Vetoed Sections: 1812t and 9443(8c)]

4. TIME-SHARE PROPERTIES [LFB Paper 123]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR-REV	\$2,640,000	-\$2,640,000	-\$160,000	-\$160,000

Governor: Modify the treatment of conveyances of time-share properties with respect to the real estate transfer fee and the sales tax as described below.

Real Estate Transfer Fee

Exempt from the real estate transfer fee and the requirement to file a real estate transfer return transfers of time-share property as defined in section 707.02(32) of the statutes, which relates to time-share ownership.

Section 707.02(32) defines "time-share property" as one or more time-share units subject to the same time-share instrument, together with any real estate or rights to real estate appurtenant to those units. In addition, to qualify as "time-share property" under this definition, an owner's interest in the property must provide the right to use or occupy a unit during at least four separate periods over at least four years.

Current statutes on the real estate transfer fee do not specifically refer to sales of time-share property. However, the Department of Revenue has interpreted the law as subjecting only "fixed-time" time-share sales, in which the use of the rooms or lodging is fixed at the time of sale as to the starting day or lodging unit, to the real estate transfer fee. The bill would exempt these types of time-share transactions from the real estate transfer fee, if they meet the definition under s. 707.02(32).

Sales Tax

Under current law, the furnishing of rooms or lodging through the sale of time-share property as defined in s. 707.02(32) is subject to the sales tax if the use of the rooms or lodging is for continuous periods of less than one month and if the use of the rooms or lodging is not fixed at the time of the sale as to the starting date or lodging unit. The Governor's recommendation would subject all sales of time-share property for continuous periods of less than one month to the sales tax. This provision would also specify that charges associated with taxable time-share property would be taxable at the time the charges are incurred, even if those charges were not taxable at the time of the initial sale of the time-share property.

Additional Provisions

The bill would amend additional statutes to make them consistent with the exemption of time-share property from the real estate transfer fee. Currently, transfers of time-share property as defined in s. 707.02 (32) in this state are subject to certain reporting requirements related to disclosure by owners of residential real estate. In addition, such time-share property is subject to a requirement that the small claims procedure be the exclusive procedure used in circuit court in actions relating to the return of earnest money tendered pursuant to a contract for purchase of property. However, in both cases the statutes specify that transfers that are exempt from the real estate transfer fee are also exempt from such requirements.

The bill would specify that these requirements would no longer apply to transfers of time-share property as defined under s. 707.02 (32). However, transfers of time-share property

that do not meet the definition under s. 707.02 (32) would continue to be subject to the requirements on disclosure and on the specified use of the small claims procedure.

These provisions would take effect on the first day of the second month beginning after publication of the bill. The fiscal effect is estimated to be a net increase in general fund revenues of \$1,200,000 in 1999-00 and \$1,440,000 in 2000-01.

Joint Finance: Delete provision.

Assembly/Legislature: Exempt sales of flex-time time-share property, including maintenance charges, from the sales tax and impose the real estate transfer fee on all sales of time-share property, effective on the first day of the second month beginning after publication of the bill. Under current law, sales of flex-time time-shares are subject to the sales tax and sales of fixed-time time-shares are subject to the real estate transfer fee. These provisions would specify that all sales of time-shares are subject to the real estate transfer fee and not the sales tax. The fiscal effect is estimated to be a net reduction of general fund tax collections of \$70,000 in 1999-00 and \$90,000 in 2000-01.

[Act 9 Sections: 1810fm, 1812Lm, 1812Ln, 1812Lp, 3049sm and 9443(4g)]

5. SALES TAX ON INTERNET ACCESS CHARGES

Assembly: Provide a sales and use tax exemption for Internet access services effective July 1, 2001. Under current law, the Department of Revenue has interpreted the general statutes relating to taxation of telecommunications services to include Internet access charges. Due to the effective date of the provision, there would be no effect on general fund revenues during the 1999-01 biennium. However, it is estimated that this provision would result in reduced general fund revenues of \$6.4 million annually, beginning in 2001-02. This estimate is in 1999-00 dollars and does not account for anticipated growth in Internet access services subsequent to 2000-01.

Conference Committee/Legislature: Delete provision.

6. VENDING MACHINE SALES

Assembly/Senate/Legislature: Provide that, effective July 1, 2001, food and beverages that are exempt from the state sales tax when sold in a store for off-premises consumption would also be exempt when sold through a vending machine. Under current law, the Department of Revenue assumes that sales of such items through vending machines are sold for on-premises consumption and are, therefore, subject to the sales tax. Due to the effective date of the provision, there would be no effect on general fund revenues during the 1999-01 biennium. However, it is estimated that this provision would result in reduced general fund revenues of \$3.7 million annually, beginning in 2001-02. This estimate is in 1999-00 dollars.

[Act 9 Sections: 1812np and 9443(7g)]

7. SALES TAX: AUCTION SALES

Assembly: Provide that the current sales tax exemption for occasional sales would apply to an auction which is the sale of personal farm property or household goods and not held more than five times at the same location during a year. Specify that these provisions would take effect on the January 1 after publication of the bill.

Under current law, the sales tax exemption for auction sales of farm property or household goods applies to auctions that are not held at regular intervals (which the Department of Revenue interprets as three or fewer times per year). This provision would specify that the exemption would apply as long as the total number of auctions at the same location was five or fewer.

Conference Committee/Legislature: Include the Assembly position with the following modifications: (a) provide that the current sales tax exemption for occasional sales would apply to auctions which are the sale of personal farm property or household goods and not held more than five times *by the same auctioneer* at the same location during a year; and (b) specify that in the case of an indoor location, "location" means a building, except that in the case of a shopping center or shopping mall, "location" means a store.

[Act 9 Sections: 1812Lmg and 9443(7v)]

8. SALES AND USE TAX ON FOOD AND RELATED ITEMS PROVIDED TO RESTAURANT EMPLOYEES AT WORK

Assembly/Legislature: Provide a sales tax exemption for certain food and related items provided by restaurants to their employees during work hours. Specify that the following items, which are specifically excluded from the current law sales tax exemption for food and beverages, would be exempt from the sales tax when provided by restaurants to their employees at work:

- Soda water, beverages, bases, concentrates and powders intended to be reconstituted by consumers to produce soft drinks;
- Fruit drinks and ades not defined as fruit juices (such as lemonade and orangeade);
- Sales of the following items for off-premise consumption: (a) meals and sandwiches (heated or not); (b) heated food or heated beverages; (c) soda fountain items such as sundaes, milk shakes, malts, ice cream cones and sodas; and (d) candy, chewing gum, lozenges, popcorn and confections.

In addition, specify that paper and similar disposable products provided by a restaurant to its employees to use in the consumption of food, food products and beverages while at work would be exempt from the sales tax.

Specify that the provisions would be effective on the first day of the second month beginning after publication of the bill. Because the current provision is difficult to enforce, it is estimated that the exemption would have a minimal fiscal impact on sales tax collections.

[Act 9 Sections: 1812Lr and 9443(7fg)]

9. USE TAX ON BOATS BERTHED IN STATE BOUNDARY WATERS

Senate: Modify the current use tax exemption for a boat purchased in a state contiguous to this state by a person domiciled in that state if the boat is berthed in this state's boundary waters adjacent to the state of the domicile of the purchaser if the transaction was an exempt occasional sale under the laws of the state in which the purchase was made. Expand the provision to apply to a boat purchased anywhere (rather than in a contiguous state), as long as the other conditions still apply. Specify that these provisions would take effect on the first day of the second month beginning after publication. It is estimated that this provision would have a minimal fiscal effect.

Conference Committee/Legislature: Delete provision.

Excise Taxes

1. CIGARETTE TAX REFUNDS: CURRENT LAW REESTIMATE [LFB Paper 120]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$3,100,000	-\$2,460,000	-\$5,560,000

Governor: Reduce funding for cigarette tax refunds by \$1,800,000 in 1999-00 and \$1,300,000 in 2000-01 to reflect lower estimates of the amount required to reimburse Native American tribes under present law. Currently, the tribes receive a refund of 100% of the cigarette tax on cigarettes sold to Native Americans and 70% of the tax on sales made to non-Native Americans on reservations or trust lands. The reduced funding reflects estimates of lower cigarette tax collections, primarily as a result of anticipated reductions in cigarette consumption following price increases associated with the settlement of the tobacco lawsuit.

Joint Finance/Legislature: Reestimate funding for cigarette tax refunds under current law at \$9,520,000 in 1999-00 and \$9,320,000 in 2000-01. The reestimates are based on assumed 1% annual reductions in cigarette consumption, with additional reductions related to increases in cigarette prices and federal taxes as described above. Compared to the Governor's recommendation, the revised estimates decrease funding for the refunds by \$880,000 in 1999-00 and \$1,580,000 in 2000-01.

2. CIGARETTE TAX REFUNDS [LFB Paper 121]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$5,500,000	\$5,500,000	\$0

Governor: Reduce, from 70% to 50%, the percentage of cigarette tax collections from sales of cigarettes on reservations or trust lands that would be refunded to Indian tribes. In addition, clarify that "Indian tribe" means an American Indian tribe or band.

Under current law, the Department of Revenue refunds 70% of cigarette tax collections in respect to sales on reservations or trust lands of an Indian tribe under specified conditions. State law further authorizes DOR to enter into agreements with Indian tribes to provide for the refunding of cigarette taxes paid on cigarettes sold on reservations to enrolled members of the tribe residing on the tribal reservation.

Federal law prohibits states from imposing a cigarette tax on sales by Native Americans to Native Americans on reservations. Ten of the 11 Indian tribes in the state have signed agreements with the state in which the tribes agree to sell only stamped (taxed) cigarettes and the state agrees to provide refunds to the tribes of 100% of taxes paid on cigarette sales to tribal members living on the reservation. For these tribes, DOR refunds 100% of tax collections on cigarettes sold to tribal members, and 70% of taxes on cigarettes that are sold to non-tribal members.

The remaining tribe, which does not have an agreement with the state, sells unstamped (untaxed) cigarettes to tribal members and stamped cigarettes to non-tribal members. For this tribe, the 70% refund applies only to tax collections from the sale of stamped cigarettes to non-tribal members.

The provision to reduce the refund rate from 70% to 50% would first apply to taxes imposed on the first day of the second month beginning after publication of the bill. The fiscal effect is estimated to be a reduction in refunds to Indian tribes of \$2,500,000 in 1999-00 and \$3,000,000 in 2000-01.

Joint Finance: Delete the Governor's recommendation to reduce the refund rate for taxes collected on tribal sales of cigarettes to non-tribal members from 70% to 50%. However, retain the provision that would clarify that an "Indian tribe" means an American Indian tribe or band. In addition, specify that "trust lands" means any lands in this state held in trust by the United States government for the benefit of a tribe or a member of a tribe.

For the cigarette tax refund on sales to non-tribal members, specify a maximum refund rate of 70% and require DOR to negotiate the exact rate in individual agreements with the tribes (at or below the 70% maximum). The statutes would continue to specify that such agreements would provide for the refunding of 100% of cigarette taxes imposed on sales to tribal members.

Under these provisions, estimated cigarette tax refunds for 1999-01 would be the same as the modified estimates under current law (which would be \$2,500,000 greater in 1999-00 and \$3,000,000 greater in 2000-01 than the estimates included in the bill). Savings would occur if agreements are negotiated with a refund rate of less than 70%.

Assembly: Retain the Joint Finance Committee provisions. However, establish the maximum rate at 50%, rather than 70%. Estimate reductions in cigarette tax refunds of \$1,836,000 in 1999-00 and \$2,397,000 in 2000-01. The estimated fiscal effect assumes that the tribes that are currently selling only stamped cigarettes would continue to do so and that refunds would be made at the 50% rate. If new agreements were negotiated at rates below the maximum, the refund expense to the state could be lower. However, if the tribes did not continue selling taxed cigarettes to non-tribal members, the state could see reductions in both tax collections and refunds from cigarette sales on reservations.

Senate/Legislature: Delete the provisions of the Joint Finance Committee that would specify the 70% refund rate for cigarette taxes collected from sales of cigarettes to non-tribal members as a maximum rate, with the exact rate to be negotiated in individual agreements with the tribes. Instead, maintain the 70% refund rate for cigarette taxes collected from sales of cigarettes to non-tribal members, as under current law.

Under these provisions, there would be no change in refunds from the estimates for the Joint Finance Committee, which assumed that refunds would be the same as under current law.

[Act 9 Sections: 2171, 2171m and 9343(6)]

3. TOBACCO PRODUCTS TAX [LFB Paper 122]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg.)	Net Change
GPR-REV	\$0	\$875,000	\$0	\$875,000
GPR	-\$458,500	\$458,500	\$437,500	\$437,500

Governor: Convert the tobacco products tax from an occupational tax to an excise tax. Require DOR to refund 50% of tobacco products tax collections on sales by Indian tribes to non-tribal members under certain conditions as described below.

Current Law. Under current law, the Wisconsin tax on tobacco products is an occupational tax imposed on distributors of tobacco products. For domestic tobacco products sold by distributors, the distributors are required to pay a tax at the rate of 20% of the manufacturer's established list price (for imported products, federal tax is added to the list price before applying the 20% tax rate). However, the statutes provide exceptions to the tobacco products tax for the following:

- a. tobacco products sold to or by post exchanges of the U.S. armed forces;
- b. tobacco products sold to or by state-operated veterans hospitals in this state;
- c. tobacco products sold to an interstate carrier of passengers for hire to be resold to bona fide passengers of such carriers;
- d. tobacco products sold for shipment outside this state in interstate commerce; and
- e. tobacco products that, under the Constitution and laws of the United States, may not be taxed by this state.

The U.S. Constitution and federal law have been interpreted in a manner that would exempt sales of tobacco products by distributors to Indian tribes from the tobacco products tax. According to DOR, in-state distributors of tobacco products typically claim exemptions from the tobacco products tax for their sales to Indian tribes. As a result, there may be retail sales on reservations of tobacco products to non-tribal members on which no tobacco products tax has been paid.

Change from an Occupational to an Excise Tax. The bill would change the tobacco products tax from an occupational tax to an excise tax. The tax would continue to be imposed at the distributor level. However, the bill would specify that the tax be passed on to the ultimate consumer of the tobacco products.

The bill would also eliminate the current exemption for sales that may not be taxed under the U.S. Constitution or federal law [item (e) above]. The bill would further specify that all tobacco products received in this state for sale or distribution in this state would be subject to the tax, unless they were specifically exempted. Under these provisions, it appears that sales of tobacco products by distributors to Indian tribes would not be exempt from the tax.

The bill would provide that a distributor of tobacco products who failed to file required reports and to collect and remit the tax on all tobacco products not specifically exempted would be subject to the following: (a) a fine of not less than \$1,000 nor more than \$5,000; (b) imprisonment for not less than 90 days nor more than one year; or (c) both types of penalties.

50% Refund to Tribes. The bill would require DOR to refund 50% of tobacco products tax collections in respect to sales on reservations or trust lands of an Indian tribe to the tribal council having jurisdiction over the reservation or trust land if all of the following conditions were met: (a) the tribal council had filed a claim for the refund with DOR; (b) the tribal council had approved the retailer; (c) the land on which the sale occurred had been designated a reservation or trust land on or before January 1, 1983; (d) the tobacco products had not been delivered by the retailer to the buyer by means of a common carrier, a contract carrier or the U.S. postal service; and (e) the retailer had not sold tobacco products to another retailer or to a subjobber. The bill would also expand the sum sufficient appropriation for cigarette tax refunds to include refunds related to the tobacco products tax.

Agreements with Tribes. The bill would authorize DOR to enter into agreements with Indian tribes to refund the tobacco products tax imposed on tobacco products sold on reservations or trust lands to enrolled members of the tribe residing on the tribal reservation.

These provisions on tobacco tax refunds and agreements with tribes would parallel current provisions related to cigarette tax collections.

Effective Date. The changes in the tobacco products tax would first apply to tobacco products taxes imposed, and to claims for refunds of such taxes filed, on the first day of the second month beginning after publication of the bill.

Fiscal Impact. The fiscal effect of these provisions is estimated to be a reduction in refunds to Indian tribes of \$208,500 in 1999-00 and \$250,000 in 2000-01. It should be noted that these estimates reflect the net effect on the general fund, rather than an actual decrease in refunds to Indian tribes. The components of this estimate are an estimated increase in tobacco products tax collections of \$417,000 in 1999-00 and \$500,000 in 2000-01 and a corresponding increase in refunds equal to 50% of such collections. The difference between the estimated increases in collections and refunds results in the estimated net positive effect on the general fund of \$208,500 in 1999-00 and \$250,000 in 2000-01, which is shown by the administration as a reduction in the refund expense.

Joint Finance: Approve the Governor's recommendation with a modification to provide that the refund rate would be a maximum of 70% of taxes collected on sales to non-tribal members and authorize DOR to enter into agreements that would specify the refund rate at or below the maximum. In addition, specify that "trust lands" means any lands in this state held in trust by the United States government for the benefit of a tribe or a member of a tribe.

With the change in the tobacco products tax to an excise tax, general fund tax collections would increase by an estimated \$375,000 in 1999-00 and \$500,000 in 2000-01. However, there would be no funding for refunds, as negotiations with the tribes would have to occur before the refund process could be implemented.

Assembly: Retain the Joint Finance Committee provision. However, establish the maximum refund rate at 50%, rather than 70%. There is no fiscal effect of this provision, as there are no agreements in place for such refunds. However, it is estimated that if all of the tribes received refunds at the rate of 50%, the refund expense to the state would be \$250,000 GPR annually.

Senate: Delete the provisions of the Joint Finance Committee that would specify a 70% maximum refund rate for tobacco products taxes collected from sales of tobacco products to non-tribal members, with the exact rate to be negotiated in individual agreements with the tribes. Instead, specify a refund rate of 70%, in provisions that would parallel current law for cigarette tax refunds.

Estimate increased refunds of taxes collected from sales of tobacco products to non-tribal members of \$262,500 in 1999-00 and \$350,000 in 2000-01. Under the Joint Finance Committee provision, which specified the 70% refund rate as a maximum, it was assumed that no refunds would be issued until agreements were negotiated with the tribes. Under these provisions, the 70% refund would apply to all taxes paid on sales of tobacco products to non-tribal members.

Conference Committee/Legislature: Include the Assembly provision. (The bill mistakenly included a provision that would generally authorize refunds of 70% of taxes on sales of tobacco products by the tribes to non-tribal members. However, the bill would also limit refunds of taxes on such sales to a maximum of 50% under provisions related to agreements with the tribes.)

Veto by Governor [F-7]: Delete the provision that would specify the 50% refund rate for taxes collected from sales by the tribes to non-tribal members as a *maximum* rate. In addition, delete the reference to 70% of taxes on such sales, which was mistakenly included under the bill. As a result of this partial veto, the refund rate that the Department of Revenue may use in agreements with the tribes is 50% for refunds of tobacco products taxes collected from sales to non-tribal members.

Under the bill, no funding was provided for tobacco products tax refunds to the tribes, as the precise rate for refunds of taxes collected on sales to non-tribal members would first have been determined in individual agreements between the tribes and the state (up to the maximum rate of 50%). The partial veto sets the rate at 50%. The administration did not increase the appropriation for cigarette and tobacco tax refunds as a result of the partial veto. However, based on the estimated increases in tobacco products taxes under these provisions and on the 50% refund rate, the projected increase in cigarette and tobacco products tax refunds to the tribes is \$187,500 in 1999-00 and \$250,000 in 2000-01.

[Act 9 Sections: 610, 2173 thru 2182 and 9343(7)]

[Act 9 Vetoed Sections: 2178 and 2179]

4. CIGARETTE DISCOUNT FOR MANUFACTURERS AND DISTRIBUTORS

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
GPR-REV	-\$950,000	\$950,000	\$0

Senate/Legislature: Restore the 2% discount for cigarette manufacturers and distributors that was reduced to 1.6% under the 1997-99 biennial budget bill. Specify that this provision would take effect on July 1, 2000. Estimate the fiscal effect to be a reduction in general fund revenues of \$950,000 in 2000-01.

Veto by Governor [F-6]: Delete provision.

[Act 9 Vetoed Sections: 2171p and 9443(8d)]

5. LIQUOR TAX AND MEMBERS OF THE MILITARY

Assembly/Legislature: Specify that a person who is a member of the national guard, the United States armed forces or a reserve component of the United States armed forces may bring into the state an aggregate amount of 16 liters of intoxicating liquor and wine without payment of the state occupational tax on intoxicating liquor if the person: (a) is a state resident; and (b) leaves a foreign country for the purpose of entering into this state after spending at least 48 hours in that foreign country on duty or for training. Currently, all individuals entering this state after spending more than 48 hours in a foreign country may bring into this state four liters of tax-free intoxicating liquor and wine. These provisions would raise the limit to 16 liters for military personnel meeting the qualifications described above. The fiscal effect is estimated to be a minimal revenue loss.

These provisions would take effect on the first day of the second month beginning after publication.

Veto by Governor [F-5]: Reduce the amount of intoxicating liquor that a Wisconsin resident returning from active duty in a foreign country for a minimum of 48 hours may bring into the state without payment of the state intoxicating liquor tax from 16 to six liters.

[Act 9 Sections: 2170s, 2170t and 9443(3tx)]

[Act 9 Vetoed Section: 2170t]

Other General Fund Taxes

1. TAXES ON TELECOMMUNICATIONS COMPANIES: TRANSITIONAL ADJUSTMENT FEE

GPR-REV - \$870,000

Joint Finance/Legislature: Provide that, for a telecommunications company subject to a transitional adjustment fee for 1999 and 2000 under 1995 Act 351, if the calculation of the transitional adjustment fee results in a negative amount, a portion of the amount calculated could be used as a credit against the ad valorem tax assessment (under current law, the calculation of a negative transitional adjustment fee would mean that the fee would be zero). However, specify that the credit would only be available for a company with "total Wisconsin gross revenues" under s. 76.38, 1993 statutes of less than \$10.0 million. Limit the credit to 60% of the positive value of the negative transition fee amount calculated for the first year of the transition period under Act 351 and 40% of the positive value of the amount calculated for the second year of the transition period. Specify that these provisions would be retroactive to include taxes for the first year of the transition period under Act 351 and would sunset at the end of the transition period.

Under current law, telecommunications utilities in Wisconsin are subject to state taxation on the basis of property value (ad valorem), in lieu of local property taxation. However, prior to taxes due for 1997, telecommunications companies were assessed a gross revenues license fee. Act 351 repealed the gross revenues license fee on telecommunications companies on May 15, 1998, and imposed an ad valorem tax beginning with taxes due for 1998. Act 351 also imposed a transitional adjustment fee on each cellular telecommunications utility and local exchange company for 1999 and 2000.

The transition fee is equal to the difference between the ad valorem tax assessment and the gross revenues tax payments that would have been made under s. 76.38 of the 1993 Statutes. While the transitional adjustment fee applies for 1999 and 2000, the transition fee is based on a comparison of ad valorem taxes from assessments on 1998 and 1999 property values and a 5.77% gross revenues license fee on revenues during calendar years 1998 and 1999. The Department of Revenue has interpreted Act 351 to mean that, if the transition fee calculation produced a negative number, the transition fee would be zero and such companies would be taxed at the ad valorem rate. This provision would specify that a credit could be taken against the ad valorem tax assessment for a telecommunications company if: (a) the telecommunications company had annual gross revenue under s. 76.38, 1993 Statutes of less than \$10.0 million; and (b) the calculation of the transition fee for the company resulted in a negative number. As described above, the credit would be limited to 60% for the first year and 40% for the second year.

Because these provisions would be retroactive to include taxes due for 1998 and would sunset beginning with ad valorem taxes due for 2000, the full effect of the proposal would occur in 1999-00. It is estimated that these provisions would result in reduced utility tax collections of \$870,000 in 1999-00.

[Act 9 Sections: 1810d, 9343(22f) and 9443(7d)]

2. AD VALOREM TAX EXEMPTION FOR COMPUTERS AND COMPUTERIZED EQUIPMENT [LFB Paper 856]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	-\$225,000	\$150,000	-\$75,000

Governor: Extend the exemption for mainframe computers, minicomputers, personal computers, networked personal computers, servers, terminals, monitors, disk drives, electronic peripheral equipment, tape drives, printers, basic operational programs, systems software, prewritten software and custom software, which currently applies to property subject to locally imposed property taxes and to telephone companies subject to state ad valorem taxation, to the property of air carrier, conservation and regulation, municipal electric, pipeline and railroad companies that are also subject to state ad valorem taxation, effective with assessments as of January 1, 1999.

Provide an exemption for fax machines, copiers, cash registers and automatic teller machines for all public utility property subject to ad valorem taxation, effective with assessments as of January 1 of the year following enactment of the bill.

The fiscal effect is estimated to be a reduction in general fund ad valorem tax collections of \$75,000 in 1999-00 and \$150,000 in 2000-01 from the following types of companies: conservation and regulation; municipal electric; pipeline; and telephone companies. In addition, it is estimated that transportation fund ad valorem tax collections for air carrier and railroad companies would be reduced by \$50,000 in 1999-00 and \$100,000 in 2000-01.

Joint Finance: Modify the provision to extend the property tax exemption for computers and related property to the property of air carrier, conservation and regulation, municipal electric, pipeline and railroad companies subject to state-imposed ad valorem taxes by specifying that the exemption would take effect with property assessed as of January 1, 2000. Delete the provisions establishing an exemption for fax machines, copiers, cash registers and automatic teller machines. Decrease the estimated reductions in general fund revenue by \$50,000 in 1999-00 and \$100,000 in 2000-01. As compared to current law, these provisions would decrease general fund revenues by \$25,000 in 1999-00 and \$50,000 in 2000-01. The transportation fund reductions are reflected in this document under the sections for "Transportation -- Transportation Finance" and "Shared Revenue and Tax Relief -- Property Taxation."

Senate: Delay the current law property tax exemption for computers and related equipment from assessments as of January 1, 1999, to assessments as of January 1, 2002. Extend the delay both to local property taxes paid under Chapter 70 of the statutes and to state ad valorem taxes paid under Chapter 76 of the statutes.

Under current law, an exemption for computers and related equipment applies to property subject to locally imposed property taxes and to telecommunications companies subject to state ad valorem taxation. Under the Joint Finance provisions, the current law exemption for telecommunications companies that are subject to ad valorem taxes would be extended to all utility companies that pay ad valorem taxes, effective with property assessed as of January 1, 2000. The Senate provisions would delay until January 1, 2002, both the current law exemption and the proposed extension of the current law exemption that was specified under the Joint Finance provision.

Estimate the following fiscal effects of these provisions: (a) increased general fund ad valorem tax collections from public utility taxpayers of \$925,000 in 1999-00 and \$1,050,000 in 2000-01; (b) increased transportation fund ad valorem tax collections from public utility taxpayers of \$30,000 in 1999-00 and \$60,000 in 2000-01; (c) increased state forestry tax collections of \$505,900 in 1999-00 and \$573,800 in 2000-01; and (d) reductions in expenditures under the state aid for exempt computers program of \$63,800,000 in 1999-00 and \$71,000,000 in 2000-01. These provisions are also described in this document under the sections for "Transportation -- Transportation Finance" and "Shared Revenue and Tax Relief -- Property Taxation."

Conference Committee/Legislature: Include Joint Finance provision.

[Act 9 Sections: 1807, 1808 and 9343(23c)]

3. RELIABILITY 2000 INITIATIVE -- TAX PROVISIONS

Senate: Include the following provisions related to light, heat and power companies under the Reliability 2000 Initiative (as described in this document under the section for "Public Service Commission -- Agencywide"):

- Define a transmission company as a light, heat and power company that is subject to the state gross revenues license fee in lieu of local property taxation. Provide that the rate of the license fee for a transmission company would be the same as the rate for a private light, heat and power company. However, specify that a transmission company's revenues for transmission service to certain public utilities and electric cooperative associations would be excluded from the definition of gross revenues subject to the license fee.

- Specify that an electric cooperative that is subject to the gross revenues license fee on electric cooperatives and that is in the business of transmitting electric current for light, heat and power would be excluded from taxation as a light, heat and power company.

• Specify that these provisions would first apply to taxable years beginning on January 1 of the year in which the bill generally takes effect, unless the bill's general effective date is after July 31. In that case, the provisions would first apply to taxable years beginning on January 1 of the following year.

Conference Committee/Legislature: Include the Senate provision. In addition, provide the following tax exemptions related to the Reliability 2000 Initiative:

Gross Revenues License Fee

Specify that, for the purpose of determining the gross revenues license fee on light, heat and power companies and electric cooperatives, "gross revenues" would exclude the following items [as defined under Reliability 2000 and described under "Public Service Commission -- Agencywide"]: (a) public benefits fees collected by an electric utility or retail electric cooperative; (b) grants awarded to a generator public utility or to an electric cooperative under the air quality improvement program; (c) public benefits fees received by a wholesale supplier from a municipal utility or retail electric cooperative or under a joint commitment to community program; and (d) public benefits fees received by a municipal utility or a retail electric cooperative from a municipal utility or retail electric cooperative under a joint commitment to community program.

Sales Tax

Provide a sales tax exemption for the transfer to the transmission company of the following: transmission facilities on land not owned by the transferor that are made *after the transmission company is organized* in exchange for an equity interest in the transmission company. Under current law, such transfers would be subject to the sales tax, while transfers similar in every way except that they occur *as part of the organization of the transmission company* would be exempt from the tax.

In addition, provide a sales tax exemption for the gross receipts of electric utilities and retail electric cooperatives from the collection of public benefits fees.

Real Estate Transfer Fee

Provide an exemption from the real estate transfer fee for a conveyance to the transmission company of real property transmission facilities or land rights in exchange for securities.

Compared to current law, there would be no fiscal effect of these provisions, as in the absence of Reliability 2000, the transactions that are the subject of these provisions would not occur.

[Act 9 Sections: 1809b thru 1809zp, 1810gm, 1812Lmr, 1813v and 9343(1zt)]

4. UTILITY TAX ON CAR LINE COMPANIES [LFB Paper 124]

Governor: Reduce the gross earnings tax on car line companies from 3% to 2.5% of gross earnings of such companies in this state. A "car line company" is any person, other than a person operating a railroad, that is engaged in the business of leasing or furnishing car line equipment to a railroad. "Car line equipment" includes railroad cars and other equipment used in railroad transportation. Under current law, a 3% gross earnings tax is levied on car line companies in lieu of all property taxes on their car line equipment.

This provision would first apply to taxable years beginning on January 1 of the year in which the bill generally takes effect, unless the bill's general effective date is after July 31. In that case, the tax decrease would first apply to taxable years beginning January 1 of the following year. It is estimated that this provision would reduce general fund revenues by \$100,000 in 1999-00 and \$200,000 in 2000-01, assuming that the tax reduction would first apply on January 1, 2000. However, these revenues are not accounted for in the bill.

Joint Finance/Legislature: Delete provision.

5. WHOLESALE MERCHANT PLANTS

Senate: Reduce the gross receipts tax rate for a wholesale merchant plant that received a certificate of public convenience and necessity after January 1, 2000, from 3.19% to 1.59%.

Wisconsin statutes specify that a "wholesale merchant plant" means electric generating equipment and associated facilities located in this state that do not provide service to any retail customer and that are owned and operated by: (a) an affiliated interest of a public utility, subject to the approval of the Public Service Commission; or (b) a person that is not a public utility.

Under current law, a license fee on gross revenues is imposed on certain utilities in lieu of local property taxation. A light, heat and power company, including a qualified wholesale electric company, is generally subject to a 3.19% gross revenues license fee on revenues from electricity sales. A wholesale merchant plant, as a qualified wholesale electric company, is subject to the 3.19% gross revenues license fee. These provisions would reduce the rate of the gross revenues license fee for a wholesale merchant plant that received a certificate of public convenience and necessity after January 1, 2000, from 3.19% to 1.59%.

Due to the limitation of these provisions to a wholesale merchant plant that received a certificate of public convenience and necessity after January 1, 2000, it is estimated that there would be no effect on general fund tax collections in the 1999-01 biennium. However, an estimate of the effect on future utility tax collections can be made from projections provided by a company that is considering developing a wholesale merchant plant and that would meet this qualification. It is estimated that, if the company were to receive a certificate after January 1,

2000, and choose to operate a merchant plant in Wisconsin, state utility tax collections would be lower by \$3.6 million per year under the proposed gross revenues tax rate of 1.59% than they would be at the current rate of 3.19%. The annual effect on future utility tax collections could be higher or lower, depending on taxable gross revenues of wholesale merchant plants that receive certificates of public convenience and necessity after January 1, 2000.

Conference Committee/Legislature: Delete provision.

6. REAL ESTATE TRANSFER FORM

Senate: Direct the Department of Revenue to: (a) identify non-essential items that can be made optional on the Wisconsin real estate transfer return; (b) develop a simplified form based on that identification; and (c) submit the revised form for review under the Joint Finance Committee 14-day passive review process by January 1, 2000.

Conference Committee/Legislature: Include the Senate provision. In addition, specify that a real estate transfer return would not be required in the case of a conveyance that is executed for nominal, inadequate or no consideration to confirm, correct or reform a conveyance previously recorded. Current law provides an exemption from the real estate transfer fee for such conveyances [s. 77.25(3)]. This provision would provide that, for conveyances exempt from the fee under s. 77.25(3), no return would be required.

Veto by Governor [F-30]: Delete provisions.

[Act 9 Vetoed Sections: 1810hm and 9143(3b)]

7. OCCUPATIONAL TAX ON ATTORNEY FEES

Assembly: Impose an 80% occupational tax on the amount of attorney fees for legal services provided to the state that exceeds \$500 per hour, regardless of the basis on which the attorney fees are paid. Specify that the revenue from the occupational tax would be deposited in the property tax relief fund. Require the Department of Revenue to administer the tax and authorize DOR to take any action, conduct any proceeding and impose interest and penalties related to the tax. Specify that certain provisions for the administration of the sales tax would apply to the administration of the attorney fees tax.

According to the Attorney General's office, the state does not have any contracts for outside legal assistance for which the hourly fee exceeds \$500 (with the exception of the attorney fees related to the tobacco settlement as described below). In addition, there are no past cases of legal work by outside attorneys for which the hourly rate exceeded \$500. Therefore, it appears that these provisions would affect only attorney fees for the three law firms that worked for the state on the lawsuit against the tobacco industry.

The three firms are reported to have stated that they worked approximately 27,000 hours on the case. Based on an agreement with the tobacco companies to pay the firms \$75 million for such work, the hourly fee would amount to approximately \$2,800. If the hourly fee were \$2,800, it is estimated that the proposed occupational tax would amount to \$46 million. This figure is net of reduced state income tax collections based on the occupational tax being claimed as a deductible business expense.

It is expected that the firms would be paid over five years. However, the exact starting point and timing of the payments are not known. In addition, the actual number of total hours worked on the case has not been officially released or verified. In the absence of reliable information on the size and timing of installment payments that would be made to the law firms, and the total number of hours worked by attorneys and staff on the tobacco lawsuit on behalf of the state, it is not possible to reliably estimate the fiscal effect of these provisions.

In addition, as outlined in a Legislative Reference Bureau drafter's note, there are a number of constitutional questions regarding these provisions. Given the nature of these questions, it is uncertain as to whether the proposal would withstand legal challenges. If the tax were found unconstitutional, no revenues would be generated.

Conference Committee/Legislature: Delete provision.

Tax Administration

1. MINNESOTA-WISCONSIN INCOME TAX RECIPROCITY PAYMENTS

GPR	\$12,500,000
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Governor/Legislature: Provide \$4,500,000 in 1999-00 and \$8,000,000 in 2000-01 to reflect estimated Minnesota-Wisconsin income tax reciprocity payments. Total funding after these adjustments would be \$44,500,000 in 1999-00 and \$48,000,000 in 2000-01.

2. ILLINOIS-WISCONSIN INCOME TAX RECIPROCITY PAYMENTS

GPR	-\$2,750,000
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Governor/Legislature: Increase funding by \$2,750,000 in 1999-00 and decrease funding by \$5,500,000 in 2000-01 to reflect Illinois-Wisconsin income tax reciprocity payments. Total funding after these adjustments would be \$8,250,000 in 1999-00. Under the current agreement, no payment will be made in 2000-01. However, payments will resume in 2001-02.

3. ILLINOIS-WISCONSIN INCOME TAX RECIPROCITY STUDY

GPR	\$2,500
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Governor/Legislature: Increase funding by \$28,400 in 1999-00 and decrease funding by \$25,900 in 2000-01 for a study to provide data for determining future income tax reciprocity payments between Wisconsin and Illinois. Total funding of \$105,000 in 1999-00 and \$50,700 in 2000-01 would be provided under this provision.

4. INTEREST ON OVERPAYMENT OF TAXES

GPR	\$700,000
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Governor/Legislature: Provide \$300,000 in 1999-00 and \$400,000 in 2000-01 for estimated interest paid on the overpayment of individual income taxes. Total funding would be \$800,000 in 1999-00 and \$900,000 in 2000-01.

5. SALES TAX LATE FILING FEE [LFB Paper 130]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	\$2,530,000	-\$1,265,000	\$1,265,000

Governor: Increase the late filing fee for delinquent sales and use tax returns from \$10 to \$30. The current law exception from paying the fee in cases where there is a reasonable cause would be modified to require a good cause but not due to neglect. The bill would also clarify a provision regarding security that may be required by the Department for retailers. These provisions would first apply to sales and use tax returns that are filed for periods beginning after September 30, 1999. It is estimated that the increase in the late filing fee would result in additional general fund revenues of \$1,130,000 in 1999-00 and \$1,400,000 in 2000-01.

Under current law, delinquent sales and use tax returns are subject to a \$10 late filing fee. However, the fee is not imposed in cases where the person who was required to file the return has died or where the return was not filed because of a reasonable cause and not because of neglect.

Joint Finance/Legislature: Modify provision to increase the late filing fee for delinquent sales and use tax returns from \$10 to \$20, rather than \$30. Compared to current law, this modification would increase general fund tax revenues by an estimated \$565,000 in 1999-00 and \$700,000 in 2000-01. Compared to the bill, it would reduce revenues by an estimated \$565,000 in 1999-00 and \$700,000 in 2000-01.

[Act 9 Sections: 1815 and 9343(8)]

Alcohol and Tobacco Regulation

1. CIGARETTE MULTIPLE RETAILER PERMIT

Joint Finance: Eliminate the cigarette multiple retailer permit. Remove all references to the permit in Wisconsin statutes.

Chapter 139 of the statutes specifies that a permit must be obtained from DOR for the following: (a) to manufacture cigarettes in this state; (b) to sell cigarettes in this state as a distributor, jobber, vending machine operator or multiple retailer; and (c) to operate a warehouse to store cigarettes in this state for another person. Section 139.30 (8) defines a "multiple retailer" as a person who acquires stamped cigarettes from manufacturers or permittees, stores them and sells them to consumers through ten or more retail outlets which he or she owns and operates within or without the state. A multiple retailer that also holds a permit as a distributor has the option to acquire unstamped cigarettes from manufacturers and to affix the tax stamps. Multiple retailers are required to keep records and file reports of all purchases and disposition of cigarettes, as are manufacturers, distributors, jobbers and vending machine operators.

Chapter 100 of the statutes, which addresses marketing and trade practices, specifies minimum markups that apply to the sale of cigarettes. The statutes require cigarette wholesalers to mark up the price of cigarettes by 3% of the cost of the merchandise to the wholesaler, in the absence of proof of a lesser cost of doing business, when selling to a retailer. The "cost to the wholesaler," on which the markup is determined, is based on the invoice cost of the merchandise to the wholesaler, adjusted as follows: (a) certain trade discounts are to be deducted from the wholesaler costs; and (b) excise taxes previously imposed are to be included in the wholesaler costs. In a similar manner, retailers are required to mark up the price of cigarettes to the consumer by 6% of the cost to the retailer, excluding specified discounts and including excise taxes.

Chapter 100 defines multiple retailers as wholesalers. A sale at wholesale between wholesalers is exempt from the wholesaler mark-up requirement. Therefore, distributors may sell cigarettes to multiple retailers and any other wholesaler without charging the minimum 3% wholesaler markup. Section 100.30 (2)(f) requires that, in cases in which a merchant acts as both a wholesaler and a retailer, the merchant must add both the wholesaler and retailer markups to the retail sales price. However, unlike the wholesaler markup from a distributor to an individual retail store, which is applied after deducting certain trade discounts, the statutes specify that the wholesaler markup for a multiple retailer is to be determined disregarding any manufacturer's discounts and any discounts related to cigarette tax stamp payments.

These provisions would eliminate the cigarette multiple retailer permit and all statutory references to it. The individual retail stores currently operating under a multiple retailer permit would no longer be able to purchase cigarettes without paying a 3% wholesaler markup.

Assembly/Legislature: Delete provision.

2. LIQUOR LICENSE FOR A COLISEUM SUITE

Joint Finance/Legislature: Provide that a "Class B" license for retail sales of intoxicating liquor authorizes a coliseum or a business servicing a coliseum suite as a concessionaire to furnish a coliseum suite holder with a selection of intoxicating liquor in a coliseum suite that is not part of the "Class B" premises. Define a "coliseum" as a multipurpose facility designated principally for sports events, with a capacity of 18,000 or more. Specify that the conditions that apply to the furnishing of intoxicating liquor to a hotel guest in a guest room that is not part of the "Class B" premises would apply in the case of a coliseum and a coliseum suite, with the following exceptions: (a) provide that a coliseum suite could be locked in lieu of providing a locked storage place to store the liquor within the suite; (b) exclude a coliseum from the requirement for hotels that a key be provided (to a hotel guest) to the locked storage place and that a liquor price list be prominently displayed; and (c) specify that a coliseum suite holder may pay for the liquor in accordance with the terms of the agreement with the owner of the coliseum suite. Specify similar provisions with respect to a Class "B" license for fermented malt beverages.

[Act 9 Sections: 2165e and 2165j]

3. "CLASS C" LICENSE TO SELL WINE

Assembly/Legislature: Provide that a restaurant may obtain a "Class C" license for the retail sale of wine for consumption on the premises where sold whether or not there is a "Class B" license for the sale of liquor and wine available in the community. Specify that a "Class C" license could be issued if: (a) the sale of alcohol beverages accounts for less than 50% of the restaurant's gross receipts; and (b) the restaurant does not have a barroom or has a barroom in which wine is the only intoxicating liquor sold.

Under current law, a municipality may issue a restaurant a "Class C" wine license under the following conditions: (a) the sale of alcohol beverages accounts for less than 50% of gross receipts; (b) the restaurant does not have a barroom; and (c) there is not a "Class B" liquor license available in the municipality. These provisions would authorize a restaurant to obtain a "Class C" license even if a "Class B" license is available and even if the restaurant has a barroom (as long as the only intoxicating liquor sold in the barroom is wine).

[Act 9 Section: 2165L]

4. RESTAURANT-WINERY PERMIT

Assembly: Create a restaurant-winery permit authorizing the retail sale of wine manufactured on the premises for consumption on the premises where sold or in an original unopened package or container for consumption off the premises where sold. Specify that the permit, to be issued by the Department of Revenue, may be issued only for a restaurant in which the sale of alcohol beverages accounts for less than 50% of gross receipts and that manufactures less than 2,500 gallons of wine per year.

Conference Committee/Legislature: Delete provision.

5. "CLASS B" LIQUOR LICENSE FOR A HOTEL

Assembly/Legislature: Provide that a municipality that has issued its quota of "Class B" licenses for the sale of intoxicating liquor may issue a "Class B" license to a hotel under the following conditions: (a) the hotel has 50 or more rooms of sleeping accommodations; and (b) the hotel has either an attached restaurant with a seating capacity of 150 or more persons or a banquet room in which banquets attended by 400 or more persons may be held. Under current law, the same conditions apply except that a hotel must have a minimum number of 100 rooms of sleeping accommodations to be eligible for the license, rather the 50-room minimum under this provision.

[Act 9 Section: 2165m]

6. INTOXICATING LIQUOR DEALERSHIPS

Senate: Create the following provisions related to the governance of relationships between wholesalers and suppliers of intoxicating liquor:

Administrative Provisions

1. Require the administrator of the Division of Hearings and Appeals (Division) in the Department of Administration (DOA) to assign a hearing examiner to preside over any hearing of a contested case that is required to be conducted by the Department of Revenue with respect to relationships between wholesalers and suppliers of intoxicating liquor.

2. Authorize the administrator of the Division to set the fees to be charged for any services rendered to DOR by a hearing examiner under (1) above. Specify that the fee shall cover the total cost of the services less any costs covered by: (a) the DOA appropriation for Hearings and Appeals operations; and (b) those costs recovered through fees charged for such purposes by DOR to holders of wholesalers' permits [see (4) below].

3. Require DOR to pay all costs of the services of a hearing examiner assigned as in (1) above, including costs of support services, according to the fees set under (2) above.

4. Authorize DOR to establish, by rule, a procedure to collect annually from holders of wholesaler's permits fees in amounts necessary to reimburse DOR for charges paid to the Division for the services of a hearing examiner, including support services.

Relationships Between Wholesalers and Suppliers of Intoxicating Liquor

Specify that the Legislature finds the following:

The Legislature finds that the 3-tier system for distributing intoxicating liquor has existed in Wisconsin for over 60 years and continues to be necessary to promote the public health, safety and welfare; that the 3-tier system was established, among other reasons, to prevent suppliers from controlling pricing and distribution in a manner that harms the interests of the citizens of Wisconsin; that a stable and healthy middle tier of the 3-tier system, the wholesaler, is integral to the 3-tier system because the middle tier prevents supplier control of pricing and distribution and provides an efficient and effective means for tax collection; that significant consolidation of market power has occurred at the supplier level; that the number of intoxicating liquor wholesalers in Wisconsin has significantly declined over the past two decades increasing the risk of supplier control of pricing and distribution; and that this legislation is necessary to promote and maintain a stable and healthy middle tier. The Legislature further finds that relationships between intoxicating liquor wholesalers and suppliers have been subject to state regulation since the enactment of the 21st Amendment to the U.S. Constitution and that the parties to those relationships expect changes to state legislation regarding those relationships.

Applicability

Provide that the following apply with respect to relationships between wholesalers and suppliers of intoxicating liquor:

1. These provisions apply to all relationships, regardless of when they were entered into, except that the provisions do not apply to a relationship in which the volume of the business done by a wholesaler with a supplier, including a supplier's affiliates, does not exceed five percent of the wholesaler's total business volume;

2. The effect of these provisions may not be varied by contract or agreement. Any contract or agreement purporting to do so is void and unenforceable to that extent only.

3. Provisions of a relationship that prevent a wholesaler, through choice of law or forum provisions, from bringing an action or filing a notice of contest in this state under these provisions are void and unenforceable to that extent only.

Definitions

Specify the following definitions with respect to wholesaler-supplier relationships:

1. "Altered product" means an existing product altered by age, by alcohol content, blend mixture, flavor or in some other way and principally identified by a trademark, trade name, logotype or other commercial symbol used to identify an existing product.
2. "Existing product" means intoxicating liquor that is distributed in the United States before or on the effective date of these provisions.
3. "Good cause" means: (a) failure by a wholesaler to comply substantially with essential and reasonable requirements imposed upon the wholesaler by the supplier, or sought to be imposed by the supplier, which requirements are not discriminatory as compared with requirements imposed on other similarly situated wholesalers either by their terms or in the manner of their enforcement; or (b) bad faith by the wholesaler in carrying out the terms of the relationship.
4. "Geographic area" means that area where a wholesaler is both authorized to sell intoxicating liquor pursuant to a relationship and has in fact sold intoxicating liquor.
5. "Goodwill" includes use of a trademark, trade name, logotype or other commercial symbol, and use of a variation of a trademark, trade name, logotype, advertisement or other commercial symbol.
6. "Intoxicating liquors" means all ardent, spirituous, distilled liquors, liquids or compounds, whether medicated, proprietary, patented or not, and by whatever name called, containing 0.5% or more of alcohol by volume, which are beverages, but does not include "fermented malt beverages" and "wines."
7. "New product" means intoxicating liquor that is not an altered product and that is first distributed in the United States after the effective date of these provisions.
8. "Relationship" means a written or oral contract or agreement, either express or implied, between a supplier and a wholesaler that grants the wholesaler the right to purchase intoxicating liquor from the supplier for resale in this state.
9. "Supplier" means any person, other than a wholesaler, who sells intoxicating liquor to a wholesaler.
10. "Transferee" means a person who acquires any asset or activity of a supplier's business and who uses the goodwill associated with the supplier's goods.

Change of Relationship

Specify that a supplier may not do any of the following:

1. Terminate, cancel, fail to renew or substantially change a relationship without good cause. The supplier bears the burden of proving good cause and that the change is not substantial.
2. Substantially change the competitive circumstances of a wholesaler's business without good cause. The supplier bears the burden of proving good cause and that the change is not substantial.
3. Appoint more than one wholesaler to resell an existing product in a geographic area in which there was only one wholesaler reselling that existing product in that geographic area in the 12 months preceding the effective date of these provisions.
4. Refuse to sell an altered product or a new product to a wholesaler who has entered into a relationship with the supplier, except in the case of a supplier who has relationships with more than one wholesaler in the same geographic area, as described below.

Specify that a supplier who has relationships with more than one wholesaler in the same geographic area shall offer an altered product only to a wholesaler who previously resold the existing product principally identified by the same trademark, trade name, logotype or other commercial symbol used to identify the altered product.

Specify that a change in the ownership or management of a wholesaler or of a wholesaler's business is not good cause if the changed ownership or management meets the supplier's reasonable and material qualifications for wholesaler applicants in effect at the time of the change.

Notice of Termination or Change in Relationship

With certain exceptions described below, require a supplier to provide a wholesaler at least 90 days' prior written notice of termination, cancellation, nonrenewal or substantial alteration in the relationship or substantial change in the competitive circumstances of the wholesaler's business. Specify that: (a) the notice shall be given by certified mail or personal service to the wholesaler and to the Secretary of the Department of Revenue; (b) the notice shall state all of the supplier's reasons for terminating, canceling, not renewing or substantially altering the relationship, or substantially changing the competitive circumstances of the wholesaler's business; (c) the wholesaler shall have 60 days after receiving the notice in which to correct any claimed deficiency; and (d) if the wholesaler corrects the deficiency within 60 days after receiving the notice, the notice is void.

Provide that if the reason for the deficiency is nonpayment of sums owed, the wholesaler shall have only 10 days to correct the deficiency.

Specify that no notice is required for a termination, cancellation, nonrenewal or substantial change of a relationship caused by an assignment for the benefit of creditors or bankruptcy.

Provide that, within the time period for remedying any claimed deficiency, the wholesaler may file a written request with the Division of Hearings and Appeals for a hearing and serve the supplier and the Secretary of DOR by certified mail or in person, with a notice of the contested action. Specify that the service of notice stays any action proposed by the supplier in the notice of termination or change in relationship as described above. However, if a motion is made by the supplier to allow the action to proceed, then the Division shall conduct a hearing limited to whether or not to let the action go forward within 20 days.

Require the Division to conduct a contested case hearing on the matter within 180 days after the filing of a notice of contest and to determine whether the supplier has met the requirements for altering a relationship and providing notice of termination or change in a relationship. Specify that if the Division determines, after a hearing, that the supplier has failed to comply with these provisions, the relationship between the supplier and the wholesaler is still in effect, and the failure of the supplier to comply with the terms of the relationship is grounds for revocation, nonrenewal or failure to grant, by DOR, of that supplier's out-of-state shipper's permit.

In addition, provide that if the Division determines that a transferee has failed to comply with these provisions, the transferee shall comply with the terms of the relationship between the supplier and the wholesaler or DOR will have grounds for revocation, non-renewal, or failure to grant the transferee's out-of-state shippers permit.

Provide that, if the wholesaler prevails, it shall be awarded its actual costs incurred in the hearing, including reasonable attorney fees. Specify that the losing party at the hearing must pay to the Division the costs of the hearing as determined under the administrative provisions described above.

Specify that any person aggrieved by a decision of the Division may seek judicial review, under the provisions in the statutes on administrative procedure and review, in the circuit court in the county in which the wholesaler's premises is located.

Additional Provisions

Specify that a transferee of a supplier's business shall comply with the requirements for altering a relationship with a wholesaler and providing notice of termination or change in a relationship.

Provide that a wholesaler may bring an action to enjoin any violation of the provisions on the relationship between wholesalers and suppliers of intoxicating liquors described above to compel compliance with those provisions, and in the same action may recover damages, together with costs including reasonable actual attorney fees, notwithstanding the statutes on costs upon counterclaims and cross complaints. Specify that these provisions do not limit any other right or remedy provided by law that may be available to the wholesaler.

Effective Date

Provide that these provisions would take effect on the day after publication of the bill.

Chapter 135 of the statutes, enacted in 1973 as the Wisconsin Fair Dealership Act (WFDA), governs dealership practices in the state, providing dealers with rights and remedies in addition to those existing by contract or common law. These provisions would create similar and expanded provisions for the governance of intoxicating liquor dealerships and the relationship between suppliers and wholesalers of intoxicating liquor (excluding beer and wine). In addition, they would create an administrative review structure that calls for a hearing examiner in the Division of Hearings and Appeals of DOA to be assigned and preside over a hearing of a contested case involving the relationship between a supplier and a wholesale (under current law, a wholesaler wanting to contest an action by a supplier must bring an action in a court of competent jurisdiction). The provisions would also create a funding mechanism for the administrative review structure in the form of fees to holders of wholesale permits and cost recovery from the losing party at a hearing.

It should be noted that, according to the Legislative Reference Bureau Drafter's Note, these provisions may impermissibly impair contractual relationships in violation of certain sections of the Wisconsin Constitution and the United States Constitution.

Conference Committee/Legislature: Modify the Wisconsin Fair Dealership Act, which governs dealership practices, as follows:

Definition of Dealership

Expand the definition of "dealership." WFDA currently defines dealership to mean the following: (a) an oral or written contract or agreement, either expressed or implied, between two or more persons to sell or distribute goods or services or to use a trade name, trademark, service mark, logotype, advertising or other commercial symbol; and (b) a community of interest in the business of offering, selling or distributing goods or services at wholesale, retail, by lease, agreement or otherwise. The modified provisions would expand the definition to include the current definition or the following: an oral or written contract or agreement, either expressed or implied, between two or more persons by which a wholesaler is granted the right to sell or distribute intoxicating liquor or use a trademark, service mark, logotype, advertising or other commercial symbol related to intoxicating liquor.

For the purpose of this modification to the definition of dealership, define a "wholesaler" as a person, other than a brewer, manufacturer or rectifier, that sells alcohol beverages to a licensed retailer or to another person that holds a permit or license to sell alcohol beverages at wholesale. In addition, define "intoxicating liquor" as all beverages containing 0.5% or more alcohol by volume that are ardent, spirituous, distilled or vinous liquors, liquids or compounds, whether medicated, proprietary, patented or not (this definition of intoxicating liquor would include wine but not fermented malt beverages).

Specify that the expanded portion of the definition of a dealership would not apply to any of the following:

1. Dealerships in which a grantor, including any affiliate, division or subsidiary of the grantor, has never produced more than 200,000 gallons of intoxicating liquor in any year. [WFDA defines a "grantor" as a person who grants a dealership. In the case of intoxicating liquor dealerships, a liquor supplier would be a grantor.]

2. Dealerships in which: (a) the dealer's net revenues from the sale of all of the grantor's brands of intoxicating liquor, except wine, constitute less than 5% of the dealer's total net revenues from the sale of intoxicating liquor, except wine, for the dealer's most recent fiscal year preceding a grantor's cancellation or termination of the dealership; and (b) the dealer's net revenues from the sale of all of the grantor's brands of wine constitute less than 5% of the dealer's total net revenues from the sale of wine for the dealer's most recent fiscal year preceding a grantor's cancellation or alteration of the dealership. [WFDA defines a "dealer" as a person who is a grantee of a dealership. In the case of intoxicating liquor dealerships, a liquor wholesaler would be a dealer.]

Intoxicating Liquor Dealerships

Create a new section in WFDA with expanded provisions for the governance of certain intoxicating liquor dealerships in addition to the current law WFDA provisions covering such dealerships. Specify that the Legislature finds the following:

The Legislature finds that a balanced and healthy 3-tier system for distributing intoxicating liquor is in the best interest of this state and its citizens; that the 3-tier system for distributing intoxicating liquor has existed since the 1930s; that a balanced and healthy 3-tier system ensures a level system between the manufacturer and wholesale tiers; that a wholesale tier consisting of numerous healthy competitors is necessary for a balanced and healthy 3-tier system; that the number of intoxicating liquor wholesalers in this state is in significant decline; that this decline threatens the health and stability of the wholesale tier; that the regulation of all intoxicating liquor dealerships, regardless of when they were entered into, is necessary to promote and maintain a wholesale tier consisting of numerous healthy competitors; and that the maintenance and promotion of the 3-tier system will promote the public health, safety and welfare. The Legislature further finds that a stable and healthy wholesale tier provides an efficient and effective means for tax collection. The Legislature further finds that dealerships

between intoxicating liquor wholesalers and suppliers have been subject to state regulation since the enactment of the 21st Amendment to the U.S. Constitution and that the parties to those dealerships expect changes to state legislation regarding those dealerships.

Definitions

Specify that the following definitions apply to the new section on intoxicating liquor dealerships:

1. "Intoxicating liquor" and "wholesaler" have the meanings described above under "Definition of Dealership."
2. "Net revenues" means the gross dollar amount received from the sale of intoxicating liquor minus adjustments for returns, discounts and allowances.
3. "Wine" means products obtained from the normal alcohol fermentation of the juice or must of sound, ripe grapes, other fruits or other agricultural products, imitation wine, compounds sold as wine, vermouth, cider, perry, mead and sake, if such products contain 0.5% or more of alcohol by volume.

Liability of Transferee of Intoxicating Liquor Grantor

Specify that a "transferee" is considered a grantor for the purposes of WFDA and is bound by the grantor's dealerships with the grantor's wholesalers. For the purpose of this provision, define "transferee" as a person that acquires any asset or activity of a grantor's intoxicating liquor business and that uses the goodwill associated with the intoxicating liquor of the grantor. In addition, define "goodwill" to include the use of a trademark, trade name, logotype or other commercial symbol and the use of a variation of a trademark, trade name, logotype, advertisement or other commercial symbol.

Change in Ownership

For the purpose of this provision, define a "successor wholesaler" as a wholesaler that succeeds to the management, ownership or control of a wholesaler or all or any part of a wholesaler's business, whether by stock purchase, sale of assets, transfer or assignment of a brand which is the subject of a dealership agreement or otherwise.

Provide that a change in the management, ownership or control of a wholesaler or all or any part of a wholesaler's business is not good cause for a grantor to terminate, cancel, fail to renew or substantially change the competitive circumstances of its dealership with a successor wholesaler if the successor wholesaler meets the grantor's reasonable and material qualifications for wholesaler applicants in effect at the time of the change. Specify that if the successor wholesaler meets the grantor's reasonable and material qualifications for wholesaler applicants in effect at the time of the change, the successor wholesaler will succeed to the

dealership rights of the predecessor wholesaler and the grantor will continue to be bound by the dealership.

Nonapplicability and Severability

Specify that these provisions on intoxicating liquor dealerships are severable and do not apply to any intoxicating liquor dealerships that are specifically exempted from the expanded definition of a dealership (as described above under "Definition of Dealership").

Effective Date

Specify that these provisions would take effect retroactively to October 1, 1998.

Specify that these provisions would first apply to dealerships (as defined by WFDA and modified by these provisions) in effect on October 1, 1998, and to any cause of action under WFDA for which final judgement has not been entered on or before the day after publication of the bill.

Summary of Provisions

Similar to the Senate provisions, these provisions would extend the applicability of regulations on dealership practices to a broader spectrum of intoxicating liquor dealerships than those currently covered under WFDA. Both the Conference Committee and Senate provisions would extend the regulations to include all intoxicating liquor dealerships, whether or not there is a community of interest in the business of offering, selling or distributing goods or services at wholesale, retail, by lease agreement or otherwise. [However, both the Conference Committee and Senate provisions specify minimum volumes of business which must exist in a dealership relationship for the expanded provisions to apply.] In addition, both provisions would specify that a transferee of an intoxicating liquor grantor would be bound by a grantor's dealerships and that a successor wholesaler would generally succeed to the dealership rights of the predecessor wholesaler. The Conference Committee provisions would differ from the Senate provisions in areas including, but not limited to, the following:

(a) The provisions would prevent a grantor of an intoxicating liquor dealership from substantially changing the competitive circumstances of a *dealership agreement* without good cause, as opposed to a *relationship* under the Senate version.

(b) The provisions would include wine in the definition of intoxicating liquor, which the Senate provisions would not.

(c) The provisions would specify no modifications to WFDA with respect to actions available to a dealer to pursue perceived unlawful termination or change in a dealership by a supplier (the Senate provision would provide for an administrative hearing process under the Division of Hearings and Appeals).

(d) The provisions would not specify limitations on suppliers with respect to supply within certain geographic areas and the right to limit the supply of altered or new products, which the Senate provisions would do.

(e) The provisions would first apply to dealerships in effect on October 1, 1998, whereas the Senate provisions would apply to all relationships, regardless of when the relationships were entered into (subject to certain limitations related to volume of business).

It should be noted that, according to the Legislative Reference Bureau Drafter's Note, the retroactive application of these provisions may impermissibly impair contractual relationships in violation of certain sections of the Wisconsin Constitution and the United States Constitution. The Drafter's Note also suggests practical implementation problems with the retroactive application of these provisions.

Veto by Governor [F-4]: Delete the provisions that do the following: (a) include wine under the definition of intoxicating liquor; (b) define net revenues and reference net revenues from sales of wine [for the purpose of determining the applicability of these provisions]; (c) specify an October 1, 1998, retroactive effective date; and (d) specify the applicability of these provisions to any cause of action for which final judgement had not been entered on or before the day after publication of the bill. In addition, delete the provisions on liability of a transferee of an intoxicating liquor grantor and on change of ownership.

[Act 9 Sections: 2166e thru 2166s]

[Act 9 Vetoed Sections: 2166m, 2166s, 9358(7c) and 9458(3c)]

1999 WISCONSIN ACT 10

Sales Tax Rebate

1999 WISCONSIN ACT 10

Comparative Summary of Sales Tax Rebate Legislation

1. SALES TAX REBATE -- REBATE AMOUNTS AND APPROPRIATION

GPR	\$700,000,000
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Governor: Provide a sales tax rebate in Wisconsin on a one-time basis to be paid during 1999-00 at an estimated cost of \$700 million. Create a sum sufficient appropriation for this purpose. The rebate schedule is shown below.

<u>Wisconsin AGI</u>	<u>Married-Joint & Head-of-Household</u>	<u>Single & Married-Separate</u>
\$25,000 and Under	\$337	\$190
25,001 to 50,000	345	198
50,001 to 75,000	362	216
75,001 to 100,000	380	233
100,001 to 200,000	414	267
200,001 to 500,000	457	311
500,001 and Over	500	354

Assembly: Modify the sales tax rebate schedule so that married couples filing a joint return would receive a rebate under one schedule and single, head-of-household and married-separate claimants would receive a rebate under a second schedule, as shown below. In addition, modify the schedule so that the rebate and income amounts for single, head-of-household and married-separate claimants would equal one-half of the married-joint amounts, with the exception of the first income range.

<u>Married-Joint</u>		<u>Single, Head-of-Household and Married-Separate</u>	
\$25,000 and Under	\$368	\$25,000 and Under	\$188
25,001 to 50,000	376	25,001 to 37,500	197
50,001 to 75,000	394	37,501 to 50,000	207
75,001 to 100,000	414	50,001 to 100,000	226
100,001 to 200,000	452	100,001 to 250,000	249
200,001 to 500,000	498	250,001 and Over	273
500,001 and Over	546		

Senate/Legislature: Reduce the rebate amounts from the Assembly and Joint Finance version to the amounts shown below and allow taxpayers who were claimed as a dependent on another person's return to receive the rebate if the individual had income of \$5,000 or more and a state income tax liability in 1998.

Married-Joint		Single, Head-of-Household Married-Separate and Dependent	
\$25,000 and Under	\$360	\$25,000 and Under	\$184
25,001 to 50,000	368	25,001 to 37,500	193
50,001 to 75,000	385	37,501 to 50,000	203
75,001 to 100,000	405	50,001 to 100,000	221
100,001 to 200,000	442	100,001 to 250,000	244
200,001 to 500,000	487	250,001 and Over	267
500,001 and Over	534		

[Act 10 Sections: 1 and 4]

2. SALES TAX REBATE -- ELIGIBILITY AND CONDITIONS

Governor: Create the following eligibility requirements and conditions related to the sales tax rebate.

Eligibility, Calculation and Issuance Procedures. The following sections describe eligibility requirements and how the Department of Revenue (DOR) would calculate and issue the rebate for each category of recipient:

Residents Who Filed a 1998 Tax Return. Direct DOR to calculate and issue the rebate for full-year and part-year state residents automatically based on the individual's or married couple's filing status and AGI reported on their 1998 Wisconsin income tax return.

Resident Nonfilers Who Received a Homestead Credit in 1998. Direct DOR to calculate and issue the rebate automatically to those who filed a homestead credit form in 1998 but did not file a state income tax return. Direct DOR to calculate the rebate as if the individual's or couple's AGI is \$25,000.

Resident Nonfilers. Specify that a resident or part-year resident individual or couple who did not file a 1998 income tax return or homestead credit form by October 15, 1999, would be eligible to receive a rebate only if a claim is filed with DOR by June 30, 2000. Require DOR to prepare a form no later than 60 days after the effective date of the bill for this purpose. Specify that these individuals and couples would receive the minimum rebate for the appropriate filing status.

Dependents. Specify that taxpayers who were claimed as a dependent on another person's 1998 federal income tax return would not be eligible for the rebate.

Nonresidents. Specify that a nonresident of Wisconsin would be eligible to receive a rebate if a claim is filed with DOR no later than 30 days after the effective date of a the bill. Direct DOR to prepare a form for this purpose. Require nonresident claimants to document their sales taxes paid to Wisconsin in 1998 in order to receive the rebate. The documented amount must be at least \$20. The rebate would be calculated as 30.4% of the documented

amount up to a maximum rebate of \$354, which would apply to individual claimants as well as married couples.

Limitations and Conditions. The following limitations and conditions would apply to the sales tax rebate.

- Prohibit DOR from considering any adjustments or amendments to 1998 income tax returns that are made after October 15, 1999, in its calculation of the rebate.
- Specify that the rebate would first be applied against a debt that is owned to state agencies, municipalities, counties or for certified delinquent payments of child or family support, in the same manner as income tax refunds are currently applied under these offset provisions. Consider each spouse to have a 50% ownership interest in the rebate if only one spouse owes a debt.
- Allow DOR to enforce the rebate and take any action, conduct any proceeding and proceed as it is authorized in respect to income taxes under current law. Specify that the income tax provisions relating to assessments, refunds, appeals, collection, interest and penalties also apply.
- Allow married couples who filed joint returns to request a separate check for 50% of the joint rebate after the rebate has been issued but before the check, share draft or other draft has been cashed.
- Specify that the right to the rebate would lapse if DOR is unable to locate the individual or couple or if an issued check, share draft or other draft is not cashed by December 31, 2000.
- Specify that the rebates of residents who filed a 1998 income tax return or homestead credit claim and who become deceased after their tax returns or credit claims were filed would be paid to the claimant's estate.
- Provide that the provisions related to the sales tax rebate would not apply after December 31, 2000.

Assembly: Include the Governor's provisions with the following modifications:

Eligibility, Calculation and Issuance Procedures. Modify the eligibility requirements as follows.

Residents and Part-Year Residents Who Were Married to Nonresidents. Allow residents and part-year residents who were married to nonresidents to claim the rebate based on their Wisconsin AGI. However, the Assembly provision would still not allow part-year residents who were married to nonresidents who did not file an income tax return to receive the rebate.

Limitations and Conditions. Direct DOR to calculate the rebate for the family only of an individual who has been, or was, incarcerated in a state or federal prison during tax year 1998. In addition, prohibit DOR from sending any rebate checks to any state or federal prison facility.

Joint Finance: Specify that the rebate would be a "one-time rebate of nonbusiness consumer sales tax paid by individuals" rather than a "one-time sales tax rebate."

Eligibility, Calculation and Issuance Procedures. Modify eligibility, calculation and issuance procedures as follows.

Residents and Part-Year Residents Who Were Married to Nonresidents. Allow part-year residents who were married to nonresidents who did not file an income tax return to receive the rebate.

Nonresidents. Reduce the maximum rebate for nonresidents, from \$354 to \$273 to reflect the Assembly's reduced rebate amounts for single claimants. In addition, specify that a nonresident would not be eligible for a rebate if their spouse is eligible to receive a rebate.

Limitations and Conditions. Specify that the sales tax rebate would not be counted as income or an asset for the purposes of determining eligibility or benefits for the W-2 program, W-2 child care assistance and other state assistance programs in the month received and the following month. Direct the Department of Health and Family Services to seek a waiver from the federal government and amend its state plan to disregard the rebate in determining eligibility for medical assistance. In addition, specify that, to the extent allowed under federal law, state agencies must disregard the sales tax rebate as income or assets in determining eligibility or benefits under federal assistance programs.

Senate/Legislature. Include the Governor's and Finance Committee's provisions with the following modifications.

Eligibility, Calculation and Issuance Procedures. Modify the eligibility requirements as follows.

Dependents. Allow taxpayers who were claimed as a dependant on another person's federal income tax return in 1998 to receive the rebate if the individual had Wisconsin AGI of \$5,000 or more and a state income tax liability in 1998.

[Act 10 Sections: 4 and 6(1)]

3. PROPERTY TAX/RENT CREDIT

	Gov./JFC (Chg. to Base)	Legislature (Chg. to JFC)	Act 10 (Chg. to Leg.)	Net Change
GPR-REV	\$640,800,000	-\$411,000,000	\$411,000,000	\$640,800,000

Governor: Eliminate the property tax/rent credit (PTRC) beginning with the 1999 tax year. Compared to Act 9, this would increase general fund revenues by an estimated \$399.1 million in 1999-00 and \$241.7 million in 2000-01 for a total of \$640.8 million over the biennium.

Under Act 9, the PTRC would have been equal to 16.4% of the first \$2,000 in property taxes or rent constituting property taxes to a maximum credit of \$328 in 1999. For tax year 2000,

the PTRC would have been 10% of property taxes or rent to a maximum credit of \$200. The PTRC would have been eliminated beginning with the 20001 tax year.

Assembly/Joint Finance: Restore the PTRC beginning in tax year 2001 at 10% of property taxes or rent to a maximum of \$2,000, for a maximum credit of \$200. Restoring the PTRC in tax year 2001 would have no impact on revenues during the 1999-01 biennium.

Senate/Legislature: Restore the PTRC in 1999 and 2000 at 8.4% to a maximum of \$2,000 of property taxes or rent for a maximum credit of \$168. This would reduce income tax revenues by an estimated \$208.0 million in 1999-00 and \$203.0 million in 2000-01. The 10% PTRC for 2001 and thereafter as adopted by the Assembly and Joint Finance would be retained.

Veto by Governor: Eliminate the PTRC for tax years 1999 and thereafter. Compared to the enrolled bill passed by the Legislature, this would increase income tax revenues by an estimated \$208.0 million in 1999-00 and \$203.0 million in 2000-01.

[Act 10 Sections: 1m, 2, 2m and 3]

[Act 10 Vetoed Section: 2m]

4. SCHOOL LEVY TAX CREDIT

GPR	\$700,000
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Governor/Legislature: Delete the \$60,000,400 increase in the December, 2000, school levy tax credit created by the Governor's partial vetoes of Act 9. Since the payment of this credit would have been made in 2001-02, the repeal does not affect appropriations in the 1999-01 biennium. However, the closing balance of the general fund for 2000-01 under Act 9 included funding that the Governor indicated was intended to be carried into 2001-02 to make this payment. Under this provision, that carry-forward would not be needed.

Increase the 2000-01 sum sufficient appropriations for the homestead tax credit and farmland preservation credit by \$500,00 and \$200,000, respectively, to reflect the deletion of the expanded school levy tax credit.

[Act 10 Section: 5]

5. ADMINISTRATIVE FUNDING

GPR	\$2,357,500
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Governor/Legislature: Provide \$2,357,500 GPR to DOR in 1999-00 to administer the sales tax rebate. The following chart shows a breakdown of the components of the administrative costs.

Sales Tax Rebate Administrative Costs

Personnel	
Permanent salaries (for overtime)	\$240,400
LTE salaries	139,200
Fringe benefits	<u>65,500</u>
Subtotal	\$445,100
Administration	
Contract programming, InfoTech costs and other related expenses	\$241,900
Printing claim forms, envelopes, postage	702,400
Distributing rebate checks and related expenses	93,400
Furniture, rent and telephone expenses	67,200
Printing, storage, security and transportation of rebate checks	480,000
Processing rebate checks	<u>327,500</u>
Subtotal	\$1,912,400
TOTAL	\$2,357,500

[Act 10 Section: 7]

6. APPROPRIATION REDUCTIONS

Governor/Assembly/Joint Finance: No provision.

Senate/Legislature: Require the Secretary of the Department of Administration (DOA) to propose reductions in sum certain appropriations in any fund or reestimates of expenditures to be made from sum sufficient appropriations from the general fund for the 1999-01 biennium in an amount equal to \$410 million. Direct the Secretary to make this proposal no later than January 1, 2001, and to report these reductions and reestimates to the Joint Committee on Finance for passive review. Specify that if the cochairpersons of Joint Finance do not notify the Secretary of DOA that the Committee has scheduled a meeting for the purpose of reviewing the proposal within 14 working days, the Secretary would be required to lapse or transfer the amount of the proposed reductions to the general fund or reestimate the expenditures to be made from the sum sufficient appropriations. If the cochairpersons notify the Secretary of DOA within 14 working days that the Committee has scheduled a meeting, the Secretary would be required to lapse or transfer to the general fund or reestimate the amounts specified by Joint Finance.

Veto by Governor: Delete provision.

[Act 10 Vetoed Section: 6(2)]

STATE AGENCY BUDGET SUMMARIES

Administration Through Historical Society

ADMINISTRATION

Budget Summary							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$40,626,400	\$40,166,500	\$38,942,400	\$46,354,900	\$46,354,900	\$5,728,500	14.1%
FED	211,954,600	211,028,900	211,028,100	215,566,300	215,566,300	3,611,700	1.7
PR	490,208,600	504,998,300	510,461,500	506,463,900	505,848,200	15,639,600	3.2
SEG	<u>3,182,000</u>	<u>3,749,200</u>	<u>3,687,000</u>	<u>59,187,000</u>	<u>59,187,000</u>	<u>56,005,000</u>	1,760.1
TOTAL	\$745,971,600	\$759,942,900	\$764,119,000	\$827,572,100	\$826,956,400	\$80,984,800	10.9%

FTE Position Summary						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change
						Over 1998-99 Base
GPR	172.71	173.51	171.11	172.11	172.11	- 0.60
FED	68.41	65.41	65.41	68.41	68.41	0.00
PR	862.86	867.06	859.66	858.66	858.66	- 4.20
SEG	<u>13.20</u>	<u>6.70</u>	<u>6.70</u>	<u>6.70</u>	<u>6.70</u>	<u>- 6.50</u>
TOTAL	1,117.18	1,112.68	1,102.88	1,105.88	1,105.88	- 11.30

Budget Change Items

General Agency Provisions

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide adjustments totaling \$250,200 GPR, \$12,700 FED, -\$3,130,100 PR, and \$40,700 SEG in 1999-00 and \$257,300 GPR, \$16,400 FED, -\$3,130,100 PR, and \$40,700 SEG in 2000-01 and -3.0 positions (-1.0 FED and -2.0 PR) for: (a) turnover reductions (-\$150,900 GPR and -\$745,600 PR annually); (b) removal of non-continuing elements from the base (-\$35,700 FED and -\$4,921,300

Funding Positions		
GPR	\$507,500	0.00
FED	29,100	- 1.00
PR	- 6,260,200	- 2.00
SEG	<u>81,400</u>	<u>0.00</u>
Total	-\$5,642,200	- 3.00

PR annually, and -1.0 FED and -2.0 PR positions); (c) full funding of salary and fringe benefit costs (\$320,900 GPR, \$39,000 FED, \$1,818,900 PR, and \$39,300 SEG in 1999-00 and \$324,900 GPR, \$39,000 FED, \$1,818,900 PR, and \$39,300 SEG in 2000-01); (d) full funding of financial services charges (\$4,400 GPR, \$30,800 PR, \$1,000 SEG annually); (e) reclassifications (\$8,000 GPR and \$8,400 FED in 1999-00 and \$11,100 GPR and \$12,100 FED in 2000-01); (f) overtime (\$15,500 GPR and \$572,300 PR annually); (g) night and weekend differential (\$1,400 GPR and \$74,400 PR annually); (h) fifth vacation week as cash (\$23,300 GPR, \$1,000 FED, \$40,400 PR and \$400 SEG annually); (i) full funding of lease costs (\$27,600 GPR annually); and (j) minor transfer within the same appropriation (no net fiscal impact).

2. REQUIRED BASE LEVEL STATE OPERATIONS FUNDING LAPSE

	Funding Positions	
GPR	-\$406,000	- 0.20
FED	9,000	0.00
PR	48,400	0.20
Total	\$348,600	0.00

Governor/Legislature: Reduce base level funding by \$203,000 GPR annually and 0.2 GPR positions to make permanent a 2% annual lapse requirement imposed by 1997

Wisconsin Act 27. Annual reductions are made in the following programs: (a) DOA's general program operations appropriation (-\$120,900); (b) special and executive committees appropriation (-\$7,300); (c) Women's Council (-\$1,500); (d) Division of Hearings and Appeals (-\$30,500); (e) Office of Justice Assistance (-\$4,500); (e) Tax Appeals Commission (-\$8,300); and (f) Division of Housing (-\$30,000).

Also, provide increases of \$4,500 FED and \$24,200 PR annually and 0.2 PR positions to offset a portion of the required 2% GPR reduction. The increase of \$4,500 FED annually would be used by OJA to fund existing staff. The increase of \$24,200 PR annually and 0.2 PR positions would offset the reduction to DOA's general program operations GPR appropriation. Revenue for the PR increase comes from charges to other agencies for DOA services.

3. DEBT SERVICE REESTIMATES

GPR	\$156,800
PR	-4,078,900
Total	\$3,922,100

Governor/Legislature: Provide adjustments of \$21,700 GPR and -\$1,847,600 PR in 1999-00 and \$135,100 GPR and -\$2,231,300 PR in 2000-01 for debt service costs associated with state office building and other facility construction projects. The changes are for the following:

a. Funding increases (\$21,700 GPR in 1999-00 and \$135,100 GPR in 2000-01) associated with the principal and interest costs on bonding used for adapting for public use the Black Pointe Estate in Lake Geneva.

b. Funding decreases (-\$208,300 PR in 1999-00 and -\$204,900 PR in 2000-01) associated with the principal and interest costs for the financing of land acquisition for and construction of parking facilities in Madison. Total debt service for parking facilities would be

\$1,251,800 PR in 1999-00 and \$1,255,200 PR in 2000-01. Funding for the parking facility debt service costs are provided from charges assessed for parking in state-owned parking spaces in Madison.

c. Funding decreases (-\$1,639,300 PR in 1999-00 and -\$2,026,400 PR in 2000-01) associated with the principal and interest costs for the financing of the acquisition, construction, development, enlargement, or improvement of facilities housing state agencies. Total debt service costs for construction and remodeling costs associated with state office buildings managed by DOA would be \$9,509,600 PR in 1999-00 and \$9,122,500 PR in 2000-01. Funding for these debt service costs are provided from charges assessed state agencies for renting space in state office buildings.

4. REPEAL OF SEPARATE STATE PROSECUTORS OPERATIONS APPROPRIATION

Governor/Legislature: Repeal the sum certain GPR appropriation for the State Prosecutor's Office and instead include funding for that Office within the GPR sum certain general program operations appropriation for DOA. The 1998-99 base level funding for the office was \$203,500, which would be combined with DOA's general program operations that had 1998-99 base level funding of \$8,582,400 GPR.

[Act 9 Sections: 508 and 509]

5. CRIMINAL PENALTIES STUDY COMMITTEE

Governor/Legislature: Delete \$200,000 annually and 1.0 position to reflect termination of the activities of the Criminal Penalties Study Committee. This Committee was established by 1997 Wisconsin Act 283 to study the classification of criminal offenses and is required to submit its report not later than April 30, 1999. The Committee will complete its activities prior to the beginning of the next fiscal year.

	Funding Positions	
GPR	-\$400,000	- 1.00

6. BADGER STATE GAMES [LFB Paper 135]

Governor/Legislature: Provide \$25,000 annually to double the amount of annual funding provided for assistance to Badger State Games.

GPR	\$50,000
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7. REPEAL THE ENERGY DEVELOPMENT AND DEMONSTRATION PROGRAM AND MEDIATION OFFICE OPERATIONS APPROPRIATION

Governor/Legislature: Repeal the authorization for the energy development and demonstration program in DOA and the associated annual GPR appropriation. The program

was established to promote the development and demonstration of renewable energy resources available in Wisconsin and energy conservation methods appropriate for the state. The last time monies were provided to this appropriation was in fiscal year 1983-84.

Repeal the annual GPR appropriation for mediation office operations. The appropriation was established to fund a mediation office to assist in the resolution of disputes having statewide significance if a Governor elected to establish such an office by executive order. Funds were last appropriated for this activity in the 1985-87 biennium. In addition to repealing the mediation office operations appropriation, a DOA gifts and grants appropriation is modified to eliminate the reference to the office of mediation.

[Act 9 Sections: 109, 510, 530 and 531]

8. HOUSING -- OPERATION FRESH START REPLICATION FUNDING [LFB Paper 136]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$464,000	-\$464,000	\$0

Governor: Provide \$232,000 annually to the Division of Housing's grants to local housing organizations appropriation to fund replication of projects similar to Madison's Operation Fresh Start program. This program assists youth and adults (ages 16 to 24) with alcohol and other drug abuse problems, poor health and nutrition, low educational achievement, poor employment history, physical, sexual and emotional abuse or a criminal history to become self-sufficient. During the 1998-99 fiscal year, base level funding in the Division of Housing and WHEDA totaling \$530,000 was reallocated at the direction of the Governor to fund two Operation Fresh Start replication projects. The additional funding provided under the Governor's recommendation would support two more replication projects during the 1999-01 fiscal biennium.

Joint Finance: Delete the \$232,000 provided in each fiscal year for Operation Fresh Start replication projects from DOA and instead place the funds in the Joint Committee on Finance's GPR supplemental appropriation to be reserved for possible future release to the Division of Housing under s. 13.10 procedures, once the total actual funding commitments for these replication projects are known and have been secured.

Assembly: Modify Joint Finance provision by deleting \$92,000 annually of the amounts reserved in the Committee's appropriation for Operation Fresh Start replication projects and transferring the remaining balance (\$140,000 annually) from the Committee's appropriation to DOA's grants to local housing organizations appropriation. Under this modification, funding sufficient for four Operation Fresh Start replication projects annually would be provided, based on the current level of firm funding commitments to the program from other sources.

Senate/Legislature: Restore Joint Finance provision.

9. HOUSING -- ELIMINATE MAXIMUM AMOUNT FOR TRANSITIONAL HOUSING GRANTS [LFB Paper 137]

Governor: Eliminate the current \$50,000 individual grant maximum on awards under the transitional housing grant program. This program provides grants to counties, municipalities, community action agencies and private, nonprofit organizations to operate transitional housing and related supportive services for the homeless. The purpose of the program is to facilitate the movement of homeless persons to independent living. During the 1997-99 biennium, grants totaling \$900,000 were awarded under the program to 20 different agencies assisting the homeless.

Joint Finance/Legislature: Modify the Governor's recommendation by including a provision to direct the Division of Housing to ensure that transitional housing grant funds be reasonably balanced among geographic areas of the state, consistent with the quality of applications submitted.

[Act 9 Section: 64]

10. HOUSING -- TRANSFER MOBILE HOME REGULATORY PROGRAMS TO COMMERCE

Funding Positions		
PR-REV	- \$160,000	
PR	- \$142,300	- 3.00

Joint Finance/Legislature: Delete \$142,300 and 3.0 positions in 2000-01 from the mobile home park regulatory appropriation. Effective July 1, 2000, transfer 3.0 PR positions in the Division of Housing that are currently responsible for the regulation of mobile home parks and mobile home dealers to the Department of Commerce. Provide that the DOA incumbents would be transferred to Commerce with any rights and benefits previously earned. Repeal the program revenue mobile home appropriation, effective July 1, 2000, and transfer the unencumbered appropriation account balance to the safety and buildings operations program revenue appropriation under Commerce. The estimated reduction in DOA mobile home program revenue would be \$160,000 annually, beginning in 2000-01. [See the entry under "Commerce" for a description of the Commerce provisions.]

[Act 9 Sections: 64g, 64m, 64r, 544m, 9101(3x), 9201(2x) and 9410(5x)]

11. TRANSFER OF COMPUTER-RELATED SUPPLIES AND SERVICES FUNDS TO THE OFFICE OF THE GOVERNOR
[LFB Paper 466]

GPR	- \$250,000
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Joint Finance/Legislature: Delete \$125,000 annually from DOA's s. 20.505(1)(a) general program operations appropriation and increase the Office of the Governor's s. 20.525(1)(a) general program operations appropriation by an equal amount annually to reflect the transfer to that Office of base level funds currently budgeted under DOA for computer-related costs incurred by the Executive Office.

12. FREE BOOKS FOR ORGANIZATIONS [LFB Paper 138]

GPR	- \$200,000
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Joint Finance/Legislature: Repeal the free books for organizations program and delete funding of \$100,000 GPR annually.

[Act 9 Sections: 11d, 11n, 51m, 511d, 516m, 517m and 3261g]

13. PAYMENT OF REMAINING WISCONSIN SESQUICENTENNIAL COMMISSION EXPENSES

Assembly/Legislature: Create a SEG-funded continuing appropriation under DOA to be funded from residual Wisconsin Sesquicentennial Commission monies from gifts, donations and royalties that have been transferred to the historical legacy trust fund since October 1, 1998. Provide that the appropriation would be used for the payment of any Commission obligations that remain unpaid as of the effective date of the biennial budget act. Include a nonstatutory provision authorizing the Secretary of DOA to make appropriate adjustments to the amounts required to be transferred under current law from residual Commission balances to the transportation fund, if the Commission received more than a total of \$4,150,000 from license plate revenues. This provision would result in the transfer of an additional \$83,300 from the historical legacy trust fund to the transportation fund in 1999-00. [Under current law, the amounts received in excess of \$4,150,000 must be returned to the transportation fund from the historical legacy trust fund.] It is estimated that unpaid Commission obligations (primarily unpaid grant awards) will total at least \$393,000.

[Act 9 Sections: 11p, 528p and 9101(21g)]

14. UTILITY PUBLIC BENEFITS PROGRAM AND ADMINISTRATION

SEG-REV	\$55,500,000
SEG	\$55,500,000

Senate: Direct DOA, in consultation with a new Council on Public Benefits, to establish low-income energy assistance and energy conservation and efficiency services public benefit programs.

Public Benefits Program Elements

Low-Income Energy Assistance Programs. Create a program for awarding grants to be administered through DOA's Division of Housing to provide assistance to low-income households for weatherization and other energy conservation services, payment of energy bills and the early identification and prevention of energy crises. Specify that in each fiscal year, the amount awarded under the program for weatherization and other energy conservation services would have to be sufficient to equal 47% of the sum of the federal low-income weatherization and energy conservation funds received by the state, all revenues spent by continuing low-income programs established by utilities, all funds expended under this new DOA program and 50% of the public benefits funds received from municipal utilities.

Energy Conservation and Efficiency and Renewable Resources Programs. Create a program to be administered by DOA for awarding grants for energy conservation and efficiency services and for renewable resources programs directed at: (a) the least competitive sectors of the energy conservation and efficiency services market; and (b) promoting environmental protection, electric system reliability or rural economic development. Specify that 4.5% of the funds for this program be expended for renewable resources and 1.75% of the funds be used for research and development proposals. Require DOA to establish requirements and grant application procedures for grants by rule.

Program Administration

DOA Administrative Responsibilities. Provide that DOA's Division of Housing would have to contract with: (a) community action agencies, nonprofit corporations or local units of government to provide the low-income program services; and (b) with one or more nonprofit corporation to administer the energy conservation and related programs. Require that DOA, beginning in the 2004-05 fiscal year, determine whether to continue, discontinue or reduce any of the programs related to energy conservation and efficiency and renewable resources. Provide that DOA would have to determine the amount of funding necessary for the programs that are continued or reduced and notify the PSC of this funding determination.

Other DOA Duties. Direct DOA to encourage utility customers to make voluntary contributions to support public benefit programs. Specify that DOA would have to conduct an annual independent audit of the public benefits programs for submission to the Legislature and Governor.

Emergency Rules. Specify that DOA would have to promulgate emergency rules for the public benefits programs within 60 days of the general effective date of the biennial budget act and that draft permanent rules would have to be submitted to the Legislative Council within six months of the general effective date of the biennial budget act.

Council on Public Benefits. Create an 11-member Council on Public Benefits, attached to DOA and require DOA to consult with the Council in the development of public benefits programs.

Revenue Sources for Public Benefits Programs

Continuation of Existing Utility Funding. Direct the PSC to determine the amount that each major investor-owned electric or gas utility spent on public benefit programs in calendar year 1998 and require them to continue to collect such amounts through rates. Specify that for calendar years 1999, 2000 and 2001 utilities would have to phase over such revenue amounts from their programs to the DOA public benefits programs so that by 2002 the utilities would contribute the entire amount to DOA.

New Fees -- Collected by Investor-Owned Utilities. Specify that new public benefits fees would be set by DOA, by rule. For each individual customer, provide that the new fees would be capped, through June 30, 2008, at a 3% increase in the customer's total bill or \$750 per month, whichever is less.

For the low-income programs in 1999-00, provide that the fees must be sufficient to generate \$27 million minus one-half of the amount raised by municipal utilities and cooperatives. In subsequent years, provide that the amount to be raised would have to be the low-income need target amount minus: (a) one-half of the amounts raised by municipal utilities and cooperatives; (b) all federal funds received for low-income programs; and (c) all funds collected by utilities at the 1998 level of public benefit program expenditures by the utilities.

For the energy conservation and efficiency services program in 1999-00, require that the fees be sufficient to generate \$20 million minus one-half of the amounts raised by municipal utilities and cooperatives. After 1999-00, require that the portion of fees for this program be the same as determined for 1999-00, except DOA would be required to reduce the required funding level of the energy conservation public benefit programs if DOA determines to reduce the required funding level for such programs beginning in 2004-05.

New Fees -- Collected by Municipal Utilities and Cooperatives. Provide that municipal utilities and cooperatives would have to collect fees from their customers that average \$17 per electric meter per year. Specify that if such utilities did not choose to use the fees collected to support local "commitment to community" public benefits programs, the amounts collected would have to be remitted to DOA.

Federal Revenues. Provide that the amount of federal revenues received by the state for the existing federal funding amounts under the low-income weatherization assistance program and the low-income home energy assistance program would be included as part of the formula used to set the public benefit fees.

rules relating to public benefits programs during the period before the promulgation of permanent rules.

Revenue Sources for Public Benefits Programs

Continuation of Existing Utility Funding. Require the PSC to direct the phase-over of utility-funded public benefits programs to the new DOA public benefits programs during calendar years 2000, 2001 and 2002, rather than during 1999, 2000 and 2001.

New Fees -- Collected by Investor-Owned Utilities. Specify that for low-income programs, the initial fees collected in 1999-00 would be set at \$24,000,000, rather than \$27,000,000. Specify further, that the amounts collected for low-income programs (\$24,000,000, less one-half of the amounts collected from municipal utilities) and for energy conservation and efficiency programs (\$20,000,000, less one-half of the amounts collected from municipal utilities) would be reduced in proportion to the amount of time that has elapsed in 1999-00 before DOA has promulgated emergency rules setting the amount of fees that must be collected from the various utilities. Specify further that the amount of the "low-income need target" used to develop fee collection requirements for low-income programs in future fiscal years would be treated as if the full annual amounts for low-income programs had been collected.

New Fees -- Collected by Municipal Utilities and Cooperatives. Provide that municipal utilities and cooperatives would have to collect fees from their customers that average \$16 per electric meter per year rather than \$17 per meter. It is estimated that \$7 million annually would be collected under this provision.

State Fiscal Effect. DOA would have to set public benefits fees such that: (a) for low-income program in 1999-00, \$24 million would have to be collected (less one-half of any amounts raised by municipal utilities and cooperatives); and (b) for the energy conservation and efficiency services program in 1999-00, \$20 million would have to be collected (less one-half of any amounts raised by municipal utilities and cooperatives). Municipal utility and cooperative fee collections are estimated under the revised \$16 per electric meter per year provision to total \$7 million for all public benefits programs. Thus, in 1999-00 investor-owned utilities would be required to contribute a minimum of \$20.5 million to the utility public benefits fund for low-income programs and a minimum of \$16.5 million to the utility public benefits fund for energy conservation. However, the proposal would also require that the 1999-00 amounts be prorated to reflect the amount of time that elapses until DOA promulgates emergency rules governing the amount of fees to be collected in 1999-00. Assuming that such rules would be in place by January 1, 2000, total investor-owned utility collections for public benefits would be estimated to be \$18.5 million for the balance of the 1999-00 fiscal year.

Contribution rates for the 2000-01 fiscal year would have to be determined by DOA during the 1999-00 fiscal year. However, if it is assumed that they would be comparable to those set by this proposal for the 1999-00 fiscal year, additional contributions of \$37 million

from investor-owned public utilities in 2000-01 could be expected, representing a total of \$74 million of fee revenues for the 1999-01 biennium.

The amounts credited to the utility public benefits fund would actually be expended through the new sum sufficient appropriations to fund low-income assistance grants and energy conservation and efficiency grants. All revenues credited to the public benefits trust fund could be expended through the new sum sufficient appropriations for low-income assistance grants and energy conservation and efficiency and renewable resource grants. It is estimated that grant expenditures would amount to \$18.5 million SEG in 1999-00 and \$37.0 million SEG in 2000-01; however, the final expenditure amounts would be determined by the number and amount of grant applications actually received by DOA

[For a more complete description of utility public benefits programs as part of modifications to electric utility regulation ("Reliability 2000 Initiative"), see the description under "PSC -- Regulation of Electric Utilities: Reliability 2000 Initiative."]

Veto by Governor [F-1]: DOA Administrative Responsibilities. Delete the specific requirement that the low-income energy assistance public benefits program be established and administered "through the Division of Housing." Modify the definition of Division of Housing as used in connection with the utility public benefits program, so that the term "Division of Housing" means the Department of Administration. The effect of these partial vetoes is to eliminate any requirements that a specific administrative unit within DOA be responsible for the implementation of utility public benefits programs. As a result, the Secretary of DOA could determine how he or she wishes the Department to administer these programs.

Emergency Rules. Delete the requirement that the emergency rules regarding the collection of public benefits fees by utilities be promulgated no later than 60 days after the effective date of the biennial budget act.

[Act 9 Sections: 28at, 109m, 587b, 699m, 718b, 2334p and 9101(1zt), (1zu), (1zv) & (1zw)]

[Act 9 Vetoed Sections: 109m and 9101(1zu)]

15. AIR QUALITY IMPROVEMENT PROGRAM

Conference Committee/Legislature: Create a DOA air quality improvement program that provides grants to operators of electric power plants in western Wisconsin to support reductions of nitrogen oxide emissions that are necessary to comply with federal standards. Provide that the new grant program is only implemented if the DNR notifies DOA that it has issued a state implementation plan, in response to federal requirements, that require electric power plants in western Wisconsin to comply with nitrogen oxide emission reduction

requirements. Create in DOA a segregated, sum sufficient appropriation for the program and a new segregated fund for air quality improvement.

Require DOA, upon notification by DNR, to transfer up to \$2,500,00 annually to the air quality improvement fund from the appropriation for energy conservation and efficiency and renewable resource grants under the newly-created public benefits programs. In addition, require the PSC to collect up to \$2,400,000 annually from assessments of electric public utility affiliates to also be deposited in the fund. Funding from both sources could be decreased in accordance with the notice from the DNR that lesser amounts are needed. Provide that both sources of funding are authorized for up to 10 years.

Direct DOA to provide grants of up to \$4.9 million annually from the air quality improvement fund to generator public utilities or generator electric cooperatives that provide service in the western part of the state. Require DOA to promulgate rules for the program that include an identification of the reduction in nitrogen oxide emissions that will be achieved. Limit the maximum grant for any eligible public utility to \$500,000 annually. Authorize grant recipients to assign the grant to third parties if the grant recipient demonstrates to the satisfaction of DOA that an equivalent amount of nitrogen oxide emissions is achievable by the third party.

[For a more complete description of the new air quality improvement provisions, see the description under "PSC - Regulation of Electric Utilities: Reliability 2000 Initiative."]

[Act 9 Sections: 109no, 587d, 695g, 718d, 2336mt and 2554j]

16. HIGH-VOLTAGE TRANSMISSION LINE FEE DISTRIBUTIONS

Senate /Legislature: Create two continuing appropriations to provide funding to municipalities and counties where new high-voltage transmission lines, defined as those that operate at 345 kilovolts or more, are located. Require applicants for establishing new high-voltage transmission lines, as part of the PSC approval process, to pay to DOA an annual impact fee equal to 0.3% of the cost of the transmission line and a one-time environmental impact fee equal to 5% of the cost of the transmission line. Require DOA to distribute the impact fee revenue to municipalities (cities, villages and towns) through which the new transmission line is routed in proportion to the amount of investment in the facility in each municipality. Provide that DOA shall distribute 50% of the revenue from the environmental fee to counties and the other 50% to municipalities in proportion to the amount of investment in each county and municipality. Direct DOA to promulgate rules for the new fees.

[For a more complete description of the new high-voltage transmission fees and grants, see the description under "PSC - Regulation of Electric Utilities: Reliability 2000 Initiative."]

[Act 9 Sections: 114nm, 511n, 511r, 2335wf, 2335wh, 9101(1zu) and 9341(1zt)]

Information Technology

1. BUREAU OF JUSTICE INFORMATION SYSTEMS -- DISTRICT ATTORNEY AND INTEGRATED JUSTICE INFORMATION SYSTEM PROJECTS [LFB Paper 190]

	<u>Governor</u> <u>(Chg. To Base)</u>		<u>Jt. Finance/Leg.</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	Funding	Positions	Funding	Positions	Funding	Positions
PR-REV	\$0		-\$1,200,000		-\$1,200,000	
PR	\$9,789,200	0.00	-\$3,790,400	12.00	\$5,998,800	12.00

Governor: Provide \$4,894,600 annually for the Bureau of Justice Information Systems (BJIS) to complete information technology automation in all district attorneys' (DA) offices statewide and for other integrated justice information system projects. Program revenue would be provided from the following sources: (a) \$2,484,300 in 1999-00 and \$1,064,600 in 2000-01 from justice information system fee revenue; (b) \$1,600,000 annually from penalty assessment surcharge revenue; and (c) \$810,300 in 1999-00 and \$2,230,000 in 2000-01 from federal anti-drug enforcement and matching state penalty assessment revenues provided through DOA's Office of Justice Assistance (OJA). Base funding from all sources totals \$5,090,700 and 10.0 positions. In total, including base funds, the executive budget office indicates that \$6,080,000 annually would be budgeted for DA office automation and \$250,000 annually for integrated justice information system projects.

Create a separate, annual appropriation for justice information systems development, operation and maintenance funded from penalty assessment revenues, with the amounts appropriated transferred from OJA to BJIS. (See "Office of Justice Assistance" for further information on penalty assessment funding.)

As a nonstatutory provision, direct the Secretary of DOA to allocate \$363,900 in 1999-00 and \$1,782,000 in 2000-01 from OJA's federal anti-drug enforcement and matching state penalty assessment appropriations to fund the installation of equipment for automated justice information systems. Direct the Secretary of DOA to allocate \$446,500 annually from OJA federal anti-drug enforcement monies to fund the general operations of BJIS related to automated justice information systems.

Joint Finance/Legislature: Modify the provision as follows:

- a. Reduce funding by \$184,500 in 1999-00 and \$181,400 in 2000-01 to reflect the lower operating costs for BJIS as identified by DOA.
- b. Provide \$35,800 in 1999-00 and \$10,500 in 2000-01 to correct an error made in calculating costs of equipment necessary for DA LAN network infrastructure.
- c. Convert contracted DA LAN and case management staff support to state employees. Provide an additional 9.0 positions in 1999-00 and 12.0 positions in 2000-01 in BJIS and reduce funding by \$577,400 in 1999-00 and \$662,400 in 2000-01.
- d. Reduce funding by \$483,100 in 1999-00 and \$375,100 in 2000-01 to account for a delayed installation schedule for the DA LAN system.
- e. Delete \$623,300 in 1999-00 and \$749,500 in 2000-01 to provide a staff support ratio of approximately 61 to 1.
- f. Effective July 1, 2000, provide that \$2, rather than \$4, of the revenue from the justice information system fee be deposited to the BJIS justice information system fee appropriation. It is estimated that this provision would result in -\$1,200,000 PR-REV.
- g. Provide that \$1,200,000 in 2000-01 be provided from penalty assessment revenues, rather than justice information fee revenues.

Total funding for BJIS is \$4,649,500 and 19.0 positions in 1999-00 and \$4,524,100 and 22.0 positions in 2000-01. Funding and positions are divided as follows: (a) justice information system fee, \$3,919,700 in 1999-00 and \$1,300,000 in 2000-01 and 19.0 positions annually; (b) penalty assessment revenues, \$1,200,000 and 3.0 positions in 2000-01; and (c) Byrne anti-drug funds, \$729,800 in 1999-00 and \$2,024,100 in 2000-01.

In addition, specify that BJIS give priority to assisting counties that show the greatest need for additional assistant district attorney positions based on a weighted prosecutor caseload measurement formula developed by the state prosecutors office in the Department of Administration, unless such a county informs BJIS that it does not want to be given priority in receiving assistance.

Veto by Governor [D-8]: Delete the provision which requires that BJIS give priority to assisting counties that show the greatest need for additional assistant district attorney positions based on a weighted prosecutor caseload measurement formula developed by the state prosecutors office in the Department of Administration, unless such a county informs BJIS that it does not want to be given priority in receiving assistance.

[Act 9 Sections: 115, 517, 517e, 525x, 526, 539, 542, 9101(10g) and 9458(4m)]

[Act 9 Vetoed Section: 115]

2. STATE INFORMATION TECHNOLOGY SERVICES -- EXPENDITURE REESTIMATE
[LFB Paper 140]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$2,419,000	\$10,004,800	\$12,423,800

Governor: Provide \$1,209,500 annually to increase the supplies and services expenditure level in the Division of Information Technology Services continuing appropriation to reflect estimated expenditure levels for non-personnel operating costs, based on the amount by which expenditures for these purposes exceeded budgeted levels in 1997-98. Funding to support the increased expenditures would be provided from charges to state agencies for their use of state computer utility services.

Joint Finance: Modify the Governor's recommendation to provide an additional \$4,537,900 PR annually for increased supplies and services expenditure levels based on estimated 1998-99 expenditure levels. In addition, provide \$464,500 PR annually to provide funding for increased permanent property expenditures.

Senate: Convert the current general operations PR appropriation for the Division of Information Technology Services (DITS) from a continuing to an annual appropriation. Under an annual appropriation, an agency may expend up to the maximum amount appropriated. In contrast, under a continuing PR appropriation, the dollar amounts in the appropriations schedule are only estimates of the amount of funds that the agency expects to spend for these purposes and DITS may expend as much as the accumulated revenue in the appropriation level will allow.

Conference Committee/Legislature: Include Joint Finance provision.

3. STATE INFORMATION TECHNOLOGY SERVICES -- GIS PROPERTY ASSESSMENT
DATABASE PROJECT [LFB Paper 196]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$268,100	2.00	-\$268,100	-2.00	\$0	0.00

Governor: Provide increased expenditure authority of \$186,600 in 1999-00 and \$81,500 in 2000-01 and authorize 2.0 four-year project positions (geographic data professionals) in the Division of Information Technology Services continuing appropriation. These recommended resources would support a project to develop standardized geographic information system data for use by municipalities in assessing real property. The recommended funding would support the GIS staff and first year one-time permanent property costs (\$84,800 in 1999-00 and \$81,500 in

2000-01) and software purchase and licensing costs (\$101,800 in 1999-00). Funding for these expenditures would come from charges to state agencies for their use of state computer utility services.

Joint Finance/Legislature: Delete provision.

4. ADMINISTRATIVE SERVICES -- SOFTWARE LICENSING FEES

PR	\$300,000
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Governor/Legislature: Provide \$150,000 annually to pay for DOA biennial software licensing fees. The funding would be used for the licensing fees of software applications and operating systems for 850 workstations in the Department. Funding for these licenses are recovered through assessments of other DOA divisions for technology expenses incurred by Office of Computer Services in DOA's Division of Administrative Services.

5. INFORMATION TECHNOLOGY INVESTMENT FUND ADMINISTRATION [LFB Paper 580]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$242,600	\$0	-\$242,600
SEG	<u>242,600</u>	<u>- 62,200</u>	<u>180,400</u>
Total	\$0	-\$62,200	-\$62,200

Governor: Make adjustments of -\$121,300 GPR and \$121,300 SEG annually for the administrative costs of the information technology investment fund (ITIF), including costs of the vendor database and the VendorNet web site. In 1997 Act 27, a GPR appropriation for ITIF administration was created but this appropriation will sunset on June 30, 1999. The Governor recommends that SEG funding directly from the ITIF be used to support administrative costs in the 1999-01 biennium. Funding for the ITIF is generated from an annual fee charged vendors who wish to automatically be notified of state bids in particular commodity areas and to have on-line access to bid specifications and vendor information.

Joint Finance/Legislature: Reduce funding for ITIF administration by \$31,100 SEG annually. In addition, repeal the ITIF grants program, rename the ITIF to be the VendorNet fund and utilize funding from the renamed fund for VendorNet administration.

[Act 9 Sections: 81m, 528m, 697m, 717g, 717r and 9401(7g)]

transferred into the materials and services to state agencies appropriation. Recommended funding for this new appropriation (consolidated base level funding plus recommended increases) is \$50,356,800 PR in 1999-00 and \$51,377,900 PR in 2000-01). Revenues for these appropriations are generated by fees charged to agencies for services provided by DOA.

Provide that the unencumbered balances of the three appropriations to be consolidated (transportation services, printing, document sales, mail distribution and record services, and financial services) be transferred to the consolidated materials and services to state agencies appropriation on the general effective date of the budget bill and the dollar amount appropriated for the materials and services appropriation in 1999-00 be increased by the amount of the transferred unencumbered balances. Lastly, shift funding for the Treasurer's Office, previously provided out of the financial services appropriation, to be funded under the consolidated appropriation.

Joint Finance/Legislature: Delete provision.

2. STATE AGENCY SERVICES -- REPEAL RECYCLING ACTIVITIES [LFB Paper 723]

Funding Positions		
SEG	-\$264,000	- 2.50

Governor/Legislature: Provide a reduction of \$132,000 annually and 2.5 positions currently used for the development and enforcement of state procurement policy regarding recycled materials and supplies. The eliminated funds represent salary and fringe benefit costs for a procurement supervisor (-0.5 position), a procurement specialist (-1.0 position), and a program assistant (-1.0 position). The funding source for these positions is from the recycling fund. Revenues for this fund come from a temporary recycling surcharge on most businesses. This surcharge ends beginning with the tax years that end after April 1, 1999.

In addition to the funding reduction, repeal the following statutory requirements currently associated with DOA's resource recovery and recycling program: (a) the requirement to annually report to the Governor and to the chief clerk of each house of the Legislature on the program; (b) the requirement for agencies, authorities and participating local governmental units to biennially submit recommendations to DOA regarding the operation of the program; (c) the requirement for DOA to maintain a clearinghouse of information on recycled products available for purchase by governmental agencies; and (d) the requirement for DOA to annually submit a report to the Recycling Market Development Board regarding the activities of the program (under current law this last requirement would expire on June 30, 2001). The appropriation from the recycling fund to support these activities is also repealed. These repeals would all be effective on the general effective date of the budget bill.

[Act 9 Sections: 44, 84, 528, 1619, 1620 and 3262]

3. STATE AGENCY SERVICES TO NON-STATE GOVERNMENTAL UNITS -- EXPENDITURE REESTIMATE

PR	- \$300,000
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Governor/Legislature: Reduce base level funding by \$150,000 annually in the DOA appropriation established to cover the costs of providing services and purchase of state inventory for resale to non-state agency purchasers. DOA has an adjusted base spending level of \$1,489,800 annually to provide services to non-state governmental agencies (cities, villages, counties and school districts) under a cost recovery basis. Examples of such programs are vanpool programs to alleviate traffic congestion and the sale of surplus state and federal property. Funding for this program comes from the sale of services and inventory items that are provided to these non-state agency purchasers.

4. STATE AGENCY SERVICES -- INTEGRATED DOCUMENT SERVICES COST INCREASES [LFB Paper 146]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$2,662,400	- \$900,000	\$1,762,400

Governor: Provide \$953,500 in 1999-00 and \$1,708,900 in 2000-01 for operating cost increases and equipment purchases related to document services provided to state agencies as follows:

Operating Cost Increases. Provide \$861,800 in 1999-00 and \$898,600 in 2000-01 for increased operating costs associated with activities of the Bureau of Integrated Document Services. This Bureau is responsible for such services to state agencies as document sales and distribution, mail services, publishing services and the state records center. The funds would be used as follows: (a) \$346,500 annually for the U.S. Postal Service rate increase effective January 1, 1999; (b) \$324,600 annually for increased volume of mailings; (c) \$138,100 in 1999-00 and \$168,700 in 2000-01 for increased space costs due to building renovations and growth in state records center storage volume; and (d) \$52,600 in 1999-00 and \$58,800 in 2000-01 for increased mailing equipment maintenance.

Equipment Purchases. Provide one-time funding of \$91,700 in 1999-00 and \$810,300 in 2000-01 to purchase and upgrade equipment used for mailing, copying and records storage. The funds would be used as follows; (a) \$15,000 in 1999-00 for mail pre-sorter machine hardware; (b) \$25,000 in 1999-00 and \$325,000 in 2000-01 to replace and upgrade an inserter machine that automatically folds and inserts letter contents; (c) \$400,000 in 2000-01 for production copying equipment; and (d) \$51,700 in 1999-00 and \$85,300 in 2000-01 for increased records storage equipment.

Funding would be provided from charges assessed state agencies for the cost of purchased postage and the services provided to the agencies using the Bureau's services.

Joint Finance/Legislature: Modify the Governor's recommendation by deleting \$337,200 in 1999-00 and \$562,800 in 2000-00 associated with postage costs and mailing equipment no longer needed. Of the reduction, \$312,200 in 1999-00 and \$237,800 in 2000-01 is to reflect a lower estimate of DWD mailing costs. The remaining reduction of \$25,000 in 1999-00 and \$325,000 in 2000-01 is for a mail inserter that is being rebuilt in 1998-99 and therefore, the funding is no longer necessary.

5. STATE FACILITIES DEVELOPMENT -- INCREASED CONTRACT COSTS

PR	\$174,400
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Governor/Legislature: Provide \$58,100 in 1999-00 and \$116,300 in 2000-01 for increased contract costs for the supervision of a portion of the state building program. The Division of Facilities Development employs private contractors (rather than state employes) to supervise some of the state's construction projects and the increased contract funds provided represents a 6.3% increase annually over the current cost level for such services of \$922,800. The revenue source to support these increased expenditures comes from charges paid by the agencies as part of the building program.

6. STATE FACILITIES MANAGEMENT -- MADISON PARKING COSTS [LFB Paper 147]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$936,000	-\$690,000	\$246,000

Governor: Provide \$158,000 in 1999-00 and \$778,000 in 2000-01 for anticipated increased maintenance costs associated with state-operated parking facilities in Madison. The second year funding increase is primarily associated with the addition of state-operated parking spaces in the Block 89 project. Of the second year increased funding, \$612,000 is placed in unallotted reserve and subject to release by the State Budget Office. Funding would be provided from charges assessed state employes for parking in state-owned parking spaces in Madison.

Joint Finance/Legislature: Modify the Governor's recommendation by deleting \$39,000 in 1999-00 and \$651,000 in 2000-01 to reflect the elimination of funding for a parking operation associated with the Block 89 project due to the state's intent to sell its interest in the property.

7. STATE FACILITIES MANAGEMENT -- OPERATIONAL COSTS OF STATE BUILDINGS

PR	\$744,400
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Governor/Legislature: Provide \$242,800 in 1999-00 and \$501,600 in 2000-01 for increased maintenance and operation costs of state-owned buildings related to: (a) maintenance costs, including elevator maintenance, boiler testing, electricians, plumbers, snow removal, and other

maintenance (\$124,500 in 1999-00 and \$249,000 in 2000-01); (b) janitorial services contracts (\$92,000 in 1999-00 and \$184,100 in 2000-01); and (c) increased utility costs (\$26,300 in 1999-00 and \$68,500 in 2000-01). Funding would be provided from fees assessed state agencies for rental of space in state office buildings.

8. STATE FINANCIAL SERVICES -- ACCOUNTING AND PAYROLL SYSTEMS OPERATING COSTS

PR	\$1,566,800
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Governor/Legislature: Provide \$766,200 in 1999-00 and \$800,600 in 2000-01 for increased data processing charges which are associated with operation of the state accounting (WISMART) and payroll systems and for increased costs of programming services, provided by the Department's Division of Administrative Services for changes in the operating programs for these two systems. These systems are managed by the State Controller's Office. The funds would be used as follows: (a) \$486,200 in 1999-00 and \$520,600 in 2000-01 for increases in computer programming needs based upon actual services provided to agencies; and (b) \$280,000 annually to fund higher processing volume and provide new reporting services. Funding would be provided from charged assessed to state agencies for financial services provided by the State Controller's Office.

9. STATE FINANCIAL SERVICES -- WISMART MASTER LEASE COSTS

PR	-\$800,600
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Governor/Legislature: Provide a decrease of \$800,600 in 2000-01 to reflect a reduction in master lease payments as financing costs associated with the purchase and installation of WISMART (the state accounting system) are paid off. Beginning in 2000-01, the master lease debt incurred to establish the WISMART system will begin to be retired which will result in a reduced cost of \$800,600 in 2000-01. These master lease costs are paid from charges assessed state agencies for financial services provided by the State Controller's Office.

10. STATE TRANSPORTATION SERVICES -- VEHICLE REPLACEMENT AND AIRCRAFT OVERHAUL [LFB Paper 148]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Veto (Chg. to Leg.)	Net Change
GPR-Lapse	\$0	\$0	\$230,000	-\$230,000	\$0
PR	\$3,386,900	-\$687,000	-\$1,053,400	\$0	\$1,646,500

Governor: Provide \$1,175,500 in 1999-00 and \$2,211,400 in 2000-01 for vehicle replacements and aircraft engine and propeller overhauls. Utilizing base funding (\$6,657,900 annually) plus the requested increased funds, DOA would perform the aircraft overhauls and purchase 502 vehicles in 1999-00 and 511 vehicles in 2000-01. Of the total funding that would be

available with the addition of these funds, \$7,662,000 in 1999-00 and \$8,125,500 in 2000-01 would be used for purchase of replacement vehicles and \$171,400 in 1999-00 and \$743,800 in 2000-01 would be used for aircraft engine and propeller overhauls. Funding would be provided from charges assessed against state agencies for use of state vehicles and airplanes.

Of the increased expenditure authority for aircraft maintenance, \$27,000 in 1999-00 and \$660,000 in 2000-01 is one-time financing provided for maintenance on a Beechcraft King Air 200 aircraft subsequently identified by DOA for replacement. A request for funding of \$3.7 million in 1998-99 to replace the plane was approved by the Joint Committee on Finance under the s. 16.515 process in February, 1999.

Joint Finance: Delete \$27,000 in 1999-00 and \$660,000 in 2000-01 for aircraft maintenance which is no longer needed because the Joint Committee on Finance previously provided funding to purchase a replacement aircraft for the current Beechcraft King Air 200.

Assembly/Legislature: Delete \$513,900 in 1999-00 and \$539,500 in 2000-01 for the replacement of fleet vehicles. The savings is associated with the purchase 300 four-cylinder sedans and station wagons instead of six-cylinder sedans and station wagons.

Also, include a session law provision to require the Secretary of DOA to lapse to the general fund a total of \$230,000, not later than June 30, 2001, to reflect estimated savings generated from lower rates charged for lower cost vehicles purchased. The Secretary of DOA is directed to determine the savings from the fleet operations of DOA, DOT, DNR and UW-Madison and lapse the requisite amounts, equal to a total of \$230,000, from each of these agencies' fleet operations appropriations.

Veto by Governor [E-2]: Delete session law provision requiring the Secretary of DOA to lapse to the general fund a total of \$230,000 by June 30, 2001.

[Act 9 Vetoed Section: 9201(3m)]

11. STATE TRANSPORTATION SERVICES -- PURCHASE OF ADDITIONAL VEHICLES

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
PR	\$2,731,400	-\$461,300	\$2,270,100

Governor: Provide \$1,367,700 in 1999-00 and \$1,363,700 in 2000-01 for the purchase of 152 additional vehicles and to pay associated maintenance, fuel and insurance costs. The funds would be used as follows: (a) one-time funding of \$1,255,200 in 1999-00 to purchase 80 additional vehicles and of \$1,150,000 in 2000-01 to purchase 72 additional vehicles; (b) \$112,500 in 1999-00 and \$213,700 in 2000-01 for associated operating costs for these additional vehicles. The departments requesting additional vehicles include DOC (95 vehicles), DHFS (18 vehicles)

and Commerce (16 vehicles). Funding would be provided from charges assessed against state agencies for use of state vehicles.

Assembly/Legislature: Delete \$235,400 in 1999-00 and \$225,900 in 2000-01 for the purchase of 34 additional vehicles that were to be assigned to the Departments of Commerce and Health and Family Services.

12. CONSOLIDATION OF STATE VEHICLE FLEET MANAGEMENT FUNCTIONS [LFB Paper 149]

Governor: Require the Department to submit to the Co-chairs of Joint Finance Committee (JFC), for approval by the Committee, two implementation plans for consolidating certain state vehicle fleet management activities. Provide that the first implementation plan would be due at the fourth quarterly meeting in CY 1999 of the Committee under section 13.10, and would be for the consolidation of DNR vehicle fleet activities with corresponding DOA activities. Provide that the second implementation plan would be due at the third quarterly s. 13.10 Committee meeting in CY 2000 and would be for the consolidation of the DOT and UW-Madison vehicle fleet management activities with corresponding DOA activities. Create session law language specifying that JFC may disapprove, approve with modification, or approve one or both plans and that if approved, DOA is authorized to implement the plans on the date specified in the plans.

Provide that the respective plans could include provisions for DNR, DOT and/or the UW-Madison relating to vehicle fleet management functions for any of the following on the effective date specified in the plan:

- a. the transfer of all assets and liabilities from the respective agency to DOA;
- b. the transfer of all tangible personal property, including records from the respective agency to DOA;
- c. the transfer of all contracts of the agency from the respective agency to DOA with the provision that contracts that were in effect on the effective date of the bill would remain in effect until their specified expiration date or until they were rescinded or modified by DOA to the extent allowed in the contract;
- d. the transfer of all rules promulgated and orders issued by agency that were in effect on the effective date of the plan to DOA with the provision that they would remain in effect until their specified expiration date or until they were amended or repealed by DOA;
- e. the transfer of all pending matters and all materials submitted to the agency to DOA with the specification that all materials submitted to or actions taken by the respective agency concerning the pending matter would be considered as having been submitted to or been taken by DOA;

f. the transfer of any FTE positions of the agencies relating to its vehicle fleet management functions from the related agency to DOA, with an identification of the numbers, revenue sources and types of the positions to be transferred; and

g. the transfer to DOA of any incumbent employees holding those positions with the specification that any employees transferred would retain all employment rights and status they held prior to the transfer and that no transferred employee who had attained permanent status in the classified service would be required to serve a new probationary period.

Require that DNR, DOT and the UW Board of Regents to submit, as a part of their 2001-03 biennial budget request, information reflecting any savings incurred from any consolidation of vehicle fleet management functions approved under these provisions. Finally, direct that these agencies fully cooperate with DOA in implementing any plan approved by the Joint Committee of Finance.

Joint Finance: Delete provision. Instead, direct DOA to conduct a study of the possible consolidation of these separate fleets, or other changes in fleet operations. Require DOA to submit the results of the study, including estimates of possible savings from consolidation, and suggested language to the Joint Committee on Finance upon completion of the study. Also, include a session law requirement that the UW-Board of Regents direct the UW-Madison administration to cooperate with DOA on this study.

Assembly/Legislature: Delete the Joint Finance provision and restore the Governor's proposal.

Veto by Governor [E-1]: Delete the December, 1999, deadline for submission of DNR consolidation plan to the Joint Committee on Finance. The Governor's veto message indicates that the Secretary of DOA will present the DNR consolidation plan at the first regular meeting of the Committee in calendar year 2000 (March).

[Act 9 Section: 9158(1d)]

[Act 9 Vetoed Section: 9158(1d)]

13. RISK MANAGEMENT PROGRAM -- CLAIMS PAYMENTS REESTIMATE

PR	- \$350,000
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Governor/Legislature: Adjust estimated risk management claims payments by -\$425,000 in 1999-00 and \$75,000 in 2000-01 to reflect the following program changes: (a) an increase of \$200,000 in 1999-00 and \$400,000 in 2000-01 to increase total estimated property claims payments to \$2,800,000 in 1999-00 and \$3,000,000 in 2000-01; (b) a increase of \$900,000 in 1999-00 and \$1,100,000 in 2000-01 to increase total estimated liability claims payments to \$6,400,000 in 1999-00 and \$6,600,000 in 2000-01; (c) an increase of \$100,000 in 2000-01 to reflect total estimated workers compensation claim payments of \$10,425,000 in 1999-00 and \$10,525,000 in 2000-01; (d)

a decrease of \$1,525,000 annually to reduce total estimated claims payments associated with hazardous waste cleanups to \$275,000 annually. Funding would be provided from charges assessed state agencies for the operation of the self-insured state risk management program.

14. RISK MANAGEMENT PROGRAM -- REALLOCATION OF EXPENDITURE AUTHORITY

Governor/Legislature: Transfer \$175,000 in expenditure authority from the workers compensation claims appropriation account to the Risk Management Division's administrative appropriation. Previously accounted for as claims, these are costs assessed by DWD's Worker's Compensation Division to the state that are currently charged to the claims appropriation for DWD's provision of regulation, hearings and appeals of disputed claims and technical assistance for state employe worker's compensation cases. The Legislative Audit Bureau recommended treating these costs as administrative costs rather than claims costs. According to DOA, this will have no effect on premiums charged to state agencies, but may affect the relative portion paid by individual agencies.

15. REPORT ON MULTI-STATE ELECTRONIC PROCUREMENT

Joint Finance/Legislature: Require DOA to report to the Joint Committee on Finance by December 31, 1999, regarding the operation of multi-state electronic procurement systems. Provide that the report shall address the following issues: (a) the current status of multi-state electronic procurement systems available for potential use by the state; (b) the estimated costs and benefits of Wisconsin use of multi-state electronic procurement systems; and (c) funding and statutory changes that would be required for Wisconsin participation in such a system.

[Act 9 Section: 9101(18w)]

16. FEDERAL RESOURCE ACQUISITION SUPPORT GRANTS

GPR	\$100,000
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Joint Finance/Legislature: Provide \$100,000 in 1999-00 for DOA to provide a grant to an organization that contracts with the state to operate the federal resources acquisition program. In addition, funding of \$100,000 GPR in 2000-01 is placed in the Joint Committee on Finance's supplementary GPR appropriation for release to the new grant appropriation under s. 13.10 upon submittal to the Committee of a long-term financial plan for the federal resource acquisition program.

The grant would be intended for the Wisconsin Technical College System Foundation, which is a non-profit organization that currently contracts with DOA to operate the program. The purpose of this program is to make federal surplus property available to eligible organizations in the state at low cost. Eligible recipients include any governmental agency as well as non-profit, tax-exempt health or educational institutions. The program was intended to

be self-sufficient but has frequently been unable to generate sufficient revenues to meet the costs of operating the program.

[Act 9 Sections: 117m, 511h and 9101(18d)]

17. MILITARY MUSIC FOUNDATION GRANT

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
PR	\$85,300	-\$85,300	\$0

Assembly/Legislature: Provide one-time funding of \$85,300 in 1999-00 to the Heritage Military Music Foundation for a building improvement grant for its building in Watertown. The improvements would be to install adequate security and fire protection equipment for the building. The Heritage Military Music Foundation would be authorized to request DOA's review of the building improvement estimate, and upon approval, the Department would make the grant for the improvement. A new appropriation would be created and funded from DOA's capital planning and building construction services appropriation and the new appropriation would be repealed on July 1, 2001. The revenues for the new appropriation would be derived from a transfer of \$85,300 in 1999-00 from the total amount appropriated in 1999-00 for Division of Facilities Management (DFM) general operations appropriation. Revenues for this appropriation come from assessments on state agencies for the cost of DFM provision of building construction and capital planning services.

Veto by Governor [E-11]: Delete provision.

[Act 9 Vetoes Sections: 105e, 105f, 172 (as it relates to s. 20.505(1)(kw)), 520m, 520n, 527s, 527t and 9401(7h)]

18. SALE OF STATE-OWNED WATER TREATMENT FACILITIES

Assembly: Authorize DOA to sell any state-owned water purification or wastewater treatment plant if the Department determines that the sale is appropriate. Provide that such sales may be on the basis of public bids, with DOA retaining the right to reject any bids, or on the basis of negotiated prices.

Require that, when a facility is sold, the Department deposit the net proceeds in the fund or funds from which the acquisition, construction or repair of a plant was financed, or was to be financed had the state retained ownership, except that, if there is any outstanding public debt associated with the acquisition, construction or repair of the plant, DOA shall first deposit a sufficient amount of the net proceeds into the Building Commission's bond security and redemption fund to repay the principal and interest on the remaining debt, and any premium due upon refunding of the debt.

Also, create a session law requirement for DOA to conduct a study of the feasibility and desirability of selling, leasing or forming public-private partnerships to operate the water purification and wastewater treatment plants owned by the state. Require that the report include options available to the state with respect to such sale, leasing or operational agreements and direct that the study be submitted to the Legislature no later than December 31, 2000.

Conference Committee/Legislature: Provide only for a session law requirement for DOA to study the feasibility and desirability of selling, leasing or forming public-private partnerships to operate the water purification and wastewater treatment plants owned by the state. Require that the report include options available to the state with respect to such sale, leasing or operational agreements and direct that the study be submitted to the Legislature no later than December 31, 2000.

[Act 9 Section: 9101(20m)]

Division of Gaming

1. TRIBAL GAMING REVENUE ALLOCATIONS [LFB Papers 157 thru 175]

Governor: Create a program revenue appropriation to receive all state receipts relating to Indian gaming, less the amounts appropriated to DOA for general program operations relating to Indian gaming and the Department of Justice for Indian gaming law enforcement. Modify the statutory definition of "Indian gaming receipts" to include monies received by the state from Indian tribes pursuant to an Indian gaming compact, except monies received as direct reimbursements to the Department of Justice. Allocate, from the newly-created appropriation, \$20,605,700 PR in 1999-00 and \$22,134,400 PR in 2000-01 for a variety of purposes (not including regulation and enforcement). The revenue derives primarily from tribal gaming revenue provided to the state under state-tribal gaming compact amendments. Under the recently signed compact amendments, each tribe will make additional annual payments to the state, not required under the original compacts, over a five-year period. The amounts vary by tribe and reflect the variation in total net revenue among the tribes. Revenue provided to the state is estimated to total \$21.5 million in 1999-00 and \$24.0 million in 2000-01. The following table shows state revenue for fiscal years 1998-99 through 2003-04.

PR-REV	
1998-99	\$172,500
1999-00	21,538,700
2000-01	<u>24,025,000</u>
Total	\$45,736,200

Tribe or Band	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
Bad River ¹	\$172,500	\$230,000	\$230,000	\$230,000	\$230,000	\$57,500
Ho-Chunk	0	6,500,000	7,500,000	7,500,000	8,000,000	8,000,000
Lac Courte Oreilles ²	0	420,000	420,000	420,000	420,000	420,000
Lac du Flambeau ³	0	0	738,900	738,900	738,900	738,900
Menominee ^{2,3}	0	0	747,371	747,371	747,371	747,371
Oneida ⁴	0	4,850,000	4,850,000	4,850,000	4,850,000	4,850,000
Potawatomi	0	6,375,000	6,375,000	6,375,000	6,375,000	6,375,000
Red Cliff ⁵	0	64,685	64,685	64,685	64,685	64,685
Sokaogon ²	0	258,000	258,000	258,000	258,000	258,000
St. Croix	0	2,191,000	2,191,000	2,191,000	2,191,000	2,191,000
Stockbridge-Munsee	0	650,000	650,000	650,000	650,000	650,000
Total	\$172,500	\$21,538,685	\$24,024,956	\$24,024,956	\$24,524,956	\$24,352,456

¹ Bad River Band makes quarterly payments instead of annual payments; based on the compact's term, three quarterly payments will be made in 1998-99 and one quarterly payment will be made in 2003-04.

² The Lac Courte Oreilles, Menominee and Sokaogon agreements contain an escalator payment clause that provides for an additional 1% payment to the state (\$4,200 for the Lac Courte Oreilles, \$7,473 for the Menominee and \$2,580 for the Sokaogon) for each 1% increase in net win in the base year for which the payment applies as compared to the net win in the immediately preceding base year.

³ The Lac du Flambeau and Menominee make their final annual payments under the current compact amendments in 2004-05.

⁴ The Oneida agreement specifies a total annual payment to the state of \$5,400,000, adjusted by a reduction of \$550,000 in direct recognition of existing municipal service agreements (for a net payment of \$4,850,000).

⁵ The Red Cliff agreement includes a provision that, if net revenue is less than \$3,000,000 for any one-year period, the tribe may petition the state to reduce its payment.

Eight of the 11 amended agreements contain government-to-government memoranda of understanding (MOU) relating to the use of the additional payments. While the MOU have some significant differences, their most important common element is a provision that the Governor must undertake his best efforts, within the scope of his authority, to assure that monies paid to the state under the agreements are expended for specific purposes. In most of the MOU, the specified purposes include: (a) economic development initiatives to benefit tribes and/or American Indians within Wisconsin; (b) economic development initiatives in regions around casinos; (c) promotion of tourism within the state; and (d) support of programs and services of the county in which the tribe is located. Several of the MOU add a fifth purpose relating to either law enforcement or public safety initiatives on the reservations.

The executive budget summary terms the Governor's allocation package the "Native American Gaming Initiative." The initiative would allocate tribal gaming revenues to 14 state agencies in 31 program areas. These allocations are listed in the following table. Each item is also summarized in greater detail, including any modifications to position authority, under the respective agency summaries.

In two instances (items 25 and 30), one-time funding is provided under the bill. In one instance (item 28), the appropriation structure for the use of the tribal gaming revenue would be established, but no tribal gaming funding would be provided in the 1999-01 biennium. For one provision (Item 7), a technical modification to the bill is required because funding for this purpose is not reflected in the DHFS budget. Finally, in some areas, the tribal gaming revenue would supplant or otherwise affect, in whole or in part, existing funding. These instances are explained in the footnotes to the table.

Tribal Gaming Revenue Allocations -- Governor

<u>Department</u>	<u>Program Revenue</u>		<u>Purpose</u>
	<u>1999-00</u>	<u>2000-01</u>	
1. Administration -- Office of Justice Assistance	\$200,000	\$600,000	Tribal law enforcement assistance grant program.
2. Arts Board	25,200	25,200	Grants-in-aid to, or contracts with, American Indian individuals or groups for services furthering the development of the arts and humanities.
3. Commerce	2,500,000	3,000,000	Gaming economic development grants and loans, including grants to Brown County to support construction of a new arena.
4. Commerce	0	2,500,000	Gaming economic diversification grants and loans
5. Commerce ¹	388,700	388,700	Physician Loan Assistance Program (PLAP), Health Care Provider Loan Assistance Program (HCPLAP) and a related contract.
6. Commerce ¹	100,700	100,700	Native American liaison, economic development liaison and technical assistance grants.
7. Health and Family Services	2,055,000	2,115,000	Tribal MA outreach positions, matching funds for federally qualified health centers and a contingency fund for BadgerCare premiums of Native American Families.
8. Health and Family Services ¹	920,000	920,000	Health services: tribal medical relief block grants (\$800,000 PR annually) and cooperative American Indian health projects (\$120,000 PR annually).
9. Health and Family Services ¹	771,600	771,600	Social services: Indian substance abuse prevention education (\$500,000 PR annually) and Indian Aids (\$271,600 PR annually).
10. Health and Family Services ²	250,000	250,000	Compulsive gambling awareness campaign grants.
11. Higher Education Aids Board ¹	779,800	779,800	Indian student assistance grant program for Native American undergraduate or graduate students.

<u>Department</u>	<u>Program Revenue</u>		<u>Purpose</u>
	<u>1999-00</u>	<u>2000-01</u>	
12. Higher Education Aids Board	\$400,000	\$400,000	Wisconsin Higher Education Grant (WHEG) program for tribal college students.
13. Historical Society ¹	170,100	170,100	Operation of Northern Great Lakes Center as an historic site.
14. Justice ³	758,900	758,900	County-tribal law enforcement programs: local assistance (\$708,400 annually) and state operations (\$50,500 annually).
15. Justice	81,100	93,700	Indian law unit for Indian-related litigation.
16. Natural Resources ⁴	2,000,000	2,000,000	Transfer to the fish and wildlife account of the conservation fund.
17. Natural Resources	1,000,000	1,000,000	Nonpoint program cost-share grants to landowners.
18. Natural Resources ⁵	669,000	619,000	Snowmobile enforcement program.
19. Natural Resources ¹	120,000	120,000	Nonpoint grants and local assistance to the Oneida Nation.
20. Natural Resources ¹	109,700	109,700	Management of state fishery resources in off-reservation areas where tribes have treaty-based rights to fish.
21. Natural Resources	0	250,000	Management of an elk reintroduction program.
22. Natural Resources ⁶	100,000	100,000	Payment to the Lac du Flambeau Band relating to certain fishing and sports licenses.
23. Natural Resources ¹	10,000	10,000	Spearfishing enforcement aids.
24. Natural Resources	81,000	131,000	Mandatory snowmobile education program.
25. Natural Resources	0	300,000	One-time grant to the Town of Swiss in Burnett County and the St. Croix Band for a drinking water study.
26. Public Instruction ⁷	198,000	203,000	Alternative schools operating American Indian language and culture education programs.
27. Tourism	4,000,000	4,000,000	Tourism marketing, including grants to nonprofit tourism promotion organizations.
28. University of Wisconsin System	0	0	Ashland full-scale aquaculture demonstration facility: debt service payments and operational costs.
29. Veterans Affairs	66,900	68,000	American Indian services coordinator project position and grants to assist American Indians in obtaining federal and state veterans benefits.

<u>Department</u>	<u>Program Revenue</u>		<u>Purpose</u>
	<u>1999-00</u>	<u>2000-01</u>	
30. Wisconsin Housing and Economic Development Auth.	\$2,500,000	\$0	One-time funding to guarantee loans to small businesses located in, or adjacent to, counties with tribal casinos.
31. Workforce Development	<u>350,000</u>	<u>350,000</u>	Vocational rehabilitation services for Native American individuals and tribes or bands.
Total	\$20,605,700	\$22,134,400	

- ¹ Would eliminate GPR funding and provide an identical amount of gaming revenue for the same purpose.
- ² Would eliminate PR lottery and racing revenue funding and provide tribal gaming revenue in a greater amount for the same purpose.
- ³ Would eliminate GPR and PR penalty assessment funding and provide an identical amount of gaming revenue for the same purpose (funding provided in budget bill reflects an increase previously approved under s. 16.515 of the statutes after the adjusted base was established).
- ⁴ Would increase revenue for fish and wildlife account, possibly holding down fee increases or preventing certain program reductions.
- ⁵ Would eliminate GPR and SEG funding and provide an identical amount of gaming revenue for the same purpose.
- ⁶ Would supplant SEG funding (fish and wildlife account) currently used for this purpose.
- ⁷ Would eliminate GPR funding and provide gaming revenue in a greater amount for the same purpose.

Under the Governor's provisions, the tribal gaming program revenue appropriation would have an estimated balance of \$633,300 on June 30, 2001.

Joint Finance: Allocate \$20,595,100 PR in 1999-00 and \$22,534,200 PR in 2000-01 from tribal gaming revenue. These allocations total \$10,600 less in 1999-00 and \$399,800 more in 2000-01 than under the bill. Modify the Governor's recommendations, as follows:

a. *Administration: Management Assistance Grant Program.* Create a management assistance grant program, administered by DOA, to provide financial assistance to counties to fund public safety, public health, public infrastructure, public employee training and economic development expenditures. Provide that grants be awarded, subject to the availability of funds, to counties that meet the following criteria: (1) the county does not contain any incorporated municipalities; (2) the county has a geographic area of less than 400 square miles; (3) the county submits a detailed expenditure plan that identifies how the funds are proposed to be expended and how those expenditures meet the program's goals; and (4) the county maintains its financial records in accordance with accounting procedures established by DOR. Establish the grant amount for each eligible county at \$500,000, annually. Create an appropriation to make grants under the program. Place \$1,000,000 in tribal gaming revenues in the PR appropriation of the Joint Committee on Finance to be transferred under s. 13.10 to the management assistance grant program appropriation upon request by DOA and a finding that a county has met the eligibility criteria of the grant program.

b. *Administration--Office of Justice Assistance: Tribal Law Enforcement Assistance* [LFB Paper 160]. Provide \$175,000 PR annually to the Stockbridge-Munsee tribe for a public safety initiative, and \$150,000 PR annually to the St. Croix Chippewa tribe to develop law enforcement capacity on reservation lands to be administered by the Office of Justice Assistance (OJA) under the newly-created tribal law enforcement assistance grant program. Correct a statutory reference in the bill. Exempt the procedures for administering the tribal law enforcement program from the administrative rule process.

c. *Administration--Office of Justice Assistance: County Law Enforcement Grant Program*. Provide \$250,000 PR annually and create a county law enforcement grant program, to be administered by OJA, under which counties may receive no more than \$50,000 annually. Provide that counties that fulfill all of the following requirements would be eligible to receive funds: (a) the county borders a federally-recognized Indian reservation in Wisconsin; (b) the county does not receive a grant from the Department of Justice's cooperative county-tribal law enforcement program for each of the tribes that border the county; (c) the county demonstrates a need for law enforcement services; and (d) the county submits an application and proposed plan to OJA that shows how the county would use the grant monies for law enforcement services.

d. *Commerce: Gaming Economic Development and Diversification Grants* [LFB Paper 161]. Make the following modifications to the gaming economic development and diversification grant and loan programs:

1. Provide an additional \$2,000,000 PR in 1999-00 for economic development grants and loans.
2. Require Commerce to make annual grants of \$1 million to the City of Milwaukee for a matching grant program administered by the Milwaukee Economic Development Corporation for remediation and economic redevelopment activities in the Menomonee Valley.
3. Require Commerce to make annual grants of \$150,000 to the Northwest Regional Planning Commission to match federal or private funds to establish a community-based venture fund. Require Commerce to release \$1 of state funding for each \$2 of federal or private matching funds.
4. Require that businesses in all counties be eligible for gaming economic development and diversification grants and loans.
5. Create program revenue repayments appropriations as annual.
6. Specify that Native American businesses are eligible for grants and loans.
7. Require Commerce to make a grant of \$299,800 from the gaming economic development grants and loans appropriation to a city that was required to replace its city well because of federal highway construction.

e. *Commerce: Native American Economic Development Liaison* [LFB Paper 285]. Provide \$9,000 PR annually to the appropriation for a Native American economic development liaison to reflect increased administrative service charges related to the transfer of administrative positions to the Administrative Services Division's program revenue charge-back appropriation.

f. *Health and Family Services: Indian Health Program Funding* [LFB Paper 163]. Modify the Governor's recommendations relating to Indian health program funding as follows: (a) provide \$183,700 PR in 1999-00 and \$245,000 PR in 2000-01 to be used as the state match to support MA-funded tribal outreach activities; (b) provide \$300,000 PR in 1999-00 and \$400,000 PR in 2000-01 in the Joint Committee on Finance's supplemental appropriation as a contingency fund for BadgerCare premiums and require DHFS to submit a request for the release of these funds, under a 14-day passive review process once DHFS receives a written decision from the federal Health Care Financing Administration (HCFA) on whether Native Americans would be required to pay premiums under the BadgerCare program; and (c) provide \$825,000 PR annually as the state match for MA services provided by tribal federally qualified health centers (FQHCs) and delete a corresponding amount from the GPR MA benefits appropriation. Provide \$450,000 PR annually in the Committee's supplemental appropriation to support a new tribal grant program. Direct DHFS to establish criteria for distributing grants to tribal health clinics and to take into account each tribe's financial need, available resources and other demographic health status indicators in developing a distribution formula. Specify that these grants would support health care services of tribal members that are purchased or provided by tribal health clinics. Require DHFS to submit a request for the release of this funding that specifies the distribution formula that would be used for awarding these grants, under 14-day passive review, by September 1, 1999.

g. *Historical Society: Northern Great Lakes Center* [LFB Papers 158 and 575]. Delete the provision that the Society would operate and maintain the Northern Great Lakes Center as an historic site.

h. *Justice: County-Tribal Law Enforcement* [LFB Paper 165]. Transfer 100% of the unencumbered balance of the county-tribal programs -- surcharge receipts appropriation to a newly-created penalty assessment appropriation under OJA.

i. *Justice: Indian Litigation* [LFB Paper 159]. Delete \$81,100 PR in 1999-00 and \$93,700 PR in 2000-01 and 2.0 PR positions annually and associated appropriation language relating to an Indian law unit in the Department of Justice.

j. *Natural Resources: Fish and Wildlife Account Funding* [LFB Paper 166]. Delete the increases in hunting and fishing licenses recommended by the Governor. Transfer an additional \$500,000 PR annually (for a total of \$2.5 million annually) to the fish and wildlife account of the conservation fund.

k. *Natural Resources: Nonpoint Grants* [LFB Paper 159]. Delete \$1,000,000 PR annually for nonpoint cost-share grants to landowners.

q. *UW System: Aquaculture Center* [LFB Paper 172]. Require the Board of Regents to submit to the Joint Committee on Finance, for its approval under s. 13.10 of the statutes, a plan for the construction and operation of the proposed aquaculture facility including: (1) a description of the physical characteristics of the facility; (2) the functions to be performed by the center; (3) how, and by whom, those functions would be carried out; (4) staffing levels; and (5) estimated operational costs. Specify that the program revenue bonding for construction of the facility could not be issued until the Committee has approved the University's plan.

r. *Veterans Affairs: Services to American Indian Veterans* [LFB Paper 173]. Provide the additional American Indian veterans services coordinator position as a permanent position rather than a four-year project position. Provide additional funding of \$12,500 PR in 1999-00 and \$17,500 PR in 2000-01 to establish a grant program of a maximum \$2,500 per tribe for those Wisconsin Indian tribes which designate a tribal veterans service officer and which have had a tribal veterans services officer plan approved by DVA.

s. *WHEDA: Small Business Loan Guarantees* [LFB Paper 174]. Delete the Governor's recommendation regarding: (1) a one-time transfer of \$2,500,000 from tribal gaming revenues to the WDRF, specifically for a loan guarantee program to provide up to \$200,000 or 100% guarantee of loans for small businesses located in a county or adjacent to a Wisconsin county with a casino; and (2) allowing WHEDA to provide interest subsidies by paying the lender an annual amount of up to 3.5% of the outstanding loan balance.

The following table lists the tribal gaming revenue allocations under the Committee's actions. Each item is also summarized in greater detail, including any modifications to position authority, under the respective agency summaries.

Tribal Gaming Revenue Allocations -- Joint Finance

Department	Program Revenue		Purpose
	1999-00	2000-01	
1. Administration	\$500,000	\$500,000	County management assistance grant program.
2. Administration -- Office of Justice Assistance	525,000	925,000	Tribal law enforcement assistance grant program.
3. Administration -- Office of Justice Assistance	250,000	250,000	County law enforcement grants for certain counties.
4. Arts Board	25,200	25,200	Grants-in-aid to, or contracts with, American Indian individuals or groups for services furthering the development of the arts and humanities.
5. Commerce	4,500,000	3,000,000	Gaming economic development grants and loans, including grants to Brown County to support construction of a new arena.

<u>Department</u>	<u>Program Revenue</u>		<u>Purpose</u>
	<u>1999-00</u>	<u>2000-01</u>	
6. Commerce	\$0	\$2,500,000	Gaming economic diversification grants and loans.
7. Commerce ¹	388,700	388,700	Physician Loan Assistance Program (PLAP), Health Care Provider Loan Assistance Program (HCPLAP) and a related contract.
8. Commerce ⁷	109,700	109,700	Native American liaison, economic development liaison and technical assistance grants.
9. Health and Family Services	1,758,700	1,920,000	Tribal outreach positions, matching funds for federally qualified health centers (FQHC), a contingency fund for BadgerCare premiums of Native American Families and tribal FQHC grants.
10. Health and Family Services ¹	920,000	920,000	Health services: tribal medical relief block grants (\$800,000 PR annually) and cooperative American Indian health projects (\$120,000 PR annually).
11. Health and Family Services ¹	771,600	771,600	Social services: Indian substance abuse prevention education (\$500,000 PR annually) and Indian Aids (\$271,600 PR annually).
12. Health and Family Services ²	250,000	250,000	Compulsive gambling awareness campaign grants.
13. Higher Education Aids Board ¹	779,800	779,800	Indian student assistance grant program for Native American undergraduate or graduate students.
14. Higher Education Aids Board	400,000	400,000	Wisconsin Higher Education Grant (WHEG) program for tribal college students.
15. Historical Society ¹	170,100	170,100	Northern Great Lakes Center operations funding.
16. Justice ³	758,900	758,900	County-tribal law enforcement programs: local assistance (\$708,400 annually) and state operations (\$50,500 annually).
17. Natural Resources ⁴	2,500,000	2,500,000	Transfer to the fish and wildlife account of the conservation fund.
18. Natural Resources ⁵	669,000	619,000	Snowmobile enforcement program.
19. Natural Resources ¹	120,000	120,000	Nonpoint grants and local assistance to the Oneida Nation.
20. Natural Resources ¹	109,700	109,700	Management of state fishery resources in off-reservation areas where tribes have treaty-based rights to fish.
21. Natural Resources	50,000	200,000	Management of an elk reintroduction program.
22. Natural Resources ⁶	100,000	100,000	Payment to the Lac du Flambeau Band relating to certain fishing and sports licenses.

<u>Department</u>	<u>Program Revenue</u>		<u>Purpose</u>
	<u>1999-00</u>	<u>2000-01</u>	
23. Natural Resources	\$81,000	\$131,000	Mandatory snowmobile education program.
24. Natural Resources	100,000	300,000	One-time grant to the Town of Swiss in Burnett County and the St. Croix Band for a drinking water study and for planning activities related to construction of wastewater and drinking water treatment facilities.
25. Natural Resources	130,300	147,000	Study of crop damage by cranes and a position relating to the reintroduction of whooping cranes.
26. Public Instruction ⁷	198,000	203,000	Aid to alternative schools operating American Indian language and culture education programs.
27. Tourism	4,000,000	4,000,000	General tourism marketing, including grants to nonprofit tourism promotion organizations and specific earmarks.
28. University of Wisconsin System	0	0	Ashland full-scale aquaculture demonstration facility: debt service payments and operational costs.
29. Veterans Affairs	79,400	85,500	American Indian services coordinator project position and grants to assist American Indians in obtaining federal and state veterans benefits.
30. Workforce Development	<u>350,000</u>	<u>350,000</u>	Vocational rehabilitation services for Native American individuals and tribes or bands.
Total	\$20,595,100	\$22,534,200	

¹ Would eliminate GPR funding and provide an identical amount of gaming revenue for the same purpose.

² Would eliminate PR lottery and racing revenue funding and provide tribal gaming revenue in a greater amount for the same purpose.

³ Would eliminate GPR and PR penalty assessment funding and provide an identical amount of gaming revenue for the same purpose (funding provided in budget bill reflects an increase previously approved under s. 16.515 of the statutes after the adjusted base was established).

⁴ Would increase revenue for fish and wildlife account, possibly holding down fee increases or preventing certain program reductions.

⁵ Would eliminate GPR and SEG funding and provide an identical amount of gaming revenue for the same purpose.

⁶ Would supplant SEG funding (fish and wildlife account) currently used for this purpose.

⁷ Would eliminate GPR funding and provide gaming revenue in a greater amount for the same purpose.

Under the Joint Finance provisions, the tribal gaming program revenue appropriation would have an estimated balance of \$425,900 on June 30, 2001.

Assembly: Allocate \$20,594,400 PR in 1999-00 and \$23,023,800 PR in 2000-01 from tribal gaming revenue. These allocations are \$700 less in 1999-00 and \$489,600 more in 2000-01 than the allocations under Joint Finance. The following provisions adopted by the Assembly reflect

changes to the tribal gaming revenue allocation amounts or the purposes for the allocations approved by the Joint Committee on Finance.

a. *Arts Board: American Indian Arts.* Delete \$25,200 PR annually for grants-in-aid to, or contracts with, American Indian groups, individuals, organizations and institutions.

b. *Building Program: Swiss Cultural Center.* Enumerate the construction of a \$6,000,000 Swiss Cultural Center in New Glarus as part of the 1999-01 state building program and provide the following funding for the construction of the facility: (1) provide a grant of up to \$1,000,000 PR in 2000-01 from the funding appropriated the Department of Commerce's Indian gaming economic diversification grant and loan program and require that each \$1 in state funding be matched by \$2 from other sources; (2) provide \$1,000,000 in general fund supported general obligation bonding authorized for the purpose of constructing the Center and create an appropriation to fund the debt service associated with the bonding; and (3) specify that \$4,000,000 in gifts, grants and other receipts are to be used to fund the remaining costs of the project. The earmarking of funding from the gaming economic diversification grant and loan program for this purpose does not modify the allocation amount for the program under the Governor/Joint Finance provision. This provision is identical to the Senate provision.

c. *Commerce: Economic Development Grant for Menomonee Valley.* Delete \$500,000 PR in 1999-00 for gaming economic development grants and loans. Further, reduce a grant to the City of Milwaukee for redevelopment activities in the Menomonee Valley from \$1.0 million to \$500,000 in 1999-00. Tribal gaming funding of \$500,000 in 1999-00 and \$1,000,000 in 2000-01 would remain for the Menomonee Valley grant.

d. *Tourism: County Tourism Aid.* Allocate \$150,000 PR in each year of the 1999-01 biennium from the Tourism tribal gaming marketing appropriation to Burnett and Polk counties (\$75,000 each) to promote tourism in northwestern Wisconsin. Within six months of expending the grant, require each county to report to Tourism on how the funds were used.

e. *Tourism: Milwaukee Public Museum.* Delete the allocation of \$200,000 PR annually from the tourism tribal gaming marketing appropriation for grants to the Milwaukee Public Museum for Native American exhibits and activities. These funds would instead be available for general tourism marketing.

f. *University of Wisconsin System: Aquaculture Demonstration Facility.* Delete \$3,000,000 in program revenue supported borrowing for the construction of an aquaculture demonstration facility. Delete the provision which would require the Board of Regents to operate the facility as well as a related planning requirement. While no funding for the facility would be provided in the 1999-01 biennium, tribal gaming revenue would be provided for future operating costs and debt service.

g. *Workforce Development: Funding Transfer to Governor's Work-Based Learning Board.* Delete \$175,500 PR in 1999-00 and \$185,200 PR in 2000-01 from the Indian gaming economic

development program administered by Commerce and provide \$700,000 annually from the Indian gaming program revenue account to the Governor's Work-Based Learning Board (Board). This represents an allocation increase of \$524,500 in 1999-00 and \$514,800 in 2000-01. The Board would be required to use the funding to make grants to a tribal college that is recognized as a land grant college to provide work-based learning programs for students of the college. A separate program revenue appropriation would be created under the Board for the Indian gaming funding.

Under the Assembly provisions, the tribal gaming program revenue appropriation would have an estimated balance of -\$18,000 on June 30, 2001.

Senate: Allocate \$20,795,100 PR in 1999-00 and \$22,734,200 PR in 2000-01 from tribal gaming revenue. These allocations are \$200,000 more annually than the allocations under Joint Finance. The following provisions adopted by the Senate reflect changes to the tribal gaming revenue allocation amounts or the purposes for the allocations approved by the Joint Committee on Finance.

a. *Administration – Office of Justice Assistance: Tribal Law Enforcement Assistance.* Provide \$125,000 PR annually to the Lac Courte Oreilles Chippewa tribe to develop law enforcement capacity on the reservation under the tribal law enforcement assistance grant program administered by the Office of Justice Assistance. Delete \$125,000 PR annually from the Department of Commerce appropriation for gaming economic development grants and loans.

b. *Agriculture, Trade and Consumer Protection: Aquaculture Research Grants.* Delete \$250,000 PR annually from the Commerce Indian gaming economic development program and provide \$250,000 PR annually and 1.0 PR position for grants under the DATCP agricultural development and diversification grant program to Native American aquaculture facilities, the private aquaculture industry or state-owned hatcheries for water quality research and other purposes related to aquaculture. Of the \$250,000, provide \$65,000 annually and a position to coordinate aquaculture activities and research between Native American aquaculture facilities, the private aquaculture industry, the University of Wisconsin System and other state agencies.

c. *Building Program: Swiss Cultural Center.* Enumerate the construction of a \$6,000,000 Swiss Cultural Center in New Glarus as part of the 1999-01 state building program and provide the following funding for the construction of the facility: (1) provide a grant of up to \$1,000,000 PR in 2000-01 from the funding appropriated the Department of Commerce's Indian gaming economic diversification grant and loan program and require that each \$1 in state funding be matched by \$2 from other sources; (2) provide \$1,000,000 in general fund supported general obligation bonding authorized for the purpose of constructing the Center and create an appropriation to fund the debt service associated with the bonding; and (3) specify that \$4,000,000 in gifts, grants and other receipts are to be used to fund the remaining costs of the project. The earmarking of funding from the gaming economic diversification grant and loan program for this purpose does not modify the allocation amount for the program under the Governor/Joint Finance provision. This provision is identical to the Assembly provision.

d. *Commerce: Grant to College of the Menominee Nation.* Require Commerce to make annual grants of \$350,000 from the tribal gaming economic development grant and loan program to the College of the Menominee Nation for new work-based programs at the College. Commerce would be required to promulgate rules related to the use of grant proceeds and auditing and reporting requirements.

e. *Commerce: Brown County Arena.* Delete the requirement that Commerce provide tribal gaming economic development grants of \$500,000 in 1999-00 and \$1,000,000 in 2000-01 to Brown County for construction of a new arena.

f. *Justice: County-Tribal Law Enforcement Grants.* Provide \$200,000 PR annually to the Department's county-tribal programs, local assistance appropriation to provide grants to fund cooperative county-tribal law enforcement programs established by Burnett County and the St. Croix Chippewa Indian tribe and by Polk County and the St. Croix Chippewa Indian tribe. Direct DOJ to approve the joint program plans submitted to DOJ from these counties and tribe. Exempt these programs from the criteria established for current county-tribal programs. Prior to January 15 of the year for which funding is sought, require DOJ to distribute \$100,000 to each of the approved joint program plans. Require DOJ to distribute these funds only if: (1) the program uses the funds it receives for law enforcement operations; and (2) the program, prior to the receipt of the funds for the second and any subsequent year, submits a report to DOJ regarding the performance of law enforcement activities on the reservation in the previous fiscal year.

g. *Natural Resources: Drinking Water Study.* Provide \$130,000 PR in 1999-00 (in addition to the \$100,000 PR provided in 1999-00 and the \$300,000 PR provided in 2000-01 under Joint Finance) for a one-time grant to the Town of Swiss in Burnett County and the St. Croix Band of Chippewa for a drinking water study and for engineering design and feasibility activities related to construction of wastewater and drinking water treatment facilities. Delete \$130,000 PR in 1999-00 from the Commerce gaming economic development grants and loans appropriation.

h. *Tourism: Grant to Fort Folle Avoine.* Allocate \$100,00 PR in each year of the 1999-01 biennium from the tribal gaming tourism marketing appropriation for a grant to the Burnette County Historical Society for educational programming, marketing and advertising for Fort Folle Avoine. Within six months of expending the grant, require the Burnett County Historical Society to report to Tourism on how the funds were used.

i. *Tourism: St. Croix Valley Tourism Alliance.* Allocate \$50,000 PR in 1999-00 from the tribal gaming tourism marketing appropriation for grants to the St. Croix Valley Tourism Alliance. Within six months of expending the grant, require the Alliance to report to Tourism on how the funds were used.

j. *University of Wisconsin System: Aquaculture Demonstration Facility.* Modify a requirement that the Board of Regents operate the proposed aquaculture demonstration facility

to specify that the Board would operate the facility in consultation with representatives of the aquaculture industry. Require the Board to ensure that the facility provide applied research and training to aquaculturists, including Native American aquaculturists and to personnel at state fish hatcheries. Provide that the research and training emphasize all of the following areas related to aquaculture: (1) environmental impact; (2) water quality; (3) appropriate water use; (4) fish health science; (5) innovative methods and practices; and (6) demonstration, education and outreach activities through UW-Extension.

Under the Senate provisions, the tribal gaming program revenue appropriation would have an estimated balance of \$25,900 on June 30, 2001.

Conference Committee/Legislature: Allocate \$20,844,400 PR in 1999-00 and \$22,773,800 PR in 2000-01 from tribal gaming revenue. The following provisions adopted by the Conference Committee/Legislature reflect changes to the tribal gaming revenue allocation amounts or the purposes for the allocations approved by the Joint Committee on Finance. A more detailed summary of each item, including the underlying Assembly and/or Senate provisions, can be found under the respective agency summaries.

a. *Administration – Office of Justice Assistance: Tribal Law Enforcement Assistance.* Adopt the Senate provision to provide \$125,000 PR annually to the Lac Courte Oreilles Chippewa tribe to develop law enforcement capacity on the reservation under the tribal law enforcement assistance grant program administered by the Office of Justice Assistance. Delete \$125,000 PR annually in tribal gaming revenues from the Department of Commerce appropriation for gaming economic development grants and loans.

b. *Building Program: Swiss Cultural Center.* Adopt the Assembly/Senate provision to enumerate the construction of a \$6,000,000 Swiss Cultural Center in New Glarus as part of the 1999-01 state building program and provide the following funding for the construction of the facility: (1) provide a grant of up to \$1,000,000 PR in 2000-01 from the funding appropriated the Department of Commerce's Indian gaming economic diversification grant and loan program and require that each \$1 in state funding be matched by \$2 from other sources; (2) provide \$1,000,000 in general fund supported general obligation bonding authorized for the purpose of constructing the Center and create an appropriation to fund the debt service associated with the bonding; and (3) specify that \$4,000,000 in gifts, grants and other receipts are to be used to fund the remaining costs of the project.

c. *Commerce: Economic Development Grant for Menomonee Valley.* Delete \$100,000 PR annually from the gaming economic development grants and loans program and reduce a grant to the City of Milwaukee for redevelopment activities in the Menomonee Valley from \$1.0 million to \$900,000 annually.

d. *Natural Resources: Drinking Water Study.* Adopt the Senate provision to delete \$130,000 PR in 1999-00 from the Commerce gaming economic development grants and loans program and provide \$130,000 PR in 1999-00 (in addition to the \$100,000 PR provided in 1999-

00 and the \$300,000 PR provided in 2000-01 under Joint Finance) for a one-time grant to the Town of Swiss in Burnett County and the St. Croix Band of Chippewa for a drinking water study and for engineering design and feasibility activities related to construction of wastewater and drinking water treatment facilities.

e. *Tourism: County Tourism Aid.* Adopt the Assembly provision to allocate \$150,000 PR in each year of the 1999-01 biennium from the Tourism tribal gaming marketing appropriation to Burnett and Polk counties (\$75,000 each) to promote tourism in northwestern Wisconsin. Within six months of expending the grant, require each county to report to Tourism on how the funds were used.

f. *Tourism: Grant to Fort Folle Avoine.* Adopt the Senate provision to allocate \$100,000 PR in each year of the 1999-01 biennium from the tribal gaming tourism marketing appropriation for a grant to the Burnett County Historical Society for educational programming, marketing and advertising for Fort Folle Avoine. Within six months of expending the grant, require the Burnett County Historical Society to report to Tourism on how the funds were used.

g. *Tourism: St. Croix Valley Tourism Alliance.* Adopt the Senate provision to allocate \$50,000 PR in 1999-00 from the tribal gaming tourism marketing appropriation for grants to the St. Croix Valley Tourism Alliance. Within six months of expending the grant, require the Alliance to report to Tourism on how the funds were used.

h. *University of Wisconsin System: Aquaculture Demonstration Facility.* Adopt the Senate provision to modify a requirement that the Board of Regents operate the proposed aquaculture demonstration facility to specify that the Board would operate the facility in consultation with representatives of the aquaculture industry. Require the Board to ensure that the facility provide applied research and training to aquaculturists, including Native American aquaculturists and to personnel at state fish hatcheries. Provide that the research and training emphasize all of the following areas related to aquaculture: (1) environmental impact; (2) water quality; (3) appropriate water use; (4) fish health science; (5) innovative methods and practices; and (6) demonstration, education and outreach activities through UW-Extension.

i. *Workforce Development: Work-Based Learning Board Grants to Tribal Colleges.* Modify the Assembly provision and delete \$250,700 PR in 1999-00 and \$260,400 PR in 2000-01 from the gaming economic development grant and loan program and provide \$600,000 PR annually to the Governor's Work-Based Learning Board for grants to tribal colleges.

Under the Conference Committee/Legislature provisions, the tribal gaming program revenue appropriation would have an estimated balance of -\$18,000 on June 30, 2001.

Veto by Governor: The following partial vetoes of enrolled Assembly Bill 133 reflect changes to the tribal gaming revenue allocation amounts or the purposes of the allocations approved by the Legislature:

a. *Administration – Office of Justice Assistance: Tribal Law Enforcement Assistance.* Delete the statutory language earmarking funds for the Stockbridge-Munsee tribe (\$175,000 annually), the St. Croix Chippewa tribe (\$150,000 annually), and the Lac Courte Oreilles Chippewa tribe (\$125,000 annually). Total funding for the grant program is unaffected by the partial veto.

b. *Commerce: Gaming Economic Development and Diversification Grant Programs.* Delete the requirement that the Indian gaming economic development grants to the City of Milwaukee and Northwest Regional Planning Commission be annual grants. In addition, eliminate the requirement that the \$600,000 in annual tribal gaming revenues be used for grants to tribal colleges for work-based learning programs for their students. In his veto message, the Governor indicates he is vetoing the requirement that the tribal gaming revenues funding for the Work-Based Learning Board be used for grants for tribal colleges to allow DWD to be less restricted in administering grants under the work-based learning program.

c. *Health and Family Services: Indian Health Program Funding.* Delete \$450,000 PR annually for a grant program to support tribal health care entities that provide primary health care, health education and social services to tribal members and their families and to tribal employes and delete all the statutory provisions for the grant program.

d. *Natural Resources: Drinking Water Study.* Delete \$130,000 PR in 1999-00 for a one-time grant to the Town of Swiss in Burnett County and the St. Croix Band of Chippewa for a study of water quality problems and for engineering design and feasibility activities related to construction of wastewater and drinking water treatment facilities. Remaining grant funding would total \$400,000 during the 1999-01 biennium.

e. *Natural Resources: Elk Management.* Delete \$22,400 PR in 1999-00 and \$27,600 PR in 2000-01 and 0.5 PR wildlife biologist position annually for DNR to manage the elk reintroduction program in the state. Further, make a technical correction to delete a July 1, 2000, effective date for the elk management appropriation to allow funding to be provided in 1999-00. Act 9 provides \$27,600 PR in 1999-00 and \$172,400 PR in 2000-01 and 0.5 PR wildlife biologist position annually for this purpose.

f. *Natural Resources: Crane Management.* Delete \$37,600 PR in 1999-00 and \$43,500 PR in 2000-01 and 0.5 PR wildlife biologist position annually relating to the reintroduction of whooping cranes in Wisconsin. Act 9 provides \$92,700 PR in 1999-00 and \$103,500 PR in 2000-01 and 0.5 PR wildlife biologist position annually for this purpose.

g. *Tourism: Marketing Grant Program.* Delete the words "in each fiscal year" from the appropriation language relating to the allocation of \$200,000 PR in each fiscal year for grants to the Milwaukee Public Museum for Native American exhibits and activities. While the Governor's veto message indicates the intent of the veto is to make the funding one-time, the act does not specify that funding is one-time.

Delete the provision to allocate \$75,000 in 1999-00 to DNR for completion of Phase II of upgrading at Aztalan State Park, which would include developing an overall public education

and research strategy as well as a long-term interpretive and management plan. Further, delete the requirement that the Historical Society work with the management at Aztalan State Park to achieve this upgrade in a timely fashion and that the management plan include an interpretive and visitor's center, opening other portions of the site to the public and using visual effects to enhance the visitor's experience at the site.

Provide \$100,000 over the biennium, rather than \$200,000 allocated under the enrolled bill, for a grant to the Burnett County Historical Society for educational programming, marketing and advertising for Fort Folle Avoine.

Provide a grant of \$75,000 to both Polk and Burnett Counties over the biennium, rather than \$150,000 to each county under the enrolled bill, for tourism promotion in northwestern Wisconsin.

Delete the provision to allocate \$50,000 in 1999-00 for grants to the St. Croix Valley Tourism Alliance.

h. *University of Wisconsin System: Aquaculture Demonstration Facility.* Delete the requirement for submission to and approval of a construction and operation plan by the Joint Committee on Finance and eliminates the restriction that the bonding for this project could not be issued until the Committee approves the plan. Further, delete the requirement that the Board of Regents ensure that the facility provide applied research and training to aquaculturists at the facility as well as the requirement that the research and training emphasize: (1) environmental impact; (2) water quality; (3) appropriate water use; (4) fish health science; (5) innovative aquaculture methods and practices; and (6) demonstration, education and outreach activities through UW-Extension.

i. *Veterans Affairs: Services to American Indian Veterans.* Reduce the allocations for grants to each of 11 tribal governing bodies to assist American Indians in Wisconsin in obtaining federal and state veterans benefits by \$12,500 PR in 1999-00 and \$17,500 PR in 2000-01. Following the partial veto, grant funding for this purpose would total \$15,000 PR in 1999-00 and \$10,000 PR in 2000-01.

Reflecting these vetoes, Act 9 allocates \$20,191,900 in 1999-00 and \$22,235,200 in 2000-01 from tribal gaming revenue. Under the Act 9 provisions, the tribal gaming program revenue appropriation has an estimated balance of \$1,173,100 on June 30, 2001. The following table lists the tribal gaming revenue allocations under Act 9. Each item is also summarized in greater detail, including any modifications to position authority, under the respective agency summaries.

Tribal Gaming Revenue Allocations -- Act 9

<u>Department</u>	<u>Program Revenue</u>		<u>Purpose</u>
	<u>1999-00</u>	<u>2000-01</u>	
1. Administration	\$500,000	\$500,000	County management assistance grant program.
2. Administration -- Office of Justice Assistance	650,000	1,050,000	Tribal law enforcement assistance grant program.
3. Administration -- Office of Justice Assistance	250,000	250,000	County law enforcement grants for certain counties.
4. Arts Board	25,200	25,200	Grants-in-aid to, or contracts with, American Indian individuals or groups for services furthering the development of the arts and humanities.
5. Commerce	3,894,300	2,514,600	Gaming economic development grants and loans, including grants to Brown County to support construction of a new arena and Milwaukee's Menomonee Valley.
6. Commerce	0	2,500,000	Gaming economic diversification grants and loans, including a grant for the Swiss Cultural Center in New Glarus.
7. Commerce ¹	388,700	388,700	Physician Loan Assistance Program (PLAP), Health Care Provider Loan Assistance Program (HCPLAP) and a related contract.
8. Commerce ⁷	109,700	109,700	Native American liaison, economic development liaison grants and technical assistance.
9. Health and Family Services	1,308,700	1,470,000	Tribal outreach positions, matching funds for federally qualified health centers (FQHC) and a contingency fund for BadgerCare premiums of Native American families.
10. Health and Family Services ¹	920,000	920,000	Health services: tribal medical relief block grants (\$800,000 PR annually) and cooperative American Indian health projects (\$120,000 PR annually).
11. Health and Family Services ¹	771,600	771,600	Social services: Indian substance abuse prevention education (\$500,000 PR annually) and Indian Aids (\$271,600 PR annually).
12. Health and Family Services ²	250,000	250,000	Compulsive gambling awareness campaign grants.
13. Higher Education Aids Board ¹	779,800	779,800	Indian student assistance grant program for Native American undergraduate or graduate students.
14. Higher Education Aids Board	400,000	400,000	Wisconsin Higher Education Grant (WHEG) program for tribal college students.
15. Historical Society ¹	170,100	170,100	Northern Great Lakes Center operations funding.

<u>Department</u>	<u>Program Revenue</u>		<u>Purpose</u>
	<u>1999-00</u>	<u>2000-01</u>	
16. Justice ³	\$758,900	\$758,900	County-tribal law enforcement programs: local assistance (\$708,400 annually) and state operations (\$50,500 annually).
17. Natural Resources ⁴	2,500,000	2,500,000	Transfer to the fish and wildlife account of the conservation fund.
18. Natural Resources ⁵	669,000	619,000	Snowmobile enforcement program.
19. Natural Resources ¹	120,000	120,000	Nonpoint grants and local assistance to the Oneida Nation.
20. Natural Resources ¹	109,700	109,700	Management of state fishery resources in off-reservation areas where tribes have treaty-based rights to fish.
21. Natural Resources	27,600	172,400	Management of an elk reintroduction program.
22. Natural Resources ⁶	100,000	100,000	Payment to the Lac du Flambeau Band relating to certain fishing and sports licenses.
23. Natural Resources	81,000	131,000	Mandatory snowmobile education program.
24. Natural Resources	100,000	300,000	One-time grant to the Town of Swiss in Burnett County and the St. Croix Band for a drinking water study and for planning activities related to construction of wastewater and drinking water treatment facilities.
25. Natural Resources	92,700	103,500	Study of crop damage by cranes and a position relating to the reintroduction of whooping cranes.
26. Public Instruction ⁷	198,000	203,000	Aid to alternative schools operating American Indian language and culture education programs.
27. Tourism	4,000,000	4,000,000	General tourism marketing, including grants to nonprofit tourism promotion organizations and specific earmarks.
28. University of Wisconsin System	0	0	Ashland full-scale aquaculture demonstration facility: debt service payments and operational costs. (No funding is provided in the 1999-01 biennium.)
29. Veterans Affairs	66,900	68,000	American Indian services coordinator project position and grants to assist American Indians in obtaining federal and state veterans benefits.
30. Workforce Development	350,000	350,000	Vocational rehabilitation services for Native American individuals and tribes or bands.

Department	Program Revenue		Purpose
	1999-00	2000-01	
31. Workforce Development	\$600,000	\$600,000	Work-Based Learning Board grants for work-based learning programs.
Total Act 9 Allocations	\$20,191,900	\$22,235,200	

- ¹ Would eliminate GPR funding and provide an identical amount of gaming revenue for the same purpose.
- ² Would eliminate PR lottery and racing revenue funding and provide tribal gaming revenue in a greater amount for the same purpose.
- ³ Would eliminate GPR and PR penalty assessment funding and provide an identical amount of gaming revenue for the same purpose (funding provided in Act 9 reflects an increase previously approved under s. 16.515 of the statutes after the adjusted base was established).
- ⁴ Would increase revenue for fish and wildlife account, possibly holding down fee increases or preventing certain program reductions.
- ⁵ Would eliminate GPR and SEG funding and provide an identical amount of gaming revenue for the same purpose.
- ⁶ Would supplant SEG funding (fish and wildlife account) currently used for this purpose.
- ⁷ Would eliminate GPR funding and provide gaming revenue in a greater amount for the same purpose.

[Act 9 Sections: 546, 547, 3026 and 3027]

2. TRIBAL GAMING COMPUTER SYSTEM [LFB Paper 155]

PR	\$1,030,700
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Governor: Provide \$879,800 in 1999-00 and \$150,900 in 2000-01 for a computer system to process gaming data provided to the state by tribal casino operations. Under the recently completed state-tribal gaming compact amendments, the tribes agree, with some variations, to provide the state with electronic access to certain slot machine accounting data (as an alternative to on-site physical access allowed under the original compacts). The proposed new computer system would be designed for processing this data. The funding would be placed in unallotted reserve, to be released by DOA, pending a final determination of cost.

Joint Finance/Legislature: Approve the provision. In addition, provide that the funding may not be expended or encumbered until a report on the costs associated with the computer system is approved by the Joint Committee on Finance under a 14-day passive review process.

Veto by Governor [F-2]: Delete the provision that the funding may not be expended or encumbered until a report on the costs associated with the computer system is approved by the Joint Committee on Finance under a 14-day passive review process.

[Act 9 Vetoed Section: 9101(17x)]

3. TRIBAL GAMING REGULATORY POSITIONS [LFB Paper 156]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$468,400	5.00	-\$181,800	-2.00	\$286,600	3.00

Governor: Provide \$242,800 in 1999-00 and \$225,600 in 2000-01 and 5.0 positions annually for the Office of Indian Gaming. The Office of Indian Gaming is responsible for state regulatory activities under the state-tribal gaming compacts. The positions provided would include 1.0 financial supervisor position, 2.0 auditor positions, 1.0 regulation compliance investigator position and 1.0 program assistant position. The funding would also provide \$30,000 in one-time funding in 1999-00 to contract with a private investigator to assist with a backlog of vendor background investigations. Base funding for DOA's Indian gaming appropriation is \$913,100 with 10.0 positions authorized.

Joint Finance/Legislature: Delete \$84,200 in 1999-00 and \$97,600 in 2000-01 and 2.0 positions annually (1.0 financial supervisor and 1.0 auditor position).

4. COMPULSIVE GAMBLING AWARENESS CAMPAIGNS [LFB Paper 164]

PR	\$372,000
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Governor/Legislature: Provide \$186,000 annually for compulsive gambling awareness campaigns, as follows: (a) provide \$200,000 annually from tribal gaming revenue; and (b) delete \$14,000 annually currently provided from pari-mutuel racing revenue. Under current law, the Department of Health and Family Services (DHFS) is provided \$100,000 annually (\$50,000 from tribal gaming, \$14,000 from pari-mutuel racing and \$36,000 from the state lottery) for grants to one or more individuals or organizations in the private sector to conduct compulsive gambling awareness campaigns. Under the bill, payments from pari-mutuel racing and the state lottery for this purpose would be eliminated and DHFS would receive a total \$250,000 annually from tribal gaming revenue for compulsive gambling awareness campaign grants.

[Act 9 Sections: 455, 545 and 546 thru 548]

5. PARI-MUTUEL RACING POSITIONS

	Funding	Positions
PR	-\$258,800	-3.00

Governor/Legislature: Delete \$129,400 and 3.0 positions annually from the general program operations for pari-mutuel

racing regulation. The positions include a program assistant, a senior accountant and a regulation compliance investigator. The program assistant and accountant positions are currently vacant. The incumbent investigator would be transferred to the general program operations appropriation for Indian gaming as one of the new positions proposed for tribal gaming regulation.

6. POSITION ALLOCATIONS

Governor/Legislature: Delete \$150,500 PR and 2.75 PR positions annually from the general program operations for pari-mutuel racing and provide \$87,900 PR and 1.75 PR positions annually for charitable gaming regulation and \$62,600 PR and 1.0 PR position annually for Indian gaming regulation. The transfer of funding for the positions is in response to an audit recommendation by the Legislative Audit Bureau that DOA develop an equitable process for allocating administrative costs among all Division of Gaming programs and to seek expenditure authority from the Legislature to pay these allocated costs from the program operations funding for racing, charitable gaming and Indian gaming.

7. CONFORMANCE WITH 1999 ACT 5 PROVISIONS

Conference Committee/Legislature: Make the following technical changes to conform the 1999-01 biennial budget bill with the provisions of 1999 Act 5 relating to the use of certain gaming revenues for the lottery and gaming property tax credit:

a. *Charitable Gaming Appropriations.* Provide \$247,400 PR and 4.0 PR positions annually for the bingo general program operations appropriation of the Division of Gaming in the Department of Administration. Delete \$247,400 PR and 4.0 PR positions annually from the raffles and crane games general program operations appropriation of the Division. Correct the Chapter 20 schedule to reflect separate appropriations for raffles and crane games and for bingo. The modifications conform the appropriations for the regulation of charitable gaming in the 1999-01 biennium to the provisions of 1999 Act 5.

b. *Pari-Mutuel Racing Revenue.* Provide that any unencumbered balance in the racing general program operations appropriation of the Division of Gaming in the Department of Administration on June 30, 1999, would transfer to the lottery fund. Provide that an amount be transferred from the general fund to the lottery fund equal to any amounts transferred from the racing appropriation to the Department of Agriculture, Trade and Consumer Protection for agricultural aids or lapsed to the general fund on June 30, 1999. The provisions conform the bill to 1999 Act 5 and constitutional requirements that unencumbered racing revenue be used for property tax relief.

Veto by Governor [F-41]: Delete the provisions that: (a) any unencumbered balance in the racing general program operations appropriation of the Division of Gaming in the

Department of Administration on June 30, 1999, would be transferred to the lottery fund; and (b) an amount be transferred from the general fund to the lottery fund equal to any amounts transferred from the racing appropriation to the Department of Agriculture, Trade and Consumer Protection for agricultural aids or lapsed to the general fund on June 30, 1999.

[Act 9 Section: 9101(20g)]

[Act 9 Vetoed Section: 9143(3h)]

8. UNCLAIMED PRIZES RETAINED BY RACETRACK LICENSEE

Senate/Legislature: Provide that, effective with the 2000 race year a pari-mutuel racetrack licensee may retain any winnings on a race that are not claimed within 90 days after the end of the race year. Under current law, unclaimed prizes are paid to the state and deposited to the racing general program operations appropriation in the Department of Administration and the gaming law enforcement appropriation relating to racing in the Department of Justice. Annual revenue from unclaimed prizes in the 1999-01 biennium is estimated at \$814,000. The provision would take effect for the 2000 race year, reducing state revenues beginning in 2000-01.

Veto by Governor [F-3]: Delete provision.

[Act 9 Vetoed Sections: 481m, 545, 3023j and 9301(2g)]

9. LEGISLATIVE APPROVAL OF STATE-TRIBAL GAMING COMPACTS

Assembly: Require the Governor, before entering into any state-tribal gaming compact, to submit the proposed compact to the Legislature for approval. Provide that the Governor may not enter into any compact until the Legislature approves the compact by joint resolution. Require that, if the Legislature does not approve the proposed compact, the compact would be returned to the Governor for renegotiation.

Provide that the Governor may not concur with a determination of the U.S. Secretary of the Interior that a gaming establishment proposed to be located on tribal trust lands acquired after October 17, 1988, would not be detrimental to the surrounding community unless the Legislature approves the proposed gaming establishment by joint resolution.

Under current law, the Governor has the authority to negotiate state-tribal gaming compacts on behalf of the state. Under federal law, a tribal gaming establishment to be located on tribal trust land acquired after October 17, 1988, must be authorized by the U.S. Secretary of the Interior and agreed to by the Governor.

Conference Committee/Legislature: Adopt the Assembly provision but provide that legislative approval relating to Indian gaming establishments to be located on tribal trust lands

acquired after October 17, 1998, would not be required for an Indian gaming establishment proposed to be located at Dairyland Greyhound Park.

Veto by Governor [F-17]: Delete provision.

[Act 9 Vetoed Sections: 7m thru 7q and 9301(1d)]

10. TRIBAL GAMING REVENUE FOR FARMLAND TAX RELIEF CREDIT

Senate: Provide that a share of a tribe's payments under its state-tribal gaming compact would be applied towards the cost of the farmland tax relief credit, if the tribe acquires a pari-mutuel racetrack currently operating in Wisconsin and the tribe converts the racetrack into a casino gaming facility or expands the racetrack to include casino gaming. Provide that the amount so applied would be calculated on March 1 of each year, by: (a) dividing the net win in the prior calendar year at all of a tribe's gaming facilities at which pari-mutuel racing is conducted and at which pari-mutuel racing was conducted on the effective date of this provision, by the net win in the prior calendar year at all of the tribe's gaming facilities; and (b) multiplying the number calculated in (a) by the amount of Indian gaming receipts received by the state from the tribe in the prior calendar year. Provide that "net win" would be the amount wagered at an Indian gaming facility, less the amount paid out as winnings.

Conference Committee/Legislature: Adopt the Senate provision, but technically correct a requirement that would transfer the calculated share of tribal gaming payments to the lottery fund, to instead transfer the amount to a farmland tax relief credit appropriation authorized to receive Indian gaming receipts.

[Act 9 Sections: 586h, 612g, 612p, 1710db, 1744bd, 1757bd, 3025t, 3026h and 3026p]

General Statutory Provisions

1. AUTHORITY TO TRANSFER POSITIONS WITHIN DOA WITHOUT LEGISLATIVE APPROVAL [LFB Paper 180]

Governor: Authorize DOA to change, without seeking legislative approval, the funding source for any positions funded in whole or in part from program revenue, within any of DOA's program revenue appropriations except for those listed under "Committees and Interstate Bodies," "Attached Divisions, Boards, Councils and Commissions," "Office of Justice Assistance" and "College Tuition Prepayment Program," which are all entities attached to DOA for administrative purposes except for the College Tuition Prepayment Program. Affected

positions would include classified as well as unclassified positions and full or part-time positions. This authority would be available during the period from the effective date of the budget to June 30, 2001, or on the date of publication of the 2001-03 budget, whichever is later. During this period, DOA would be required only to report quarterly to the Co-chairs of the Joint Committee on Finance concerning any position changes made during the previous quarter under this authority. The reports would be required to include, for each position, the position type, and the appropriations between what each position was shifted. Although the authority to shift positions in this manner without legislative approval would expire upon enactment of the next biennial budget, all position changes made during the period would remain in effect after the period of authorization expires.

In general, under current law, program revenue positions may only be created, abolished, or transferred to another funding source if authorized by: (a) the Legislature by law or in the budget; (b) the Joint Committee on Finance under ss. 13.10 or 16.515; or (c) for positions funded from federal funds the Governor may act without approval of the Legislature.

There are, in addition, two other special exceptions provided. One exception allows the UW Board of Regents to unilaterally change the number of positions authorized for the UW System--but only for positions funded from certain program revenue or federal revenue accounts. A second exception allows the UW Hospital and Clinics Board to unilaterally change the number of positions authorized for the Board funded from program revenues. The UW Board of Regents and the UW Hospitals and Clinics Board are required to report quarterly to the Department of Administration and Joint Committee on Finance on position changes made under these provisions.

Joint Finance/Legislature: Delete provision.

2. EXPANSION OF MASTER LEASE PROGRAM [LFB Paper 181]

a. *Modify basic authority regulating the use of master leases.*

Governor/Legislature: Modify current law to allow DOA to enter into a master lease to obtain property or services, rather than for the lease of goods or the provision of services. Specify that a master lease may not be used to obtain a facility for use or occupancy by the state, a state agency, or any other instrument of the state or to obtain an internal improvement. Broaden the authority of DOA to enter varied financing agreements, which the Department determines are necessary to facilitate the use of a master lease, and repeal the seven specific financing tools currently identified in the statute (liquidity facilities, re-marketing or dealer agreements, letters of credit, insurance policies, interest rate guarantees, reimbursements and indexing agreements). Exempt master leases from the statutory requirements governing contractual services and lowest responsible bidder requirements. Lastly, clarify the uniform commercial code exemption for master leases from the requirement to file a perfect security interest with Department of Financial Institutions (DFI). DOA is directed to record and preserve

contractor for the construction work from the fuel and utility costs appropriation in the respective agency as the projected energy savings are realized.

Under the Governor's proposal, the state would be able to directly finance the initial construction work. If the state chooses to do so, the state would also be newly authorized to finance any portion of the construction work using master lease financing. Further, for any project for which the state provides initial financing, DOA would be required to recover from the contractor any amount paid by the state to the contractor that is greater than the amount of savings realized by the state from the project within the reasonable period of time identified in the contract. The proposed language would also require that DOA, in its required annual report on construction projects contracted for under this program, include information on amounts of money due from contractors under this proposed change in how energy savings realized would be used. Finally, the bill would provide that if master lease financing is used to pay for any energy conservation construction projects, payments under the master lease could not be conditioned upon contractors making the above required payments to the state.

[Act 9 Sections: 102, 106 and 107]

4. PROCUREMENT -- EXEMPTION FROM BUYING FROM WORK CENTERS FOR THE SEVERELY HANDICAPPED [LFB Paper 182]

Governor: Authorize the Secretary of DOA to waive, at the request of an agency, the procurement requirements that provide preference to work centers for the employment of severely handicapped individuals if such a preference contravenes competitive requirements under federal law or regulations.

Under current law, procurement regulations governing agency purchases, or purchases made for an agency, require that preference be given to work centers for severely handicapped individuals. The State Use Board maintains a list of approved work centers and state agencies are directed to purchase goods produced from these work centers. The requirement does not apply to: (a) printing and stationary purchases; (b) goods produced by another state institution; (c) goods produced by prison industries; and (d) major procurements. Agencies may also obtain written certificates of exception from the State Use Board if all of the following conditions are met: (a) the work center cannot furnish the material, supply, equipment, or service in the time period specified in the order; and (b) the material, supply, equipment, or service is available from commercial sources in quantities and at an earlier time.

Joint Finance/Legislature: Delete provision.

5. BUDGET REQUEST SUBMITTAL DATE [LFB Paper 183]

Governor: Require that all agencies, other than the Legislature and Courts, submit their biennial budget requests to DOA and the Legislative Fiscal Bureau on the date specified by

DOA. Under current law, the agencies are required to submit their requests by September 15 of each even-numbered year.

Joint Finance/Legislature: Delete provision.

6. STATE AGENCY MEMBERSHIP DUES

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR-Lapse	\$374,400	-\$374,400	\$0
PR-Lapse	358,800	- 358,800	0
SEG-Lapse	188,400	- 188,400	0

Assembly/Legislature: Include a session law provision to require the Secretary of DOA to lapse, in 1999-00 and in 2000-01, to the general fund or the respective program revenue account or segregated fund from each state agency an amount equal to 10% of the amounts expended in 1998-99 by the respective agency for the costs of membership dues in national and state organizations, excluding federal funds. Provide that these amounts shall be lapsed from the respective agency appropriations from which the membership dues were paid. It is estimated that this provision will result in lapses totaling \$460,800 annually, composed of GPR lapses of \$187,200 annually, PR lapses of \$179,400 annually and SEG lapses of \$94,200 annually.

Veto by Governor [E-3]: Delete provision.

[Act 9 Vetoed Section: 9158(10g)]

7. STATE PROCUREMENT OF TONER CARTRIDGES

Senate: Require the Department of Administration, every other state agency to which DOA delegates purchasing authority other than the University of Wisconsin Hospitals and Clinics Authority and the World Dairy Center Authority, and state legislative and judicial branch entities to ensure that the specifications that they use for purchasing prohibit the procurement of toner cartridges whose original manufacturer places restrictions on the remanufacturing of the toner cartridges by any person other than the manufacturer. Define "toner cartridge" as any cartridge containing a dry, powdered ink for application to paper by use of a photocopier, laser printer or similar device. Provide restrictions on remanufacturing that include reducing the price of the toner cartridge in exchange for an agreement not to remanufacture the toner cartridge, a licensing agreement on the toner cartridge that forbids remanufacturing and any contract that forbids the remanufacturing or recycling of a toner cartridge. Prohibit cities, villages, towns, counties and other local units of government from purchasing toner cartridges that have such restrictions on remanufacturing. The provision would first apply to specifications for notices inviting bids or competitive sealed proposals for

purchases and to specifications for orders for purchases placed on the first day of the seventh month after the effective date of the bill.

Conference Committee/Legislature: Adopt the Senate provision except for the prohibition of cities, villages, towns, counties and other local units of government from purchasing toner cartridges that have such restrictions on remanufacturing.

Veto by Governor [B-30]: Delete provision.

[Act 9 Vetoed Sections: 81g, 82pm, 82pr, 84m, 1619 and 9358(7m)]

Office of Justice Assistance

1. PENALTY ASSESSMENT REVENUE DISTRIBUTION [LFB Papers 187 thru 192 and 165]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR-REV	\$3,332,800	\$1,124,000	\$4,456,800

Governor: Make the following changes concerning the receipt and distribution of penalty assessment program revenues: (a) create a new appropriation under the Office of Justice Assistance (OJA) to receive all penalty assessment revenues; (b) delete certain existing penalty assessment appropriations and modify others that receive penalty assessment revenues to reflect this change; (c) move the statutory language concerning levy of penalty assessment from Chapter 165 (Department of Justice) to Chapter 757 (general provisions concerning courts of record, judges, attorneys and clerks); (d) provide that all appropriations funded from penalty assessment revenues be annual appropriations limited to the appropriated amounts; (e) provide that 90% of the unencumbered balances of certain penalty assessment appropriations on the effective date of the bill be transferred to the newly-created OJA penalty assessment receipts appropriation; and (f) convert funding for the county-tribal law enforcement program under the Department of Justice (DOJ) from penalty assessment revenue to tribal gaming revenue provided under the recently completed state-tribal gaming compacts.

Whenever a court imposes a fine or forfeiture for a violation of state law or municipal or county ordinance (except for violations involving smoking in restricted areas, failing to properly designate smoking or nonsmoking areas, and nonmoving traffic violations or safety belt use violations), the court also imposes a penalty assessment of 23% of the total fine or forfeiture.

Under current law, penalty assessment revenues collected for violations of state law are deposited to the following program revenue appropriations on a percentage basis: (a) the Department of Justice's (DOJ) penalty assessment receipts appropriation for law enforcement training and crime laboratory equipment (49.09% of penalty assessment revenues); (b) DOJ's county-tribal receipts appropriation for the county-tribal law enforcement programs (4.55%); (c) OJA's anti-drug enforcement program--local appropriation which provides state match for the federal Byrne anti-drug law enforcement funds (22.73%); (d) the Department of Correction's (DOC) correctional officer training appropriation (9.09%); (e) the State Public Defender's (SPD) conferences and training appropriation (0.91%); (f) the Department of Public Instruction's (DPI) alcohol and other drug abuse (AODA) programs appropriation (8.48%); and (g) DPI's AODA--state operations appropriation (5.15%). All monies from the first two revenue-receiving appropriations and a portion of the monies from the next appropriation are transferred to fund a variety of programs, namely: (a) penalty assessment match for state programs and OJA administration under the federal anti-drug program; (b) state law enforcement training and administration, drug enforcement intelligence units and crime lab equipment in DOJ; (c) the county-tribal law enforcement program; and (d) youth diversion programs under DOC. Under the bill, all of these programs, with the exception of the county-tribal law enforcement program, would continue to be funded with penalty assessment revenues.

Under the bill, 90% of the unencumbered balances of certain penalty assessment appropriations would be transferred (on the effective date of the bill) to the newly-created OJA receipts appropriation. This transfer to OJA is estimated to result in revenue totaling \$3,332,800 from the following appropriations: (a) DPI's AODA appropriations, \$710,700 from the state operations appropriation and \$1,116,800 from the program appropriation; (b) SPD's conferences and training appropriation, \$63,400; and (c) DOJ's county tribal law enforcement and penalty assessment receipts appropriations, \$71,900 and \$1,370,000, respectively. The remaining 10% would be distributed as follows: (a) the monies would remain in the modified DPI and SPD appropriations; (b) the county-tribal balance would be transferred to the new county-tribal appropriation funded through tribal gaming revenue; and (c) DOJ's penalty assessment receipts balance would be transferred to the law enforcement training fund--state operations appropriation.

Joint Finance/Legislature: Make the following changes to the penalty assessment revenue distribution provision:

a. Retain DOJ's penalty assessment surcharge receipts appropriation and its receipt of 49.09% of penalty assessment revenues.

b. Transfer 100% of the revenue credited to the renumbered appropriations between July 1, 1999, and the effective date of the bill and provide that the revenue transfers to the OJA appropriation would take place immediately before the transfers to the renumbered appropriations. Reestimate the amount of the unencumbered balances to be transferred from \$3,332,800 PR-REV to \$2,564,600 PR-REV, as follows (changes to the bill are in parenthesis): (1)

\$93,800 from the SPD conferences and training appropriation (\$30,400); (2) \$363,000 from the DPI AODA administration appropriation (-\$347,700); (3) \$93,500 from the DPI AODA programs appropriation (-\$1,023,300); (4) \$1,960,200 from DOJ's penalty assessment, surcharge receipts appropriation (\$590,200); and (5) \$54,100 from DOJ's county-tribal programs, surcharge receipts appropriation (-\$17,800).

c. Transfer 80% of the unencumbered balances on June 30, 1999 and 100% of revenue credited to OJA's anti-drug enforcement local, state and administrative appropriations between July 1, 1999, and the effective date of the bill to the OJA penalty assessment receipts appropriation (estimated to be \$1,080,800). Direct that the transfers take place immediately before the transfers to the renumbered appropriations.

d. Transfer 100%, rather than 90%, of the unencumbered balance from DOJ's county-tribal programs, surcharge receipts appropriation to OJA's penalty assessment receipts appropriation on June 30, 1999 (estimated to be an additional \$6,000 transferred to the OJA appropriation).

e. Transfer 90% of the unencumbered balance from DOJ's penalty assessment surcharge receipts appropriation (estimated to be \$805,400) on June 30, 2000 to the OJA penalty assessment receipts appropriation.

Conference Committee/Legislature: Technically correct, from July 1, 1999, to August 1, 1999, the start date for the revenues credited to the renumbered appropriations to be transferred to the new OJA penalty assessment receipts appropriation, to reflect the one-month delay from the State Treasurer's receipt of penalty assessment revenues to the crediting of the revenue-receiving appropriation accounts.

[Act 9 Sections: 115, 252, 266, 360, 361d, 367, 481, 482, 483, 484, 485m, 486m, 488m, 489, 494, 517, 517e, 525x, 526, 539, 540, 542, 543, 594, 605g, 605h, 686, 1576, 1577, 1609 thru 1611, 1613, 1614, 1616, 1617, 2044, 2290, 2290v, 2291, 2292m, 2293, 2294m, 2295 thru 2298, 2301, 2753 thru 2761, 3050m, 3050n, 3050o, 3066 thru 3072, 3076 thru 3078, 3079, 3085, 3094, 3097, 3199, 3203, 9101(10g), 9101(12), 9201(2m), 9201(2n), 9201(2p), 9211(2g), 9230(1), 9230(2m), 9230(3m), 9238(1h), 9239(1h) and 9239(2h)]

2. PENALTY ASSESSMENT STATE MATCH FUNDING FOR THE FEDERAL ANTI-DRUG ENFORCEMENT PROGRAM [LFB Paper 191]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR-REV	\$0	-\$1,080,800	-\$1,080,800
PR	-\$3,646,400	\$0	-\$3,646,400

Governor: Make the following changes to the penalty assessment state match funding for the federal Byrne anti-drug enforcement program: (a) delete \$1,972,400 in 1999-00 and \$1,674,000 in 2000-01 from the program revenue appropriations for penalty assessment state match; (b) change funding for those appropriations from 22.73% of penalty assessment revenues to the appropriated amounts, and modify the appropriation language to reflect this change; and (c) delete statutory language which requires local units of government to provide at least a 10% match for the anti-drug law enforcement monies they receive from OJA.

Under current law, penalty assessment revenues are used to match federal anti-drug law enforcement funds that are distributed to state agencies and local units of government and to OJA for administration. Under the bill, penalty assessment revenues would continue to fund these appropriations, but all penalty assessment revenues would initially be deposited to a newly-created appropriation under OJA. Under the bill, only the amounts appropriated for the state, local and administration match for the anti-drug enforcement program would be transferred from the new OJA revenue-receiving appropriation to the respective anti-drug enforcement penalty assessment match appropriations.

The funding reductions are related to: (a) -\$1,793,800 annually in the appropriation which provides match monies for local programs to remove funding which, under the current appropriation structure, is appropriated in both OJA's local appropriation and also in the state and administration anti-drug enforcement program appropriations (currently, penalty assessment revenues are initially deposited into the local appropriation, then transferred to the state and administration appropriations); (b) -\$126,600 in 1999-00 and -\$125,500 in 2000-01 in the local appropriation, to reflect reestimates of required match amounts; (c) -\$72,000 in 1999-00 and \$225,300 in 2000-01 in the state appropriation, to reflect reestimates of required match amounts; and (d) \$20,000 annually in the program administration appropriation, for administrative costs associated with a new federal program (the Juvenile Accountability Incentive Block Grant).

Joint Finance: Retain the statutory language which requires local units of government to provide at least a 10% state match for the anti-drug law enforcement monies they receive from OJA. In addition, transfer 80% of the anti-drug appropriations unencumbered balances on June 30, 1999 and 100% of the revenue credited to these appropriations between July 1, 1999, and the effective date of the bill to the newly-created OJA penalty assessment receipts appropriation (estimated to be \$1,080,800).

Conference Committee/Legislature: Technically correct the start date, from July 1, 1999, to August 1, 1999, for the revenues credited to the anti-drug appropriations to be transferred to the newly-created penalty assessment receipts appropriation.

[Act 9 Sections: 539, 540, 542, 543, 2294m, 9201(2m), 9201(2n) and 9201(2p)]

3. FEDERAL REESTIMATES

FED	\$2,366,000
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Governor/Legislature: Provide \$1,698,500 in 1999-00 and \$667,500 in 2000-01 to reestimate expenditure authority for subgrants to local governmental agencies, state agencies, private non-profit agencies and Native American Tribes under the following federal awards:

<u>Program</u>	<u>Adjusted Base</u>	<u>1999-00</u>	<u>2000-01</u>
Juvenile Justice and Delinquency Prevention Act	\$1,114,200	\$415,800	-\$171,100
Title V Program	343,400	-58,800	-35,400
Violence Against Women Act	2,157,400	121,500	189,800
Local Law Enforcement Block Grant Award	423,000	187,000	187,000
Rural Domestic Violence Discretionary Award	131,200	257,800	233,700
Video Testimony Discretionary Award	0	16,700	0
Local Law Enforcement Block Grant Training Award	0	47,300	47,300
Challenge Program	214,000	-10,200	-79,000
National Criminal History Improvement Program Discretionary Award	1,811,400	-277,800	-1,186,500
Byrne Evaluation Discretionary Award	73,600	-12,500	-58,300
Residential Substance Abuse Treatment Award	691,600	100,800	-261,900
State Identification Systems Award	0	194,700	194,700
National Sex Offender Registry Award	0	881,700	881,700
Anti-drug Abuse Act Grants to Local Government Agencies	6,155,400	-412,900	-414,000
Anti-drug Abuse Act Grants to State Government Agencies	<u>3,485,800</u>	<u>247,400</u>	<u>1,139,500</u>
TOTAL	\$16,601,000	\$1,698,500	\$667,500

4. STATE AGENCIES' USE OF FEDERAL ANTI-DRUG LAW ENFORCEMENT AND STATE MATCH FUNDS

Governor: Direct OJA to allocate federal Byrne anti-drug law enforcement funds and state matching penalty assessment revenues from OJA appropriations to the specified agencies for the following purposes: (a) \$254,700 annually to the Department of Justice (DOJ) for the purchase, replacement and maintenance of state crime laboratory equipment; (b) \$226,800 in 1999-00 to DOJ for the purchase of DNA short tandem repeat analysis equipment; (c) \$450,000 in 1999-00 to DOJ for converting the DNA databank to make it compatible with the short tandem repeat method of DNA analysis; (d) \$363,900 in 1999-00 and \$1,782,000 in 2000-01 to DOA's Bureau of Justice Information Systems (BJIS) for the installation of automated justice

information systems equipment; (e) \$446,500 annually to BJIS for automated justice information systems operations; (f) \$1,000,000 annually to the Department of Corrections (DOC) for alcohol and other drug abuse programs; (g) \$533,300 in 1999-00 and \$1,200,000 in 2000-01 to DOC for information technology initiatives; and (h) \$850,800 annually to DOJ for reimbursing counties that provide victim/witness services. With the exception of the BJIS operations funds, these amounts represent 75% federal funding and 25% state matching penalty assessment monies (for BJIS operations, the required state match would come from justice information fee revenues).

Joint Finance/Legislature: Reduce funding that OJA is directed to allocate to BJIS to fund general operations and equipment for automated justice information systems by \$80,600 in 1999-00 and \$204,400 in 2000-01. This would result in OJA funding to BJIS of \$729,800 in 1999-00 and \$2,024,100 in 2000-01.

[Act 9 Sections: 9101(5), 9101(6), 9101(7), 9101(10g) and 9101(12) thru 9101(14)]

5. CONTINUED FUNDING FOR ANTI-DRUG PROSECUTORS IN DANE AND MILWAUKEE COUNTIES

Governor/Legislature: Direct OJA to provide \$346,600 in 1999-00 and \$359,100 in 2000-01 in federal Byrne anti-drug funding and state matching penalty assessment funds to the Multijurisdictional Enforcement Groups (MEG units) in Dane and Milwaukee counties in order to continue to fund four assistant district attorney (ADA) positions which prosecute drug-related crimes. The Dane County MEG would be provided \$83,600 in 1999-00 and \$87,800 in 2000-01 to fund one position, and the Milwaukee County MEG would be provided \$263,000 in 1999-00 and \$271,300 in 2000-01 to fund three positions. These four positions are funded through non-competitive grants awarded by OJA.

[Act 9 Sections: 9101(2)&(3)]

6. TRIBAL LAW ENFORCEMENT ASSISTANCE [LFB Paper 160]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
PR	\$800,000	\$650,000	\$250,000	\$1,700,000

Governor: Provide \$200,000 in 1999-00 and \$600,000 in 2000-01 and create a tribal law enforcement assistance grant program. Funding would be provided from tribal gaming revenue provided to the state under the recently completed state-tribal gaming compact amendments. Under the bill, OJA would provide grants to tribes for law enforcement operations and would be required to develop criteria and procedures for administering the grant program. The criteria used by OJA would be exempt from the administrative rule process. To be eligible, a tribe would be required to submit an application and plan for

expenditure of the grant monies to OJA. OJA would be required to review the application and plan to determine whether they meet the OJA criteria. OJA would also be required to review the use of the grant money once awarded to ensure that the money is used according to the approved plan. [See "Administration -- Division of Gaming."]

Joint Finance: Provide \$175,000 annually to the Stockbridge-Munsee tribe for a public safety initiative and \$150,000 annually to the St. Croix Chippewa tribe to develop law enforcement capacity on reservation lands under the tribal law enforcement assistance grant program. In addition, exempt the procedures for administering the tribal law enforcement program from the administrative rule process and correct a statutory reference.

Senate/Legislature: Provide \$125,000 annually in tribal gaming revenues to the Lac Courte Oreilles Chippewa tribe to develop law enforcement capacity on the reservation under the tribal law enforcement assistance grant program.

Veto by Governor [F-18]: Delete the statutory language earmarking funds for the Stockbridge-Munsee tribe (\$175,000 annually), the St. Croix Chippewa tribe (\$150,000 annually), and the Lac Courte Oreilles Chippewa tribe (\$125,000 annually). Total funding for the grant program is unaffected by the veto.

[Act 9 Sections: 110, 544 and 575]

[Act 9 Vetoed Sections: 110k and 544]

7. GRANTS SPECIALIST POSITION [LFB Paper 185]

Governor: Provide \$36,300 in 1999-00 and \$39,800 in 2000-01 and 1.0 position annually for a grants specialist position.

The position would develop federal and private funding contracts and resource directories, disseminate information on funding opportunities to state and local agencies, assist in writing applications for funding and other proposals which may secure federal or private foundation or corporate resources, and train local governmental and non-profit agencies in competing for grant funds.

	Funding	Positions
GPR	\$76,100	1.00

Joint Finance/Legislature: Provide a two-year project position, rather than a permanent position. Require OJA to submit a report to the Legislature no later than January 1, 2001, detailing the accomplishments of the position, including a list of federal and private grants received by state and local government agencies attributable to the position's efforts.

Veto by Governor [D-15]: Delete the report requirement.

[Act 9 Section: 9101(7f)]

[Act 9 Vetoed Section: 9101(7f)]

8. FULLY FUND INFORMATION SYSTEMS POSITION [LFB Paper 186]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$26,600	-\$2,600	\$24,000
FED	<u>8,800</u>	<u>- 800</u>	<u>8,000</u>
Total	\$35,400	-\$3,400	\$32,000

Governor: Provide \$13,300 GPR and \$4,400 FED annually to fully fund OJA's information systems position. Funding for the position in OJA's adjusted base was provided for the starting salary for an intermediate-level information systems position. The position has been reclassified to an information systems--comprehensive specialist, which has a higher minimum salary rate.

Joint Finance/Legislature: Delete \$1,300 GPR and \$400 FED annually to correct a calculation error in providing full funding for the information systems--comprehensive specialist position.

9. GIFTS AND GRANTS APPROPRIATION

Governor/Legislature: Create a continuing gifts and grants appropriation under OJA to allow OJA to receive and spend gifts and grants monies that are not covered under a specific appropriation. According to OJA officials, the U.S. Department of Justice, through a contractor, requests OJA to perform certain studies approximately once a year. Currently, OJA accepts federal funding for these studies through a general DOA appropriation. Under the bill, OJA would be able to deposit these federal monies into and expend these federal monies from its own appropriation.

[Act 9 Section: 541]

10. COUNTY LAW ENFORCEMENT GRANT PROGRAM

PR	\$500,000
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Joint Finance/Legislature: Provide \$250,000 annually and create a county law enforcement grant program, to be administered by OJA, under which counties may receive no more than \$50,000 annually. Funding would be provided from tribal gaming revenue. Provide that counties that fulfill all of the following requirements would be eligible to receive funds: (a) the county borders a federally-recognized Indian reservation in Wisconsin; (b) the county has not established a cooperative county-tribal law enforcement program administered by the Department of Justice with each of the tribes that border the county; (c) the county demonstrates a need for law enforcement services to be funded with the grant; and (d) the county submits an application and a proposed plan to OJA that shows how the county would use the grant monies for law enforcement services. Direct OJA to develop criteria and

procedures for use in administering the county law enforcement grant program. Exempt the criteria and procedures developed by OJA from the administrative rule process.

[Act 9 Sections: 110j, 543x and 575L]

11. JAIL LITERACY PROGRAMS

Assembly/Legislature: Direct OJA to allocate \$150,000 in 2000-01 from OJA's federal anti-drug enforcement aids and local assistance appropriation to award grants on a competitive basis to six counties for pilot literacy programs in jails or houses of corrections. Funding would be provided from federal Byrne anti-drug monies. For a county to be eligible for a grant, provide that the county must pay at least 25% of the total cost of its pilot literacy program.

[Act 9 Section: 9101(11d)]

Land Information and Local Planning Programs

1. DEVELOPMENT OF A COMPUTER-BASED LAND INFORMATION SYSTEM [LFB Paper 195]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto by Gov. (Chg. to Leg.)	Net Change
PR	\$2,652,600	-\$2,122,200	-\$530,400	\$0

Governor: Provide \$1,222,300 in 1999-00 and \$1,430,300 in 2000-01 for the development of a new computer-based land information system as follows:

Computer-Based Land Information System. Provide that DOA shall develop and maintain, as a permanent agency responsibility, a computer-based Wisconsin land information system. Provide that this land information system would be excluded from the Land Information Board's general responsibilities to direct and supervise the state land information program.

Under current law, DOA has the permissive authority, on an on-going basis, to develop and maintain a geographic information system (GIS) or systems for the use of governmental and nongovernmental entities. The Land Information Board (rather than DOA) currently directs and supervises the state's land information program and serves as the state clearinghouse for access to land information. However, the Board, its supporting appropriations and all of its powers and duties are currently scheduled to be abolished, effective September 1, 2003. After that date, only those land information support activities expressly assigned to DOA as on-going

responsibilities (the GIS and this proposed new computer-based land information system) would remain in force.

Conduct of Soil Surveys and Soil Mapping. Specify that in conjunction with the proposed computer-based land information system, DOA may conduct soil surveys and soil mapping activities. Since these survey and mapping activities would be part of the DOA computer-based land information system, these undertakings would also be outside of the direction and supervision of the Land Information Board.

Allow DOA to assess any state agency any amount that DOA determines would be required in order to conduct such soil survey and soil mapping activities. In making these assessments, DOA would be able to assess agencies on a premium basis and pay the costs incurred on an actual basis. Authorize DOA to contract with the Board of Commissioners of Public Lands to perform soil survey and soil mapping activities on trust lands that are under the jurisdiction of that Board.

DOA's statutory authority to conduct soil surveys and soil mapping activities, assess agencies for such costs and contract for survey and mapping activities on trust lands would be on-going. The authority to undertake these activities would not be subject to repeal as part of the sunseting of the Land Information Board and associated activities, effective September 1, 2003.

Use of Land Information Board Revenues for Computer-Based Land Information System Activities. Establish an annual, PR appropriation under DOA to support the computer-based land information system and provide expenditure authority of \$822,300 in 1999-00 and \$1,030,300 in 2000-01 for this purpose. Provide that these appropriated amounts would be funded by diverting to DOA a portion of the monies received by the Land Information Board from county registers of deeds for the recording of legal documents that is currently used to provide aids to counties for local land information projects.

Under this modification, the amounts budgeted for Board general program operations would continue to receive an initial allocation from the registration fees revenues equal to budgeted amounts for administration, as provided under current law. In addition to this allocation, specify that the Board transfer to DOA the amounts budgeted in the new computer-based land information system appropriation for that purpose. Following the current law allocation for Board operations and the transfer to support DOA's computer-based land information system, provide that all remaining funds be credited to the existing land information aids to counties appropriation.

Reduce base level expenditure authority (\$1,799,000 annually) under the Board's aids to counties appropriation by \$822,300 in 1999-00 and \$1,030,300 in 2000-00 to reflect the transfer of computer-based land information system funds to DOA. [A total of \$976,700 in 1999-00 and \$768,700 would then remain for county land information project grants.] As a result of these

modifications, repeal a current law provision specifying the allocation of document recording fees only to the aids to counties appropriation.

Under current law, \$6 of the \$10 collected by a county register of deeds for recording the first page of a legal document is forwarded to the Board, unless the county has a land information office, in which case the county may retain an additional \$4 to support the office and transfer only \$2 to the Board. The monies currently received by the Board are first credited to an appropriation that supports the Board's budgeted general program operations. Following this allocation, all remaining revenues are now credited to aids to counties appropriation.

Funding the Computer-Based Land Information System Project. Provide that the amounts credited to the new appropriation would then be transferred to a PR-service appropriation to support the actual development and maintenance of the computer-based land information system and associated soil survey and soil mapping activities. Provide expenditure authority of \$822,300 in 1999-00 and \$1,030,000 in 2000-01 for the development and maintenance of the new land information system.

Of these amounts, earmark \$202,300 in 1999-00 and \$410,300 in 2000-01 for the development of the new system. These funds would support master lease costs associated with the system (\$172,300 in 1999-00 and \$350,300 in 2000-01) and contractor or in-house programming staff costs (\$30,000 in 1999-00 and \$60,000 in 2000-01). The balance of the expenditure authority under the PR-service appropriation (\$620,000 annually) would be reserved for the new soil survey and soil mapping activities.

Funding of Soil Survey and Soil Mapping Activities. In addition to the remaining \$620,000 under the PR-service appropriation for the land information system, create a new PR-service continuing appropriation funded from assessments levied by DOA against other state agencies for the costs of conducting soil surveys and soil mapping activities. Provide expenditure authority of \$400,000 annually under this new soil survey and soil mapping assessment appropriation. [The biennial budget bill would also provide \$200,000 annually under both DNR and DOT to fund these DOA assessments for soil survey and soil mapping activities. In addition, \$30,000 annually would be provided, but not transferred to DOA, under the Board of Commissioners of Public Lands for soil survey and soil mapping activities on trust lands.]

As a result of all of these transfers, assessments and allocations, a total of \$1,050,000 annually would be available to support soil survey and soil mapping activities. All of these amounts, except for the \$30,000 annually budgeted under the Board of Commissioners of Public Lands, would be appropriated under DOA.

Use of Funds for Soil Surveys. Provide \$620,000 annually [\$400,000 from the amounts assessed from DNR and DOT and \$220,000 from the computer-based land information system PR-service appropriation] to support the first two years of a projected four-year project to develop a computerized soil data analysis of the soil layers in nine northern Wisconsin counties (Ashland, Bayfield, Burnett, Douglas, Iron, Price, Rusk, Sawyer and Washburn counties). This

activity would be carried out under contract with the U. S. Department of Agriculture's Natural Resources Conservation Service (NRCS). The state's total annual share of the costs of the surveys (\$650,000) would also include the \$30,000 provided by the Board of Commissioners of Public Lands. The state's total four-year commitment to this soil survey project (\$2.6 million) would represent about one-third of the total project costs. The remaining costs of the project would be supported from the NRCS's federal budget.

Use of Funds for Soil Mapping. Provide \$400,000 annually from the computer-based land information system PR-service appropriation to support the first two years of a projected four-year project to develop digitized soil characteristics data in 38 Wisconsin counties where soil surveys have been completed. The state's total four-year commitment to the soil mapping project (\$1.6 million) would represent about one-half of the total project costs. The remaining costs of the project would be supported from the NRCS's federal budget.

Repeal of Appropriations. Effective September 1, 2003, repeal the new PR and PR-service appropriations supporting the computer-based land information system function under DOA, including the soil mapping and soil surveying activities supported from these appropriations. Notwithstanding the repeal of these appropriations, DOA would continue to have the statutory duty to develop and maintain the computer-based land information system and would still have the authority to undertake soil survey and mapping activities.

The separate PR-service appropriation established to receive assessments transferred from other agencies for soil survey and soil mapping activities would not be included in the appropriations to be repealed.

Joint Finance/Legislature: Delete \$957,100 in 1999-00 and \$1,165,100 in 2000-01 to reflect the following actions:

Computer-Based Land Information System. Eliminate the authority of DOA to develop and maintain a computer-based Wisconsin land information system. In connection with this modification, delete \$202,300 in 1999-00 and \$410,300 in 2000-00 appropriated from register of deeds recording fees for this purpose and instead restore these amounts to the Land Information Board's aids to counties appropriation. There would be no net fiscal change associated with these offsetting adjustments. In addition, delete a PR-service appropriation to which monies would be transferred for the development of a land information system (and related soil survey and soil mapping activities) and delete the \$202,300 in 1999-00 and \$410,300 in 2000-01 earmarked under that appropriation for the computer-based land information system.

Conduct of Soil Surveys and Soil Mapping. Authorize the Land Information Board rather than DOA to: (a) conduct of soil surveying and mapping activities; (b) assess state agencies for the costs of conducting soil surveys and soil mapping activities; and (c) contract with the Board of Commissioners of Public Lands for the conduct of soil surveys and mapping activities on the Board's trust lands.

Schedule and Funding Modifications to the Soil Survey and Soil Mapping Project. Modify the funding requirements for the soil survey and soil mapping project to reflect the spreading of project costs over six years instead of four years. As a result of these modifications, delete \$205,000 annually appropriated from register of deeds recording fees for these projects and instead restore these amounts to the Board's aids to counties appropriation. There would be no net fiscal change associated with these offsetting adjustments. In addition, delete \$620,000 annually earmarked for soil survey and soil mapping activities associated with the PR-service appropriation for land information systems repealed above. Finally, delete \$134,800 annually of funds derived from agency assessments to reflect this revised six-year project schedule. [Reductions of \$67,400 annually would also be made under the budgets of both DNR and DOT to reflect these project schedule changes. Further, a reduction of \$10,200 annually would be made under the budget of the Board of Commissioners of Public Lands to reflect these project schedule changes.]

Extension of Scheduled Sunset Dates. Extend the current September 1, 2003, sunset date for the Land Information Board and associated functions and the collection of a state share of register of deeds recording fees to September 1, 2005.

Veto by Governor [B-26]: Conduct of Soil Surveys and Soil Mapping. Delete the authority of the Land Information Board to assess any state agency for any amount that the Board determines is required for soil surveying and soil mapping activities, including the ability to make assessments on a premium basis, pay costs on an actual basis and contract with the Board for soil surveys and mapping on its lands. In addition, delete the words "Land information board" from the title of the appropriation to which the agency payments would be made for soil surveying and mapping activities and also eliminate references to assessments levied by the Board from the statutory purpose of the appropriation. Make the modified soil surveys and mapping appropriation (funded from state agency support) permanent by eliminating its scheduled September 1, 2005, repeal. Because the Governor's veto results in the deletion of the statutory authority to assess state agencies for soil survey and mapping costs, no revenue stream is anticipated to support the \$265,200 PR annually of expenditure authority included in the biennial budget act in the soil survey and mapping state agency support appropriation. Consequently, no expenditures from this appropriation are projected.

Extension of Scheduled Sunset Dates. Retain the current law sunset date of September 1, 2003, applicable to all current law provisions governing the Land Information Board. Establish a September 1, 2003, sunset date for the Board's new authority to undertake soil surveying and soil mapping activities and to the associated new appropriation that funds these activities, by deleting the following nonstatutory effective date provisions relating to other budget items: (a) the effective date for the repeal for the appropriations to fund a 27th biweekly payroll period; (b) the effective date for the repeal of the appropriations to fund pay rate or pay range adjustments for correctional officers and related positions; (c) the effective date for the repeal of the comprehensive planning grants program; and (d) the title and a portion of the text of the provision relating to the effective date for the repeal of the Wisconsin Land Council's duties under the comprehensive planning grants program on September 1, 2003, in order to utilize that sunset

3. COMPREHENSIVE PLANNING GRANTS PROGRAM

	Jt. Finance (Chg. to Base)		Legislature (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR-REV	\$3,000,000		-\$3,000,000		\$0	
GPR	\$0	0.00	\$1,562,500	1.00	\$1,562,500	1.00
PR	<u>2,818,200</u>	<u>1.00</u>	<u>-2,818,200</u>	<u>-1.00</u>	<u>0</u>	<u>0.00</u>
Total	\$2,818,200	1.00	-\$1,255,700	0.00	\$1,562,500	1.00

Joint Finance: Establish a new comprehensive planning grant program, as follows:

Comprehensive Planning Grants to Local Units of Government. Create a new PR-funded, annual appropriation under DOA for the purpose of making comprehensive planning grants to a county, city, village, town or regional planning commission. Authorize DOA to make an annual assessment against the state agencies enumerated below to fund this comprehensive planning grant program. Specify that this appropriation, DOA's authority to assess agencies and the associated grant program would be repealed, effective July 1, 2010.

Assessment of Certain State Agencies to Fund the Comprehensive Planning Grants Program. Provide that annually the Secretary of DOA shall assess DOA, DATCP, Commerce, DNR, DOR and the UW System \$250,000 each to support the planning grants and the costs of program delivery. Provide that the annual assessment would be applied among each agency's individual GPR-funded general program operations appropriations, in amounts as determined by the Secretary of DOA, such that the total assessed from all such appropriations under each agency would total \$250,000. Provide that the amounts assessed would be credited to the PR-funded planning grant appropriation account, after first deducting the amounts separately appropriated to support DOA staffing for comprehensive planning grant activities and the UW-Extension's Local Planning Educational and Technical Assistance Program and Model Ordinance Development Initiative (described under "University of Wisconsin System").

Funding and Staffing under DOA for Comprehensive Planning Grant Activities. From the amounts assessed, provide total expenditure authority under the new DOA comprehensive planning grants appropriation of \$1,430,000 in 1999-00 and \$1,288,200 in 2000-01. Provide an additional \$50,000 annually and authorize 1.0 PR position in DOA's Office of Land Information Services under a new annual appropriation funded from the agency comprehensive planning grant assessments to support the operation of the new planning grant program. [The remaining funds from the annual assessments, \$20,000 in 1999-00 and \$161,800 in 2000-01, would be appropriated under the University of Wisconsin System.]

Purpose of the Comprehensive Planning Grants. Specify that the activities eligible for funding under the DOA comprehensive planning grants appropriation would include contracting for planning consultant services, public planning sessions and other planning outreach and educational activities, or the purchase of computerized planning data, planning

software or the hardware required to utilize that data or software. Stipulate that only those planning efforts containing all nine planning elements enumerated under the comprehensive planning provisions of the bill [see description under "General Provisions"] would be eligible for grants. Specify that DOA may require grantees to finance from local resources not more than 25% of the costs of the product or services to be supported by the planning grant.

Approval of Comprehensive Planning Grants. Specify that prior to the awarding of any comprehensive planning grants, DOA would be required to forward a statement of the proposed expenditures to the Wisconsin Land Council and, through August 31, 2003, obtain the Land Council's written approval of the expenditures. In making such a funding determination, require the Land Council to favor grant applications if they contain the following elements:

(a) Joint planning. Planning efforts that involve overlapping or neighboring jurisdictions will be favored over single unit planning efforts.

(b) Coordination with state goals. Applications that are accompanied by a statement that the plans would meet the following state policy goals will be favored over applications that do not include these goals:

- Promotion of the redevelopment of lands with existing infrastructure and public services and the maintenance and rehabilitation of existing residential, commercial and industrial structures.
- Encouragement of neighborhood designs that support a range of transportation choices.
- Protection of natural areas, including wetlands, wildlife habitats, lakes and woodlands, open spaces and groundwater resources.
- Protection of economically productive areas, including farmland and forests.
- Encouragement of land uses, densities and regulations that promote efficient development patterns and relatively low municipal, state government and utility costs.
- Preservation of cultural, historic and archaeological sites.
- Encouragement of coordination and cooperation among nearby units of government.
- Building of community identity by maintaining physical separation between urban areas, revitalizing main streets and enforcing design standards.
- Providing an adequate supply of affordable housing for all income levels throughout each community.

- Providing adequate infrastructure and public services and supply of developable land to meet existing and future market demand for residential, commercial and industrial uses.
- Promoting the expansion or stabilization of the current economic base and the creation of a range of employment opportunities.
- Balancing individual property rights with community interests and goals.
- Planning and development of land uses that create or preserve varied and unique urban and rural communities.

(c) Smart growth areas. Planning efforts that identify smart growth areas to which state and local infrastructure and other investments will be targeted will be favored, if the areas will: (i) promote the development and redevelopment of lands with existing infrastructure and municipal, state and utility services, where practicable; and (ii) encourage efficient development patterns that are both contiguous to existing development and at densities which have relatively low municipal, state government and utility costs.

(d) Implementation. Planning efforts, including subsequent updates and amendments that include development of implementing ordinances, including but not limited to zoning, subdivision and land division ordinances, will be favored over planning-only efforts.

(e) Completion. Planning efforts that promise completion within 30 months of the date on which the grant would be awarded will be favored.

(f) Public participation. Planning efforts that provide opportunities for public participation throughout the planning process will be favored.

Assembly: Delete provision.

Senate: Modify the comprehensive planning recommendations of Joint Finance as follows:

Assessment of Certain State Agencies to Fund the Comprehensive Planning Grants Program. Modify the procedure that directs the Secretary of DOA to assess six agencies \$250,000 each, on an annual basis, by modifying the provision that directs the assessments to be applied against each agency's GPR-funded general program operations appropriations to instead specify that the assessments could be made against any of the agency's appropriations for general program operations.

Conference Committee/Legislature: Delete the Senate provision and instead modify the comprehensive planning recommendations of Joint Finance as follows:

to public participation to clarify that public participation should take place throughout the planning process.

Veto by Governor [B-26]: Delete the scheduled July 1, 2010, repeal of: (a) the comprehensive planning grants program; (b) the enumerated factors that DOA must use in awarding grants under the program; and (c) the GPR-funded grant appropriation and associated administrative appropriation under DOA.

[Act 9 Sections: 12m, 12n, 110m, 110no, 110p, 110q, 110s, 110t, 110w, 509v, 509x, 2353m, 2353n, 9101(19g) and 9401(2zu)]

[Act 9 Vetoes Sections: 110n, 110r, 509w, 509y and 9401(6zu)&(6zv)]

4. SMART GROWTH DIVIDEND AID PROGRAM

Joint Finance: Require DOA and DOR to jointly propose a smart growth dividend aid program in their biennial budget requests for 2001-03 which provide aids to localities beginning in 2005-06. Require the proposal to include provisions that would distribute aid to towns, villages, cities and counties which meet the following requirements: (a) the local government has adopted a comprehensive plan that the Wisconsin Land Council and DOA have determined meets provisions established under administrative rule; (b) the local government has implemented the plan in accordance with provisions under the comprehensive planning statute; and (c) the population density within the local government's boundaries has increased. Require the proposal to include a provision requiring the Wisconsin Land Council to approve or disapprove grant applications within 60 days of submission.

Assembly: Delete provision.

Senate: Modify the requirements that local governments would have to meet to receive aid payments to specify that local governments must have zoning and subdivision ordinances that are consistent with their comprehensive plans and to specify that aid would be distributed to eligible local governments on the basis of credits that the local governments would accumulate for new housing units that are sold or rented in the previous year on lots of one-quarter acre or less and for new housing units that were sold at prices less than 80% of the median sale price for new homes in the county in the previous year.

Conference Committee/Legislature: Delete the requirement that the 2001-03 budget requests of DOA and DOR contain a provision that would require aid recipients to be local governments where the population density has increased, and, instead, require the aid recipients to have zoning and subdivision ordinances that are consistent with their comprehensive plan. Specify that aid would be distributed to eligible local governments on the basis of credits that the local government would accumulate for new housing units that were sold or rented in the previous year on lots of one-quarter acre or less and for new housing units

that were sold at prices less than 80% of the median sale price of new homes in the county in the previous year.

[Act 9 Section: 9101(18zo)]

5. LAND COUNCIL DUTIES: INFORMATION ON THE TRANSFER OF CERTAIN LAND RIGHTS

Joint Finance: Direct the Wisconsin Land Council, by January 1, 2000, to develop and distribute a form, that is in triplicate, which would be sent, to DNR, DOR and to the appropriate county register of deeds. Specify that these entities are to make such forms available to persons requesting them. Provide that the form would be designed to capture information with respect to the conveyance of certain land rights, defined as a nonpossessory interest in land that imposes a limitation or affirmative obligation, the purpose of which is to retain or protect natural, scenic or open space values of land, assuring the availability of land for agricultural, forest, wildlife habitat or open space use, protecting natural resources or maintaining or enhancing air or water quality. Specify that the information on the form would include the following: (a) the name and address of each party involved in the transaction; (b) the date of the transaction; (c) the approximate size of the parcel to which the land rights relate; (d) the approximate total size of the parcel to which the land rights constitute a portion; (e) the classification of the subject property for assessment purposes; (f) the amount paid by the purchaser for the land rights; and (g) the source of any public funds that were used in the conveyance of the land rights.

Specify that any person who is a party to a transaction, as a purchaser or purchaser's agent or as a seller or seller's agent, may prepare and sign the form. Provide that if the person prepares and signs the form, one copy must be sent to the Land Council and one copy to the register of deeds of the county in which the transaction is recorded. Stipulate that beginning July 1, 2000, if the transfer of a land right involves the use of public funds, a copy of the form must also be recorded when the transaction itself is recorded.

Provide that if public funds have been used to support the conveyance of a land right to a not-for-profit organization, the amount involved in the transaction would not be deemed to be confidential under s. 77.265 of the statutes and would be available to the public.

Specify that the Land Council would be required to post the form on the Internet when a site for a statewide computerized land information system is created and makes such a posting possible. Provide that all of these new provisions would apply through August 31, 2003, at which time the Land Council and associated statutory provisions sunset under current law.

Senate/Legislature: Modify Joint Finance provision that would have directed the Wisconsin Land Council, by January 1, 2000, to develop and distribute a form designed to capture information with respect to the conveyance of a "nonpossessory interest" in a land holding by deleting the requirements that the form: (a) be in triplicate; (b) be sent to DNR, DOR

and to the appropriate county register of deeds; and (c) be recorded with the register of deeds of the county in which the transaction is recorded. Specify instead that for a transaction involving a nonpossessory interest completed after June 30, 2000, any person who is a party to a transaction, as a purchaser or purchaser's agent or as a seller or seller's agent, must prepare and sign the form and send a copy to the Land Council. Newly require the Land Council to create and maintain a directory of the forms.

Also, delete the Joint Finance requirements that the form contain the following items of information: (a) the classification of the subject property for assessment purposes; (b) the amount paid by the purchaser for the land rights; and (c) the source of any public funds that were used in the conveyance of the land rights. With these modifications the form would still have to contain the following information: (a) the name and address of each party involved in the transaction; (b) the date of the transaction; (c) the approximate size of the parcel to which the land rights relate; and (d) the approximate total size of the parcel to which the land rights constitute a portion.

Further, delete the Joint Finance requirements that: (a) if public funds have been used to support the conveyance of a land right to a not-for-profit organization, the amount involved in the transaction would not be deemed to be confidential under s. 77.265 of the statutes and would be available to the public; and (b) the Land Council post the form on the Internet when a site for a statewide computerized land information system is created and makes such a posting possible. All of these modifications and new provisions would apply through August 31, 2003, at which time the Land Council and associated statutory provisions sunset under current law.

Veto by Governor [B-28]: Delete provision.

[Act 9 Vetoed Sections: 43h and 43j]

Attached Programs

1. HEARINGS AND APPEALS -- INCREASED COSTS FOR PROBATION AND PAROLE HEARING ACTIVITIES

GPR	\$20,200
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Governor/Legislature: Provide \$20,200 in 2000-01 for costs associated with the Division of Hearings and Appeals staff who conduct probation and parole hearings for the Department of Corrections. The funding would be used for: (a) purchase of five personal computer replacements [\$4,100 (plus \$3,400 of base resources)]; (b) user charges to provide dial-in access by staff to the Division's information data base (\$5,100); (c) maintenance costs of the Division's scheduling and case tracking software (\$6,000); and (d) increased transcript preparation services (\$5,000).

2. HEARINGS AND APPEALS -- AUTO DEALER BOND CLAIM HEARINGS

	Funding	Positions
PR	\$109,200	1.00

Governor/Legislature: Provide \$49,400 in 1999-00 and \$59,800 in 2000-01 and 1.0 position (0.5 attorney and 0.5 program assistant) to conduct automobile dealer bond claim hearings for DOT. The DOT currently conducts these hearings and has requested that the Division of Hearings and Appeals adjudicate dealer bond claims on behalf of DOT. To obtain a license from DOT, automobile dealers are required to maintain a \$25,000 bond to cover financial losses of a customer due to negligent action by an automobile dealer. The need for administrative hearings arises when a dispute arises over payment of claims from these bonds. In 1999-00, \$28,100 is provided for salary and fringe and \$21,300 for supplies and services. In 2000-01, \$37,500 is provided for salary and fringe benefits and \$22,300 is provided for supplies and services. The revenue for these increased expenditures would from a charge-back to DOT for the costs of service provided by the Division.

3. HEARINGS AND APPEALS -- DPI SPECIAL EDUCATION HEARINGS

PR	\$24,700
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Governor/Legislature: Provide \$10,700 in 1999-00 and \$14,000 in 2000-01 for increased supplies and services costs related to the Division of Hearings and Appeals provision of special education due process hearings for DPI. Through a memorandum of understanding between the two agencies, the Division conducts all special education due process hearings for DPI. These hearings arise when there is a disagreement between a school district and a parent over special education services to be provided to a student. The Division currently employs a 0.5 attorney and 0.5 program assistant to conduct these hearings on behalf of DPI. The revenues for

these increased expenditures would come from charge-backs to DPI for the cost of the hearing services provided. In turn, DPI assesses the involved school districts for these costs.

4. HEARINGS AND APPEALS -- FUNDING SHIFT [LFB Paper 201]

	Funding Positions	
GPR	-\$272,000	- 1.40
PR	<u>272,000</u>	<u>1.40</u>
Total	\$0	0.00

Joint Finance/Legislature: Delete \$136,000 GPR annually and 1.4 GPR positions and provide \$136,000 PR annually and 1.4 PR positions to reflect a re-distribution of salary costs between funding sources for supervisory personnel.

5. COLLEGE TUITION PREPAYMENT PROGRAM

Governor/Legislature: Modify the college tuition prepayment program (EdVest) by specifying that a beneficiary can use tuition units purchased on his or her behalf for the payment of mandatory student fees as well as tuition. In addition, delete the provision that prohibits DOA from issuing a refund for one year following termination of an EdVest account and limit the number of tuition units for which a refund can be issued to 100 tuition units per year, if the account is terminated under certain circumstances. Instead, DOA would determine the method and schedule of the payment of refunds, as it does currently for other refunds.

Under current law, these refund restrictions apply if the beneficiary is at least 18 years old and the account is terminated for one of the following reasons: (a) the beneficiary has not graduated from high school; (b) the beneficiary has decided not to attend an institution of higher education; and (c) the beneficiary attended an institution of higher education but voluntarily withdrew prior to completing his or her program.

[Act 9 Sections: 56, 58, 60 and 61]

6. TRANSFER THE COLLEGE TUITION PREPAYMENT PROGRAM TO THE OFFICE OF THE STATE TREASURER [LFB Paper 890]

	Funding Positions	
SEG	-\$1,492,800	- 4.00

Governor: Delete \$746,400 annually and 4.0 positions to reflect the transfer of the college tuition prepayment program, which is currently administered by DOA, to the Office of the State Treasurer on the effective date of the bill. EdVest is a college savings program that allows parents and others to purchase "tuition units" on behalf of a beneficiary for the future payment of college tuition. Funds used to purchase the tuition units are placed in a tuition trust fund and invested by the State of Wisconsin Investment Board. The program's administrative costs are currently funded from the tuition trust fund.

Joint Finance/Legislature: Modify the Governor's recommendation to provide that when the general fund is ultimately reimbursed from available EdVest trust fund earnings, the Secretary of DOA must ensure that the amounts repaid include all GPR-supported start-up and ongoing administrative expenditures incurred since the inception of the EdVest program.

[Act 9 Sections: 52 thru 59, 61, 62, 587, 718, 1686, 3101 and 9101(9)]

7. TRANSFER STATE NATIONAL AND COMMUNITY SERVICE BOARD

	Governor (Chg. to Base)		Legislature (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
FED	-\$3,338,600	-2.00	\$4,538,200	3.00	\$1,199,600	1.00

Governor: Provide a reduction of \$1,669,300 FED annually and 2.0 positions to reflect the transfer of the National and Community Service Board (NCSB), except the Promise Challenge grant program, from DOA to DHFS. The Board is currently statutorily attached to DOA for administrative purposes. The statutory responsibilities and appropriations for the Board would be relocated under DHFS.

Provide that the transfer of the following items, that are determined by the Secretary of DOA as primarily related to the administration of the National and Community Service Board, except the Badger Challenge grant program, would be handled as follows on the effective date of the budget bill: (a) all assets and liabilities (including tangible public property and records), would be transferred from DOA to DHFS; (b) all positions and incumbent employees primarily related to the NCSB would be transferred from DOA to DHFS and the employees would retain their existing employment status and rights and be exempt from any new probationary period; and (c) all existing contracts entered into by DOA would be transferred to DHFS and remain in effect after the transfer until modified or rescinded by DHFS to the extent allowed under the contract.

The Board is responsible for providing an annual plan for the provision of national service programs in this state and for awarding grants (from federal funds received from the Corporation for National and Community Services) to persons providing national service programs in the state, with priority being given to youth corps programs.

In November, 1997, DOA, the Department of Commerce and the Board entered into a memorandum of understanding (MOU) that temporarily transferred the Board and its employees to Commerce, although funding remained in DOA and the transferred employees were still payrolled from the appropriations in DOA. At this time, a similar MOU is under development between DOA, DHFS, and the Board to transfer the activities of the Board to DHFS for the remainder of this fiscal year. The budget provision would statutorily attach the Board to DHFS and transfer the Board's position authority and budget to DHFS. The base

budget for the Board is \$1,674,900 FED (of which \$174,900 is for administration and \$1,500,000 is for grants).

Senate/Legislature: Delete the provision that would transfer the National and Community Service Board from DOA to the DHFS. Provide an additional \$599,800 annually and increase the authorized federal position level by 1.0 beginning in 1999-00. Federal funding for the Board is available from the Corporation for National Service under the federal National and Community Service Act of 1990.

Veto by Governor [E-6]: Delete the following inadvertently retained provisions from the Governor's original proposal to transfer the Board's activities to DHFS: (a) an unnecessary transfer of the Wisconsin challenge grant appropriation between programs within DOA; and (b) the creation of two appropriations in DHFS for NCSB activities.

[Act 9 Section: 9101(1mb)]

[Act 9 Vetoed Sections: 511, 532, 534 and 535]

8. PROMISE CHALLENGE GRANT PROGRAM

GPR	- \$848,000
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Governor/Legislature: Reduce base level funding by \$424,000 annually to reflect deletion of one-time funding provided in 1998-99 for the promise challenge grant program. A provision of 1997 Wisconsin Act 237 provided \$424,000 in 1998-99 for promise challenge grants to countywide consortia to assist in youth development activities. Act 237 further provided that the administration of the program be assigned to the National and Community Service Board (NCSB) which is currently attached to DOA for administrative purposes and provided that the program sunset on January 1, 2000).

9. GLASS CEILING BOARD [LFB Paper 200]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$135,500	1.00	-\$135,500	-1.00	\$0	0.00

Governor: Provide \$60,500 in 1999-00 and \$75,000 in 2000-01 and 1.0 position to the Women's Council to staff a Glass Ceiling Board. Create a Glass Ceiling Board which would have the following duties:

- Administer an annual "Governor's Glass Ceiling Award Program" to recognize Wisconsin businesses and organizations that advance, or promote the advancement of, women and minority group members to upper-level management positions;

- Conduct outreach and provide other resources to disseminate information to employers on glass ceiling issues and effective programs that have helped eliminate barriers to promotion of women and minority group members to upper-level management positions;
- Identify businesses and industries that provide exceptional opportunities for women and minority group members to upper-level management positions, and, whenever appropriate, promote the expansion of such businesses and industries in the state; and
- Actively promote the appointment of qualified women and minority group members to public and private governing bodies.

Define "glass ceiling" as a formal or informal barrier to full participation of women and minority group members in the management of public and private sector employes.

Provide that the Board be attached to DOA for administrative purposes and staffed by the Women's Council. Authorize the Governor to annually choose the Chairperson of the Board. Specify that Board membership shall consist of 25 members as follows: (a) two Senators and two Representatives of the Assembly selected in the same manner as members of standing committees are chosen; and (b) 21 persons holding public or private sector positions, appointed by the Governor to three-year terms. Provide that the initial non-legislative membership of the Board be named by the Governor to staggered terms with one-third of the 21 initial members each serving terms expiring May 1, 2001, May 1, 2002, and May 1, 2003, respectively.

Joint Finance/Legislature: Delete provision.

10. GREEN BAY PACKERS LICENSE PLATE

Joint Finance: Direct DOA to make payments to the Boys and Girls Clubs of Wisconsin from the revenues generated from the issuance of Green Bay Packers license plates. Create a new, PR, continuing appropriation for payments to the Boys and Girls Clubs of Wisconsin. Specify that these provisions would become effective on the first day of the 5th month beginning after publication. [For more detail on the Green Bay Packers license plate see "Transportation -- Motor Vehicles."]

Conference Committee/Legislature: Delete provision.

11. MANAGEMENT ASSISTANCE GRANT PROGRAM

Joint Finance/Legislature: Create a management assistance grant program, administered by DOA, to provide financial assistance to counties to fund public safety, public health, public infrastructure, public employee training and economic development expenditures. Provide that grants be provided, subject to the availability of funds, to any county that meets the following criteria: (a) the county does not contain any incorporated municipalities; (b) the county has a

geographic area of less than 400 square miles; (c) the county submits a detailed expenditure plan that identifies how the funds are proposed to be expended and how those expenditures meet the program's goals; and (d) the county maintains its financial records in accordance with accounting procedures established by DOR. Menominee County is the only county that currently meets criteria (a) and (b). Establish the grant amount for each eligible county at \$500,000, annually. Create an appropriation to make grants under the program. Place \$500,000 annually in tribal gaming revenues in the PR appropriation of the Joint Committee on Finance to be transferred under s. 13.10 to the management assistance grant program appropriation upon request by DOA and a finding that a county has met the eligibility criteria of the grant program. The state fiscal effect is reflected in this document under the section for "Program Supplements."

[Act 9 Sections: 1v, 45m, 518, 519, 527g and 586f]

12. CENSUS AWARENESS PROGRAM

Funding Positions		
GPR	\$850,000	1.00

Senate: Provide \$425,000 annually to the University of Wisconsin for a census awareness program that the UW System Board of Regents would be required to establish and maintain at UW Extension. Provide that the program would fund grants and public service announcements designed to increase public awareness of the importance of an accurate census and to encourage people to complete the census questionnaire.

Conference Committee/Legislature: Delete the Senate provisions. Instead, include the following provisions: Provide \$250,000 GPR in 1999-00 and 1.0 GPR project position to the Department of Administration (DOA) and require DOA to conduct a statewide program to educate the public concerning federal census procedures and the importance of assuring a complete and accurate 2000 federal census in Wisconsin. Further, provide \$600,000 GPR in a biennial appropriation under DOA for census education assistance grants.

Census Education Board. Create a Census Education Board, attached to DOA, consisting of two senators and two representatives appointed in the same manner as members of standing committees of the Legislature. Require that the Board approve the expenditure of any monies by DOA for a statewide census education program. Repeal the Board on July 1, 2000.

Census Education Assistance Grants. Require DOA to review and approve grants for programs designed to ensure a complete, accurate 2000 federal census in this state. Prohibit DOA from encumbering or expending any moneys for this purpose without Board approval.

Eligible Applicants. Provide that the Wisconsin Towns Association, the Wisconsin Alliance of Cities or the League of Wisconsin Municipalities (associations), any county, municipality or group of municipalities which has a population of 20,000 or more, according to the 1990 federal census, or any county, municipality or group of municipalities which can

demonstrate that a substantial portion of its population is hard to enumerate may apply for a census education assistance grant. Define "hard to enumerate" populations to include: (a) racial and ethnic minorities; (b) individuals for whom English is not their primary language; (c) homeless individuals; (d) migrant workers; (e) residents of public housing projects or other concentrations of rental units; (f) individuals who may be outside the mainstream of daily life, such as homebound, elderly or disabled individuals; and (g) student populations.

Grant Distribution. Require DOA to make grants on a matching basis in an initial amount not to exceed \$200,000 per applicant. Provide that if the total amount of grants payable exceeds the funding available, DOA would prorate the grants. Provide that if, after DOA awards all grants, funding remains in the appropriation, DOA may award additional money to any original qualified applicants who apply to receive additional grant moneys. Specify that in distributing the additional grant money, DOA must distribute the money on a prorated basis based on the amounts awarded to each applicant originally, up to the amount of additional money matched by the applicant, not to exceed \$250,000 to a single applicant. Provide that if after the additional grants are awarded funding still remains in the appropriation, DOA may continue to award grants on the prorated basis until all funding is expended. Prohibit applicants that received a grant in the amount of \$250,000 from receiving any additional funding.

Eligible Costs. Provide that a grant may only be used to pay direct costs, which could include the costs of staff specifically assigned to a census complete count promotion, office space, data processing, staff travel within the area covered by the grant, communications, media advertising, printing, postage and supplies directly attributable to a complete count promotion. Costs not eligible to be paid from a grant would include equipment and property costs, application preparation costs, indirect costs and any costs considered by DOA to be inconsistent with the purposes of the program. Provide that no costs incurred after June 1, 2000, would be eligible for a grant

Application Requirements. Require applicants to include all of the following in their applications: (a) a description of the geographic area to be covered, including, except in the case of a association, the name of each county or municipality included within a group that is applying for a grant and the approximate total population of each county and municipality; (b) the categories of populations targeted for the census promotional program and the approximate number in each category; (c) an explanation of why the members of the population are hard to enumerate, if they are not included in the definition of "hard to enumerate"; (d) activities planned and associated costs to reach each of these populations, including tentative schedules, source and number of anticipated staff, and materials and other information which would provide a clear understanding of the promotional program; (e) the amount of the grant requested and the sources and amounts of matching funds; (f) a plan for the final accounting and evaluation of the promotion program; (g) the signature of the highest ranking official for each county, municipality or association making application for the grant or for each municipality included within a group making application for the grant; and (h) the name and title of the project coordinator who is responsible for the overall effort, if the application is made

by an applicant other than a single county or municipality. Provide that DOA may reject any application which does not appropriately meet all of these requirements.

Application and Payment Dates. Provide that DOA would have to receive grant applications no later than the 30th day after the general effective date of the budget bill. Require that DOA announce the grant awards on or before the 15th day after the application deadline and pay 60% of each grant at the time of award. Require each grant recipient to provide a certified final accounting and submit a report on the accounting together with its request for final payment to DOA by July 15, 2000. Require DOA to make the final 40% payment of the grant when the final accounting has been satisfactorily completed.

Veto by Governor [E-5]: Delete requirement that applications must be received within 30 days after the general effective date of the budget bill.

[Act 9 Sections: 28am, 28an, 510m, 9101(19wx)&(19wy) and 9401(7wx)]

[Act 9 Vetoed Section: 9101(19wx)]

13. WTCS CAPACITY BUILDING PROGRAM

Conference Committee/Legislature: Provide \$5,000,000 in 2000-01 in a new annual appropriation under DOA for grants to the Wisconsin Technical College System (WTCS) districts to develop or expand programs in occupational areas where there is high demand for workers and to make capital expenditures necessary for such development or expansion, as determined by the Secretary of DOA. Require DOA to establish by rule criteria for the evaluation of applications from WTCS districts.

GPR	\$5,000,000
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[Act 9 Sections: 40t, 531p and 898]

**ADOLESCENT PREGNANCY PREVENTION AND
PREGNANCY SERVICES BOARD**

Budget Summary							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$1,096,400	\$224,400	\$220,600	\$220,600	\$220,600	-\$875,800	- 79.9%
PR	<u>0</u>	<u>878,600</u>	<u>882,400</u>	<u>882,400</u>	<u>882,400</u>	<u>882,400</u>	N.A.
TOTAL	\$1,096,400	\$1,103,000	\$1,103,000	\$1,103,000	\$1,103,000	\$6,600	0.6%

FTE Position Summary						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change
						Over 1998-99 Base
GPR	1.50	1.50	0.30	0.30	0.30	- 1.20
PR	<u>0.00</u>	<u>0.00</u>	<u>1.20</u>	<u>1.20</u>	<u>1.20</u>	<u>1.20</u>
TOTAL	1.50	1.50	1.50	1.50	1.50	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$6,600
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Governor/Legislature: Provide \$3,300 annually for adjustments to the Board's base budget for: (a) full funding of salaries and fringe benefits (\$3,200 annually); and (b) full funding of charges for financial services (\$100 annually).

2. SUPPORT PROGRAMS WITH TANF FUNDS [LFB Paper 1113]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$878,600	0.00	-\$3,800	-1.20	-\$882,400	-1.20
PR	878,600	0.00	3,800	1.20	882,400	1.20
Total	\$0	0.00	\$0	0.00	\$0	0.00

Governor: Provide \$439,300 PR annually and delete \$439,300 GPR annually to fund grants awarded by the Board with TANF funds transferred from DWD, rather than GPR, as provided under current law. Repeal the current GPR appropriation for grants and create a PR appropriation for interagency and intra-agency aids that would authorize the Board to expend up to \$439,300 PR annually for grants. Delete references to grant amounts for fiscal years 1997-98 and 1998-99. The Board distributes these grants to organizations to provide adolescent pregnancy prevention programs or pregnancy services that include health care, education, counseling and vocational training.

Joint Finance/Legislature: Modify the bill as follows: (a) for grants, provide \$87,900 GPR annually and reduce TANF (PR) funds by a corresponding amount; (b) for the Board's operations, provide \$89,800 PR annually and reduce GPR by a corresponding amount and convert 1.2 GPR positions to 1.20 PR positions supported by TANF (PR) funds, beginning in 1999-00; (c) retain the GPR grants appropriation; and (d) create a PR state operations appropriation. Under this provision, both the Board's grants and state operations would be supported 80% with TANF (PR) funds and 20% with GPR.

[Act 9 Sections: 370g, 370m, 371, 475 and 1120]

AGRICULTURE, TRADE AND CONSUMER PROTECTION

Budget Summary							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$51,524,600	\$52,718,900	\$52,492,500	\$54,268,300	\$53,668,300	\$2,143,700	4.2%
FED	11,899,200	11,792,600	11,792,600	11,792,600	11,792,600	- 106,000	- 0.9
PR	37,517,400	39,897,600	39,877,200	40,071,400	40,071,400	2,554,000	6.8
SEG	<u>22,546,800</u>	<u>23,269,900</u>	<u>25,803,800</u>	<u>28,085,100</u>	<u>28,085,100</u>	<u>5,538,300</u>	24.6
TOTAL	\$123,488,000	\$127,679,000	\$129,966,100	\$134,217,400	\$133,617,400	\$10,129,400	8.2%

FTE Position Summary						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change Over 1998-99 Base
FED	66.35	65.35	65.35	65.35	65.35	- 1.00
PR	259.67	258.47	261.47	261.97	261.97	2.30
SEG	<u>67.70</u>	<u>72.75</u>	<u>73.25</u>	<u>73.25</u>	<u>73.25</u>	<u>5.55</u>
TOTAL	711.58	714.68	717.18	718.68	718.68	7.10

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide \$233,900 in 1999-00 and \$248,600 in 2000-01 for adjustments to the base budget for: (a) turnover reduction (-\$289,800 GPR and -\$109,600 PR annually); (b) removal of noncontinuing items (-\$70,000 GPR and -\$53,300 FED with -1.0 FED position annually); (c) full funding of salaries and fringe benefits (\$715,000 GPR, -\$91,300 PR and \$61,500 SEG annually); (d) full funding of financial services (\$6,100 GPR, \$9,200 PR and \$3,100 SEG annually); (e) reclassifications (\$20,600 GPR and \$16,500 SEG in 1999-00 and \$27,600 GPR and \$24,200 SEG in 2000-01); and (f) fifth vacation week as cash for certain long-term employees (\$10,800 GPR, \$4,000 PR and \$1,100 SEG annually).

Funding Positions		
GPR	\$792,400	0.00
FED	- 106,600	- 1.00
PR	- 375,400	0.00
SEG	<u>172,100</u>	<u>0.00</u>
Total	\$482,500	- 1.00

2. DRAINAGE BOARD GRANTS AND REQUIREMENTS [LFB Paper 210]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$1,500,000	-\$1,000,000	\$500,000

Governor: Provide \$750,000 GPR each year in an annual appropriation for local assistance grants to drainage boards. County drainage boards are responsible for operating drainage districts, which drain land through the use of ditches, tiles, dikes and culverts on public as well as private property. Funding from the appropriation would be limited to 60% of board costs to comply with current drainage district laws and proposed administrative rules, including possibly requiring drainage district map development. DATCP would be required to promulgate rules for the administration of the grants. The bill would allow DATCP to promulgate emergency rules, to last for up to 150 days with extensions totaling no more than 120 days, for the proposed grant program without a finding of emergency.

Joint Finance: Delete \$750,000 in 1999-2000 and \$250,000 in 2000-01. Retain \$500,000 in 2000-01 for local assistance grants to county drainage boards for up to 40% of board costs to comply with drainage district requirements. Sunset the program on June 30, 2004. Further, delete the provision allowing DATCP to promulgate emergency rules without a finding of emergency.

Assembly: Allow DATCP to provide grants to county drainage boards for up to 60% of board costs to comply with drainage district requirements. Further, extend the sunset of the grant program by two years to June 30, 2006.

Specify that a district drain is not navigable unless a United States Geological Survey map or other equally reliable scientific evidence shows that the drain was a navigable stream before it became a district drain.

Allow county drainage boards to place structures or deposits in a district drain without a DNR permit if, after consulting with DNR, DATCP either specifically approves the placement or the structure or deposit is required by DATCP rule to conform to approved drain specifications, unless the district drain has been designated a class 1 trout stream prior to the effective date of the bill. Further, allow county drainage boards to clean material from a district drain without a DNR permit as long as the removal is required by DATCP rule, after consulting with DNR, to conform to drain specifications, unless the district drain has been designated a class 1 trout stream prior to the effective date of the bill. Require county drainage boards to operate, repair and maintain dams and other structures in district drains in accordance with DATCP rules and Chapter 88 (Drainage of Lands) of the statutes. Further, allow DNR to operate, repair and maintain the dams in the interest of drainage and conservation if the drainage board fails to do so. Eliminating some permit requirements for drainage boards would decrease fee revenues to DNR.

Conference Committee/Legislature: As adopted by the Assembly, allow DATCP to provide grants to county drainage boards for up to 60% of board costs to comply with drainage district requirements. Further, extend the sunset of the grant program by two years to June 30, 2006.

Modify the remainder of the Assembly provisions (the second and third paragraphs) to pertain only to the Outagamie Drainage District No. 6, also known as the Duck Creek Drainage District.

[Act 9 Sections: 184, 785dd thru 785dp, 792m, 802mg, 802mr, 867xu thru 867xw and 1876m thru 1877p]

3. NONPOINT AND LAND AND WATER RESOURCE MANAGEMENT PROGRAMS
[LFB Paper 705]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
BR	\$3,575,000		\$0		\$0		\$3,575,000	
GPR	\$0	0.00	\$0	0.00	\$3,500,000	0.00	\$3,500,000	0.00
PR	0	0.00	-200,000	0.00	0	0.00	-200,000	0.00
SEG	0	0.00	0	0.00	2,881,300	3.00	2,881,300	3.00
Total	\$0	0.00	-\$200,000	0.00	\$6,381,300	3.00	\$6,181,300	3.00

Governor: Provide an increase in general obligation bonding authority of \$3,575,000 for the soil and water resource management grant program. Funds would provide grants for such activities as regulatory animal waste response projects and agricultural shoreland management projects. \$3,000,000 in bonding was provided in the 1997-99 budget.

Joint Finance: Require that county land conservation committees (LCC) annually prepare a single grant request describing staffing needs and land and water resource management (LWRM) plan activities for all county activities under Chapter 92 (Soil and Water Conservation and Animal Waste Management) and s. 281.65 (Financial assistance; nonpoint source water pollution abatement). Require DATCP, in concert with DNR, to prepare a single grant for each county with DATCP providing basic allocation funding to counties for cost shares and staffing. Require DATCP and DNR to seek the transfer of funds (under a s. 13.10 approval process by the Joint Committee on Finance) from the DNR GPR appropriation for nonpoint source grants and/or the DNR SEG appropriation from the nonpoint account of the environmental fund for nonpoint source grants to the DATCP soil and water resource management GPR appropriation or soil and water resource management SEG appropriation to be used for county basic allocation staffing in priority watershed projects. Allocate all funding based on revised LWRM plans that are reviewed, approved or disapproved by DATCP.

Further, delete \$100,000 annually and the appropriation for animal waste management regulatory grants where funding was transferred from DNR's nonpoint appropriations. Grants would be funded through county allocations from DNR and DATCP nonpoint related funding.

Assembly/Senate/Legislature: Transfer \$3,500,000 GPR and \$2,521,300 SEG in 2000-01 from the nonpoint account of the environmental fund from DNR's nonpoint grant appropriations to DATCP's soil and water resource management GPR and SEG appropriations to be used for county basic allocation staffing in priority watershed projects. Additionally, create 3.0 positions at DATCP for nonpoint program implementation and transfer \$170,000 SEG in 1999-00 and \$190,000 SEG in 2000-01 from DNR's nonpoint grant appropriation to DATCP's soil and water resource management SEG appropriation. [See "Natural Resources -- Water Quality" for further information on the nonpoint program redesign.]

Veto by Governor [B-48]: Delete the requirement that DNR and DATCP submit a schedule to the Joint Finance Committee for the transfer of funds from the DNR GPR appropriation for nonpoint source grants and/or the DNR SEG appropriation from the nonpoint account of the environmental fund for nonpoint source grants to the DATCP soil and water resource management GPR appropriation or soil and water resource management SEG appropriation to be used for county basic allocation staffing in priority watershed projects.

[Act 9 Sections: 1p, 188f, 322p, 323v, 637, 1909p thru 1926ym, 2487p thru 2487t, 2521e thru 2524s and 3101m]

[Act 9 Vetoed Section: 1r]

4. LOCAL ORDINANCE ASSISTANCE

Assembly/Legislature: Require DATCP to provide technical assistance to county land conservation committees and local units of government for the development of any local ordinance that implements agricultural performance standards. Specify that the technical assistance includes preparing model ordinances, providing data concerning these standards and reviewing draft ordinances for compliance with applicable state laws.

[Act 9 Section: 1909m]

5. LAND AND WATER RESOURCE ENGINEER STAFF

Governor/Legislature: Transfer \$65,400 GPR in 1999-00 and \$80,000 in 2000-01 from DATCP's soil and water resource management grant program appropriation to the program's general operations appropriation for 1.0 engineering position to provide training, consultation and oversight to county conservation staff for an 18-county area in Northern Wisconsin.

Positions	
GPR	1.00

6. CONSERVATION RESERVE ENHANCEMENT PROGRAM [LFB Paper 266]

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
GPR	\$2,500,000	-\$2,500,000	\$0
BR	\$0	\$40,000,000	\$40,000,000

Building Commission: Allocate funding from the Warren Knowles-Gaylord Nelson stewardship program and the reauthorized stewardship program to enable the state to participate in the federal Conservation Reserve Enhancement Program (CREP). Under CREP, financial incentives are provided to encourage farmers to enroll in ten- to 15-year voluntary contracts to remove land from agricultural production to improve water quality, erosion control and wildlife habitat in specific geographic areas. States are expected to provide at least 20 percent of the cost of the program.

Require DNR to submit a report to DATCP before September 30, 1999, in which DNR must identify an amount greater than \$4,000,000 from the Warren Knowles-Gaylord Nelson stewardship program that can be expended by DATCP for the state conservation reserve enhancement subprogram. Require DNR to specify the components of stewardship from which the amounts identified will be taken. Prohibit DNR from committing any of the amounts identified in the report during the period from the date the report is submitted until June 30, 2000.

Require DATCP to identify the component of stewardship from which any amount committed for expenditure comes. Prohibit the sum of the amounts committed for expenditure for each component by DATCP to exceed the amounts identified by DNR. Require DATCP to commit these moneys for expenditure before July 1, 2000. Require DATCP, on or after July 1, 2000, to transfer the amount equal to the amount committed for expenditure from the state conservation reserve enhancement subprogram of the reauthorized stewardship program to the other subprograms that correspond to the purposes originally identified by DNR. After June 30, 2000, allow DNR to expend any amounts identified in the report not committed by DATCP on the identified components.

In addition, allocate the following base amounts for the state CREP subprogram: (a) \$8 million in 2000-01; (b) \$12 million in 2001-02; (c) \$10 million in 2002-03; (d) \$10 million in 2003-04. Specify that if the total amount obligated for the state CREP subprogram on June 30, 2004, is less than \$40 million that DATCP may expend the unobligated amount in one or more subsequent fiscal years.

The administration estimates that this state funding could leverage up to an additional \$200 million in federal funds for the program.

Joint Finance: Delete provision. Instead, provide \$1.1 million GPR in 1999-00 and \$1.4 million in 2000-01 in a biennial appropriation to DATCP for state participation in CREP.

Assembly: Specify that DATCP would administer the CREP subprogram of stewardship with a total bonding authorization of \$26.3 million (in addition to the \$2.5 million GPR provided by Joint Finance). Allow DATCP to transfer a portion of the available bonding authority in a given year to any of the other subprograms if the Board of Agriculture, Trade and Consumer Protection finds that: (a) insufficient moneys are available in the other subprograms for the project or activity; (b) the land involved in the project or activity covers a large area or the land is uniquely valuable in conserving the natural resources of the state; and (c) delaying or deferring all or part of the cost to a subsequent fiscal year is not reasonably possible. Allow DATCP to transfer all or a portion of the unobligated bonding authority after July 1, 2003, if the Board finds that those three conditions apply.

Senate/Conference Committee: Rather than the Assembly provision, provide \$40 million in general obligation bonding and delete \$1.1 million GPR in 1999-00 and \$1.4 million GPR in 2000-01 to enable DATCP to participate in CREP. Require that at least 50% of the acres enrolled in the program be under permanent easements. In addition, specify that after the first 50,000 acres of land have been enrolled in CREP, if less than 50% of the acreage is under permanent easement, DNR and DATCP are required to evaluate the effectiveness of CREP to determine if the program is meeting its water quality and wildlife habitat objectives. The agencies would report the results of the review to the appropriate standing committees of the Legislature. Specify that only the minimum federal eligibility standards, with respect to production and land ownership, need to be met in order for landowners to participate in CREP. Provide that CREP be structured in such a way that greater incentives be provided for permanent easements using fair market value than for temporary contracts and for landowners who provide public access on enrolled land. Require that state funds be utilized for commitments for a period to exceed the federal CRP contract length and be at least 20 years. Prohibit a person from using land enrolled in CREP for a licensed bird, fur, deer or game farm.

In addition, specify that willing counties and nonprofit organizations coordinate negotiation of CREP contracts and easements and land management plans with the assistance of DATCP and DNR. Specify that DATCP and DNR would provide this coordination if not provided by a county. Specify that DNR and DATCP jointly hold all easements under CREP.

Further, require that at least 30,000 acres of land enrolled in CREP (or 30% if less than 100,000 acres in total are authorized for the program) be designated as grassland wildlife habitat areas. Require the Blue Mounds Area (in Iowa, Dane and Green Counties), the Prairie Chicken Range (in Portage, Clark, Taylor and Marathon Counties) and the Western Prairie Area (in St. Croix and Polk Counties) be included as habitat areas. Specify that parcels in the identified areas need not have a riparian connection to be enrolled in CREP. Require that CREP be structured in a way so as to provide a bonus for adjacent property owners to enroll in permanent easements in the grassland project areas. Require that participants receive a bonus for choosing a CREP conservation practice that requires restoration of native tall grass prairie.

Veto by Governor [B-1]: Delete provisions, except funding. The act allows DATCP to expend \$40 million in general obligation bond revenues to improve water quality, erosion

control and wildlife habitat through participation in the CREP program as approved by the USDA Secretary.

[Act 9 Sections: 183tm, 628, 628b, 637e and 1933gm]

[Act 9 Vetoed Section: 1933gm]

7. FARMLAND PRESERVATION MODIFICATIONS AND ACREAGE CREDITS [LFB Papers 866 and 867]

Governor: Modify the formula used to compute farmland preservation credits, effective with claims filed for tax years beginning after December 31, 2000. Sunset the farmland preservation credit program, with no new credits to be paid for a tax year that begins after December 31, 2002. Further, make numerous modifications to the farmland preservation agreement, exclusive agricultural zoning and soil and water conservation requirements of the farmland preservation program, including eliminating the requirement that a 35-acre parcel is the minimum parcel size required for exclusive agricultural zoning. Create a farmland preservation acreage income tax credit for the sale of development rights that would preserve farmland and green space. The credit would first be available in tax years beginning after December 31, 1998. Allow a claimant to receive both a farmland preservation credit and a farmland preservation acreage credit. Specify that no new claims for the acreage credit could be made for a tax year beginning after December 31, 2002.

Joint Finance: Delete provision.

Assembly/Legislature: Restore the Governor's recommendation to repeal the current 35-acre minimum parcel size requirement for exclusive agricultural zoning ordinances and, instead, require only that the ordinances specify a minimum lot size, effective on January 1, 2001.

[See "Shared Revenue -- Property Tax Credits" for information on the farmland preservation program.]

[Act 9 Sections: 1903 and 9404(6m)]

8. FARMLAND PRESERVATION -- TOWN OF TROY

	Legislature (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
GPR	\$500,000	-\$500,000	\$0

Senate: Provide \$500,000 in 1999-00 in a new, annual DATCP appropriation to provide a grant to the Town of Troy in St. Croix County for the purchase of development rights on agricultural land, if the town board approves a resolution requesting the grant. Specify that no funds could be encumbered from this appropriation after the first day of the 12th month after the effective date of the bill. Require the Town of Troy board of supervisors to determine which farmland is the best farmland and to attempt to purchase the development rights to that farmland.

Provide the Town of Troy the authority to rezone up to 40% of a parcel of land under exclusive agricultural zoning to allow for residential development, subject to population density requirements determined by the town board, if the owner of the parcel grants the town a permanent conservation easement on the remaining 60% or more of the parcel. Specify that the town could exercise this zoning authority from the effective date of the bill until the first day of the 24th month beginning after publication. Specify that if the land is rezoned by the Town of Troy, the town would not be responsible for any lien associated with the farmland preservation tax credits paid on that land. Rather, the developer of any residential units on the land rezoned by the town out of exclusive agricultural zoning would be required to meet the current farmland preservation tax credit repayments associated with any lien on that land. Further, specify that any funds associated with the repayment of tax credits on land rezoned by the Town of Troy under this authority could also be used by the town to purchase development rights on farmland within the town.

Define development rights to mean a holder's nonpossessory interest in farmland that imposes a limitation or affirmative obligation the purpose of which is to retain or protect natural, scenic or open space values of farmland, assuring the availability of farmland for agricultural, forest, wildlife habitat or open space use, protecting natural resources or maintaining or enhancing air or water quality. Define conservation easement identically to development rights, except that it would apply to all real property, rather than just farmland.

Conference Committee/Legislature: Rather than the Senate provision, provide \$500,000 in 1999-00 in a new, biennial DATCP appropriation to provide a grant to the Town of Troy in St. Croix County for the purchase of development rights on agricultural land, if the town board approves a resolution requesting the grant. Specify that no funds could be encumbered from this appropriation after the first day of the 12th month after the effective date of the bill. Require the Town of Troy board of supervisors to determine which farmland is the best farmland and to attempt to purchase the development rights to that farmland.

Provide the Town of Troy with the authority to collect any repayment of farmland preservation tax credits on land rezoned out of exclusive agricultural zoning provided that any funds collected are used for the purchase of development rights on farmland within the Town. Provide that the Town may collect the repayment of farmland preservation tax credits by use of a lien on the sale of any residential lots created on the rezoned land, or by direct payments from the developer of those lots. Specify that the town could exercise this authority from the effective date of the bill until the first day of the 12th month beginning after publication.

Define development rights to mean a holder's nonpossessory interest in farmland that imposes a limitation or affirmative obligation the purpose of which is to retain or protect natural, scenic or open space values of farmland, assuring the availability of farmland for agricultural, forest, wildlife habitat or open space use, protecting natural resources or maintaining or enhancing air or water quality.

Veto by Governor [B-4]: Delete provisions.

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.115(7)(dr)), 184c and 1580p]

9. AGRICHEMICAL MANAGEMENT FEES

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR-REV	\$0	\$1,000,000	\$1,000,000
SEG-REV	-\$1,202,500	-\$1,000,000	-\$2,202,500

Governor: Reduce certain agrichemical management (ACM) fund fees for a two-year period and permanently reduce fertilizer and feed tonnage fees. The proposed fee change would result in a loss of approximately \$2.4 million in fee revenues including a loss of \$1.2 million in both 2000-01 and 2001-02. The reductions would primarily be a two-year continuation of temporary fee reductions made in the 1997-99 budget, which will decrease fee revenues by \$1.1 million in both 1998-99 and 1999-00. However, in addition, fertilizer and feed tonnage fees deposited to the ACM fund would be permanently reduced by 2¢ per ton for tonnage sold after the effective date of the bill (a reduction of \$86,000 annually). The two cent fee would continue to be paid by fertilizer and feed dealers under the bill, but would be credited to the weights and measure program rather than the ACM fund. The ACM fund had a balance of \$7 million at the end of 1998-99. The proposed ACM fund fees would be as follows:

<u>Fee Category</u>	<u>Current Agrichemical Management Fund Fee</u>	<u>Governor Fee Reduction</u>	<u>Estimated Two-Year Revenue Reduction</u>	<u>Governor Permanent Fee Reduction</u>	<u>Estimated Permanent Annual Revenue Reduction</u>
Fertilizer Tonnage (per ton)	\$0.32	-\$0.09	-\$254,400	-\$0.02	-\$28,300
Feed Tonnage (per ton)	0.25	-0.12	-689,300	-0.02	-57,400
Individual Pest Applicator License	40	-10.00	-115,100		
Household Pesticide Registration					
\$0-25,000 sales	141	-50.00	-510,900		
\$25,000-75,000 sales	626	-100.00	-49,400		
>\$75,000 sales	1,376	-300.00	-112,200		
Industrial Pesticide Registration					
\$0-25,000 sales	221	-50.00	-69,800		
\$25,000-75,000 sales	766	-100.00	-13,800		
>\$75,000 sales	2,966	-300.00	-51,000		
Nonhousehold Pesticide Registration					
\$0-25,000 sales	226	-50.00	-347,700		
\$25,000-75,000 sales	796	-100.00	-46,200		
>\$75,000 sales	2,966 + 0.2% of sales	-300.00	-145,200		
TOTALS			-\$2,405,000		-\$85,700

Conference Committee/Legislature: In addition, transfer \$1,000,000 from the ACM fund to the general fund in 1999-00. The ACM fund is expected to have a June 30, 2001, balance of approximately \$3.8 million.

[Act 9 Sections: 712, 1937, 1940 thru 1942, 1943, 1944 and 9204(3g)]

10. AGRICULTURAL CHEMICAL CLEANUP PROGRAM [LFB Paper 211]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR-REV	\$1,000,000	\$0	\$1,000,000	\$2,000,000
SEG-REV	-1,000,000	0	-1,000,000	-\$2,000,000
GPR	-\$1,521,300	-\$2,178,700	\$0	-\$3,700,000
SEG	0	2,178,700	0	2,178,700
Total	-\$1,521,300	\$0	\$0	-\$1,521,300

Governor: Reduce GPR funding for the cleanup of agrichemical spills by \$1,171,300 in 1999-00 and \$350,000 in 2000-2001. This amount includes \$171,300 annually to make permanent the amount the Department was required to lapse under 1997 Act 27. In 1997-98, \$1.5 million was spent for cleanups. Under the bill, \$2,917,300 in 1999-00 and \$3,738,600 in 2000-01 would be appropriated for agricultural chemical cleanup program (ACCP) grants (from GPR and SEG).

Further, transfer \$500,000 from the ACCP fund to the general fund in each year of the 1999-01 biennium only. The ACCP fund receives revenues from industry fertilizer and pesticide

license and tonnage surcharges. The ACCP fund, which also provides funding for the cleanup of agrichemical spills, had a closing balance of \$11.5 million in 1997-98.

Joint Finance: Eliminate \$678,700 GPR in 1999-2000 and \$1,500,000 GPR in 2000-01 and delete the appropriation to eliminate GPR funding for the program. Further, increase expenditure authority from the ACCP fund by \$678,700 SEG in 1999-2000 and \$1,500,000 SEG in 2000-01 to fund reimbursement grants for agrichemical cleanups fully from the segregated ACCP fund.

Assembly: Delete the Governor's recommendation to direct a lapse of \$500,000 annually from the ACCP fund to the general fund.

Conference Committee/Legislature: Retain the Governor's provision to lapse \$500,000 annually. Further, transfer an additional \$1,000,000 from the ACCP fund to the general fund in 1999-00 (a total of \$1.5 million in 1999-00 and \$500,000 in 2000-01 would be transferred). The ACCP fund is expected to have a June 30, 2001, balance of approximately \$2.4 million.

Veto by Governor [B-3]: Restore the GPR appropriation. However, no GPR is appropriated.

[Act 9 Section: 9204(2)]

[Act 9 Vetoed Sections: 184e, 1945e and 1945g]

11. PESTICIDE SALES AND USE REPORTING SYSTEM [LFB Paper 212]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$35,000	0.00	-\$35,000	0.00	\$0	0.00	\$0	0.00
SEG	0	0.00	400,000	3.00	-400,000	-3.00	0	0.00
Total	\$35,000	0.00	\$365,000	3.00	-\$400,000	-3.00	\$0	0.00

Governor: Provide \$35,000 in 1999-00 in one-time funding for a pesticide database feasibility study. Funding would be used for a study on the feasibility of creating a database that records the level of outdoor pesticide use by farmers, other businesses, government and homeowners in the state.

Joint Finance: Delete provision. Rather, create a pesticide sales and use reporting system as follows:

Funding. Create a continuing appropriation and provide DATCP \$250,000 SEG from the agrichemical management fund in 1999-2000 and 3.0 two-year project positions for (a) the development of a pesticide sales and use database reporting system and (b) testing of a pilot version of the reporting system. Further, provide \$150,000 SEG in a continuing appropriation

from the environmental management account of the environmental fund in 1999-2000 to contract for consultants to assist in the development of the pesticide sales and use reporting system.

Agency Responsibilities. Provide that in cooperation and coordination with the UW-Madison College of Agricultural and Life Sciences, UW Environmental Toxicology Center, the Department of Natural Resources Bureau of Enterprise Information Technology and Applications, the Department of Health and Family Services Division of Health, the Department of Administration Division of Technology Management, the Wisconsin State Cartographer's Office, the Wisconsin Geological and Natural History Survey, representatives of the pest management industry, agricultural, environmental, medical and public health institutions and advocacy groups, school districts, municipal governments, and other interested parties, DATCP: (a) develop and administer a pilot program by no later than the first day of the 13th month beginning after the effective date of the bill, which tests the pesticide sales and use reporting system; (b) develop a program that offers training and technical assistance to database users and to pesticide users required to report the data by January 1, 2002; (c) establish and maintain a pesticide sales and use database system by December 31, 2002, that provides a systematic method for collecting, retaining, analyzing and publicly disseminating data related to pesticide sales and use in the state; and (d) no later than January 1, 2001, report to each appropriate standing committee of the Legislature on the necessity of continuing, revising or repealing provisions regarding the partial confidentiality of agricultural pesticide users. Require the database system to be integrated with statewide geographic information system mapping. Require DATCP to issue, no later than March 1 of each year, an annual report which includes a summary and analysis of the types, quantity and area of pesticides applied and sold during the previous calendar year. Require DATCP to include funding for the full ongoing operation of the system in the Department's 2001-03 budget request to the Governor.

Criteria for System Development. Require DATCP to develop administrative rules necessary for the consistent submission and dissemination of accurate pesticide sales and use data. The criteria shall include: (a) technical assistance for those submitting pesticide sales and use data; (b) specific deadlines for submitting pesticide sales and use data; (c) methods for reviewing and analyzing the accuracy of the reported data; and (d) mechanisms for the Department to make the reported data available to the public (including via an internet web site and via compact and floppy disks).

Reporting of Nonhousehold and Industrial Pesticide Sales. In designing and maintaining the pesticide sales and use reporting system, the Department would require nonhousehold and industrial pesticide manufacturers, distributors and retailers of pesticides in the state to report the following information: (a) the date of sale, brand name and amount of pesticide products sold to each purchaser in the state; (b) the name, address and nine digit zip code of each pesticide purchaser; and (c) any license or pesticide applicator certification number of the purchaser.

Reporting of Pesticides Applied by Commercial Applicators. In designing and maintaining the pesticide sales and use reporting system, DATCP would require commercial and private applicators to report the following information for each application of an industrial or nonhousehold pesticide: (a) type of pesticide applied, brand name, EPA-registered pesticide product name, federal registration number, manufacturer and active ingredients; (b) name and certification number (if certified) of the applicator; (c) date, time and amount of pesticide applied; (d) how the product was applied, including any additives and the type of applicator device; (e) rate of application, including location and acreage of pesticide applications including the street address, township, county, nine digit zip code, section, range, and meridian where the product was applied and any adjacent waterways and municipalities; (f) type of site to which the product was applied and purpose of the application; (g) specific crop, commodity, plant, animal, structure, equipment and material to which the pesticide was applied; (h) weather conditions during application; and (i) name of person who prepared the report and relationship to applicator.

Partial Confidentiality of Agricultural Pesticide Users. Notwithstanding state public records law, information about pesticide sales or use for private agricultural purposes that would reveal the owner or specific property where a pesticide was applied would be treated as confidential, upon the written request of the landowner, unless the information is requested by: (a) state or local government for any investigation, subject to existing confidentiality requirements; (b) a governmental agency that has made provisions to protect the confidentiality of the information; (c) a researcher or medical doctor who presents a valid need for the information and who has made provisions to protect the confidentiality of the information; and (d) a state agency or public water supply system for water assessment, subject to existing confidentiality requirements.

Sunset the confidentiality provisions on July 1, 2001, or upon passage of the 2001-03 biennial budget, whichever is later.

Reporting of Household Pesticide Sales and Use. Require DATCP to collect data on the sale, use and result of use of household pesticides in the state. Require only licensed manufacturers and labelers of household pesticides and household pesticide products to report to DATCP the amount of household pesticides sold in Wisconsin. Allow DATCP to purchase household pesticide product sales information from commercial marketing information firms.

Assembly: Delete \$250,000 SEG and 3.0 positions from the agrichemical management fund and \$150,000 SEG from the environmental fund and Joint Finance provisions for a pesticide sales and use reporting system (including the development of a pesticide database, criteria for system development and reporting requirements). Rather, provide \$35,000 SEG from the environmental fund in 1999-00 in onetime funding in a biennial appropriation for a pesticide database study. Funding would be used to study the feasibility of creating a database that records the level of pesticide use by farmers, other businesses, government and homeowners in the state.

Conference Committee/Legislature: Delete provisions. Rather, place \$250,000 SEG from the agrichemical management fund and \$150,000 SEG from the environmental management account of the environmental fund in 1999-00 in the Joint Finance Committee's supplemental appropriation for release under s. 13.10 to DATCP for (a) the development of a pesticide sales and use database reporting system and (b) testing of a pilot version of the reporting system. Further, require DATCP to submit a plan to the Joint Finance Committee for (a) and (b) above by July 1, 2000.

Veto by Governor [B-2]: Delete the DATCP agrichemical management fund appropriation for pesticide sales and use reporting system administration. The Governor's veto message requests that DOA place the \$250,000 in the Joint Finance Committee's supplemental appropriation in unallotted reserve to lapse to the agrichemical management fund. Delete the July 1, 2000, plan deadline and the limitation on environmental funds to be used only for contracts. The Governor's veto message requests that DATCP submit the plan before December 31, 2000.

[Act 9 Sections: 189g and 1942mc]

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.115(7)(uc)), 189e, 189g and 1942mc]

12. EXPORT MARKETING [LFB Paper 213]

Governor: Provide \$300,000 GPR and 2.0 export consultant positions and \$25,000 PR each year to restructure and expand the marketing division's export promotion program.

	Funding Positions	
GPR	\$600,000	2.00
PR	<u>50,000</u>	<u>0.00</u>
Total	\$650,000	2.00

The Department currently has five export consultants. Of the amounts appropriated, \$507,600 in the biennium would be used for supplies and services. Increased supplies funding would be used for educational materials, export publications, trade missions and a PR match for an agricultural export and statistical directory. PR and matching GPR would be used to collect data and then publish the export directory. Program revenues would come from industry contributions.

Joint Finance: Require DATCP to seek at least a \$130,000 increase in federal funds annually for marketing promotion. Create a GPR sum sufficient appropriation to equal the difference between \$300,000 and the amount by which federal monies exceed federal monies received in 1998-99 for export promotion.

Assembly/Legislature: Delete the Joint Finance provision which would create a GPR sum sufficient appropriation to equal the difference between \$300,000 and the amount by which federal monies exceed federal monies received in 1998-99 for export promotion. Rather, provide the \$300,000 in an annual GPR appropriation for promotion of exports of agricultural products. This provision eliminates the requirement that DATCP reimburse the general fund by the amount by which federal monies exceed federal monies received in 1998-99 for export promotion.

Veto by Governor [B-8]: Delete the remaining Joint Finance provision that requires DATCP to seek at least a \$130,000 increase in federal funds available for marketing promotion.

[Act 9 Section: 179q]

[Act 9 Vetoed Section: 1930j]

13. FEDERAL DAIRY POLICY REFORM [LFB Paper 214]

GPR	\$100,000
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Governor/Legislature: Provide \$50,000 each year in a biennial appropriation to provide assistance to organizations to seek federal dairy price reform. Repeal the appropriation on July 1, 2001. This provision extends funding that was authorized in the 1997-99 budget for two more years.

[Act 9 Sections: 182, 183, 1928, 1929 and 9404(1)]

14. NURSERY REGULATIONS AND LICENSING [LFB Paper 215]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV	-\$93,800		\$0		\$0		-\$93,800	
PR-REV	\$213,000		\$90,800		-\$90,800		\$213,000	
GPR	-\$72,800	-0.75	-\$75,800	-1.00	\$75,800	1.00	-\$72,800	-0.75
PR	93,000	0.00	75,800	1.00	-75,800	-1.00	93,000	0.00
SEG	156,000	1.75	0	0.00	0	0.00	156,000	1.75
Total	\$176,200	1.00	\$0	0.00	\$0	0.00	\$176,200	1.00

Governor: Decrease GPR by \$36,400 and 0.75 staff annually and create a new, annual SEG appropriation from the forestry account of the conservation fund of \$75,000 in 1999-00 and \$81,000 in 2000-01 for 1.75 positions for plant protection, including nursery regulation and control of plant pests. Provide \$114,600 PR in 1999-00 and \$127,600 PR in 2000-01 in a new, continuing appropriation for nursery regulation and plant pest detection and control. Revenue would come from revamped nursery dealer and grower (including Christmas tree grower) license fees. Currently, license fees for nurseries generate approximately \$46,900 annually for the general fund and \$67,500 PR for gypsy moth eradication.

Repeal a PR continuing appropriation for gypsy moth eradication that was funded by a nursery grower surcharge of \$20 to \$90 or more depending on gross sales and acreage and a nursery dealer surcharge of \$30. Transfer base authority of \$74,600 and 1.0 position annually to the newly created PR appropriation. Transfer any unencumbered balance in the repealed PR appropriation to the newly created PR appropriation.

License Fees. Dealers and growers that sell less than \$250 annually in nursery stock would not be required to obtain licenses. A temporary permit costing \$5 would also be established to allow nonprofit organizations to sell nursery stock for no more than one week. Such organizations would not be required to hold an annual license. In addition to the fees listed in the table, an assessment equal to the license fee would be charged to all dealers and growers who in the prior year operated without a license.

Repeal current dealer license fees of \$25 per business location with a \$30 surcharge and nursery grower fees of \$30 to \$150 or more based on annual sales and number of sown acres. Rather, create the following fees, including new fees for Christmas tree growers that would be expected to generate an additional \$59,600 in total revenue annually:

<u>Nursery Dealer License Fees</u>		<u>Nursery Grower License Fees</u>		
<u>Annual Purchases of Nursery Stock</u>	<u>Dealer Fees</u>	<u>Annual Sales of Nursery Stock</u>	<u>Grower Fees (non-Christmas Tree Sales)</u>	<u>Grower Fees (Christmas Tree Sales)</u>
\$250-\$5,000	\$30	\$250-\$5,000	\$40	\$20
\$5,000-\$20,000	50	\$5,000-\$20,000	75	55
\$20,000-\$100,000	100	\$20,000-\$100,000	125	90
\$100,000-\$200,000	150	\$100,000-\$200,000	200	150
\$200,000-\$500,000	200	\$200,000-\$500,000	350	250
\$500,000-\$2,000,000	300	\$500,000-\$2,000,000	600	450
Over \$2,000,000	400	Over \$2,000,000	1,200	900

Requirements for Nursery Growers and Dealers. Licensing fees and requirements would be changed, including the annual license expiration, which would move from March 31 to February 20. Include bulbs in the definition of nursery stock. Clarify that license fees would be based on sales in the applicants' prior fiscal year. The applicant would determine the fiscal year and would base first-year fees of a new operation on predicted sales. Clarify that grower and dealer records must include the type and quantity of nursery stock shipped to other nursery growers and dealers, along with the address of the recipient. Specify that all required records be retained for at least three years.

Dealer Requirements. Specify that a dealer license is nontransferable and clarify that the applicant's name and address and the address of each of their selling locations must appear on the license application. Also, require dealers to notify DATCP of the address of any new selling location, prior to beginning such sales. Further, clarify that records must include the type and quantity of nursery stock received along with the address of the shipper. As drafted, the bill expands the definition of a nursery dealer to include all people selling for a dealer. Under current law, employees of a dealer are specifically excluded in the definition and therefore, do not have to pay a license fee. Administration officials indicate this change was not intended.

Grower Requirements. Clarify that the applicant's name and address and the address of each of their operating and selling locations must appear on the application. Also, require growers to write to DATCP the address of any new operating and selling locations prior to beginning operation. Remove the requirement that growers keep records of all nursery stock shipments received.

Labeling Requirements. Require nursery growers and nursery dealers, rather than the carrier, to report nursery stock shipments that are not fully labeled to DATCP. Under current law, it is unlawful for growers and dealers to accept uncertified shipments, but the carrier is required to report and hold uncertified shipments. As drafted, the bill would prohibit shipping improperly labeled nursery stock only to nursery dealers (not growers) and prohibit nursery dealers from accepting improperly labeled nursery stock. Administration officials indicate the Governor intended to prohibit shipping improperly labeled nursery stock to both nursery dealers and growers and to prohibit both nursery dealers and growers from accepting improperly labeled nursery stock (as under current law). The bill would repeal the current law exemption from labeling of nursery stock sold and delivered at a place of business where the license certificate is posted.

Department Powers. Allow, rather than require, DATCP to inspect nursery and distribution sites. Allow the Department to order a grower or dealer to refrain from importing certain weeds or pests. Allow DATCP to order a grower or dealer to destroy or recall nursery stock. Require DATCP to hold an informal hearing, rather than a public hearing of a contested case, within 10 days, unless the person requesting the hearing consents to a later date. If a disputed matter is not resolved at the informal hearing, the grower or dealer may demand a contested case hearing.

Joint Finance: Make the following changes to the Governor's recommendations:

Funding. Modify the fees for nursery growers as shown below and replace \$32,500 GPR in 1999-2000 and \$43,300 GPR in 2000-01 for 1.0 nursery inspector with PR. Modified nursery grower fees would be expected to generate an additional \$45,400 annually. Specify that employees of nursery dealers are exempt from nursery dealer license and fee requirements.

<u>Annual Sales of Nursery Stock</u>	<u>Nursery Grower Fees</u>
\$250-\$5,000	\$55
\$5,000-\$20,000	100
\$20,000-\$100,000	200
\$100,000-\$200,000	400
\$200,000-\$500,000	600
\$500,000-\$2,000,000	1,200
Over \$2,000,000	2,400

Nonprofit Exemptions. Remove all permitting and fee requirements for nonprofit organizations that sell nursery stock for a period of not more than seven consecutive days.

Christmas Tree Growers. Exclude Christmas trees from the definition of nursery stock, eliminate the surcharge for Christmas tree growers operating without a license and allow DATCP to inspect Christmas tree growers and dealers.

Classify persons growing both Christmas trees and nursery stock as either Christmas tree growers or nursery growers and exclude Christmas tree growers from the labeling, reporting and other regulatory requirements of nursery growers. Exclude those growers receiving over 50% of their nursery and Christmas tree revenues from Christmas trees from requirements to obtain a nursery grower license. Exclude those growers receiving over 50% of their nursery and Christmas tree revenues from nursery stock from requirements to obtain a Christmas tree grower license. Base license fees on total sales of all nursery stock and Christmas trees.

Labeling Requirements. Specify that unless the nursery stock is grown by a Christmas tree grower: (a) shipping improperly labeled nursery stock to nursery dealers and growers is prohibited; (b) nursery dealers and growers are prohibited from accepting improperly labeled nursery stock; and (c) a shipment of nursery stock must be labeled with the name and address of the person selling or distributing the shipment to the nursery dealer or grower.

Assembly/Legislature: Restore the Governor's recommendation for nursery grower license fees and replace \$32,500 PR in 1999-00 and \$43,300 PR in 2000-01 for 1.0 nursery inspector with GPR.

Christmas Tree Growers. Establish a separate license for Christmas tree growers that grow and sell Christmas trees but no nursery stock. Specify that a person may grow Christmas trees and nursery stock only if the person holds a nursery grower license and that a separate Christmas tree grower license is not required. Further, provide that if a nursery grower sells nursery stock and Christmas trees, the grower pays license fees for Christmas trees at the Christmas tree grower rate and nursery stock at the nursery grower rate.

Labeling Requirements. Specify that even if nursery stock is grown by a person also growing Christmas trees: (a) shipping improperly labeled nursery stock to nursery dealers and growers is prohibited; (b) nursery dealers and growers are prohibited from accepting improperly labeled nursery stock; and (c) a shipment of nursery stock must be labeled with the name and address of the person selling or distributing the shipment to the nursery dealer or grower.

[Act 9 Sections: 187, 188, 189, 1932, 1934, 9104(3y) and 9204(1)]

15. AGRICULTURAL RESOURCE MANAGEMENT GIFTS

Governor/Legislature: Allow DATCP to enter into cooperative agreements with corporations, associations, foundations and individuals to carry out plant protection activities. Create a continuing PR appropriation to accept gifts, grants and bequests for agricultural resource management to be used for the purposes specified. Under current law, gifts and grants are deposited into a similar, central administrative services appropriation. No estimate of revenues is made.

[Act 9 Sections: 186, 190 and 1930]

16. WEIGHTS AND MEASURES PROGRAM [LFB Paper 216]

PR-REV	\$286,000
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Governor: Establish new fertilizer and feed tonnage fees of 2¢ per ton (with a minimum fee of \$1) that would generate approximately \$86,000 annually. These fees reflect a corresponding reduction in fertilizer and feed tonnage fees currently deposited to the agrichemical management fund.

Increase the vehicle scale operator annual license fee from \$30 to \$60. The fee change would generate approximately \$57,000 annually. The Department would continue to have authority to establish a different fee by rule. 1997 Act 27 increased the fees from \$30 to \$60 for the 1997-99 biennium only.

Allow municipalities (cities or villages) with populations over 5,000 to contract with DATCP to enforce weights and measures provisions. Allow (rather than require under current law) the Department to charge a municipality to cover the cost of the contract. Further, require that population estimates be based on the most recent estimates made by the Department of Administration rather than federal census data. Current law requires municipalities having a population of more than 5,000 to enforce weights and measures provisions, unless DATCP chooses to contract to do the enforcing.

As drafted, the bill would require DATCP to contract with municipalities at their request. Under current law, the Department enters into contracts with municipalities at DATCP's discretion. Administration officials indicate the Governor did not intend to make this change.

Joint Finance/Legislature: Include towns in the definition of municipalities for the purposes of all weights and measures provisions, to require towns with populations over 5,000 to either contract with DATCP or provide their own weights and measures service. Specify that municipalities can contract with the Department for weights and measures enforcement, at the Department's discretion.

Veto by Governor [B-6]: Delete the Joint Finance provision to include towns in the definition of municipalities for the purposes of all weights and measures provisions.

[Act 9 Sections: 176, 1938, 1939, 1945, 1951, 1952, 1953 and 9304(1)]

[Act 9 Vetoed Section: 1950m]

17. WEIGHTS AND MEASURES FUNDING [LFB Paper 216]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	-\$187,800	-3.50	\$244,800	2.50	\$57,000	-1.00
SEG	187,800	3.50	-244,800	-2.50	-57,000	1.00
Total	\$0	0.00	\$0	0.00	\$0	0.00

Governor: Transfer 4.5 positions and \$237,800 annually from PR to petroleum inspection fund SEG. Additionally, transfer 1.0 position and \$48,400 annually from recycling fund SEG to petroleum inspection fund SEG and 1.0 chief of environmental products position and \$143,900 annually from recycling fund SEG to PR. Petroleum inspection fund revenues come from a 3¢ per gallon fee on all petroleum products entering the state.

Joint Finance/Legislature: Restore 2.5 positions and \$122,400 annually to PR rather than converting the positions to petroleum inspection fund SEG to align funding sources with staff inspection activities.

18. LIQUID PETROLEUM GAS METER LICENSE [LFB Paper 217]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR-REV	\$27,400	-\$27,400	\$0

Governor: Require an annual license for persons who operate a meter to measure liquefied petroleum gas (LPG) for sale or delivery. A license fee of \$25 per meter would be charged, unless DATCP establishes a different fee by administrative rule. The license would expire on July 31 of each year. A surcharge of \$200 for operating a meter without a license would also apply. Estimate program revenues for weights and measures inspection at \$13,700 annually. The bill would repeal a \$25 one-time registration fee (created in the 1997-99 budget) for each new meter.

The meter operator (rather than the owner under current law) would be required to have the meter annually tested by a DATCP licensed tester, who must test the meter for accuracy as specified in DATCP rule. The meter tester would also be required to report the results in writing to DATCP within 15 days (rather than 30 days under current law) of the meter inspection, or be subject to a fee of up to \$100 and possible license revocation or suspension. Require the Department to issue a written notice to a meter operator (rather than the owner)

who fails to annually test a meter and requires the operator to have the meter tested within 30 days of notification or be subject to a fee of up to \$100 per untested meter and possible license revocation or suspension.

Joint Finance/Legislature: Delete provision.

19. GRAIN, FRUIT AND VEGETABLE INSPECTION TRANSFER [LFB Paper 218]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$0	0.00	-\$110,000	-0.50	\$110,000	0.50	\$0	0.00

Governor: Transfer \$8,371,400 PR annually with 77.10 staff from the Marketing Services Division to the Trade and Consumer Protection Division to realign grain inspection and fruit and vegetable inspection funding with the division where such inspections now occur. Funding of \$5,590,000 and 52.05 positions would be reallocated for grain inspection and certification and \$2,781,400 and 25.05 positions for fruit and vegetable inspection.

Separate fruit and vegetable inspection into a new, continuing (rather than annual currently) appropriation in the Division of Trade and Consumer Protection. Fruit and vegetable inspection revenue would come from currently assessed fees for registration of produce procurement contracts and for inspection of farm products for the purpose of standardization, grading or certification.

Deposit current contractor (one who buys vegetables from a producer or who contracts with a producer to grow vegetables) fees of 1¢ per \$100 in total paid and unpaid contractual obligations to producers to an appropriation which regulates vegetable procurement and dairy trade practices. Currently these fees are appropriated to the marketing services appropriation from which the bill transfers revenues to the fruit and vegetable inspection account. DATCP received \$13,000 PR from this fee in 1997-98.

As drafted, the bill would require all fees of 1¢ per \$100 in contractual obligations be deposited to the dairy and vegetable security and trade practices appropriation, but, due to a technical error, also to the fruit and vegetable inspection appropriation.

Joint Finance: Delete \$55,000 annually with 0.5 vacant trade practices analyst position from the dairy and vegetable security and trade practices appropriation to maintain expenditures within revenues. Create the fruit and vegetable inspection appropriation as an annual rather than a continuing appropriation.

Further, make a technical correction to specify that all fees of 1¢ per \$100 in contractual obligations be deposited to the dairy and vegetable security and trade practices appropriation.

Assembly/Legislature: Restore \$55,000 PR annually and 0.5 vacant trade practices analyst position for the dairy and vegetable security and trade practices program that had been deleted by Joint Finance. Also, change the fruit and vegetable inspection appropriation from annual to continuing. Under this provision, authorized expenditures would exceed available revenues by an estimated \$109,100.

[Act 9 Sections: 173 thru 175, 180 and 181]

20. LIVESTOCK AND AQUACULTURE INSPECTION

	Governor/JFC (Chg. to Base)		Legislature (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$195,800	-2.00	\$0	0.00	-\$195,800	-2.00
PR	167,600	0.00	160,000	1.00	327,600	1.00
Total	-\$28,200	-2.00	\$160,000	1.00	\$131,800	-1.00

Governor: Delete 2.0 GPR positions and \$97,900 GPR each year for a fish farm microbiologist and a health inspector position that were frozen by the Governor in the 1997-99 budget adjustment act.

Further, provide \$83,800 PR annually in expenditure authority for field staff travel, increased license printing and new equipment purchases for livestock and aquaculture inspection, testing and enforcement activities. Revenues are collected from livestock market, dealer and trucker licenses, livestock vehicle registrations, livestock health certificates and deer and fish farm registrations.

Assembly: Provide \$80,000 PR annually for 1.0 fish farm microbiologist position. Revenues are collected from livestock, deer and fish farm licenses and registrations.

Conference Committee/Legislature: Adopt the Assembly position as corrected to fund the 1.0 PR fish microbiologist position from fees for services provided by the animal health laboratory, as are other laboratory and microbiologist positions (rather than from livestock licenses and health certificates and deer and fish farm registrations).

[Act 9 Section: 9104(2m)]

21. AQUACULTURE RESEARCH GRANTS

Senate: Delete \$250,000 PR annually from the Commerce Indian gaming economic development program and provide \$250,000 PR annually and 1.0 position for grants under the agricultural development and diversification grant program to Native American aquaculture facilities, the private aquaculture industry or state owned hatcheries for water quality research and other purposes related to aquaculture. Of the \$250,000, provide \$65,000 annually and a

position to coordinate aquaculture activities and research between Native American aquaculture facilities, the private aquaculture industry, the University of Wisconsin System and other state agencies.

Conference Committee/Legislature: Delete provision.

22. TOBACCO FARMER GRANTS

Assembly: Provide \$100,000 SEG in 2000-01 from the cigarette use resistance education fund for grants under the agricultural development and diversification grant program to tobacco farmers.

Conference Committee/Legislature: Delete provision.

23. JOHNE'S DISEASE TESTING SUBSIDY

	Legislature (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
GPR	\$200,000	- \$100,000	\$100,000

Senate/Legislature: Provide \$100,000 GPR annually for financial assistance for an owner's first test of a livestock herd for paratuberculosis (John's disease) and require DATCP to promulgate rules for providing the assistance.

Veto by Governor [B-5]: Delete funding in 1999-00 and the requirement that DATCP only provide financial assistance for an owner's first test of a livestock herd for paratuberculosis. The Governor's veto message requests DATCP, through administrative rule, to establish a process for providing financial assistance to farmers that have previously conducted herd tests.

[Act 9 Sections: 177s and 1945s]

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.115(2)(c)) and 1945s]

24. DOG LICENSES AND RABIES CONTROL

PR-REV	\$3,000
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Governor/Legislature: Allow the Department to train local rabies control administrators and to charge a fee to cover training costs. Fees would be credited to an existing appropriation for dog licenses, rabies control, humane activities and related services. Program revenue is estimated at \$1,500 annually. Specify that fees collected for humane officer training and certification under 1997 Act 192 be deposited to this appropriation.

[Act 9 Sections: 178, 179, 1946 and 9404(2)]

25. CHICKEN AND TURKEY DISEASE CONTROL

Senate: Applicability. Create requirements before a person may begin to operate a poultry facility, after the effective date of the bill, with over 1,000 animal units (55,000 turkeys, 100,000 layers or 200,000 broilers) that is located within 6.2 miles of a facility where 10,000 or more poultry are kept, or the new facility's poultry manure is spread or composted, poultry is transported or dead poultry or poultry by-products are stored or composted within two miles of a facility where 10,000 or more poultry are kept.

Requirements. Require poultry in the facility to be designated "mycoplasma gallisepticum clean started" and "mycoplasma synoviae clean started" under the national poultry improvement plan. Require operators to obtain random blood samples from at least one of every 100 animal units at least once every 180 days and submit the samples to a DATCP certified poultry diagnostic laboratory for DATCP approved serological tests for the presence of mycoplasma gallisepticum or mycoplasma synoviae.

If the blood samples indicate the presence of mycoplasma gallisepticum or mycoplasma synoviae, require the operator of the facility to have a confirmatory test conducted by a DATCP certified poultry diagnostic laboratory within ten days of receiving the original test results. If the confirmatory test results are positive, DATCP is required, without providing indemnification payments, to immediately order the destruction of all poultry housed in the facility and the disinfecting of the facility. DATCP is also required to supervise the disposal of carcasses. Require that the poultry facility be kept vacant of poultry for at least 14 days after the date of disinfecting. Further, require the operator of the poultry facility to send all testing results by first class mail within five days of reception to DATCP and to all nearby facilities where 10,000 or more poultry are kept, as described above, and to maintain the testing records for at least five years after the tests are conducted. Require DATCP to retain all testing results for at least five years.

Require operators to obtain DATCP approval of a biosecurity plan to prevent the spread of poultry disease that includes all of the following: (a) employe clothing policies; (b) employe showering policies; (c) equipment disinfecting policies; (d) daily mortality disposal; (e) outside vendor policies; (f) fencing and sign policies at the facility; (g) isolation and sanitation procedures; (h) barn disinfecting policies; (i) vaccination and medication policies; (j) manure handling policies; (k) poultry transportation policies; and (l) employe training and accountability policies. Allow DATCP to require plan revisions before granting biosecurity plan approval, and require the Department to retain a copy of approved plans for at least five years after the plan ceases to be in effect.

Enforcement. Provide that the penalty for violating any of these requirements or an order issued under these requirements is a forfeiture of not less than \$5,000 nor more than \$1 million for each violation, and allow DATCP to recover the forfeiture or to seek an injunction to restrain the operator from committing such violations. Further, allow any nearby facility where 10,000 or more poultry are kept that is injured or threatened with injury by a violation of the above

requirements to request a temporary or permanent injunction or damages. Require that the action may not begin until 15 days after the accuser notifies DATCP and the alleged violator of the intent to bring the action. Allow the accuser that obtains an injunction or is awarded damages to recover costs and reasonable attorney fees, notwithstanding attorney fee limitations imposed under s. 814.04(1).

Conference Committee/Legislature: Delete provision.

26. CONSUMER PROTECTION ASSESSMENT

PR-REV	\$150,000
PR	\$150,000

Governor: Provide \$75,000 annually and create an appropriation for consumer protection information and education. Revenue would come from a new 15% surcharge on all fines and forfeitures for violations relating to consumer protection that occur beginning on the effective date of the bill. Fines and forfeitures related to weights and measures violations and marketing and trade practices would include the assessment. Examples of weights and measures fines and forfeitures assessed would be on one who obstructs an inspector, uses an incorrect weight or measure in sales, falsely advertises a quantity or price of any good or service, falsely tests milk for butterfat content or generally violates any provision under the weights and measures statutes (Chapter 98) or corresponding administrative rules. Examples of marketing and trade practice fines include false advertising, business to business violations, dairy industry violations, unfair trading methods, contracting infractions and plastic container labeling infractions, as well as any provision under the marketing and trade practice statutes (Chapter 100) or corresponding administrative rules. The 15% assessment would also apply to local ordinances enacted under the marketing and trade practice and weights and measures statutes and corresponding administrative rules. The 15% would be based on the total amount of fines and forfeitures imposed in any court, and if collected by a local court, it would be forwarded to the county treasurer and paid to the state in the same method as similar forfeitures.

Joint Finance/Legislature: Require that any revenue received from assessments that exceeds \$85,000 in any fiscal year be deposited to the general fund.

[Act 9 Sections: 177, 1576, 1577, 1609 thru 1616, 1960, 3066 thru 3072, 3074, 3075, 3076 thru 3078, 3079, 3080, 3082, 3084, 3085, 3095, 3098, 3203 thru 3205 and 9304(2)]

27. TRADE AND CONSUMER PROTECTION POSITIONS

Governor/Legislature: Transfer 0.2 position and \$17,100 annually from recycling SEG to PR and make other adjustments to realign trade and consumer protection staff. The positions and funding affected would be as follows:

	Funding Positions	
PR	\$34,200	0.20
SEG	- 34,200	- 0.20
Total	\$0	0.00

<u>Appropriation</u>	<u>Positions</u>	<u>Annual Funding</u>
Grain inspection and certification	0.35	\$34,200
Warehouse keeper and grain dealer regulation	0.19	6,500
Vegetable procurement and dairy trade regulation	-0.39	-23,700
Weights and measures inspection	0.35	25,800
Ozone-depleting refrigerants and products regulation	-0.3	-25,700
Recycling products regulation (SEG)	<u>-0.2</u>	<u>-17,100</u>
TOTAL	0.00	\$0

28. TELECOMMUNICATIONS CONSUMER COMPLAINTS

Senate/Conference Committee: Require DATCP to prepare and submit to the appropriate standing committee in each house of the Legislature beginning September 1, 2000, an annual report regarding telecommunications complaints. Require that the report contain all of the following telecommunications-specific information: (a) the number and types of complaints by category received by DATCP; (b) the number of referrals made by DATCP to the Department of Justice for prosecution and the results of those prosecutions; (c) the level of coordination initiated by DATCP to work with the Public Service Commission (PSC) and DOJ to respond to and address consumer complaints; and (d) a description of the differences in services provided between the PSC, DATCP and DOJ in responding to complaints. Require that no later than the first day of the 13th month after the effective date of the bill, DATCP, DOJ and PSC enter into a memorandum of understanding outlining their coordinated plans to address consumer complaints in the area of telecommunications.

Veto by Governor [B-7]: Delete provision.

[Act 9 Vetoed Sections: 1930r, 9104(1m), 9130(2m), 9141(5m) and 9404(2m)]

29. GINSENG FEES

Governor/Legislature: Specify that ginseng dealer and grower annual registration fees and fees collected by DATCP to cover costs related to providing mandatory shipment certificates and report forms be deposited into an existing agricultural resource management appropriation used to publish informational materials. Although current law does not specify where the revenue is to be deposited, it has been deposited to this appropriation.

[Act 9 Sections: 185, 1935 and 1936]

30. WEB PAGE MAINTENANCE [LFB Paper 219]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$69,800	1.00	-\$31,000	0.00	\$38,800	1.00

Governor: Provide 1.0 position and \$29,900 in 1999-00 and \$39,900 in 2000-01 for DATCP website maintenance. A site was developed by a limited-term employe and the new position would maintain and update the site regularly. Program revenues are derived from chargebacks to agency programs.

Joint Finance/Legislature: Delete \$15,500 annually to reallocate LTE-related funding to support the permanent position.

31. INFORMATION SALES POSITION

Governor/Legislature: Convert a limited-term employe position to a one-half time permanent position. Funding would be transferred from LTE salary and supplies. The staff maintains and provides computer lists to internal and external customers.

	Positions
PR	0.50

32. HEALTH AND SAFETY OFFICER

Governor/Legislature: Reallocate \$22,700 in 1999-00 and \$30,300 in 2000-01 from DATCP supplies (related to insurance premium savings) for a 0.6 position to coordinate health and safety initiatives and training for DATCP employes. DATCP plans to share the safety officer with the Department of Military Affairs (which would fund the other 40% of a full-time position).

	Positions
PR	0.60

33. DEBT SERVICE REESTIMATE [LFB Paper 245]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$43,200	-\$77,700	-\$120,900

Governor: Reestimate debt service on soil and water resource management general obligation bonds by -\$84,900 in 1999-00 and \$41,700 in 2000-01.

Joint Finance/Legislature: Reestimate debt service on soil and water resource management general obligation bonds by deleting \$41,600 in 1999-00 and \$36,100 in 2000-01.

34. MANAGEMENT SERVICES

Governor/Legislature: Transfer \$25,400 GPR and 0.5 program and planning analyst position annually from the Food Safety Division to the Management Services Division to assist the Secretary's office.

35. INFORMATION TECHNOLOGY

PR	\$2,378,800
SEG	241,400
Total	\$2,620,200

Governor/Legislature: Combine information technology funds into one appropriation. Currently, funds are transferred from various revenue accounts to cover appropriations. Those transfers do not appear as expenditures, but instead as revenue reductions. Spending authority would replace transfer authority, thus showing up as expenditures for record-keeping purposes. Revenue transfer authority of \$85,400 PR and \$120,700 SEG annually would be replaced with reciprocal spending authority. Also, increase spending authority for the one remaining IT appropriation by \$1,359,000 PR in 1999-00 and \$849,000 PR in 2000-01 to reflect chargebacks to various agency appropriations for IT expenditures.

[Act 9 Sections: 193 and 1933]

36. ELECTRONIC PROCESSING [LFB Paper 220]

Governor: Allow the Department to electronically process applications and payments for goods and services as well as DATCP-issued licenses, permits, registrations and certificates. The Department could also charge additional fees for electronic processing to cover the processing costs. Fees would be deposited into a new, continuing PR appropriation to be used for electronic processing.

Joint Finance: Require DATCP to set fees by administrative rule for the actual cost of electronic processing, if the Department chooses to collect such fees.

Senate: Delete the Joint Finance provision to require DATCP to set fees for the actual cost of electronic processing, if the Department chooses to collect such fees. Rather, allow DATCP to electronically process applications and payments for goods and services as well as DATCP-issued licenses, permits, registrations and certificates, as recommended by the Governor, but do not allow DATCP to charge additional fees for electronic processing.

Conference Committee/Legislature: Delete Senate provision.

[Act 9 Sections: 192 and 1927]

37. MILK STANDARDS PROGRAM

Governor/Legislature: Remove obsolete language directing the PR appropriation for the milk standards program to reimburse the general fund for startup costs. The reimbursement was made.

[Act 9 Section: 191]

38. AGRICULTURAL ENGINEERING PRACTITIONER CERTIFICATION

Joint Finance/Legislature: Allow an agricultural engineering practitioner who previously has been certified to review plans for, or conduct inspections of, a type of agricultural engineering practice at one job class level to certify for funding purposes that design specifications and constructed or installed practices for any agricultural engineering practice under that job class level comply with DATCP standards, without requiring the agricultural engineering practitioner to receive recertification.

[Act 9 Section: 1926yr]

39. COUNTY FAIR AIDS [LFB Paper 221]

GPR	\$640,800
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Joint Finance/Legislature: Provide \$320,400 annually to reestimate base funding for county and district fair aids at \$585,000 annually. Due to a Constitutional amendment requiring all state pari-mutuel revenues be directed toward property tax relief, county and district fair aids can no longer be funded from pari-mutuel supplemental aid and instead will be funded entirely from GPR. The \$585,000 provided annually was the maximum GPR available under prior law.

40. AGRICULTURE IN THE CLASSROOM

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
SEG	\$200,000	-\$200,000	\$0

Joint Finance: Provide \$100,000 SEG annually from the agrichemical management fund for grants to the Wisconsin Farm Bureau Federation for use in the USDA Agriculture in the Classroom program. Require DATCP to release \$3 for every \$2 the Farm Bureau provides in matching funds.

Senate/Legislature: Delete provision.

41. COMPREHENSIVE LOCAL PLANNING GRANT ASSESSMENTS

Joint Finance: Authorize the Secretary of DOA to annually assess the Department \$250,000 to be paid from the agency's GPR general operations appropriations to fund a local planning grant program administered by the Department of Administration that is created under the bill. The assessments would be for grants to counties, cities, villages, towns or regional planning commissions to finance the local cost of planning activities and the cost of program delivery.

Conference Committee/Legislature: Delete provision.

42. MEAT PROCESSING

Governor: Require state licensed animal, poultry and carcass slaughter and processing facilities to comply with the standards that federally licensed facilities must meet, unless specified otherwise by DATCP rule. These standards generally deal with facilities for inspection, sanitation, ante-mortem inspection, post-mortem inspection, disposal of diseased or otherwise adulterated carcasses and parts, humane slaughtering, handling and disposal of condemned or other inedible products, rendering or other disposal of carcasses and parts passed for cooking, labeling, marking devices and containers, entry into official establishments, definitions and standards of identity or composition, sanitation, hazard analysis and critical control point systems and parts of poultry products inspection regulations. Under current law, the Department is required to issue various administrative rules for animal, poultry and carcass slaughter and processing facilities. The bill would allow, rather than require DATCP to issue any of those rules. These changes would take effect on January 1, 2000.

Allow DATCP to promulgate a retail food regulation or DHFS to promulgate a restaurant rule based on the model food code of the federal Food and Drug Administration under that format rather than according to the current statutory format.

Expand the definition of "potentially hazardous food" under food regulations of retail food establishments to clarify that it includes any food that requires temperature control because it is capable of supporting growth and toxin production of *Clostridium botulinum* (a bacteria commonly found in soil which causes the paralytic illness, botulism) or the growth of *Salmonella enteritidis* in raw shell eggs. DATCP currently considers these items to be potentially hazardous foods. Retail food establishment license fees depend on whether or not the establishment sells potentially hazardous food. The change would take effect on January 1, 2001.

Joint Finance: Delete provision as non-fiscal policy.

Assembly/Legislature: Restore the Governor's provision as technically corrected to make the effective date of the definition of "potentially hazardous food" the effective date of the bill rather than January 1, 2001.

[Act 9 Sections: 1946m thru 1946p, 2355mm and 9404(2g)]

43. PACKAGING SIZE RESTRICTIONS

Assembly/Legislature: Eliminate size requirements on containers in which ice cream and similar frozen deserts may be packaged, but retain the requirement that such items be sold by liquid measure unless they are less than one-half liquid pint in size or are packaged at the time of sale at retail. Currently, ice cream and similar frozen deserts generally must be packaged only in containers with capacities of one-half liquid pint, one liquid pint, one liquid quart or a multiple of one liquid quart.

Eliminate the requirements that the weight of a loaf of bread manufactured, offered for sale or sold for consumption within this state be at least one-half pound and a multiple of four ounces. Rather, require that, except for stale bread identified as such, loaves of bread manufactured, offered for sale or sold within this state be sold by weight.

[Act 9 Sections: 1952m and 1953e]

44. SELF-SERVICE STORAGE OPERATOR REQUIREMENTS

Assembly: Require self-service storage operators to include an inventory of a lessee's property on the second default notice to a client that has defaulted on payment of rent, rather than providing an inventory for both the first and second default notices. Further, require self-service storage operators to advertise at least once in a local newspaper the sale of a lessee's property to satisfy a lien rather than requiring an advertisement once per week for two consecutive weeks prior to conducting such a sale under current law. These changes would first apply to defaults occurring on the effective date of the bill.

Conference Committee/Legislature: Delete provision.

ARTS BOARD

Budget Summary							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$5,364,800	\$5,074,700	\$5,324,700	\$5,374,700	\$5,324,700	-\$40,100	- 0.7%
FED	1,731,200	1,250,200	1,250,200	1,250,200	1,250,200	- 481,000	- 27.8
PR	<u>36,000</u>	<u>90,400</u>	<u>90,400</u>	<u>90,400</u>	<u>90,400</u>	<u>54,400</u>	151.1
TOTAL	\$7,132,000	\$6,415,300	\$6,665,300	\$6,715,300	\$6,665,300	-\$466,700	- 6.5%

FTE Position Summary						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change Over 1998-99 Base
FED	6.00	6.00	6.00	6.00	6.00	0.00
PR	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>0.00</u>
TOTAL	12.00	12.00	12.00	12.00	12.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	-\$290,100
FED	<u>- 1,000</u>
Total	-\$291,100

Governor/Legislature: Adjust the base budget for: (a) the removal of noncontinuing items (-\$150,000 GPR annually); (b) full funding of salaries and fringe benefits (\$2,700 GPR and -\$1,000 FED annually); (c) full funding of financial services charges (\$200 GPR and \$500 FED annually); (d) reclassification of positions (\$1,100 GPR in 1999-00 and \$1,200 GPR in 2000-01); and (e) fifth week of vacation as cash (\$900 GPR annually).

2. HIGH POINT FUND

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Veto (Chg. to Leg.)	Net Change
GPR	\$200,000	-\$100,000	-\$50,000	\$50,000

Joint Finance: Provide \$100,000 annually in a new, annual appropriation for a grant to the Milwaukee Foundation, Inc. for deposit in the Foundation's High Point Fund. The Board would be required to annually pay the amount appropriated to the Foundation.

Assembly: Delete provision.

Conference Committee/Legislature: Modify Joint Finance provision to delete \$50,000 annually.

Veto by Governor [A-1]: Delete \$50,000 in 2000-01 for a grant to the Milwaukee Foundation, Inc., providing a net amount of \$50,000 in 1999-00 only.

[Act 9 Sections: 226m and 947m]

[Act 9 Vetoes Section: 172 (as it relates to s. 20.215(1)(e))]

3. GRANT TO PERFORMING ARTS FOUNDATION

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Veto (Chg. to Leg.)	Net Change
GPR	\$50,000	\$100,000	\$0	\$150,000
GPR-Lapse	\$0	\$0	\$100,000	\$100,000

Joint Finance: Increase the Board's state aid for the arts appropriation by \$50,000 in 1999-00. Require the Board to award a grant of \$50,000 from the state aid for the arts appropriation in 1999-00 to a non-profit performing arts foundation located in a county with a population of less than 130,000 for use in improving handicapped accessibility in the foundation's facility. Specify that in order to receive the grant, the foundation would have to provide matching funds equal to at least \$150,000.

Senate/Legislature: Provide an additional \$100,000 in 1999-00 for this purpose.

Veto by Governor [A-1]: Reduce the amount that the Board is required to award to a non-profit foundation from \$150,000 to \$50,000. Although the appropriation is not reduced, in his veto message, the Governor requests that the Secretary of Administration place \$100,000 in the state aid to the arts appropriation in unallotted reserve in 1999-00 to lapse to the general fund.

The veto does not reduce the amount of matching funds that have to be raised by the foundation in order to receive the grant.

[Act 9 Sections: 226g and 9105(1c)]

[Act 9 Vetoed Section: 9105(1c)]

4. GRANT TO STEVENS POINT ARTS COUNCIL

GPR	\$50,000
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Senate/Legislature: Provide \$50,000 in 1999-00 in a new annual appropriation for a grant to the City of Stevens Point Arts Council for development of the Portage County Arts Alliance. Specify that the funds could be awarded only if a match of at least \$50,000 is provided by the Council. Provide that no monies could be encumbered from this appropriation after June 30, 2000.

[Act 9 Sections: 226n and 9105(2w)]

5. REESTIMATE FEDERAL REVENUES

FED	- \$480,000
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Governor/Legislature: Reestimate federal revenues for state operations and aids to individuals and organizations by -\$240,000 annually to more accurately reflect funding received from the National Endowment for the Arts.

6. AMERICAN INDIAN ARTS [LFB Paper 159]

PR	\$50,400
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Governor: Provide \$25,200 annually in a new, annual appropriation for grants-in-aid to, or contracts with, American Indian groups, individuals, organizations and institutions. Permit the Board to enter into contracts with American Indian individuals, organizations and institutions and American Indian tribal governments for services furthering the development of the arts and humanities. In addition, require the Board to conduct a grant program identical to the Board's state aid for the arts program, but only for American Indian individuals and groups. Under the state aid for the arts program, grants are awarded to groups and individuals of exceptional talent engaged in or concerned with the arts. A grantee must provide monies or in-kind contributions, equal to at least 50% of the total cost of the project. Funding for the new program would be derived from Indian gaming compact receipts and would be transferred to the new appropriation under the Arts Board from an appropriation created for this purpose under the Department of Administration.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 9 Sections: 227, 551, 947 and 948]

7. PROGRAM REVENUE REESTIMATE

PR	\$4,000
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Governor/Legislature: Provide \$2,000 annually to reflect an increase in program revenues due to an increase in the number of arts and crafts fairs listed in the agency's annual arts and crafts fair directory. The directory provides information on arts and crafts fairs to be held in the state. For each fair listed in the directory, the Board charges a fee, ranging from \$25 to \$200, based on the amount charged to exhibitors by the sponsoring organization and the number of exhibitors participating in the fair.

8. PERCENT-FOR-ART PROGRAM POSITION

Governor/Legislature: Transfer 1.0 PR position from the Board's percent-for-art appropriation to the appropriation for funds received from other state agencies. Funding for the position, which is responsible for the administration of the percent-for-art program, is provided under the appropriation for funds received from other state agencies.

9. PERCENT-FOR-ART PROGRAM ELIMINATION

Assembly: Eliminate the current law percent-for-art program under which at least two-tenths of one percent of the cost of new state building projects exceeding \$250,000 must be used to purchase original works of art to be incorporated into the structure of the building project or for display in or around the project and to pay for the program's administrative costs. Generally, building projects are funded through general obligation bonds issued by the State Building Commission. This provision would first apply to contracts for building projects entered into on the effective date of the bill.

Conference Committee/Legislature: Delete provision.

10. STATE AID FOR THE ARTS

Senate: Provide an additional \$50,000 annually to increase funding for the state aid for the arts program. Under Joint Finance, funding for this program would total \$1,290,500 in 1999-00 and \$1,240,500 in 2000-01.

Conference Committee/Legislature: Delete provision.

BOARD OF COMMISSIONERS OF PUBLIC LANDS

Budget Summary							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
FED	\$105,400	\$105,400	\$105,400	\$105,400	\$105,400	\$0	0.0%
PR	<u>1,819,200</u>	<u>2,550,900</u>	<u>2,280,800</u>	<u>2,557,900</u>	<u>2,557,700</u>	<u>738,500</u>	40.6
TOTAL	\$1,924,600	\$2,656,300	\$2,386,200	\$2,663,300	\$2,663,100	\$738,500	38.4%

FTE Position Summary						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change Over 1998-99 Base
PR	11.00	11.00	11.00	12.00	11.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	-\$47,300
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Governor/Legislature: Provide -\$25,100 in 1999-00 and -\$22,200 in 2000-01 for standard budget adjustments for: (a) removal of noncontinuing elements from the base (-\$15,000 annually); (b) full funding of continuing salaries and fringe benefits costs (-\$14,600 annually); (c) full funding of financial services charges (\$3,200 annually); (d) reclassifications (\$2,900 in 2000-01); and (e) fifth week of vacation as cash (\$1,300 annually).

2. INFORMATION TECHNOLOGY INITIATIVES [LFB Paper 230]

PR	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Veto (Chg. to Leg.)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
		\$444,100	0.00	-\$249,700	0.00	\$277,100	1.00	-\$200	-1.00	\$471,300

Governor: Provide \$199,500 in 1999-00 and \$244,600 in 2000-01 to enable the Board to fund master lease and consultant costs to undertake the following information technology (IT) initiatives: (a) replacement of the agency's existing computer network with a single hardware/software platform (\$33,200 in 1999-00 and \$59,200 in 2000-01); (b) development of a graphical user interface to permit agency staff to access mapping, loan status and land ownership data (\$92,500 in 1999-00 and \$104,400 in 2000-01); (c) imaging system enhancements that would add field surveyors' notebook entries and federal Bureau of Land Management land patent information to the agency's existing imaging database (\$26,800 in 1999-00 and \$34,000 in 2000-01); and (d) \$47,000 annually for IT consultant services. Under this IT initiative, the principal amount of the 3-year master leases issued for equipment and software would be \$395,100 in 1999-00 and \$134,100 in 2000-01.

Joint Finance: Provide an additional \$11,700 in 1999-00 and \$15,700 in 2000-01 to fully fund the projected master lease costs for the Board's proposed IT initiatives. Transfer \$128,200 in 1999-00 and \$148,900 in 2000-01 of funding for the proposed graphical user interface project and the imaging systems enhancement project from the Board's general program operations appropriation to the Joint Committee on Finance's PR supplemental appropriation account. These transferred funds would be available for release to the Board under a 14-day passive review procedure under s. 16.515 of the statutes once the agency has provided additional documentation to the Committee on these IT initiatives. (The fiscal effect of the increase is shown under "Program Supplements.") This additional information would include: (a) documentation that the prerequisite network replacement project was operational; and (b) updated plans and costs for the Board's graphical user interface project and the imaging systems enhancement project for the Committee's review and approval.

Senate: Add provision to authorizing 1.0 information technology position for IT system development and administration. Increase the salary and fringe benefits component of the Board's appropriation by \$43,600 in 1999-00 and by \$50,400 in 2000-01 and make an offsetting reduction of \$47,000 annually provided in the supplies and services component of the Board's appropriation to delete funds budgeted for general IT support consultant services to perform these same system development and administration functions. The net fiscal effect is zero.

Conference Committee/Legislature: Modify Joint Finance provision to delete \$128,200 PR in 1999-00 and \$148,900 PR in 2000-01 from the Joint Committee on Finance's PR supplemental appropriation account reserved for IT initiatives of the Board and instead provide those monies to the Board's general program operations appropriation. This would enable the Board to begin the immediate implementation of its proposed graphical user interface and imaging systems enhancement projects.

Veto by Governor [F-28]: Modify the Board's general program operations appropriation [s. 20.507(1)(h) in the appropriations schedule] by deleting the figure "\$1,251,100" and inserting "\$1,251,000" in 1999-00 and by deleting the figure "\$1,306,800" and inserting "\$1,308,700" in 2000-01, resulting in a reduction in expenditure authority of \$100 PR annually. The Governor's veto message also requests the Secretary of the Department of Administration not to authorize the 1.0

information technology position and not to allot the permanent salary and fringe benefit amounts that would pay for such a position. However, \$43,500 in 1999-00 and \$50,300 in 2000-01 would remain in the agency appropriation for possible future allotment.

[Act 9 Vetoes Section: 172 (as it relates to s. 20.507(1)(h))]

3. REIMBURSEMENTS FOR CERTAIN ADMINISTRATIVE SERVICES [LFB Paper 231]

GPR-REV	- \$6,600
PR	\$249,100

Governor: Provide increased expenditure authority of \$122,300 in 1999-00 and \$126,800 in 2000-01 in the Board's general program operations appropriation to fund the reimbursement of DOA for administrative services provided by that agency to the Board. Under the bill, there is no specification of how DOA is to handle reimbursement from the Board. However, the Executive Budget Book indicates the DOA would annually bill the Board for the cost of administrative services it provides to the Board and deposit these monies in the general fund. Collections under this new reimbursement mechanism are estimated at \$122,300 in 1999-00 and \$126,800 in 2000-01. Repeal a current law provision specifying that the amounts in the appropriation schedule for the Board's general program operations constitute 90% of the funds deducted from the gross receipts of trust fund investments and provide instead that all of the funds deducted from trust funds investments would now be credited to the appropriation. Under the current law mechanism, the remaining 10% deducted from the gross receipts of trust fund investments is credited to the general fund. Compared to current law, the revised reimbursement mechanism would decrease total general fund collections by \$3,300 annually.

Joint Finance/Legislature: Modify the Governor's recommendation to include a requirement that DOA render an accounting of the administrative services provided to the Board by DOA and by other state agencies for which reimbursement is sought. Clarify that the amounts reimbursed by the Board to DOA shall be deposited to the general fund.

[Act 9 Sections: 65r, 588 and 691]

4. TRUST LANDS MANAGEMENT ACTIVITIES [LFB Paper 195]

	<u>Governor (Chg. to Base)</u>	<u>Jt. Finance/Leg. (Chg. to Gov)</u>	<u>Net Change</u>
PR	\$75,400	-\$20,400	\$55,000

Governor: Provide increased expenditure authority of \$37,700 annually for the following trust lands management projects:

Reforestation. Provide \$4,600 annually to support the rejuvenation and reforestation of approximately 80 acres of trust land forests annually.

Soil Surveys and Soil Mapping. Amend the statutory enumeration of the types of disbursements that can be made by the Board in the caring for and selling of, trust lands to authorize expenditures for soil surveys and soil mapping activities. Provide \$30,000 annually to support the costs of such activities on trust lands.

Protection of Trust Lands Holdings. Provide \$3,100 annually for increased trust lands signage (\$1,300), additional gating of roads into trust lands (\$1,200) and the development of paint with tracer chemicals to aid in the identification of timber stolen from trust lands (\$600).

The costs of all of the above projects and activities would be funded from the investment earnings accruing to the Common School Fund, the Normal School Fund, the University Fund and the Agricultural College Fund.

Joint Finance/Legislature: Modify the Governor's recommendation to reduce funding for soil surveys and soil mapping activities on trust lands by \$10,200 annually to reflect a six-year, rather than a four-year schedule for undertaking and completing these activities.

[Act 9 Section: 689]

5. TELEPHONE SYSTEM REPLACEMENT

PR	\$10,400
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Governor/Legislature: Provide: (a) one-time funding of \$9,000 in 1999-00 to enable the Board to purchase and install a new telephone system in its Madison offices; and (b) on-going funding of \$1,400 in 2000-01 for maintenance of the new system.

6. TRUST FUND LOANS -- ORIGINATION AND SERVICING FEES [LFB Paper 232]

Governor: Authorize the Board to charge a fee to eligible borrowers from the Common School Fund, the Normal School Fund, the University Fund and the Agricultural College Fund who repay one or more installments of a loan after March 15 but before August 1 of any year. Specify that the fee would cover any administrative costs incurred by the Board in originating and servicing the loan. Under current law, a borrower from the trust funds may prepay, with no prepayment fee being charged, any part of a loan after March 15 and prior to August 1 of any year and all interest on the amount of the payment is forgiven

Joint Finance/Legislature: Modify the Governor's recommendation by including a session law requirement that the Board report to the Joint Committee on Finance, by December 1, 1999, on the accounting and administrative actions that it has taken to allow the acceptance of loan prepayments during any statutorily authorized annual prepayment period for any trust fund loans issued by the Board.

[Act 9 Sections: 690 and 9140(1d)]

7. REVISED INVESTMENT AUTHORITY FOR CERTAIN BOARD INVESTMENTS

Senate/Legislature: Newly specify that if the Board of Commissioners of Public Lands (BCPL) acts to delegate the investment of the assets of the Common School Fund, Normal School Fund, University Fund and Agricultural College Funds to the Investment Board, the Investment Board could invest those assets in any manner authorized for the investment of any of the types of funds under the control of the Investment Board. Delete a current statutory limitation that these trust fund assets are controlled and invested only by BCPL, and instead specifically authorize the delegation of investment of the assets of each fund to the Investment Board. Under this modification, these trust fund assets could be invested by the Investment Board for the first time in such investment vehicles as equities, publicly and privately placed mortgage-backed or asset-backed securities or real estate, consistent with the Investment Board's current standard of responsibility for managing investments.

Require the Executive Director of the Investment Board to assign an investment professional to assist the BCPL in establishing and maintaining its investment objectives and specifically authorize the deduction of the costs of such services from the gross receipts of the fund to which the monies invested belong. Further, specify that if BCPL delegates investment authority to the Investment Board, the latter would be directed to deduct its investment management expenses from the gross receipts of the BCPL funds to which the interest and income of the investment will be added. Clarify that the Investment Board would credit all of these investment management expense payments for BCPL investments to the Investment Board's general program operations appropriation account.

Currently, the BCPL is authorized to invest trust fund assets only in a limited number of statutorily defined investment vehicles such as bonds and notes issue by the federal government and bonds issued by the state and local units of government. BCPL does not have the authority to invest in equities, publicly and privately places mortgage-backed or asset-backed securities or real estate.

Under current practice, BCPL has delegated a portion of its assets to the Investment Board for investment in the state investment fund (SIF). The SIF is invested in obligations of the U. S. government and its agencies and in high quality commercial bank and corporate debt obligations.

Veto by Governor [F-29]: Delete provision.

[Act 9 Vetoed Sections: 593e, 689b, 689d, 689fh, 689j, 689L, 694s, 695b, 695m, 698c, 699g and 699s]

BOARD ON AGING AND LONG-TERM CARE

Budget Summary							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$1,473,600	\$1,693,000	\$1,196,900	\$1,196,900	\$1,180,900	-\$292,700	- 19.9%
PR	<u>869,600</u>	<u>1,723,800</u>	<u>2,393,000</u>	<u>2,393,000</u>	<u>2,382,400</u>	<u>1,512,800</u>	174.0
TOTAL	\$2,343,200	\$3,416,800	\$3,589,900	\$3,589,900	\$3,563,300	\$1,220,100	52.1%

FTE Position Summary						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change
						Over 1998-99 Base
GPR	15.45	15.45	11.25	11.25	11.25	- 4.20
PR	<u>7.45</u>	<u>9.45</u>	<u>16.65</u>	<u>16.65</u>	<u>15.65</u>	<u>8.20</u>
TOTAL	22.90	24.90	27.90	27.90	26.90	4.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$112,600
PR	<u>- 7,400</u>
Total	\$105,200

Governor/Legislature: Provide \$52,500 (\$56,300 GPR and -\$3,800 PR) in 1999-00 and \$52,700 (\$56,300 GPR and -\$3,600 PR) in 2000-01 to reflect: (a) removal of noncontinuing items (-\$15,200 PR annually); (b) full funding of salaries and fringe benefits (\$56,000 GPR and \$10,600 PR annually); (c) full funding of financial service charges (\$300 GPR and \$400 PR annually); and (d) full funding of lease costs (\$400 PR in 1999-00 and \$600 PR in 2000-01).

2. OMBUDSMAN SERVICES FOR FAMILY CARE RECIPIENTS [LFB Paper 560]

Funding Positions		
PR	\$698,300	1.00

Governor/Legislature: Provide \$255,200 in 1999-00 and \$443,100 in 2000-01 and 1.0 position, beginning in 1999-00, to support contracting for

ombudsman services for recipients of the new Family Care benefit. Funding for these services would be claimed by DHFS as medical assistance administration costs and transferred to the Board. The additional position for the Board would supervise these contracts.

Require the Board to contract with one or more organizations to provide advocacy services to potential or actual recipients of the Family Care benefit or their families or guardians. Prohibit the Board from contracting with any organization that is a resource center, a care management organization, a provider or an affiliate of a provider of long-term care services. Require the advocacy services to include all of the following: (a) information, technical assistance and training about how to obtain needed services; (b) advice and assistance in preparing and filing complaints and appeals of complaints; (c) assistance in negotiation and mediation; (d) assistance regarding the appropriate interpretation of statutes, rules, or regulations; and (e) assistance in administrative hearings and legal representation for judicial proceedings.

[Act 9 Section: 41]

3. REGIONAL OMBUDSMAN POSITION SALARIES

GPR	\$73,200
PR	10,600
Total	\$83,800

Governor/Legislature: Provide \$36,600 GPR and \$5,300 PR annually to reclassify the regional ombudsman positions into a higher pay range to improve recruiting and retention for these positions.

4. MEDIGAP COUNSELOR POSITION

	Funding Positions	
PR	\$73,400	1.00

Governor/Legislature: Provide \$31,500 in 1999-00 and \$41,900 in 2000-01 and 1.0 position, beginning in 1999-00, to maintain the current staffing level for the Medigap Helpline. One of the Board's three Medigap counselors is supported by a federal grant that expires on September 30, 1999. This item would maintain support for this position. The Medigap Helpline provides information to consumers regarding insurance policies available to supplement federal Medicare insurance coverage, including long-term care insurance.

5. MEDIGAP HELPLINE MAILINGS

PR	\$33,100
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Governor/Legislature: Provide \$15,400 in 1999-00 and \$17,700 in 2000-01 to: (a) fund costs of mailings for the Medigap Helpline that are not currently reflected in the Board's operating budget (\$12,300 annually); and (b) increase funding to support these mailings by 25% in 1999-00 and an additional 15% in 2000-01 (\$3,100 in 1999-00 and \$5,400 in 2000-01).

6. MISCELLANEOUS ADJUSTMENTS

PR	\$43,700
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Governor/Legislature: Provide \$10,100 in 1999-00 and \$33,600 in 2000-01 to fund: (a) health insurance premiums (\$1,800 in 1999-00 and \$4,400 in 2000-01); (b) pay plan compensation reserves (\$8,300 in 1999-00 and \$16,600 in 2000-01); and (c) the 27th pay period (\$12,600 in 2000-01).

7. COMPUTER LINK-UPS WITH REGIONAL OFFICES

GPR	\$33,600
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Governor/Legislature: Provide \$16,800 annually to fund ongoing costs for transmission lines that allow interactive communication and transmission of data between the Board's central office and the five regional offices.

8. REPLACE PHOTOCOPIER

PR	\$2,500
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Governor/Legislature: Provide \$2,500 in 1999-00 to replace the photocopier at the Board's central office. This amount, which represents approximately 40% of the estimated total cost of the new copier (\$6,200), reflects the Medigap Helpline's share of the Board's office copying. The remaining 60% of the Board's copying costs are attributed to other functions. The Board would absorb the unfunded portion of the cost of the photocopier (\$3,700).

9. OMBUDSMAN STAFF -- ADDITIONAL POSITIONS AND FUNDING CHANGE [LFB Paper 235]

	Jt. Finance/Leg. (Chg. to Base)		Veto (Chg. to Leg.)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$496,100	-4.20	-\$16,000	0.00	-\$512,100	-4.20
PR	669,200	7.20	-10,600	-1.00	658,600	6.20
Total	\$173,100	3.00	-\$26,600	-1.00	\$146,500	2.00

Joint Finance/Legislature: Delete \$268,100 GPR and provide \$321,200 PR in 1999-00 and delete \$228,000 GPR and provide \$348,000 PR in 2000-01 and delete 4.80 GPR positions and provide 6.80 PR positions in 1999-00 and delete 4.20 GPR positions and provide 7.20 PR positions in 2000-01 to reflect: (a) the conversion of 6.0 GPR positions to 6.0 PR positions supported by medical assistance administration funds transferred to the Board from DHFS; (b) the addition of 2.0 regional ombudsman positions (1.20 GPR positions and 0.80 PR position), beginning January 1, 2000; and (c) the addition of 1.0 regional ombudsman position (0.60 GPR position and 0.40 PR position), beginning January 1, 2001. The MA administrative funding increase is reflected under "Department of Health and Family Services -- Medical Assistance."

Veto by Governor [C-1]: Delete \$16,000 GPR and \$10,600 PR in 2000-01 to reflect the elimination of the third ombudsman position that would have been created in 2000-01. The veto also deletes \$5,300 GPR in 2000-01 from the medical assistance benefits appropriation, although funding for this purpose is budgeted in the appropriation that supports contracts and inter-agency agreements for the administration of the MA program. The fiscal impact on medical assistance is reflected under "Health and Family Services -- Medical Assistance."

[Act 9 Vetoed Section: 172 (as it relates to 20.432(1)(a)&(k) and 20.435(4)(b))]

BONDING AUTHORIZATION

Budget Change Items

1. GENERAL OBLIGATION BONDING AUTHORIZATIONS

Governor/Building Commission: Provide \$1,064,109,900 in new general obligation bonding authority, as shown in the following table.

Joint Finance: Increase bonding authority by \$178,479,100 so that \$1,257,589,000 in new general obligation authority would be provided, as shown in the following table:

Assembly: Decrease bonding authority by \$52,000,000 from the Joint Finance levels so that \$1,205,589,000 in new general obligation bonding authority would be provided, as shown in the following table.

Senate: Increase bonding authority by \$458,235,500 over the Joint Finance levels so that \$1,715,824,500 in new general obligation bonding authority would be provided, as shown in the following table.

Conference Committee/Legislature: Increase bonding authority by \$106,500,300 over the Joint Finance levels so that \$1,364,089,300 would be provided, as shown in the following table.

Veto by Governor [A-15, B-48 and B-58]: Decrease bonding authority by \$39,212,000 from the levels provided by the Legislature so that \$1,324,877,300 in new general obligation bonding authority would be provided, as shown in the following table. As a result, the general obligation bonding authorizations would be reduced from the levels provided by the Legislature for the following purposes: (a) \$20,000,000 associated with the creation of a heritage trust program in the State Historical Society; (b) \$13,000,000 associated with the creation of a municipal flood control and riparian restoration bonding purpose in the Department of Natural Resources (DNR); (c) \$4,100,000 associated with the creation of an urban stormwater loan bonding purpose under the Clean Water fund; (d) \$2,000,000 associated with the urban nonpoint source cost sharing program purpose in DNR; and (e) \$112,000 associated with the recreation boating development program purpose in DNR. (Summaries of these vetoes are provided in the individual agency summaries.)

Update summary schedules relating to bonding and debt service that appear for informational purposes.

[Act 9 Section: 171]

	<u>Building Commission</u>	<u>Jt. Finance</u>	<u>Assembly</u>	<u>Senate</u>	<u>Conference Committee</u>	<u>Act 9</u>
Administration*						
Educational Communication Facilities	\$16,618,100	\$18,067,800	\$18,067,800	\$0	\$0	\$0
Black Point Estate	0	0	0	-1,600,000	0	0
Agriculture, Trade Consumer Protection						
Soil and Water Conservation Reserve Enhancement Program	3,575,000	3,575,000	3,575,000	3,575,000	3,575,000	3,575,000
	0	0	0	40,000,000	40,000,000	40,000,000
Building Commission						
Other Public Purposes	209,830,500	137,303,500	137,303,500	137,303,500	137,303,500	137,303,500
Housing State Agencies	68,419,000	68,419,000	68,419,000	68,419,000	68,419,000	68,419,000
Project Contingencies	7,955,200	7,955,200	7,955,200	7,955,200	7,955,200	7,955,200
Capital Equipment Acquisitions	21,058,300	21,058,300	21,058,300	21,058,300	21,058,300	21,058,300
Refunding Building Corp. Debt	0	-1,070,000	-1,070,000	-1,070,000	-1,070,000	-1,070,000
Milwaukee Police Athletic League	0	0	0	1,000,000	1,000,000	1,000,000
Swiss Cultural Center	0	0	1,000,000	1,000,000	1,000,000	1,000,000
Clean Water Fund						
Safe Drinking Water Loan Program	3,870,000	3,870,000	3,870,000	14,080,000	14,080,000	14,080,000
Urban Stormwater Loan Program	0	4,100,000	4,100,000	4,100,000	4,100,000	0
Corrections						
Correctional Facilities	91,840,500	102,998,800	102,998,800	102,998,800	102,998,800	102,998,800
Juvenile Correctional Facilities	1,285,000	1,285,000	1,285,000	1,285,000	1,285,000	1,285,000
Self-Amortizing Facilities	3,700,000	0	0	0	0	0
Educational Communications Board						
Educational Communications Facilities	2,957,000*	9,713,700*	9,713,700*	12,638,700*	304,000	304,000
Self-Amortizing Educational Communications Facilities	5,307,000	0	0	0	0	0
Transfer Bonding Authority to DOA	-16,618,100	-18,067,800	-18,067,800	0	0	0
Health and Family Services						
Mental Health Facilities	6,283,000	6,993,200	6,993,200	6,993,200	6,993,200	6,993,200
Historical Society						
Heritage Trust	0	20,000,000	20,000,000	20,000,000	20,000,000	0
Marquette University						
Dental Clinic and Educational Facility	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Military Affairs						
Armories and Military Facilities	702,100	827,100	827,100	827,100	827,100	827,100
Milwaukee Area Technical College						
Digital Television Conversion	0	3,500,000	3,500,000	2,221,800	0	0

	<u>Building Commission</u>	<u>Jt. Finance</u>	<u>Assembly</u>	<u>Senate</u>	<u>Conference Committee</u>	<u>Act 9</u>
Natural Resources						
GPR Supported Administrative Facilities	\$2,586,600	\$2,586,600	\$2,586,600	\$2,586,600	\$2,586,600	\$2,586,600
SEG Supported Facilities	4,630,000	4,630,000	4,630,000	4,630,000	4,630,000	4,630,000
SEG Supported Administrative Facilities	2,731,500	2,905,900	2,905,900	2,905,900	2,905,900	2,905,900
Recreational Boating	0	112,000	112,000	112,000	112,000	0
Nonpoint Source Grants	14,400,000	22,400,000	22,400,000	22,400,000	22,400,000	22,400,000
Nonpoint Source	2,000,000	0	0	0	0	0
Urban Nonpoint Source Cost Sharing	0	15,000,000	10,000,000	15,000,000	15,000,000	13,000,000
Municipal Flood Control and Riparian Restoration	0	3,000,000	8,000,000	13,000,000	13,000,000	0
Public Instruction						
Classroom Facilities	0	0	0	200,000,000	0	0
State Fair Park						
Board Facilities	887,100	1,887,100	1,887,100	1,887,100	1,887,100	1,887,100
Self-Amortizing Facilities	17,324,100	16,937,100	16,937,100	16,937,100	16,937,100	16,937,100
Stewardship 2000	350,000,000	404,000,000	350,000,000	600,000,000	460,000,000	460,000,000
Transportation						
Rail acquisition	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
Harbor improvements	3,000,000	3,000,000	7,000,000	3,000,000	7,000,000	7,000,000
University of Wisconsin System						
Academic Facilities	20,166,100	68,499,600	68,499,600	68,478,300	65,699,600	65,699,600
Self-Amortizing Facilities	75,692,800	75,692,800	72,692,800	75,692,800	75,692,800	75,692,800
Veterans Affairs						
Self-Amortizing Facilities	13,909,100	13,909,100	13,909,100	13,909,100	13,909,100	13,909,100
Mortgage Loans Self Amortizing	110,500,000	213,000,000	213,000,000	213,000,000	213,000,000	213,000,000
Total General Obligation	\$1,064,109,900	\$1,257,589,000	\$1,205,589,000	\$1,715,824,500	\$1,364,089,300	\$1,324,877,300

*As recommended by the Building Commission, actual authority over the authorized funding for educational communications facilities would be contingent on the governance of the state's public broadcasting assets.

2. 1999-01 REVENUE OBLIGATION AUTHORIZATIONS

Governor: Provide revenue obligation authority of \$629,666,000 for the purposes shown in the following table.

Joint Finance: Delete revenue obligation authority of \$174,400,000, so that \$455,166,000 would be provided for the purposes shown in the following table.

Assembly: Delete revenue obligation authority of \$3,000,000 from Joint Finance levels so that \$452,166,000 would be provided for the purposes shown in the following table.

Senate: Provide revenue obligation authority of \$216,317,500, over Joint Finance levels so that \$671,483,500 would be provided for the purposes shown in the following table.

Conference Committee/Legislature: Provide revenue obligation authority of \$34,119,600 over Joint Finance levels so that \$489,285,600 would be provided for the purposes shown in the following table.

Veto by Governor [B-43]: Decrease revenue obligation authority by \$27,700,000 from the levels provided by the Legislature so that \$461,585,600 would be provided for the purposes shown in the following table. (A summary of this veto is provided in the individual agency summary.)

Revenue Obligations

<u>Agency</u>	<u>Governor</u>	<u>Jt. Finance</u>	<u>Assembly</u>	<u>Senate</u>	<u>Conference Committee</u>	<u>Act 9</u>
Commerce						
PECFA	\$450,000,000	\$270,000,000	\$270,000,000	\$450,000,000	\$270,000,000	\$270,000,000
Clean Water Fund						
Safe Drinking Water loan program revenue obligation funding	0	0	0	27,700,000	27,700,000	0
Transportation*						
Major highway projects	<u>179,666,000</u>	<u>185,166,000</u>	<u>182,166,000</u>	<u>193,783,500</u>	<u>191,585,600</u>	<u>191,585,600</u>
Total Revenue Obligations	\$629,666,000	\$455,166,000	\$452,166,000	\$671,483,500	\$489,285,600	\$461,585,600

*Does not include authority to cover financing costs associated with revenue obligation issues as under current law. The Building Commission would be authorized to issue transportation revenue obligations in an amount necessary to fund the financing costs associated with the obligations.

Update summary schedules relating to bonding and debt service that appear for informational purposes.

[Act 9 Section: 171]

BUDGET AND COMPENSATION RESERVES

Budget Change Items

1. REQUIRED GENERAL FUND STATUTORY BALANCE [LFB Paper 240]

	<u>Governor</u>	<u>Legislature</u>	<u>Veto</u>
Change to 00-01			
Statutory Balance	\$11,042,900	-\$11,042,900	\$21,334,800

Governor: Modify the requirement that the state maintain a statutory reserve equal to 1% of gross general fund appropriations plus compensation reserves in each fiscal year of a biennium to increase that percentage amount, beginning in 2000-01, as follows to the following percentages:

<u>Fiscal Year</u>	<u>Percent</u>
2000-01	1.1%
2001-02	1.2
2002-03	1.4
2003-04	1.6
2004-05	1.8
2005-06 (and thereafter)	2.0

Assembly: Delete the Governor and Joint Finance provision which would have increased the general fund statutory balance from the current 1% of gross general fund appropriations plus compensation reserves in each fiscal year of a biennium, beginning in 2000-01, to a maximum of 2.0% in fiscal year 2005-06 .

Senate/Legislature: Delete the Governor and Joint Finance provision which would have increased the general fund statutory balance from the current 1% of gross general fund appropriations plus compensation reserves in each fiscal year of a biennium, beginning in 2000-01, to a maximum of 2.0% in fiscal year 2005-06. Instead, provide that the general fund statutory balance requirement would increase from the current 1% reserve requirement according to the following schedule:

<u>Fiscal Year</u>	<u>Percent</u>
2001-02	1.2%
2002-03	1.4
2003-04	1.6
2004-05	1.8
2005-06 (and thereafter)	2.0

Veto by Governor [F-12]: Modify the schedule as passed by the Legislature to increase the statutory balance requirement for 2000-01 (the second year of the 1999-01 biennium) to 1.2%. However, also as a result of the partial veto, no statutory reserve percentage would be specified for the first fiscal year of the next biennium (2001-02). Under the bill as passed by the Legislature, the dollar amount of the 1% statutory reserve requirement for fiscal year 2000-01 was \$112,784,100. Had the 1.2% statutory balance applied to the bill as passed by the Legislature, the dollar amount of the statutory reserve for 2000-01 would have been \$135,340,900. However, as a result of partial vetoes, the required statutory balance for 2000-01 under Act 9 is \$134,118,900.

[Act 9 Sections: 168 and 169]

[Act 9 Vetoed Section: 169]

2. COMPENSATION RESERVES

Governor: Provide, in the 1999-01 general fund condition statement, total compensation reserves of \$ 98,327,700 in 1999-01 and \$211,259,800 for the increased costs of state employe salaries and fringe benefits. Total compensation reserve amounts by fund source are shown in the table below.

<u>Fund Source</u>	<u>1999-00</u>	<u>2000-01</u>
General Purpose Revenue	\$44,100,000	\$94,750,000
Federal Revenue	12,536,800	26,935,600
Program Revenue	33,814,900	72,652,300
Segregated Revenue	<u>7,876,000</u>	<u>16,921,900</u>
Total	\$98,327,700	\$211,259,800

Details on the components included by the Governor in these reserve amounts were not provided by the administration. However, typically included in compensation reserves are amounts to pay for: (a) the employer share of state employe health insurance premium increases in the next biennium; (b) the prior year's increase in the employer share of health insurance premium increases (because these were not included in agencies' adjusted base levels); (c) the costs of length of service payments for classified state employes; and (d) a reserve amount for the cost of pay plan and collective bargaining agreement pay increases in the next biennium which have yet to be determined. It is estimated that, after deducting amounts for potential costs increases other than across-the-board pay increases, there would be sufficient funds to provide a uniform across-the-board pay increase to all state employes of approximately 2% in 1999-00 and approximately 3% in 2000-01. However, actual employe pay plan and collective bargaining agreements for 1999-01 may not necessarily provide such uniform increases.

Conference Committee/Legislature: Modify the Governor and Joint Finance provision to provide additional funds for compensation reserves as follows:

Increases to Compensation Reserves

<u>Fund Source</u>	<u>1999-00</u>	<u>2000-01</u>	<u>Biennial Total</u>
General Purpose Revenue	\$12,000,000	\$23,000,000	\$35,000,000
Federal Revenue	3,411,400	6,538,500	9,949,900
Program Revenue	9,201,400	17,635,900	26,837,300
Segregated Revenue	<u>2,143,100</u>	<u>4,107,700</u>	<u>6,250,800</u>
Total	\$26,755,900	\$51,282,100	\$78,038,000

With these increases, the total level of compensation reserves approved by the Legislature is shown in the table below.

Total 1999-01 Compensation Reserves

<u>Fund Source</u>	<u>1999-00</u>	<u>2000-01</u>
General Purpose Revenue	\$56,100,000	\$117,750,000
Federal Revenue	15,948,200	33,474,100
Program Revenue	43,016,300	90,288,200
Segregated Revenue	<u>10,019,100</u>	<u>21,029,600</u>
Total	\$125,083,600	\$262,541,900

3. TRANSFER TO BUDGET STABILIZATION FUND

Joint Finance/Legislature: Require the Legislative Fiscal Bureau to certify the estimated general fund expenditures for general obligation debt service for 1999-00 and 2000-01 to the Joint Committee on Finance by January 31, 2000, for the Committee's approval under a 14-day passive review process. Specify that if the amount of the estimated general fund expenditures, as reported in the Chapter 20 schedule of the biennial budget bill, exceeds the estimated 1999-00 expenditures, as approved, an amount equal to the excess shall be transferred to the budget stabilization fund on or before June 30, 2000.

Specify that if the amount of the estimated general fund expenditures, as reported in the Chapter 20 schedule of the biennial budget bill, exceeds the estimated 2000-01 expenditures, as approved, an amount equal to the excess shall be transferred to the budget stabilization fund on or before June 30, 2001.

Require the Legislative Fiscal Bureau to certify the estimated general fund expenditures for general obligation debt service for 2000-01 to the Joint Committee on Finance by January 31, 2001, for the Committee's approval under a 14-day passive review process. Specify that if the amount of the estimated general fund expenditures, as reported in the Chapter 20 schedule approved under section 20.004(2) of the statutes, exceeds the estimated 2000-01 expenditures, as approved, an amount equal to the excess shall be transferred to the budget stabilization fund on or before June 30, 2001.

[Act 9 Section: 9258(1d)]

BUILDING COMMISSION

Budget Summary							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$40,513,200	\$66,624,600	\$29,912,200	\$29,912,200	\$29,912,200	-\$10,601,000	- 26.2%
SEG	<u>2,048,400</u>	<u>2,048,400</u>	<u>2,048,400</u>	<u>2,048,400</u>	<u>2,048,400</u>	<u>0</u>	0.0
TOTAL	\$42,561,600	\$68,673,000	\$31,960,600	\$31,960,600	\$31,960,600	-\$10,601,000	- 24.9%

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

Budget Change Items

1. DEBT SERVICE REESTIMATE [LFB Paper 245]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$26,111,400	-\$36,712,400	-\$10,601,000

Governor: Increase funding by \$8,511,000 in 1999-00 and \$17,600,400 in 2000-01 to reestimate debt service. Reestimates are associated with the following: (a) \$9,728,900 in 1999-01 and \$19,244,700 in 2000-01 for debt service on borrowing not initially allocated to specific programs; (b) -\$1,176,800 in 1999-00 and -\$1,603,200 in 2000-01 for debt service for capitol and executive residence projects; and (c) -\$41,100 annually for debt service for the One West Wilson parking ramp project in Madison.

Joint Finance/Legislature: Decrease funding by \$26,028,100 in 1999-00 and \$10,684,300 in 2000-01 to reestimate debt service. Reestimates are associated with the following: (a) -\$19,004,700 in 1999-01 and -\$8,506,800 in 2000-01 for debt service on borrowing not initially allocated to specific programs; (b) -\$7,073,300 in 1999-00 and -\$2,177,500 in 2000-01 for debt

service for capitol and executive residence projects; and (c) \$49,900 in 1999-00 for debt service on financing of capital improvements.

2. REVENUE OBLIGATIONS [LFB Paper 246]

Governor: Expand the definition of revenue obligations to include one or both of two types of obligations: (a) an enterprise obligation, which includes all revenue obligations types authorized under current law, but modifies certain provisions associated with these types of obligations; and (b) a special fund obligation, which would be created under the bill. Authorize the Building Commission to issue both types of revenue obligations. Under current law the Building Commission may issue revenue obligations to purchase, acquire, lease, construct, improve, operate or manage a revenue-producing enterprise. The obligations are payable solely from, and are secured solely by, the property or income from the revenue-producing enterprise.

Enterprise Obligations. Under the bill, enterprise obligations would be similar to current law revenue obligations, except that: (a) the requirement that the obligations be payable solely from, and are secured solely by, the property or income from the revenue producing enterprise would be eliminated; (b) a provision related to defeasance of the obligations could be included in a resolution authorizing enterprise obligations if the Commission deems that the provisions are needed to increase the marketability of the obligations or to protect the security interests of the holders of the obligations; (c) the income and property of the revenue-producing enterprise or program, rather than the enterprise itself, would be specified as subject to a lien until provision for payment in full has been made as provided in the authorizing resolution; and (d) acquisitions, expansions or improvements would be added to the list of purposes for which any reserved funds could be used in the event that no deficiency exists in the redemption fund.

Special Fund Obligations. Create a new type of revenue obligation called a "special fund obligation" which would be defined as every undertaking by the state to repay a certain amount of borrowed money that is both payable from a special fund consisting of fees, penalties or excise taxes and is not considered public debt. A special fund and special fund obligations would not require a revenue-generating enterprise. Special fund obligations could be used to fund special fund programs. A special fund program would be any state program or purpose, for which the Legislature has determined that special obligation financing is appropriate and serves a public purpose. The special fund would be a separate and distinct fund established in the state treasury or in an account maintained by a trustee. The state department or agency head would have authority to set the funding requirements for a special fund program, not to exceed the amount specified by the Legislature to be paid from special fund obligations.

Establish the following requirements related to special fund obligations.

a. A security interest for the benefit of the owners of the obligations, would be established in amounts that arise in the special fund related to the obligations, after the special fund program is created. Specify that amounts in the special fund would be accounted for on a

first-in, first-out basis. Provide that no physical delivery, recordation or other action would be required to perfect the security interest. The special fund would remain subject to the security interest until provision for full payment of principal and interest of the obligation have been made as provided in the authorizing resolution. An owner of a special fund obligation could either at law, or in equity, protect or enforce the security interest and compel performance of all duties and requirements related to special fund obligations.

b. The Commission, and the agency carrying out the special fund program responsibilities would be required to jointly determine the conditions under which the money in the special fund would be set aside and applied to payment of the principal and interest of the obligations or deposited in funds established under the authorizing resolution or made available for other purposes. The Commission would be required to include the conditions and uses of the special fund money in the authorizing resolution.

c. The special fund revenues that are set aside for the payment of the principal and interest of the special fund obligations would be paid into a separate fund in the treasury or in an account maintained by a trustee to be identified as "the . . . redemption fund." All moneys in the fund would be irrevocably appropriated and expended in sums sufficient only for the payment of principal and interest and premiums, if any, due upon redemption of the obligations under which the redemption fund was created. Moneys in the redemption funds could be commingled only for the purpose of investment with other public funds. The moneys could be invested only in direct obligations of the United States. All such investments would be the exclusive property of the fund and all earnings on or income from such investments would be credited to the fund.

d. If any surplus accumulates in any of the redemption funds, subject to contract rights vested in the owners of special fund obligations security, it would be required to be paid over to the treasury.

e. The Commission could provide in the authorizing resolution for special fund obligations, or by subsequent action, all things necessary to carry out the issuing of special obligations. Any authorizing resolution would constitute a contract with the owners of any special fund obligations issued pursuant to the resolution. An authorizing resolution could include provisions that the Commission deems are needed to increase the marketability of the obligations or to protect the security interests of the holders of the obligations. These provisions could be related to the employment of consultants, records and accounts, establishment of reserve or other funds, the issuance of additional obligations, the deposit of special obligation proceeds or revenues of the special fund in trust, including the appointment of depositories or trustees and the defeasance of obligations

Termination of Funds. If, after all outstanding related revenue obligations have been paid or payment provided for, any moneys that remain in an enterprise or special obligation fund, including those held by a trustee, would be paid over to the treasury and the fund would be closed.

Refunding Bonds. Specify that the provisions relating to enterprise obligations and special fund obligations would apply to refunding bonds, to the extent they are not inconsistent with current law governing refunding bonds.

Existing Obligations. Extend the provisions and requirements associated with enterprise obligations and special fund obligations to existing revenue obligations and their associated program purposes. Under current law, the clean water fund and the Departments of Transportation and Veterans Affairs use revenue obligations for program purposes.

Other Changes. Clarify that references to public debt under the revenue obligation statutes would refer to revenue obligations and that references to evidences of indebtedness would refer to evidences of revenue obligations. Modify current law references to bond holders, to instead refer to owners of bonds.

Joint Finance/Legislature: Include provision with the following minor adjustments: (a) modify the remaining statutory references to revenue bonds or revenue obligation bonds to refer instead to revenue obligations; (b) include references to the special fund obligations created under the bill in certain statutes relating to refunding obligations and the undertakings of the state with respect to the obligations; (c) delete the statutory enumeration of examples of provisions that are to be included in the authorizing resolution for enterprise and special fund obligations and adjust the cross-references to this enumeration to refer instead to the authorizing resolution itself

[Act 9 Sections: 3j, 122 thru 159m, 994, 1825 , 1855 and 2510]

3. REVENUE OBLIGATIONS FOR PECFA

Governor: Authorize the Building Commission to issue revenue obligations, to be paid from petroleum inspection fees deposited in the petroleum inspection fund. The proceeds of the obligations would be used to fund the payment of claims under the Petroleum Environmental Cleanup Fund Award (PECFA) program. Revenue obligations could not exceed \$450,000,000 in principal amount. In addition to this \$450,000,000 amount, the Building Commission could issue revenue obligations to fund or refund outstanding revenue obligations, to pay issuance or administrative expenses, to make deposits to reserve funds or to pay accrued or capitalized interest. The Commission would be authorized to issue these obligations when it reasonably appears to the Commission that the obligations can be fully paid on a timely basis from monies received or anticipated to be received.

Specify that the revenue obligations would be special fund obligations, which is a type of revenue obligation created under the bill. For purposes of this debt issuance, designate the PECFA program as a special fund program and specify that the petroleum inspection fund would be a special fund. Create a legislative finding that a nexus exists between the PECFA program and the petroleum inspection fund in that fees imposed on users of petroleum are used to remedy environmental damage caused by petroleum storage. Specify that deposits,

appropriations or transfers to the petroleum inspection fund for the PECFA program may be funded with the proceeds of revenue obligations. Unless expressly provided in the authorizing resolution or in other agreements with the owners of the revenue obligations, each issue of revenue obligations for the PECFA program would be on a parity with any other revenue obligations and issued in accordance with the revenue obligations requirements outlined in the statutes, including those provisions created under the bill.

Establish a moral obligation pledge whereby the Legislature would express its expectation and aspiration that, if the Legislature reduces the rate of the petroleum inspection fee and if the funds in the petroleum inspection fund are insufficient to pay the principal and interest on the revenue obligations, the Legislature would make an appropriation from the general fund sufficient to pay the principal and interest on the revenue obligations.

Joint Finance/Legislature: Delete \$180 million of revenue obligation authority so that a net amount of \$270 million would be authorized. See "Commerce -- Building and Environmental Regulation" for more information relating to this provision.

[Act 9 Section: 1994]

4. **BUILDING COMMISSION RESIDUAL BONDING** [LFB Paper 255]

	Chg. to Base
BR	-\$1,070,000

Joint Finance/Legislature: Decrease existing bonding authorized to refund debt issued by the old Building Corporations by \$1,070,000.

[Act 9 Section: 638b]

BUILDING PROGRAM

Budget Change Items

1. 1999-01 ENUMERATED PROJECTS [LFB Papers 247, 248, 249, 250, 252, 253, 254 and 391]

	Building Comm. (Chg. to Base)	Jt. Finance (Chg. to B.C.)	Legislature (Chg. to JFC)	Net Change
ALL Funds	\$755,485,100	-\$11,063,900	\$1,277,900	\$745,699,100

Building Commission: Provide \$755,485,100 from all funding sources of enumerated 1999-01 financing authority for: (a) specific enumerated projects (\$465,432,600); and (b) all agency projects (\$290,052,500).

Specify that funding for these projects be drawn from the following sources: (a) \$573,727,900 from new general obligation bonding authority; (b) \$81,273,000 from general obligation bonding authority that is currently authorized; (c) \$10,148,100 of new revenue bonding authority; (d) \$10,400,500 from agency operating funds; (e) \$33,824,600 from federal funds; and (f) \$46,111,000 from agency gifts, grants and other receipts.

Joint Finance: Make the following modifications to the Building Commission recommendations: (a) delete \$15,000,000 in general fund supported bonding associated with the proposed Wisbuild Initiative; (b) delete \$3,700,000 in program revenue supported bonding associated with the deletion of the production bakery project under the Department of Corrections; (c) delete \$850,000 in program revenue supported borrowing associated with the deletion of restroom improvement projects at State Fair Park and transfer \$1,000,000 of bonding from PR supported to GPR supported borrowing; (d) delete the enumeration of the Milwaukee Lakeshore State park development project recommended to be funded with \$1,000,000 in existing general obligation stewardship bonding; (e) delete the \$5,307,000 in self amortizing general obligation bonding and provide an additional \$6,756,700 in general fund supported bonding and \$1,106,400 in gifts and grants to the Educational Communications Board associated with the conversion to digital television projects; (f) provide \$3,500,000 in general fund supported borrowing and \$350,000 in gifts and grants to Milwaukee Area Technical College for conversion to digital television projects; and (g) provide \$2,800,000 in general fund supported bonding and \$280,000 in gifts and grants to the UW-system for conversion to digital television projects.

Further, specify that \$57,527,000 in general fund supported general obligation bonding be provided under the current law bonding appropriations established for the agency for which the project is being completed rather than under the Wisbuild Initiative -- "major building renovation,"

as recommended by the Building Commission. In addition, separately enumerate \$375,000 of related federal funding. Further, increase Wisbuild segregated revenue supported borrowing associated with DNR-Hayward Office facility project by \$174,400 and make a corresponding reduction in Wisbuild funding from agency operating funds. The Wisbuild Initiative project authority would be as follows: (a) \$64,923,000 in new general fund supported general obligation bonding; (2) \$33,780,000 in new program revenue supported general obligation bonding; (3) \$1,673,400 in new, segregated revenue supported general obligation bonding; (4) \$1,726,600 in new segregated revenue obligation authority; (5) \$4,515,400 in existing general obligation bonding; (6) \$1,254,400 in agency operating funds; and (7) \$305,800 in federal funding.

Further, enumerate the projects recommended under the Wisbuild Initiative - "major building renovation" category in the 1999-01 state building program under the specific agencies involved, and delete them from the Wisbuild category. This would establish additional project enumerations for 10 major renovation projects.

Conference Committee/Legislature: Make the following modifications to the 1999-01 Building Program: (a) provide \$1,000,000 in general fund supported borrowing, \$1,000,000 in agency operating funds and \$4,000,000 in gifts and grants for the construction of a Swiss Cultural Center in New Glarus; (b) provide \$1,000,000 in general fund supported borrowing and \$4,074,000 in gifts and grants for the construction of a Milwaukee Police Athletic League youth activities center; (c) provide \$2,000,000 in existing general obligation bonding, \$5,000,000 in agency operating funds and \$2,000,000 in federal funds for the Milwaukee Lakeshore Park development project; (d) delete \$9,409,700 in general fund supported borrowing, \$1,350,000 in federal funding and \$1,106,400 in gifts and grants for Educational Communications Board conversion to digital television projects; (e) delete \$3,500,000 in general fund supported borrowing and \$350,000 in gifts and grants for Milwaukee Area Technical College for conversion to digital television projects; and (f) delete \$2,800,000 in general fund supported bonding and \$280,000 in gifts and grants for UW-system conversion to digital television projects.

The funding source for the 1999-01 enumerated project authority by agency as recommended by the Building Commission, Joint Committee on Finance and the Conference Committee/Legislature are shown in Table 1 which follows. A listing of individual major agency projects, as recommended by the Building Commission, Joint Finance Committee and Conference Committee/Legislature are provided in Table 2.

TABLE 1
Financing Sources for the 1999-01 Enumerated Projects

Building Commission

	<u>New General Obligation Bonds</u>			<u>Revenue Bonds</u>	<u>Existing General Obligation Bonds</u>	<u>Agency Operating Funds</u>	<u>Gifts, Grants, and Other</u>	<u>Federal</u>	<u>Total</u>
	<u>GPR</u>	<u>PR</u>	<u>SEG</u>						
Administration	\$0	\$37,200,000	\$0	\$0	\$4,800,000	\$0	\$0	\$0	\$42,000,000
Corrections	109,092,900	3,700,000	0	0	0	0	0	7,700,000	120,492,900
ECB	2,957,000	5,307,000	0	0	161,000	0	0	1,350,000	9,775,000
DHFS	8,890,000	0	0	0	31,560,000	0	0	0	40,450,000
Military Affairs	740,400	0	0	0	0	0	0	2,706,000	3,446,400
Natural Resources	2,937,500	0	5,862,500	0	1,830,700	1,315,300	0	562,800	12,508,800
State Fair Park	887,100	18,787,100	0	0	0	0	0	0	19,674,200
Transportation	0	0	0	7,574,200	0	0	0	0	7,574,200
Veterans Affairs	0	13,909,100	0	0	402,500	0	0	18,873,700	33,185,300
UW System	23,116,000	57,737,800	0	0	30,910,000	3,451,000	31,111,000	0	146,325,800
Marquette University	15,000,000	0	0	0	0	0	15,000,000	0	30,000,000
Subtotal	\$163,620,900	\$136,641,000	\$5,862,500	\$7,574,200	\$69,664,200	\$4,766,300	\$46,111,000	\$31,192,500	\$465,432,600

All Agency

WisBuild Initiative	\$137,450,000	\$33,780,000	\$1,499,000	\$1,726,600	\$4,515,400	\$1,428,800	\$0	\$680,800	\$181,080,600
Utilities Repair/Renov.	41,713,500	4,699,000	0	847,300	6,843,400	4,205,400	0	816,300	59,124,900
Health, Safety and Environmental Protect.	25,667,000	695,000	0	0	250,000	0	0	1,135,000	27,747,000
Preventative Maintenance	5,000,000	0	0	0	0	0	0	0	5,000,000
Capital Acquisition	7,100,000	5,400,000	0	0	0	0	0	0	12,500,000
Land/Property Acquis.	0	4,600,000	0	0	0	0	0	0	4,600,000
Subtotal	\$216,930,500	\$49,174,000	\$1,499,000	\$2,573,900	\$11,608,800	\$5,634,200	\$0	\$2,632,100	\$290,052,500
TOTAL	\$380,551,400	\$185,815,000	\$7,361,500	\$10,148,100	\$81,273,000	\$10,400,500	\$46,111,000	\$33,824,600	\$755,485,100

Joint Committee on Finance

Administration	\$0	\$37,200,000	\$0	\$0	\$4,800,000	\$0	\$0	\$0	\$42,000,000
Corrections	120,251,200	0	0	0	0	0	0	7,700,000	127,951,200
ECB*	9,713,700	0	0	0	161,000	0	1,106,400	1,350,000	12,331,100
Milw. Area Tech. College	3,500,000	0	0	0	0	0	350,000	0	3,850,000
DHFS	9,600,200	0	0	0	31,560,000	0	0	0	41,160,200
Military Affairs	865,400	0	0	0	0	0	0	3,081,000	3,946,400
Natural Resources	2,937,500	0	5,862,500	0	830,700	1,315,300	0	562,800	11,508,800
State Fair Park	1,887,100	16,937,100	0	0	0	0	0	0	18,824,200
Transportation	0	0	0	7,574,200	0	0	0	0	7,574,200
Veterans Affairs	0	13,909,100	0	0	402,500	0	0	18,873,700	33,185,300
UW System	71,449,500	57,737,800	0	0	30,910,000	3,451,000	31,391,000	0	194,939,300
Marquette University	15,000,000	0	0	0	0	0	15,000,000	0	30,000,000
Subtotal	\$235,204,600	\$125,784,000	\$5,862,500	\$7,574,200	\$68,664,200	\$4,766,300	\$47,847,400	\$31,567,500	\$527,270,700

All Agency

WisBuild Initiative	\$64,923,000	\$33,780,000	\$1,673,400	\$1,726,600	\$4,515,400	\$1,254,400	\$0	\$305,800	\$108,178,600
Utilities Repair/Renov.	41,713,500	4,699,000	0	847,300	6,843,400	4,205,400	0	816,300	59,124,900
Health, Safety and Environmental Protect.	25,667,000	695,000	0	0	250,000	0	0	1,135,000	27,747,000
Preventative Maintenance	5,000,000	0	0	0	0	0	0	0	5,000,000
Capital Acquisition	7,100,000	5,400,000	0	0	0	0	0	0	12,500,000
Land/Property Acquis.	0	4,600,000	0	0	0	0	0	0	4,600,000
Subtotal	\$144,403,500	\$49,174,000	\$1,673,400	\$2,573,900	\$11,608,800	\$5,459,800	\$0	\$2,257,100	\$217,150,500
TOTAL	\$379,608,100	\$174,958,000	\$7,535,900	\$10,148,100	\$80,273,000	\$10,226,100	\$47,847,400	\$33,824,600	\$744,421,200

*Actual authority over the authorized funding is contingent on the governance of public broadcasting in the state.

Conference Committee/Legislature

	<u>New General Obligation Bonds</u>			<u>Revenue Bonds</u>	<u>Existing General Obligation Bonds</u>	<u>Agency Operating Funds</u>	<u>Gifts, Grants, and Other</u>	<u>Federal</u>	<u>Total</u>
	<u>GPR</u>	<u>PR</u>	<u>SEG</u>						
Administration	\$0	\$37,200,000	\$0	\$0	\$4,800,000	\$0	\$0	\$0	\$42,000,000
Corrections	120,251,200	0	0	0	0	0	0	7,700,000	127,951,200
ECB	304,000	0	0	0	161,000	0	0	0	465,000
DHFS	9,600,200	0	0	0	31,560,000	0	0	0	41,160,200
Military Affairs	865,400	0	0	0	0	0	0	3,081,000	3,946,400
Natural Resources	2,937,500	0	5,862,500	0	2,830,700	6,315,300	0	2,562,800	20,508,800
State Fair Park	1,887,100	16,937,100	0	0	0	0	0	0	18,824,200
Transportation	0	0	0	7,574,200	0	0	0	0	7,574,200
Veterans Affairs	0	13,909,100	0	0	402,500	0	0	18,873,700	33,185,300
UW System	68,649,500	57,737,800	0	0	30,910,000	3,451,000	31,111,000	0	191,859,300
Marquette University	15,000,000	0	0	0	0	0	15,000,000	0	30,000,000
Milwaukee Police Athletic	1,000,000	0	0	0	0	0	4,074,000	0	5,074,000
Swiss Cultural Center	1,000,000	0	0	0	0	1,000,000	4,000,000	0	6,000,000
Subtotal	\$221,494,900	\$125,784,000	\$5,862,500	\$7,574,200	\$70,664,200	\$10,766,300	\$54,185,000	\$32,217,500	\$528,548,600
All Agency									
WisBuild Initiative	\$64,923,000	\$33,780,000	\$1,673,400	\$1,726,600	\$4,515,400	\$1,254,400	\$0	\$305,800	\$108,178,600
Utilities Repair/Renov.	41,713,500	4,699,000	0	847,300	6,843,400	4,205,400	0	816,300	59,124,900
Health, Safety and Environmental Protect.	25,667,000	695,000	0	0	250,000	0	0	1,135,000	27,747,000
Preventative Maintenance	5,000,000	0	0	0	0	0	0	0	5,000,000
Capital Acquisition	7,100,000	5,400,000	0	0	0	0	0	0	12,500,000
Land/Property Acquis.	0	4,600,000	0	0	0	0	0	0	4,600,000
Subtotal	\$144,403,500	\$49,174,000	\$1,673,400	\$2,573,900	\$11,608,800	\$5,459,800	\$0	\$2,257,100	\$217,150,500
TOTAL	\$365,898,400	\$174,958,000	\$7,535,900	\$10,148,100	\$82,273,000	\$16,226,100	\$54,185,000	\$34,474,600	\$745,699,100

TABLE 2

**State Agency 1999-01 Enumerated Major Projects
Total Project Authority (All Funding Sources)**

	<u>Building Commission</u>	<u>Joint Finance</u>	<u>Conf. Comm./ Legislature</u>
Administration			
Waukesha Office Building	\$11,900,000	\$11,900,000	\$11,900,000
Revenue Building Purchase	30,100,000	30,100,000	30,100,000
Total	\$42,000,000	\$42,000,000	\$42,000,000
Corrections			
Work Houses - Two Sites	\$5,120,000	\$5,120,000	\$5,120,000
Milwaukee Prerelease Center Purchase	5,030,000	5,030,000	5,030,000
Milwaukee Probation and Parole Holding and AODA Treatment	19,950,000	19,950,000	19,950,000
Taycheedah Correctional Institute Segregation Housing Unit	10,780,000	10,780,000	10,780,000
Correctional Facilities Expansion	63,000,000	63,000,000	63,000,000
Highview Building Conversion - Chippewa Falls	7,294,000	7,294,000	7,294,000
Southern Oaks Girls School Multi-Purpose Building	1,429,400	1,429,400	1,429,400
Oshkosh Correctional Institute Segregation Unit Addition	4,189,500	4,189,500	4,189,500
Waupun Correctional Institution Former Health Services Institution Remodeling	0	7,604,900	7,604,900
Oakhill Correctional Institution Cottages 1-10 and 12 Mechanical Systems Renovation	0	2,223,200	2,223,200
Oakhill Correctional Institution Cottages 1 and 12 Remodeling	0	1,330,200	1,330,200
Production Bakery	3,700,000	0	0
Total	\$120,492,900	\$127,951,200	\$127,951,200

	<u>Building Commission</u>	<u>Joint Finance</u>	<u>Conf. Comm./ Legislature</u>
Educational Communications Board			
Digital Television Tower - Wausau	\$465,000	\$465,000	\$465,000
Digital Television Conversion	<u>9,310,000*</u>	<u>11,866,100*</u>	<u>0</u>
Total	\$9,775,000	\$12,331,100	\$465,000
Health and Family Services			
Secure Treatment Center Mauston	\$38,890,000	\$38,890,000	\$38,890,000
Central Wisconsin Center - Building One Remodeling	0	710,200	710,200
Mendota Juvenile Treatment Center Addition	<u>1,560,000</u>	<u>1,560,000</u>	<u>1,560,000</u>
Total	\$40,450,000	\$41,160,200	\$41,160,200
Milwaukee Area Technical College			
	\$0	\$3,850,000	\$0
Department of Military Affairs			
Organizational Maintenance Shop - Oshkosh	\$2,913,900	\$2,913,900	\$2,913,900
Organizational Maintenance Shop - Milwaukee	0	500,000	500,000
General Mitchell International Airport - Land Purchase	<u>532,500</u>	<u>532,500</u>	<u>532,500</u>
Total	\$3,446,400	\$3,946,400	\$3,946,400
Natural Resources			
Northern Region Headquarters - Rhinelander	\$3,600,000	\$3,600,000	\$3,600,000
South Central Region Headquarters - Fitchburg	3,140,000	3,140,000	3,140,000
Milwaukee Lakeshore State Park Development	1,000,000	0	9,000,000
Nature and Conference Center - Lapham Peak Unit - Kettle Moraine State Forest	690,000	690,000	690,000
Old Abe Trail - Bridge Replacement	703,500	703,500	703,500
Central System Office Furniture	2,060,000	2,060,000	2,060,000
Ranger Stations - Augusta and Webster	<u>1,315,300</u>	<u>1,315,300</u>	<u>1,315,300</u>
Total	\$12,508,800	\$11,508,800	\$20,508,800
State Fair Park Board			
Infrastructure Improvements	\$1,774,200	\$1,774,200	\$1,744,200
Racetrack Seating	14,500,000	14,500,000	14,500,000
Racetrack Improvements	550,000	550,000	550,000
Restroom Facility Replacement	850,000	0	0
Land Acquisition/Site Development	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
Total	\$19,674,200	\$18,824,200	\$18,824,200
Department of Transportation			
District Headquarters Renovation - Superior	\$867,200	\$867,200	\$867,200
Statewide Tower Upgrades	4,239,000	4,239,000	4,239,000
District Headquarters Renovation - Rhinelander	1,790,000	1,790,000	1,790,000
District Headquarters Renovation - Green Bay	<u>678,000</u>	<u>678,000</u>	<u>678,000</u>
Total	\$7,574,200	\$7,574,200	\$7,574,200
University of Wisconsin System			
Infrastructure Distributions Systems - Madison	\$7,000,000	\$7,000,000	\$7,000,000
Student Center Technology Wing - Platteville	3,735,000	3,735,000	3,735,000
Dairy Science Teaching Facility - River Falls	3,431,000	3,431,000	3,431,000
Williams Center Fieldhouse - Whitewater	13,500,000	13,500,000	13,500,000
Phillips Science Hall Renovation - Eau Claire	0	11,496,500	11,496,500
Wing Technology Center Remodeling - La Crosse	0	9,887,000	9,877,000
Lapham Hall South Wing Renovation - Milwaukee	0	10,950,000	10,950,000
Jarvis Science Hall Wing Renovation - Stout	0	4,200,000	4,200,000
Classroom Renovation and Instructional Technology - System	0	9,000,000	9,000,000
Academic Building -Green Bay	17,000,000	17,000,000	17,000,000
Halsey Science Center Renovation - Oshkosh	13,885,000	13,885,000	13,885,000
Lowell Parking Structure- Extension	986,800	986,800	986,800
Intercollegiate Athletics Pool - Madison	11,500,000	11,500,000	11,500,000
Murray Mall Development - Madison	7,111,000	7,111,000	7,111,000
Operations Facility - Madison	1,875,000	1,875,000	1,875,000
Southeast Recreational Facility Addition - Madison	6,106,000	6,106,000	6,106,000
Veterinary Medical Teaching Hospital - Madison	3,200,000	3,200,000	3,200,000
Reeve Union and Blackhawk Commons - Oshkosh.	18,600,000	18,600,000	18,600,000

	<u>Building Commission</u>	<u>Joint Finance</u>	<u>Conf. Comm./ Legislature</u>
Residence Hall - River Falls	8,965,000	8,965,000	8,965,000
Recreation Complex - Stout	7,000,000	7,000,000	7,000,000
Aquaculture Demonstration Facility Ashland Area- System	3,000,000	3,000,000	3,000,000
West Campus Development - Whitewater	4,180,000	4,180,000	4,180,000
University Ridge Clubhouse - Madison	1,751,000	1,751,000	1,751,000
McKay Center Addition - Madison	3,000,000	3,000,000	3,000,000
School of Arts Facility - Milwaukee	7,500,000	7,500,000	7,500,000
Aquatic Science and Technology Education Center - System	1,800,000	1,800,000	1,800,000
Center for Aquatic Culture Technology - System	1,200,000	1,200,000	1,200,000
Digital Television Conversion -System	<u>0</u>	<u>3,080,000</u>	<u>0</u>
Total	<u>\$146,325,800</u>	<u>\$194,939,300</u>	<u>\$191,859,300</u>
Veteran's Affairs			
Southern Wisconsin Veterans Retirement Center	\$23,110,300	\$23,110,300	\$23,110,300
Southern Wisconsin Center for Developmentally Disabled - Food Service Center Renovation	6,223,000	6,223,000	6,223,000
Southern Wisconsin Veterans Memorial Cemetery	1,540,000	1,540,000	1,540,000
Wisconsin Veterans Memorial Cemetery Expansion - King	<u>2,312,000</u>	<u>2,312,000</u>	<u>2,312,000</u>
Total	<u>\$33,185,300</u>	<u>\$33,185,300</u>	<u>\$33,185,300</u>
Marquette University			
School of Dentistry	\$30,000,000	\$30,000,000	\$30,000,000
Building Commission			
Swiss Cultural Center - New Glarus	\$0	\$0	\$6,000,000
Milwaukee Police Athletic League Youth Activities Center	0	0	5,074,000
All Agency			
WisBuild Initiative	\$181,080,600	\$108,178,600	\$108,178,600
Utilities Repair and Renovation	59,124,900	59,124,900	59,124,900
Health, Safety and Environmental Protection	27,747,000	27,747,000	27,747,000
Preventative Maintenance Program	5,000,000	5,000,000	5,000,000
Capital Acquisition Program	12,500,000	12,500,000	12,500,000
Land and Property Acquisition	<u>4,600,000</u>	<u>4,600,000</u>	<u>4,600,000</u>
Total	<u>\$290,052,500</u>	<u>\$217,150,500</u>	<u>\$217,150,500</u>
TOTAL -- ALL CATEGORIES	\$755,485,100	\$744,421,200	\$745,699,100

*Actual authority over the authorized funding is contingent on the governance of public broadcasting in the state.

[Act 9 Section: 9107(1)]

2. 1999-01 BUILDING PROGRAM BONDING AUTHORIZATIONS

Building Commission: Provide \$572,264,900 in new general obligation bonding authority in 1999-01, as shown in the following table.

Joint Finance: Delete \$10,162,900 of bonding, so that a total of \$562,102,000 in new general obligation authority would be authorized in 1999-01, as shown in the following table.

Conference Committee/Legislature: Delete \$13,709,700 from the Joint Finance Committee recommended bonding levels that a total of \$548,392,300 would be authorized in 1999-01 as shown in the following table.

<u>Purpose</u>	<u>Building Commission</u>	<u>Joint Finance</u>	<u>Conf. Comm./ Legislature</u>
Building Commission			
Other Public Purposes	\$209,830,500	\$137,303,500	\$137,303,500
Housing State Agencies	68,419,000	68,419,000	68,419,000
Project Contingencies	7,955,200	7,955,200	7,955,200
Capital Equipment Acquisitions	21,058,300	21,058,300	21,058,300
Swiss Cultural Center	0	0	1,000,000
Milwaukee Police Athletic League Youth Activities Center	0	0	1,000,000
Corrections			
Correctional Facilities	91,840,500	102,998,800	102,998,800
Juvenile Correctional Facilities	1,285,000	1,285,000	1,285,000
Self-Amortizing Facilities	3,700,000	0	0
Health and Family Services			
Mental Health Facilities	6,283,000	6,993,200	6,993,200
Educational Communications Board			
Educational Communications Facilities	2,957,000*	9,713,700*	304,000
Self-Amortizing Educational Communications Facilities	5,307,000	0	0
Milwaukee Area Technical College			
Digital Television Conversion	0	3,500,000	0
Military Affairs			
Armories and Military Facilities	702,100	827,100	827,100
Natural Resources			
GPR Supported Administrative Facilities	2,586,600	2,586,600	2,586,600
SEG Supported Facilities	4,630,000	4,630,000	4,630,000
SEG Supported Administrative Facilities	2,731,500	2,905,900	2,905,900
State Fair Park			
Board Facilities	887,100	1,887,100	1,887,100
Self-Amortizing Facilities	17,324,100	16,937,100	16,937,100
University of Wisconsin			
Academic Facilities	20,166,100	68,499,600	65,699,600
Self-Amortizing Facilities	75,692,800	75,692,800	75,692,800
Marquette University			
Dental Clinic and Educational Facility	15,000,000	15,000,000	15,000,000
Veterans Affairs			
Self-Amortizing Facilities	<u>13,909,100</u>	<u>13,909,100</u>	<u>13,909,100</u>
Total	\$572,264,900	\$562,102,000	\$548,392,300

*Actual authority over the authorized funding is contingent on the governance of public broadcasting in the state.

[Act 9 Sections: 628 thru 629e, 632m, 633p, 633r, 636d thru 636t, 638c thru 638y, 641g, 641r and 642e thru 642r]

3. WISBUILD INITIATIVE

Building Commission: Create a program known as the Wisbuild initiative for the purpose of providing financial support for the maintenance, repair and renovation of state-owned buildings. Authorize the Building Commission to allocate funding for Wisbuild projects. Projects funded under the Wisbuild initiative would be financed from the Building Commission's other public purpose bonding authorization or as otherwise specified in the authorized state building program. As indicated in Table 1, the 1999-01 state building program provides \$181,080,600 from all funding sources for Wisbuild projects.

Specify that funding may be provided under the initiative for: (a) high priority, comprehensive building renovation projects; (b) maintenance and repair of exterior components of buildings; (c) without limitation because of enumeration, maintenance and repair of mechanical, electrical, plumbing and other building systems; and (d) projects to remove barriers that reduce access to and use of state facilities by persons with disabilities.

Joint Finance/Legislature: Delete \$15,000,000 in general fund supported borrowing and specify that \$57,527,000 in general fund supported bonding be provided under the current law bonding authorizations established for each agency. In addition, separately enumerate \$375,000 of related federal funding. As a result, total funding for the Wisbuild Initiative would be reduced to \$108,178,600, as indicated in Table 1.

[Act 9 Sections: 3g and 9107(1)(m)]

4. LEASE-PURCHASE OF FACILITIES TO HOUSE STATE AGENCIES [LFB Paper 253]

Joint Finance/Legislature: Require that the state may not enter into a lease agreement, with an option to purchase a building, including correctional facilities, constructed for purposes of initial occupancy by the state, unless the construction and purchase of the facility is enumerated in a state building program prior to entering into the lease-purchase agreement.

Further, require that any lease or contract that involves the construction of a building for the purposes of initial occupancy by the state, and that contains an option for the state to purchase the building or facility, be subject to the following:

- a. current law competitive sealed bids or proposals requirements associated with the state procurement activities;
- b. an agreement by the contractor constructing the facility to ensure that 5% of the total amount expended on the construction of the facility be awarded to minority business contractors, which would be subject to DOA enforcement; and
- c. that the contractor constructing the facility agrees, in the contract, to pay prevailing wages to those providing labor for the project, including subcontractor labor.

These provisions would first apply to contracts entered into, extended, modified or renewed after the bill's effective date.

Further, direct DOA, to the extent practicable, to ensure that the DOR facility is constructed in a manner consistent with the minority contracting and prevailing wage requirements for state-constructed facilities.

Veto by Governor [E-7]: Delete provisions.

[Act 9 Vetoed Sections: 2t, 3d, 3h, 649m, 649n, 2030m, 2033m, 2353s, 3191d thru 3191g, 9101(18v) and 9307(1x)]

5. 1999-01 ENUMERATED PROJECTS

Governor: Provide \$3,000,000 in self amortizing general obligation bonding for the construction of an aquaculture demonstration facility at Ashland which would be operated by the University of Wisconsin System (see Tables 1 and 2). Enumerate the facility in the 1999-01 state building program as a UW System facility. The program revenue that would pay debt service on the bonds would be derived from tribal gaming revenue transferred to a UW System annual, sum certain debt service appropriation that would be created for this purpose, from a new appropriation under the Department of Administration. (See "University of Wisconsin System" for other provisions related to the administration of the facility.)

Assembly: Delete provision.

Senate/Legislature: Include provision.

[Act 9 Sections: 293, 549, 628, 628b, 629e, 643 and 9107(1)(i)]

6. MARQUETTE DENTAL CLINIC AND EDUCATIONAL FACILITY

Building Commission/Legislature: Provide that the Commission could authorize up to \$15 million in general fund supported borrowing to aid in the construction of a dental clinic and education facility at Marquette University. Create a \$15 million bonding authorization and a sum sufficient debt service appropriation under miscellaneous appropriations associated with project.

Specify that the state funding commitment would be in the form of a construction grant to Marquette University. Require the Building Commission to determine the following conditions are met before approving any state funding commitment and before awarding the grant for the facility:

a. Marquette University has secured additional funding of at least \$15 million in non-state revenue sources that are reasonable and available and that in conjunction with the state funding commitments will allow the University to enter into contracts for construction of the facility;

b. The facility will not be used for the purposes of devotional activities, religious worship or sectarian instruction;

c. No religious instruction would be required as a condition for admission to, or graduation from, the Marquette University School of Dentistry; and

d. The Department of Administration has reviewed and approved the plans for construction of the facility.

Specify that the Department of Administration could not supervise any services or work or let any contract for the project. Also, specify that the current law requirements related to the Governor and Secretary of Administration approval of contracts do not apply to the project.

Require that as a condition of the state construction grant for the facility, the University provide the state with an option to purchase the facility under the following conditions:

a. The option price would be the appraised fair market value at the time that the option is exercised less a credit recognizing the amount of the state's construction grant;

b. The option would be subject to any mortgage or other security interest of any private lender;

c. The option could be exercised only if the operation of the dental education program at Marquette university is suspended or a private lender forecloses on any mortgage associated with the facility.

Specify that if the state does not exercise its option to purchase the facility and the facility is sold to a third party, the sale agreement must provide the state the right to receive an amount equal to the state construction grant from the net proceeds of the sale after the mortgage and all other secured debts have been satisfied. Require that the state's right to the net proceeds be paramount to the right of Marquette University.

Specify that the Legislature finds and determines that it is in the public interest to promote the health and well-being of residents of the state by ensuring the availability of a sufficient number of dentists to meet the needs of the residents of the state. Further specify that it is in the public interest, advantage and welfare to ensure the continued availability of dental education in the state and recognize that Marquette University operates the only dental school in the state. Therefore, specify that it is the public policy of the state to assist private institutions

in this state, including Marquette University, in the construction of facilities that will be used to provide dental education.

[Act 9 Sections: 3i, 613m, 628, 628b, 638w, 9107(1)(k) and 9107(6)]

7. SWISS CULTURAL CENTER

Assembly/Senate/Legislature: Enumerate the construction of a \$6,000,000 Swiss Cultural Center in New Glarus as part of the 1999-01 state building program and provide the following funding for the construction of the facility: (a) provide a grant of up to \$1,000,000 PR in 2000-01 from the funding appropriated the Department of Commerce's Indian gaming economic diversification grant and loan program and require that each \$1 in state funding be matched by \$2 from other sources; (b) provide \$1,000,000 in general fund supported general obligation bonding authorized for the purpose of constructing the Center and create an appropriation to fund the debt service associated with the bonding; and (c) specify that \$4,000,000 in gifts, grants and other receipts are to be used to fund the remaining costs of the project (see Tables 1 and 2 for project enumerations and funding).

Establish the following requirements related to the release of up to \$1,000,000 in general fund supported borrowing: (a) specify that the Building Commission could authorize the bonding to provide a grant to the Swiss Cultural Center to aid in the construction of the Center in New Glarus; (b) require the Building Commission to make a determination that the Swiss Cultural Center has secured at least \$2,000,000 in non-state donations for the purposes of the constructing the facility before making the grant; (c) specify that the Department of Administration (DOA) would review and approve the plans for the project although DOA could not supervise any services or work or let any contract for the project; and (d) specify that if the Building Commission makes a grant for the construction of the facility, the state would retain an ownership interest in the facility equal to the amount of the state's grant if the facility is not used as a Swiss Cultural Center.

Require the Swiss Cultural Center to submit a report to the Department of Commerce, within six months of spending the full amount of the grant, which details how the Department's grant proceeds were used.

[Act 9 Sections: 3im, 209, 628, 628b, 638x, 642x, 9107(1)(Lm), 9107(6g) and 9110(7h)]

8. MILWAUKEE YOUTH ACTIVITIES CENTER

Senate/Legislature: Enumerate the construction of a \$5,074,000 Milwaukee Police Athletic League Youth Activities Center at the northeast corner of North 24th and Burliegh Streets in Milwaukee as part of the 1999-01 state building program and provide the following funding for the construction of the facility: (a) \$1,000,000 in general fund supported general

obligation bonding authorized for the purpose of constructing the center and create an appropriation to fund the debt service associated with the bonding; and (b) specify that \$4,074,000 in gifts, grants and other receipts are to be used to fund the remaining costs of the project (see Tables 1 and 2 for project enumerations and funding).

Establish the following requirements related to the release of the \$1,000,000 in general fund supported borrowing: (a) specify that the Building Commission would be required to provide the proceeds from up to \$1,000,000 in bonding for the construction of the center in the form of a grant to the Milwaukee Police Athletic League; (b) require that before approving any state funding commitment for the project, the Building Commission would have to make a determination that the Milwaukee Police Athletic League has secured additional funding commitments of at least \$4,074,000 from non-state donations for the construction of the youth center; (c) require that the state would retain an ownership interest in the facility equal to the amount of the state grant, if the grant funds are not used to construct a youth activities center; (d) require that the Building Commission would not be allowed to make the grant for the construction of youth activities center unless the Department of Administration (DOA) reviews and approves the plans for the project; and (e) specify that DOA would not supervise any services or work or let any contract for the project.

Specify that the Legislature finds and determines the following: (a) that preventing youth from engaging in delinquent behavior, encouraging positive moral development in youth and providing youth with opportunities for positive interaction with the police are statewide responsibilities of statewide dimension; (b) that the youth of the City of Milwaukee are disproportionately represented in the state's juvenile correctional system and that, because those youth are so disproportionately represented, the state has a specific concern in preventing those youth from engaging in delinquent behavior, encouraging positive moral development in those youth and providing those youth with opportunities for positive interaction with the police; (c) that the Milwaukee Police Athletic League prevents that delinquent behavior, encourages positive moral development in youth and provides opportunities for positive interaction with youth through recreational, educational, social and cultural activities for the youth of the greater Milwaukee community; and (d) that assisting the Milwaukee Police Athletic League will provide recreational, educational, social and cultural activities for the youth of the greater Milwaukee community under the supervision of volunteer police officers in the City of Milwaukee will have a direct and immediate effect on that specific statewide concern and on those responsibilities of statewide dimension.

[Act 9 Sections: 3ip, 628, 628b, 638y, 642y, 9107(1)(km) and 9107(6m)]

9. PREVIOUSLY AUTHORIZED 1999-01 BUILDING PROGRAM ENUMERATIONS

Building Commission/Legislature: Delete the 1997 Act 27 provisions related to the advanced authorization of facilities to be included in the 1999-01 state building program. These facilities would be re-enumerated as part of the 1999-01 state building program.

[Act 9 Section: 3261p]

10. CAPITAL EQUIPMENT ACQUISITION BONDING

Building Commission/Legislature: Authorize the Building Commission during the 1999-01 biennium to use bonding that is provided for capital equipment acquisition for:

- a. Capital equipment acquisition for any project in the building program; and
- b. Acquiring other priority capital equipment for any office, department or independent agency in the Executive Branch, the Legislature and the Courts.

[Act 9 Section: 9107(5)]

11. PROJECT CONTINGENCY FUNDING RESERVE

Building Commission/Legislature: Specify that the Commission could, during the 1999-01 biennium, use bonding provided for project contingencies for any project in the building program. Generally, projects include an allowance of 5% to 7% of the total budget to cover unanticipated costs during construction.

[Act 9 Section: 9107(4)]

12. PROJECT LOANS

Building Commission/Legislature: Authorize the Commission, during the 1999-01 biennium, to make loans from general fund-supported borrowing or the building trust fund to state agencies for any 1999-01 building program projects funded from non-GPR sources.

[Act 9 Section: 9107(3)]

13. STATEMENT OF BUILDING PROGRAM CONTINUATION

Building Commission/Legislature: Continue the building and financing authority enumerated under all previous building programs into the 1999-01 biennium. Each building program is approved only for the current biennium; this provision would continue all past building programs into the 1999-01 biennium.

[Act 9 Section: 9107(2)]

14. MEDIUM SECURITY CORRECTIONAL FACILITY AT CHIPPEWA FALLS

Building Commission/Legislature: Require the Department of Corrections to establish a medium security correctional institution in Chippewa Falls in addition to the adult medium/maximum security and or adult medium security facilities identified under current law. The facility would be enumerated as part of the 1999-01 state building program. Specify that the institution would be a state prison.

Require the Department of Corrections to provide the facilities necessary for the Chippewa Falls facility using the Highview building located at the Northern Wisconsin Center for the Developmentally Disabled that would be converted to a correctional facility under the 1999-01 state building program.

Require the Building Commission during the 1999-01 biennium to coordinate the construction project related to the vacation of the Highview Building at the Northern Wisconsin Center for the Developmentally Disabled and the conversion of the facility to a medium security correctional institution and related projects. Specify that jurisdiction over the building and adjacent land would be vested in the Building Commission for the purpose of effecting the transfer. Require the Commission to transfer the building and the land to the Department of Corrections at such time as is appropriate.

[Act 9 Sections: 2698g, 2698m, 2718 and 9107(7)]

15. PROBATION AND PAROLE HOLDING AND ALCOHOL AND OTHER DRUG USE TREATMENT FACILITIES

Building Commission/Legislature: Require the Department of Corrections to establish parole and probation facilities in the state, one of which would be required to be located in the City of Milwaukee. Modify the enumeration of a \$49,800,000 probation and parole holding and alcohol and other drug abuse facility in the 1997-99 building program to also refer to the treatment of alcohol and other drug abuse. Delete the reference in the enumeration that states the facility would consist of 600 beds. Further, specify that the facility would be located in the City of Milwaukee rather than southeastern Wisconsin. These changes would replace a

provision of AB 133 that also would have required that this project be located in the City of Milwaukee.

[Act 9 Sections: 2695m, 2718 and 3261m]

16. STATE PRISON FACILITIES

Building Commission/Legislature: Delete the statutory references to specific state prison institutions for which the current law limit on the authority of county social service organizations to make investigations regarding the admission to or release from these institutions applies. Rather, specify that the limit would apply to all state prison institutions, which would have the effect of extending the limitation to the Kettle Moraine Correctional Institute at Plymouth and the Wisconsin Resource Center at Oshkosh.

[Act 9 Section: 1022m]

17. CORRECTIONS PRODUCTION BAKERY [LFB Paper 249]

Building Commission: Enumerate the construction of a production bakery for the Department of Corrections as part of the 1999-01 state building program project enumerations (see Tables 1 and 2).

Joint Finance/Legislature: Delete the enumeration of the production bakery as part of the 1999-01 state building program. Further, require DOA to conduct a study of a production bakery for Corrections to produce breads and other baked products for institutions in southeastern Wisconsin which would address: (a) the specific size of the bakery; (b) the potential customers of the bakery, including other governmental entities; and (c) operational details of the facility, including how the facility would be funded and staffed, projected revenues and expenditures for the bakery, and any offsetting staff and cost reductions that can be made in Corrections, DHFS, DPI and DVA as the result of a centralized bakery.

[Act 9 Sections: 9101(18i)]

18. EDUCATIONAL COMMUNICATIONS FACILITIES [LFB Paper 391]

Building Commission: Make the following changes to the Assembly Bill 133 provisions related to the elimination of the Educational Communications Board (ECB) and the creation of a Educational Broadcasting Corporation, and the sale and leasing of broadcast tower space.

Educational Communications Board. Modify the duties and appropriations of the ECB, as follows:

Provide ECB the authority to: (a) enter into contracts that allow other public or commercial broadcasters to lease additional broadcast bandwidth available to the Board under its public broadcasting licenses due to the conversion to digital television; (b) rent, lease or sell space on its broadcast towers to other public or commercial broadcasters; and (c) rent, lease or sell any products available to the Board.

Authorize \$5,307,000 in self-amortizing program revenue supported bonding to fund the Board's conversion to digital television projects enumerated in the 1999-01 state building. Additionally, provide \$2,957,000 in general fund-supported borrowing and \$1,350,000 federal funding. Specify that the state may not contract public debt associated with the self-amortizing bonding authority on or after the date the last broadcasting license held by ECB and the Board of Regents of the UW System is transferred to the Educational Broadcasting Corporation.

Modify the current appropriation for gifts, grants, contracts and leases to also include all moneys received from the sale of excess capacity, broadcast bandwidth or broadcast tower space or other revenue sources authorized by law. Specify that in addition to being used to carry out the purpose for which these funds were received, the Board could transfer an amount necessary to make the principal and interest payments on the Board's self amortizing facilities and to make payments to comply with federal restrictions on arbitrage, if needed.

Create a program revenue debt service appropriation for all monies transferred from the Board's gifts grants, contracts and leases appropriation to fund the debt service costs associated with financing the acquisition, construction, development and enlargement or improvement of self-amortizing facilities and to make payments to comply with federal restrictions on arbitrage, if needed.

If the Department of Administration (DOA) Secretary determines that the Federal Communications Commission (FCC) has approved the transfer of all broadcasting licenses held by ECB and the Board of Regents of the University of Wisconsin (UW) System to the proposed Educational Broadcasting Corporation, the ECB, these, and all current, duties and appropriations would be deleted.

Department of Administration. The following duties would be provided to DOA if the DOA Secretary determines that the FCC has approved the transfer of all broadcasting licenses held by ECB and the UW Board of Regents to the proposed Educational Broadcasting Corporation.

Provide DOA the authority to sell space on its towers to other public or commercial broadcasters. Further, allow the DOA Secretary, by contract, to authorize the proposed Educational Broadcasting Corporation to rent or lease space on broadcast towers leased to the Corporation to other public or commercial broadcasters.

Increase DOA's general fund-supported borrowing bonding authorization to acquire, construct, develop, enlarge or improve educational communications facilities by \$8,264,000. This amount would be equivalent to the increase in bonding provided ECB in the 1999-01 state building program.

Joint Finance: Delete provisions related to the changes in governance of the Educational Communications Board contained in the Building Commission recommendations (See "Educational Communications Board"). Delete the \$5,307,000 in self amortizing general obligation bonding and provide an additional \$6,756,700 in general fund supported borrowing and \$1,106,400 in gifts, grants and other receipts for conversion to digital television projects. Create a bonding authorization under the Milwaukee Area Technical College and provide \$3,500,000 in general fund supported bonding and \$350,000 in gifts, grants and other receipts for conversion to digital television projects and create a general fund sum sufficient debt service appropriation under the Building Commission to fund the debt service associated with the authorized bonding. Provide \$2,800,000 in general fund supported bonding and \$280,000 in gifts, grants and other receipts to the to the University of Wisconsin System for conversion to digital television projects. (See Tables 1 and 2 for changes to project enumerations and funding).

Assembly: Increase the matching requirements that ECB, and upon the creation of the broadcasting corporation, the corporation, the UW and MATC would be required to secure from nonstate donations for the purpose of digital television conversion before the Building Commission could approve any state funding for digital television. Require ECB, or the corporation, to raise \$5,531,900, rather than \$1,106,400. Require UW to raise \$1,400,000, rather than \$280,000. Require MATC to raise \$1,750,000, rather than \$350,000. (See "Educational Communications Board" for provisions related to the governance of ECB.)

Senate: Modify the provision of funding for the transition to digital television from Joint Finance levels as follows. Provide \$2,221,800, rather than \$3,500,000, in general fund supported bonding as a grant to the Milwaukee Area Technical College for the acquisition, construction, development, enlargement or improvement of facilities and equipment related to the conversion to digital television. Delete the requirement that MATC secure \$350,000 from nonstate donations for this purpose and instead provide \$350,000 FED for this purpose.

Provide \$2,778,700, rather than \$2,800,000, in general fund supported bonding to the UW for the acquisition, construction, development, enlargement or improvement of facilities and equipment related to the conversion to digital television. Delete the requirement that the UW secure \$280,000 from nonstate donations for this purpose.

Provide \$12,638,700, rather than \$9,713,700, in general fund supported bonding to the ECB for the acquisition, construction, development, enlargement or improvement of facilities and equipment related to the conversion to digital television. Delete the requirement that the ECB secure \$1,106,400 from nonstate donations for this purpose. Delete \$350,000 FED for ECB for this purpose. (See "Educational Communications Board" for provisions related to the governance of ECB.)

Conference Committee/Legislature: Delete \$15,709,700 in general fund supported borrowing, \$1,350,000 in federal funding and \$1,736,400 in gifts and grants as follows; (a) \$9,409,700 in general fund supported borrowing, \$1,350,000 in federal funding and \$1,106,400 in gifts and grants for ECB conversion to digital television projects; (b) \$3,500,000 in general fund supported borrowing and \$350,000 in gifts and grants for Milwaukee Area Technical College for conversion to digital television projects; and (c) \$2,800,000 in general fund supported bonding and \$280,000 in gifts and grants for UW-system conversion to digital television projects. (See Tables 1 and 2 for changes to project enumerations and funding and "Educational Communications Board" for provisions related to the governance of ECB).

[Act 9 Sections: 641g and 9107(1)(c)]

19. VETERANS FACILITIES

Building Commission/Legislature: Delete the reference to housing facilities under the Veterans Administrations self-amortizing bonding authorization. As a result, the bonding could be used to acquire, develop, enlarge or improve any facilities at state veterans homes rather than only veterans housing facilities. Specify that the veterans cemetery located in southeastern Wisconsin is the Southern Wisconsin Veterans Memorial Cemetery and the veterans cemetery in northwestern Wisconsin is the Northern Wisconsin Veterans Memorial Cemetery. Also, specify that the veterans nursing care facilities in southeastern Wisconsin be known as the Southern Wisconsin Veterans Retirement Center.

[Act 9 Sections: 642e, 982m and 984m]

20. FOOD SERVICE REPORT AT SOUTHERN WISCONSIN CENTER

Building Commission/Legislature: Require DOA to submit a report to the Joint Committee on Finance and the Building Commission by March 31, 2000, on the status of the centralized advanced food production system project at the Southern Center for the Developmentally Disabled that would be enumerated in the 1999-01 state building program. Require that the report address the status of the renovation project and the proposed plans for the transfer of the assets and operational responsibilities for the food service activity at the center from the Department of Health and Family Services to the Department of Veterans Affairs.

[Act 9 Section: 9101(19t)]

21. AGENCY MAINTENANCE WORKPLANS AND REPORT

Joint Finance: Require state agencies to submit a workplan to DOA on expenditure of capital building maintenance funds appropriated to each agency under their operating budget.

Allow DOA to specify the timeframe to be covered by the workplan and the date by which the workplan is to be submitted. Specify that upon approval of a plan by DOA, the plan would be forwarded to the Building Commission. Require that the Building Commission review the workplan and provide that the Commission could approve or disapprove any plan or approve a plan with modifications. Provide that DOA may withhold any maintenance funding appropriated to the individual agencies for significant maintenance projects determined by DOA if a project does not conform to a work plan. Further, require DOA to submit a report to the Joint Finance Committee relating to the annual expenditure of capital building maintenance funds and capital building maintenance projects completed by each agency following the end of each fiscal year.

Senate: Delete provision.

Assembly/Legislature: Include Joint Finance provision.

Veto by Governor [E-8]: Delete provision.

[Act 9 Vetoed Sections: 3hg and 105m]

22. DEBT SERVICE PROJECTION REPORT [LFB Paper 251]

Joint Finance/Legislature: Require that DOA include projections relating to the long-term trends in debt service as a proportion of general fund tax revenues in the building program recommendations that are submitted to the Joint Committee on Finance in April of each odd-numbered year. Specify that this estimate reflect all of the proposed bonding in the budget bill, including the building program as well as other borrowing purposes.

[Act 9 Sections: 2r and 65m]

23. WAUSAU STATE OFFICE BUILDING STUDY

Joint Finance/Legislature: Direct the State Building Commission to conduct a study on the feasibility of constructing a state office facility in the Wausau area to consolidate state employee staff. Require that a report on the study's findings and recommendations be submitted to the Legislature by July 1, 2000.

Veto by Governor [E-10]: Delete provision.

[Act 9 Vetoed Section: 9107(8m)]

CHILD ABUSE AND NEGLECT PREVENTION BOARD

Budget Summary							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
FED	\$917,000	\$917,000	\$917,000	\$917,000	\$917,000	\$0	0.0%
PR	3,550,600	3,565,900	4,245,900	4,245,900	4,245,900	695,300	19.6
SEG	<u>60,000</u>	<u>170,000</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>0</u>	0.0
TOTAL	\$4,527,600	\$4,652,900	\$5,222,900	\$5,222,900	\$5,222,900	\$695,300	15.4%

FTE Position Summary						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change Over 1998-99 Base
PR	4.00	4.00	4.00	4.00	4.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	-\$11,000
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Governor/Legislature: Reduce the Board's base budget by \$5,500 annually to reflect: (a) the removal of noncontinuing items (-\$11,600 annually); (b) full funding of salaries and fringe benefits (\$5,400 annually); (c) full funding of charges for financial services (\$300 annually); and (d) full funding of rental costs (\$400 annually).

2. MISCELLANEOUS ADJUSTMENTS

PR	\$26,300
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Governor/Legislature: Provide \$6,600 in 1999-00 and \$19,700 in 2000-01 to fund: (a) pay plan increases (\$5,400 in 1999-00 and \$10,800 in 2000-01); (b) health insurance premiums (\$1,200 in 1999-00 and \$1,800 in 2000-01); and (c) the 27th pay period in 2000-01 (\$7,100 in 2000-01).

3. CELEBRATE LICENSE PLATE REVENUE [LFB Paper 275]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	\$110,000	\$39,800	\$149,800
SEG	\$110,000	-\$110,000	\$0

Governor: Provide \$30,000 in 1999-00 and \$80,000 in 2000-01 to reflect reestimates of the amount of funding available from the Children's Trust Fund to support the Board's activities due to revenue from fees collected from the sale of a special license plate. Further, authorize the Board to expend all moneys credited to the Children's Trust Fund from fees collected from the sale of the license plate in order to support: (a) grants to prevent child abuse and neglect; (b) the actual and necessary operating costs of the Board; and (c) statewide projects to prevent child abuse and neglect. Require the Board to use revenue from the sale of the special plate, like other moneys deposited to the Trust Fund, in accordance with the wishes of the donor. Further, specify that the license plate will have the words "Celebrate Children" on it, rather than "Children First" as required under current law.

Under current law, the Board is required to solicit and accept contributions, grants, gifts and bequests for the Children's Trust Fund. Further, with the exception of fees collected from the sale of the special license plate, the Board is authorized to expend funds in the Trust Fund in accordance with the wishes of the donor to award grants, fund the actual and necessary operating costs of the Board and for statewide projects to prevent child abuse and neglect. All fees collected from the sale of the plate are required to accumulate indefinitely in the Trust Fund.

Joint Finance/Legislature: Delete the Governor's recommendations, except the provision which would specify that the special license plate has the words "Celebrate Children" on it. Further, increase revenue available to the Children's Trust Fund by \$15,000 in 1999-00 and \$24,800 in 2000-01 to reflect a reestimate of the amount of revenue available from the sale of the license plate.

[Act 9 Sections: 369d, 1199d, 1200d and 2729]

4. FAMILY RESOURCE CENTERS

PR	\$680,000
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Joint Finance/Legislature: Provide \$340,000 annually from federal TANF funds transferred from DWD to increase funding for the 17 family resource centers that currently receive grants. Under this provision, the grant award for each of these family resource centers would increase from \$80,000 to \$100,000 annually.

[Act 9 Sections: 475 and 1278g]

CIRCUIT COURTS

Budget Summary							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$134,663,000	\$140,882,800	\$140,882,800	\$145,544,600	\$145,544,600	\$10,881,600	8.1%
PR	<u>410,000</u>	<u>320,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-410,000</u>	-100.0
TOTAL	\$135,073,000	\$141,202,800	\$140,882,800	\$145,544,600	\$145,544,600	\$10,471,600	7.8%

FTE Position Summary						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change Over 1998-99 Base
GPR	496.00	509.00	509.00	511.00	511.00	15.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide \$3,109,900 and 13.0 positions annually for the following: (a) full funding of salaries and fringe benefits (\$3,091,300 and 13.0 positions annually); (b) full funding of financial services charges (\$3,100 annually); and (c) fifth week vacation as cash (\$15,500 annually). Full funding of salaries and fringe benefits includes: (a) circuit court judges' 1997-99 pay increases not reflected in the adjusted base; (b) funding and 13.0 positions for the six new circuit court branches created in 1997 Act 203, effective August 1, 1999; and (c) other full funding adjustments.

Funding Positions		
GPR	\$6,219,800	13.00

2. REPEAL OF COURT INTERPRETER FEES APPROPRIATION [LFB Paper 896]

Governor: Delete \$45,000 annually and repeal the program revenue appropriation for court interpreter fee reimbursement to counties. This appropriation was created in 1997 Act 27 to supplement GPR funds with program revenues from certain court fees deposited to the

PR	-\$90,000
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Circuit Court Automation Program (CCAP). According to the Director of State Courts, program revenues have been insufficient to support this appropriation and expenditure authority, therefore, is not being used. Under the bill, county reimbursement for court interpreter fees would continue to be funded through a GPR appropriation of \$188,800 annually.

Joint Finance/Legislature: Modify the court information systems (CCAP) appropriation language and schedule title to reflect the repeal of the court interpreter fees program revenue appropriation.

[Act 9 Sections: 599 and 605]

3. DELETION OF OBSOLETE APPROPRIATION [LFB Paper 281]

PR	- \$320,000
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Joint Finance/Legislature: Delete \$160,000 annually and repeal the appropriation for drug court costs; local assistance. 1991 Act 39 (the 1991-93 biennial budget act) created an appropriation under the Circuit Courts, with a sunset date of June 30, 1993 (later extended to June 30, 1997), to receive anti-drug abuse monies administered by the Office of Justice Assistance to reimburse Milwaukee County for certain operating costs of a speedy trial drug court.

[Act 9 Section: 598x]

4. LEGAL CUSTODY AND PHYSICAL PLACEMENT STUDY SERVICES FEE INCREASE

Joint Finance/Legislature: Increase the fee charged for legal custody and physical placement study services from \$300 to \$500, to first apply to studies ordered on the effective date of the bill. Currently, a county or two or more contiguous counties are statutorily required to provide legal custody and physical placement study services in family court actions. These studies may be ordered whenever legal custody or physical placement of a minor child is contested and mediation is not used or does not result in agreement between the parties, or at any other time the court considers it appropriate. The county determines when and how to collect the fee for the study, and the fee is deposited into a separate county account for the exclusive purpose of providing mediation services and studies in family court actions.

Veto by Governor [D-1]: Delete provision.

[Act 9 Vetoed Sections: 3096m and 9309(3t)]

5. FILING FEE EXEMPTION FOR TERMINATION OF PARENTAL RIGHTS AND ADOPTION CASES

Joint Finance/Legislature: Exempt parties filing an action in termination of parental rights (TPR) and adoption cases from the requirement to pay a filing fee, to first apply to actions commenced on the effective date of the bill.

[Act 9 Sections: 3095n, 3095p, 9309(1w) and 9309(1x)]

6. REPORT ON RESERVE JUDGES

Joint Finance/Legislature: Require the Director of State Courts to submit a report regarding the recruitment, retention and compensation of reserve judges to the Governor, Joint Committee on Finance and appropriate standing committees of the Legislature by October 1, 2000.

[Act 9 Section: 9146(1w)]

7. ADDITIONAL JUDGESHIP FOR WAUPACA COUNTY

Assembly/Legislature: Provide \$161,800 and 2.0 positions in 2000-01 and create an additional judgeship in Waupaca County beginning August 1, 2000. Provide that the initial election for the Circuit Court judge be at the Spring election of 2000. Waupaca County currently has two circuit court branches. Funding includes salaries and fringe benefits for a judge and a court reporter (\$160,200) and legal publications (\$1,600). Of the amount provided, \$1,400 is one-time funding. [See "Supreme Court" for circuit court automation funding provided for this additional judgeship.]

	Funding Positions	
GPR	\$161,800	2.00

[Act 9 Sections: 3049m, 9109(1g), 9109(1h) and 9109(1i)]

8. JUDICIAL SUBDISTRICTS

Senate: Create three additional circuit court branches in Milwaukee County and authorize an additional 9.0 GPR positions, effective August 1, 2001 (3.0 GPR judge positions and 6.0 GPR court reporter positions) to increase the number of circuit court branches within Milwaukee County to 50 branches.

Effective January 1, 2001, create 25 judicial subdistricts in Milwaukee County, the boundaries of which would be the same as the boundaries of the supervisory districts for the election of the Milwaukee County Board of Supervisors and would take the same numbers as the supervisory districts. Require the circuit court judges for each of the odd-numbered branches in Milwaukee County to be elected in judicial subdistricts (numbered one to 25). At each applicable election following the effective date, require one circuit judge to be elected from

each of the 25 judicial subdistricts by electors of that subdistrict and require that the judge reside in the subdistrict from which he or she is elected.

Require that the number of districts and supervisors created under any tentative county supervisory district plan developed no later than July 1 following the year of each decennial census equal the number of odd-numbered branches in Milwaukee County.

Within 30 days from when the number of branches or boundaries of supervisory districts in Milwaukee County changes, require the Milwaukee County Board of Supervisors to create, by ordinance, revised judicial subdistricts so that each odd-numbered circuit branch has a judicial subdistrict, and the boundaries of each judicial subdistrict are concurrent with the boundaries of one county supervisory district.

Require a separate ballot for the office of circuit judge elected from a judicial subdistrict in Milwaukee County in both the spring primary and election ballots. Require the spring primary ballot to be titled "Official Ballot for the Office of Circuit Judge." Require the arrangement of the names on the spring primary and election ballots be determined in the same manner currently used for other court-related elections. Exempt ballots for judges elected from Milwaukee County subdistricts from: (a) stating the number of judges to be elected and the number of candidates for whom each election may vote when two or more judges of the same court are to be elected; and (b) showing each circuit court branch to be filled by each candidate.

Conference Committee/Legislature: Delete provision. Instead, establish a committee to study judicial subdistricts and other methods of judge selection that would result in increased racial and ethnic diversity of the judges in the courts. Require the study committee to be comprised of nine members as follows: (a) the Chief Justice of the Supreme Court; (b) the Chief Judge of the Milwaukee County Judicial Administrative District serving as vice chair; (c) three additional judges to be appointed by the Chief Justice, with at least one judge being a member of a minority group; and (d) four public members, appointed by the Governor, with at least two of the members being from a minority group. Provide that the Governor would designate the chair of the study committee. Require the study committee to submit a report of its findings and recommendations to the appropriate Senate and Assembly standing committees, the Governor and the Supreme Court by December 31, 2000. Direct the Director of State Courts Office to provide staff services to the study committee. Provide that members of the study committee be reimbursed for their actual and necessary expenses incurred in performing their duties as members of the study committee from the Supreme Court's general program operations appropriation.

[Act 9 Section: 9146(2f)]

9. CIRCUIT COURT SUPPORT GRANTS

GPR	\$4,500,000
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Conference Committee/Legislature: Provide \$2,250,000 annually to increase the base circuit court support grants to counties. The adjusted base for the circuit

court support grant program is \$16,489,600 GPR. Circuit court support grants partially reimburse counties for county court costs excluding security, rent, utilities, maintenance, remodeling or construction. Currently, county payments under the grant program are determined as follows: (a) each county receives a base grant of \$32,900 per branch (judge); (b) each county with one or fewer circuit court branches receives an additional \$10,000 each year; and (c) counties with more than one circuit court branch receive a payment equal to the county's proportion of the state population times the amount remaining after funding for base grants and grants to counties with one of fewer branches have been allocated. Increase the base grant to each of the circuit court branches by \$9,375 so that counties would receive a base grant of \$42,275 per year for each circuit court branch.

[Act 9 Sections: 3051m, 3051mp and 9109(2f)]

10. SERVICE AND SIGNING OF MUNICIPAL COURTS SUMMONS AND MUNICIPAL COURT HEARINGS

Senate/Legislature: Authorize personal service of a summons commencing an action in municipal court by any adult who is a resident of the state where the service is made and who is not party to the action. Under current law, personal service of a summons must be by a municipal employe. In addition, authorize the prosecuting attorney in the municipal court action to sign a summons. Currently, municipal judges have the authority to sign a summons.

Authorize municipal courts to conduct initial appearance hearings by telephone or by interactive and audio transmission if: (a) the defendant consents (the consent may be by telephone); and (b) good cause to the contrary of using such means of communication is not shown. When testimony is to be taken under oath, require the proceeding to be reported by a court reporter who is in simultaneous voice communication with all parties of the proceeding. Require that regardless of the physical location of any party to the call, any plea, waiver, stipulation, motion, objection, decision, order or other action taken by the court or any party shall have the same effect as if made in open court. Except for scheduling conferences, pretrial conferences and, during hours the court is not in session, require the proceeding to be conducted in a courtroom or other place accessible to the public. Require that persons entitled to attend the proceeding be provided with simultaneous access by means of a loudspeaker or, upon request to the court, a telephone without charge.

[Act 9 Sections: 3073m, 3075m and 3078g]

COMMERCE

Budget Summary							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$44,338,000	\$42,932,100	\$42,632,100	\$42,632,100	\$42,632,100	-\$1,705,900	-3.8%
FED	72,814,800	72,890,700	72,890,700	72,890,700	72,890,700	75,900	0.1
PR	59,575,600	83,519,900	77,052,800	77,485,300	77,485,300	17,909,700	30.1
SEG	<u>225,013,800</u>	<u>218,620,200</u>	<u>225,880,800</u>	<u>221,547,600</u>	<u>220,547,600</u>	<u>-4,466,200</u>	<u>-2.0</u>
TOTAL	\$401,742,200	\$417,962,900	\$418,456,400	\$414,555,700	\$413,555,700	\$11,813,500	2.9%
BR		\$450,000,000	\$270,000,000	\$270,000,000	\$270,000,000		

FTE Position Summary						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change
						Over 1998-99 Base
GPR	85.85	80.40	80.40	80.40	80.40	-5.45
FED	33.20	28.20	28.20	28.20	28.20	-5.00
PR	244.75	262.25	267.85	266.25	266.25	21.50
SEG	<u>95.20</u>	<u>95.70</u>	<u>97.70</u>	<u>97.30</u>	<u>97.30</u>	<u>2.10</u>
TOTAL	459.00	466.55	474.15	472.15	472.15	13.15

Budget Change Items

Departmentwide and Economic Development

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide annual adjustments of \$69,900 PR, -\$304,300 SEG, -1.0 GPR position, -2.0 FED positions and -3.0 PR positions. Further, provide \$107,900 GPR and \$222,800 FED in 1999-00 and \$109,200 GPR and \$175,900 FED in

	Funding Positions	
GPR	\$217,100	-1.00
FED	398,700	-2.00
PR	139,800	-3.00
SEG	<u>-608,600</u>	<u>0.00</u>
Total	\$147,000	-6.00

2000-01 for standard budget adjustments. Adjustments are for (a) turnover reduction (-\$74,500 GPR, -\$235,700 PR and -\$59,600 SEG annually); (b) removal of noncontinuing items (-\$56,000 FED in 1999-00 and -\$104,300 FED in 2000-01 and -\$200,300 SEG, -2.0 FED, -1.0 GPR and -3.0 PR positions annually); (c) full funding of salaries and fringe benefits (\$158,300 GPR, \$271,500 FED, \$180,300 PR and -\$53,500 SEG annually); (d) full funding of financial services (\$3,200 GPR, \$4,800 PR and \$700 SEG annually); (e) position reclassifications (\$6,400 GPR and \$4,100 FED in 1999-00 and \$7,700 GPR and \$5,500 FED in 2000-01 and \$200 PR and \$3,100 SEG annually); (f) overtime (\$95,800 PR annually); and (g) fifth week vacation as cash (\$14,500 GPR, \$3,200 FED, \$24,500 PR and \$5,300 SEG annually). In total, changes due to standard budget adjustments would increase funding by \$96,300 in 1999-00 and \$50,700 in 2000-01. Total position authority would be reduced by 6.0 annually.

2. BROWNFIELDS GRANT PROGRAM [LFB Paper 1112]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$10,000,000	-\$10,000,000	\$0
SEG	0	2,200,000	2,200,000
Total	\$10,000,000	-\$7,800,000	\$2,200,000

Governor: Expand the brownfields grant program to add a new component for financial assistance to persons, municipalities or local development corporations for brownfields redevelopment and associated environmental remediation projects which provide jobs primarily to individuals who are eligible to benefit from federal Temporary Assistance to Needy Families (TANF) funding.

Under the new component, Commerce could award a grant to a person, municipality or local development corporation if:

- a. The recipient uses the grant proceeds for brownfields redevelopment and related environmental remediation projects;
- b. The party that caused the environmental contamination and any person who possessed or controlled the environmental contaminant before it was released is unknown, cannot be located or are financially unable to pay the cost of brownfields redevelopment or associated environmental remediation activities;
- c. The recipient contributes the required match to the cost of the project; and
- d. The recipient will use the grant proceeds to create or retain jobs, of which at least 80% will be filled by individuals who are parents of minor children and whose family income does not exceed 200% of the poverty line. [Items (a) through (c) are current law requirements.]

In awarding the grants, the Department would be required to consider the following criteria: (a) the potential of the project to promote economic development in the area; (b) the

number of jobs likely to be created or retained; (c) whether the project will have a positive effect on the environment; (d) the amount and quality of the recipient's contribution to the project; and (e) the innovativeness of the recipient's proposal for remediation and redevelopment. If possible, the Department would weight the criteria by applying a 50% weight to the first two criteria, a 25% weight to the third criterion, a 15% weight to the fourth criterion and a 10% weight to the fifth criterion.

A total of \$5,000,000 PR in federal TANF funds would be provided annually through a new, program revenue continuing appropriation. Current funding limits for the brownfields grant program would be modified to reflect the additional funds. Consequently, total brownfields grant program funds would be required to be annually allocated as follows: (a) \$3,000,000 in grants that do not exceed \$300,000; (b) \$3,000,000 in grants that are greater than \$300,000 but do not exceed \$700,000; and (c) \$4,000,000 in grants that are greater than \$700,000 but do not exceed \$1,250,000. (Currently, the maximum total amount of grants that can be made for each level of awards is \$750,000, \$1,750,000 and \$2,500,000, respectively.) The maximum grant would remain \$1,250,000. In addition, the current provision that annually seven grants be made to municipalities with populations of less than 30,000 would be expanded to require 14 grants to municipalities with populations of less than 50,000.

Commerce would be required to promulgate rules to establish the hours and benefits of employment for eligible low-income individuals who fill project jobs. Applicants for grants would be required to include in the grant application a plan for creating jobs, including those jobs that would be created for eligible low-income individuals.

The Brownfields Grant program was created in the 1997-99 biennial budget to provide financial assistance to persons (individuals, partnerships, corporations, or limited liability companies), municipalities and local development corporations that conduct brownfields redevelopment and related environmental remediation projects. Brownfields are abandoned, idle or underused industrial or commercial facilities or sites, the expansion or redevelopment of which is adversely affected by actual or perceived environmental contamination. Brownfields redevelopment includes any work or undertaking to: (a) acquire a brownfields facility; and (b) raze, demolish, remove, reconstruct, renovate or rehabilitate the facility or existing buildings, structures or other improvements at the site. The redevelopment project must be for promoting the facility or site for commercial, industrial or similar economic development purposes.

Grant recipients are required to provide cash or in-kind matches equal to a certain percent of project costs as follows: (a) 20% for grants of \$300,000 or less; (b) 35% for grants between \$300,000 and \$700,000; and (c) 50% for grants between \$700,000 and \$1,250,000.

Base level funding of \$5,000,000 SEG annually from the environmental fund is appropriated for brownfields grants.

Joint Finance: Delete the new component of the program to provide grants for projects which would create jobs for TANF eligible individuals, TANF funding and the program

revenue appropriation. Instead, provide an additional \$800,000 SEG in 1999-00 and \$1,400,000 SEG in 2000-01 for the existing brownfields grant program. (Revenue would be provided from a \$1 title fee increase in the vehicle environmental impact fee.) In addition, the following changes would be made to the current Commerce brownfields grant program:

a. Commerce would be required to award one-half of the annual brownfields grant funding for projects, such as recreational or housing development, that are scored without considering the number of jobs created by the project;

b. Commerce would be authorized to award grant funding for projects that address area-wide groundwater contamination;

c. Grant applicants would be required to document that they were unable to secure funding that was sufficient to support the project from another source; and

d. Grant recipients would be specifically authorized to be awarded other state grants or loans if they were eligible.

Senate: Include Joint Finance provision and, in addition, require Commerce to make a grant of \$100,000, under the Brownfields Grant program, to a person for cleanup of a brownfields site in the City of Kenosha and for development of the cleaned-up site as a park if all of the following applied:

a. The person submits a plan to Commerce detailing the proposed use of the grant and the Secretary of Commerce approves the plan;

b. The person enters into a written agreement with the Department that specifies the conditions for use of the grant proceeds, including reporting and auditing requirements;

c. The person agrees in writing to submit to Commerce within six months after spending the entire amount of the grant a report detailing how the grant proceeds were used.

The Department could not make a grant under these provisions after June 30, 2001.

Conference Committee/Legislature: Include Senate provisions. In addition, delete the Joint Finance provisions related to the brownfields grant program that would: (a) require Commerce to make 50% of awards for projects, like recreation or housing, that would be scored without considering the number of jobs created, and (b) require applicants to document their inability to obtain funding from other sources. Instead, beginning in 2000-01 in awarding grants, the Department would be required to reduce the weight accorded to job creation in scoring grant applications by a factor that was approximately 50% lower than that same factor in previous award periods. In addition, in 2000-01, the Department would be required to award \$1.4 million for projects that were evaluated without considering the number of jobs created by the projects. Finally, provide that awards of Round III brownfields grants be limited to those who submitted applications by the original deadline established by Commerce (April 16, 1999).

Veto by Governor [B-17]: Veto provision as follows: (a) delete authority to award brownfields grants for projects that address area-wide groundwater contamination; (b) delete the requirement that the weight given to job creation in scoring grant applications be reduced; and (c) by striking the "1," reduce from \$1.4 million to \$400,000, the amount that would be awarded in 2000-01 for projects that were evaluated without considering the number of jobs created.

[Act 9 Sections: 195c, 212d, 2944c, 2945c, 2945d, 2945e, 2945m, 2948c, 9110(8gm) and 9310(6bn)]

[Act 9 Vetoes Sections: 195c, 212d, 2937r thru 2939n, 2945m and 9310(6bn)]

3. GAMING ECONOMIC DEVELOPMENT AND DIVERSIFICATION GRANT AND LOAN PROGRAMS [LFB Paper 161]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$8,000,000	1.00	\$2,000,000	0.00	-\$1,091,100	0.00	\$8,908,900	1.00

Governor: Create a gaming economic development grant and loan program and a gaming economic diversification grant and loan program to provide financial assistance to businesses that are located in counties that are affected by Native American gaming operations. Of Wisconsin's 72 counties, 52 either have casinos or are adjacent to counties that do. A total of \$2,500,000 in 1999-00, \$5,500,000 in 2000-01 and 1.0 position in each year would be provided for grants and loans and to administer the programs. Of the amounts appropriated, not more than \$100,000 annually could be expended for marketing the programs. Funding, under the bill, would be provided from tribal gaming revenue provided to the state under the recently completed state-tribal gaming compact amendments. [For more information on the proposed use of tribal gaming revenues, see the summary item relating to Tribal Gaming Revenue Allocations under "Administration -- Division of Gaming."]

Gaming Economic Development Grants and Loans. The gaming economic development grant and loan program would provide financial assistance to businesses located in Wisconsin counties in which a casino operated by a federally recognized American Indian tribe or band was located or to businesses located in adjacent counties. Commerce would be authorized to make a grant or loan to a qualified business if it determined that: (a) the business has been negatively impacted by the existence of the casino; and (b) the business has a legitimate need for the grant or loan to improve the profitability of the business.

Two types of awards could be made under the program: (a) a grant of up to \$15,000 for professional services; and (b) a grant or loan of up to \$100,000 for fixed asset financing. Professional services would include: (a) preparation of preliminary feasibility studies, feasibility studies or business and financial plans; (b) providing a financial package; (c) engineering studies, appraisals or marketing assistance; and (d) related legal, accounting or managerial

services. Award recipients would be required to provide a cash match of at least 25% of the cost of the project. Grants or loans could not be made for purposes related to tourism unless the Department of Tourism concurred in the award. Commerce could waive the matching requirement if it determined that the business was subject to extreme financial hardship. The Department would also be authorized to forgive all or any part of a loan made under the program.

The program would be provided \$2,500,000 in 1999-00 and \$3,000,000 in 2000-01 and 1.0 position in each year to fund grants and loans and to administer both of the gaming grant and loan programs. Of the total amount provided, \$114,000 in 1999-00 and \$125,900 in 2000-01 would fund the position and related administrative costs. In addition, the Department would be required to make grants to Brown County of \$500,000 in 1999-00 and \$1,000,000 in 2000-01. (These funds would be provided in the 1999-01 biennium only and would be used to support construction of a new arena.) Consequently, the total amount of funding available for gaming economic development grants and loans would be \$1,886,000 in 1999-00 and \$1,874,100 in 2000-01.

In addition, gaming economic development loans that were repaid would be placed in a program revenue repayments appropriation and could be used to make additional grants and loans.

Gaming Economic Diversification Grants and Loans. The gaming economic diversification grant and loan program would provide grants and loans beginning in July, 2000, to businesses located in counties in which a casino operated by a federally recognized American Indian tribe was located in this state or to businesses located in adjacent counties. Commerce would be authorized to make a grant or loan to an eligible business for the purpose of diversifying the economy of a community in proximity to a casino. In determining whether to make an award, the Department would be required to consider all of the following: (a) a project's potential to retain or increase the number of jobs; (b) a project's potential to provide for significant capital investment; and (c) a project's contribution to the economy of the community in proximity to the casino and of the state. Grant or loan recipients would be required to provide a cash match equal to 25% of the project's cost. Awards could not be made for tourism related projects unless the Department of Tourism concurred in the award.

Funding of \$2,500,000 would be provided in 2000-01 for gaming economic diversification grants and loans. In addition, a separate, program revenue appropriation would be created for loan repayments.

Joint Finance: Include provisions with the following modifications:

- a. Provide an additional \$2,000,000 PR in 1999-00 for economic development grants and loans;
- b. Require Commerce to make annual grants from the gaming economic development grant and loan program of \$1 million to the City of Milwaukee for a matching

grant program administered by the Milwaukee Economic Development Corporation for remediation and economic redevelopment activities in the Menomonee Valley;

c. Require Commerce to make annual grants from the gaming economic development grant and loan program of \$150,000 to the Northwest Regional Planning Commission to match federal or private funds at the rate of \$1 of state funding for each \$2 of federal or private funds to establish a community-based venture fund;

d. Require the Department of Commerce to make a grant of \$299,800 PR in 1999-00 from the gaming economic developing grants and loans appropriation to a city that was required to replace its city well because of federal highway construction (Richland Center);

e. Require that businesses in all counties be eligible for gaming economic development and diversification grants and loans;

f. Create program revenue repayments appropriations as annual; and

g. Specify that Native American businesses are eligible for grants and loans.

Assembly: Modify Joint Finance provisions as follows:

a. Delete \$500,000 in 1999-00 in tribal gaming revenues from the gaming economic development grant and loan program. Further, reduce the grant to the City of Milwaukee for remediation and redevelopment activities in the Menomonee Valley from \$1,000,00 to \$500,000 in 1999-00. Tribal gaming funding of \$500,00 in 1999-00 and \$1,000,000 in 2000-01 would remain for the Menomonee Valley Grant.

b. Delete \$175,500 in 1999-00 and \$185,200 in 2000-01 in tribal gaming revenues from the gaming economic development grant and loan program to provide tribal gaming funds to the Governor's Work-Based Learning Board to make grants to tribal colleges.

c. Provide a grant of up to \$1,000,000 in 2000-01 from the gaming economic diversification grant and loan program to fund construction of the Swiss Cultural Center in New Glarus. Each \$1 in state funding must be matched by \$2 from other sources.

Senate: Modify Joint Finance provisions as follows:

a. Require the Department to make annual grants of \$350,000 from the gaming economic development grant and loan program to the College of the Menomonee Nation for work-based programs at the College. Commerce would be required to promulgate rules related to the use of grant proceeds and auditing and reporting requirements.

b. Delete the requirement that Commerce provide gaming economic development grants of \$500,000 in 1999-00 and \$1,000,000 in 2000-01 to Brown County for construction of a new arena.

c. Provide a grant of up to \$1,000,000 in 2000-01 from the gaming economic diversification grant and loan program to fund construction of the Swiss Cultural Center in New Glarus. Each \$1 in state funding must be matched by \$2 from other sources.

d. Delete \$125,000 annually in tribal gaming revenues from the gaming economic development grant and loan program to provide funding to the Lac Courte Oreilles Chippewa tribe to develop a law enforcement assistance grant program.

e. Delete \$250,000 annually in tribal gaming revenues from the gaming economic development program to provide funding for a position and grants under the DATCP agricultural development and diversification program to Native American aquaculture facilities, the private aquaculture industry or state owned hatcheries for water quality research and other purposes related to aquaculture.

f. Delete \$130,000 in tribal gaming revenues in 1999-00 from the gaming economic development grant and loan program to supplement funding provided for a one-time grant to the Town of Swiss in Burnett County and the St. Croix Band of Chippewa for a drinking water study and for engineering design and feasibility activities related to construction of wastewater and drinking water treatment facilities.

Conference Committee/Legislature: Modify Joint Finance provisions as follows:

a. Reduce, from \$1.0 million to \$900,000, the annual grant from the gaming economic development appropriation to the City of Milwaukee for remediation and redevelopment activities in the Menomonee Valley. In addition, delete \$100,000 annually in tribal gaming revenues from the gaming economic development grant and loan program.

b. Delete \$250,700 in 1999-00 and \$260,400 in 2000-01 in tribal gaming revenues from the gaming economic development grant and loan program to provide tribal gaming funds to the Governor's Work-Based Learning Board (see DWD, Employment, Training and Vocational Rehabilitation Programs for additional information).

c. Provide a grant of up to \$1,000,000 in 2000-01 from the gaming economic diversification grant and loan program to fund construction of the Swiss Cultural Center in New Glarus. Each \$1 in state funding must be matched by \$2 from other sources (see "Building Program").

d. Delete \$130,000 in tribal gaming revenues in 1999-00 from the gaming economic development grant and loan program to supplement funding provided for a one-time grant to the Town of Swiss in Burnett County and the St. Croix Band of Chippewa for a drinking water study and for engineering design and feasibility activities related to construction of wastewater and drinking water treatment facilities (see Natural Resources, "Water Quality").

e. Delete \$125,000 annually in tribal gaming revenues from the gaming economic development grant and loan program to provide funding to the Lac Courte Oreilles Chippewa tribe to develop a law enforcement assistance grant program.

Veto by Governor [F-25]: Delete the requirement that the Indian gaming economic development grants to the City of Milwaukee and Northwest Regional Planning Commission be annual grants.

[Act 9 Sections: 203, 205, 207 thru 209, 558, 559, 2952, 2953, 2953g, 2953h, 2953i, 9110(1),(6c)&(7h) and 9410(4)&(5)]

[Act 9 Vetoes Sections: 2953g, 2953h and 2953i]

4. NATIVE AMERICAN ECONOMIC DEVELOPMENT APPROPRIATIONS FUNDING CONVERSION [LFB Paper 162]

	Funding	Positions
GPR	-\$201,400	- 1.00
PR	<u>201,400</u>	<u>1.00</u>
Total	\$0	0.00

Governor/Legislature: Convert \$100,700 and 1.0 position annually from GPR to PR for the Department's Native American liaison and Native American economic development liaison and technical assistance grants. The current appropriations used to fund the liaison, economic development liaison grant and technical assistance grant would be converted from GPR to PR. Funding, under the bill, would be provided from tribal gaming revenue provided to the state under the recently completed state-tribal gaming compact amendments. [For more information on the proposed use of tribal gaming revenues, see the summary item relating to Tribal Gaming Revenue Allocations under "Administration -- Division of Gaming."] Base level funding would be maintained for each appropriation as follows: (a) American Indian economic development; liaison--\$50,700 PR and 1.0 PR position annually; (b) American Indian economic development; technical assistance--\$25,000 PR annually; and (c) American Indian economic development; liaison-grants--\$25,000 PR annually.

Currently, a program planning analyst position provides technical and economic development assistance to Native American entrepreneurs and tribal communities. The Department also administers two grant programs which provide funds to the Great Lakes Inter-Tribal Council--an economic development liaison grant and an economic development technical assistance grant.

The economic development liaison grant program provides monies to the Council to partially fund a Council liaison between American Indians, Indian businesses and Indian tribes interested in targeted economic assistance programs and the state agencies that administer them.

The technical assistance grant program provides funding to the Great Lakes Inter-Tribal Council for a position that provides technical assistance for economic development on or near Indian reservations. Entities that are eligible for technical assistance are tribal enterprises,

Indian businesses located on Indian reservations and other Indian businesses that directly benefit the economies of Indian reservations.

[Act 9 Sections: 197 thru 199, 555 thru 557, 3022 and 3023]

5. PHYSICIAN AND HEALTH CARE PROVIDER LOAN ASSISTANCE PROGRAMS FUNDING CONVERSION [LFB Paper 158]

GPR	- \$777,400
PR	<u>777,400</u>
Total	\$0

Governor/Legislature: Convert \$388,700 annually from GPR to PR for the Physician Loan Assistance Program (PLAP) and Health Care Provider Loan Assistance Program (HCPLAP) and a related contract with the UW Office of Rural Health. The current appropriation used to fund the programs would be converted from GPR to PR. Funding, under the bill, would be provided from tribal gaming revenue provided to the state under the recently completed state-tribal gaming compact amendments. [For more information on the proposed use of tribal gaming revenues, see the summary item relating to Tribal Gaming Revenue Allocations under "Administration -- Division of Gaming."]

The Physician Loan Assistance Program (PLAP) and the Health Care Provider Loan Assistance Program (HCPLAP) programs provide loan repayments for physicians and certain health care professionals who practice in areas in the state which have a shortage of physicians or health care professionals.

[Act 9 Sections: 202, 562, 2957 thru 2964 and 9210(1)]

6. POSITION TRANSFER TO ADMINISTRATIVE SERVICES [LFB Paper 285]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$572,400	-4.50	\$0	0.00	-\$572,400	-4.50
FED	-322,800	-3.00	0	0.00	-322,800	-3.00
PR	1,292,800	8.00	57,800	0.00	1,350,600	8.00
SEG	<u>79,000</u>	<u>-0.50</u>	<u>18,400</u>	<u>0.00</u>	<u>97,400</u>	<u>-0.50</u>
Total	\$476,600	0.00	\$76,200	0.00	\$552,800	0.00

Governor: Provide \$482,900 PR and 8.0 PR positions annually and delete \$161,400 FED, 3.0 FED positions, \$286,200 GPR, 4.5 GPR positions, \$35,300 SEG and 0.5 SEG positions annually to reflect the transfer of administrative positions to the Department's administrative services charge-back appropriation. The source of program revenue is fees charged to the Department's programs for administrative services provided.

Further, provide \$163,200 PR and \$74,600 SEG in 1999-00 and \$163,800 PR and \$75,000 SEG in 2000-01 in various appropriations to fund increased charges for administrative services

performed for the various programs. The increased administrative charges would reflect position transfers, pay plan and fringe benefit costs and position reclassifications. This provision would increase expenditure authority in appropriations that would be charged for the increased costs of administrative services.

Joint Finance/Legislature: Approve the Governor's recommendation. In addition, provide \$28,900 PR and \$9,200 SEG annually to adjust various appropriations to reflect increased administrative service charges related to the transfer of administrative positions to the Administrative Services Division's program revenue charge-back appropriation.

7. APPLICATIONS DEVELOPMENT POSITIONS

Funding Positions		
PR	\$328,500	3.00

Governor/Legislature: Provide \$156,200 in 1999-00 and \$172,300 in 2000-01 and 3.0 positions annually for the Administrative Services Division. The positions would be used for applications development and maintenance of the Department's computer systems. The source of program revenue is fees charged to the Department's programs for services provided.

8. WISCONSIN DEVELOPMENT FUND -- FUNDING PROVISIONS [LFB Paper 286]

Governor: Provide funding through the Wisconsin Development Fund (WDF) GPR and program revenue repayments appropriations as follows:

- a. Annual base level GPR funding of \$7,503,800.
- b. Annual base level funding of \$1,500,000 PR for the program revenue repayments appropriation. [An additional \$1,000,000 in annual expenditure authority is provided for the newly created manufacturing extension grants. This funding is reflected under the WDF item #10 for that program.]
- c. Authorize the Department to provide an additional \$50,000, or a total of \$100,000, in WDF funds in fiscal year 1999-00 to a nonprofit organization that provides assistance to organizations and individuals in urban areas. (The funding is the final year of a three-year grant for Reggie White's Wisconsin Urban Hope Initiative that provides entrepreneurial opportunities for individuals in Wisconsin's central cities. State funding is matched by private funds.) The funds must be used in accordance with a memorandum of understanding with DOA that specifies how the monies must be allocated for assistance.
- d. Authorize the Department to make a loan of up to \$600,000 in WDF funds for a project that includes a pedestrian bridge if all of the following apply: (1) the person submits a plan to the Department detailing the use of the loan and the Secretary of Commerce approves the plan; (2) the person enters into a written agreement with the Department that specifies the loan terms and the conditions for use of the loan proceeds, including reporting and auditing

requirements; (3) the person agrees in writing to submit to the Department, within six months after spending the full amount of the loan, a report detailing how the proceeds were used. Loan repayments would be placed in the WDF program revenue appropriation. No loan proceeds could be paid for this purpose after June 30, 2000.

e. Authorize the Department to make a grant of not more than \$1,000,000 from the WDF GPR appropriation to a consortium for a manufacturing technology training center if all of the following apply: (1) the consortium is located in the Racine-Kenosha area; (2) the consortium submits a plan to the Department detailing the proposed use of the grant and the Secretary approves the plan; (3) the consortium enters into a written agreement with the Department that specifies the conditions for use of the grant proceeds, including reporting and auditing requirements; and (4) the consortium agrees in writing to submit to the Department, within six months after spending the full amount of the grant, a report detailing how the grant proceeds were used. The Department could not disburse more than \$500,000 in grant proceeds in each year of the 1999-2001 biennium. No grants could be paid for this purpose after June 30, 2001.

The Wisconsin Development Fund (WDF) consists of eight programs: (1) technology development grants and loans; (2) customized labor training grants and loans; (3) major economic development grants and loans; (4) Wisconsin trade project; (5) employe ownership assistance grants; (6) manufacturing assistance grants; (7) revolving loan fund capitalization grants; and (8) the rapid response fund. The WDF is funded through both a general purpose revenue (GPR) and a program revenue (PR) appropriation. The GPR appropriation is the primary source of funding for the WDF program.

The program revenue repayments appropriation was established to operate similar to a revolving loan fund. Amounts received from WDF loan repayments are credited to the repayments appropriation and these monies can be used to fund WDF grants and loans. The program revenue repayments appropriation is a continuing appropriation and, consequently, unappropriated and unexpended amounts remain in the appropriation balance and can be used to fund future grants and loans.

Under a provision of 1997 Wisconsin Act 27 (the 1997-99 biennial budget), the Department was authorized to provide financial assistance from the WDF to a nonprofit organization that provides assistance to organizations and individuals (Reggie White's Urban Hope Initiative). A total of \$50,000 annually was required to be allocated to the project in 1997-98, 1998-99 and 1999-00. Commerce was required to enter into a memorandum of understanding with DOA that specified how Commerce could use the monies allocated for assistance. A grant of \$100,000 was awarded in 1997-98 under this provision.

Act 27 also authorized the Department to provide loans from the WDF totaling not more than \$1,200,000 for projects that included a pedestrian bridge. Loans could not be made for this purpose after January 1, 1999.

Joint Finance: Include provisions and, in addition:

a. Authorize Commerce to make grants from the Wisconsin Development Fund to municipalities that participate in the Main Street Program to fund revitalization and other activities related to participation in the program. The total annual amount of grants that could be made would be limited to \$250,000 and Commerce would be required to promulgate rules to administer the program.

b. Authorize the Department to make a grant of \$100,000 for pedestrian enhancements to the city square in Menasha. A 100% local match would be required before this funding could be expended.

Assembly: Include Joint Finance provisions with the following modifications:

a. Require Commerce to provide \$1 million in 1999-00 from the Wisconsin Development Fund GPR appropriation to the Wisconsin Housing and Economic Development Authority (WHEDA). Authorize WHEDA to utilize the funding for administrative expenses and start-up capital for a nonprofit, nonstock biotechnology development finance company to invest in new or existing biotechnology companies in Wisconsin.

b. Delete the Joint Finance provision that would authorize Commerce to make a grant of \$100,000 in 1999-00 for pedestrian enhancements in the City of Menasha from the Wisconsin Development Fund and instead authorize the Department to make the grant from the community-based economic development program (CBED).

Senate: Modify Joint Finance provisions as follows:

a. Decrease annual funding for the Wisconsin Development Fund (WDF) by \$1,000,000 GPR. Further, increase annual funding by \$390,000 PR to reflect a reestimate of loan repayments available for awards in 1999-00. As a result, the annual amounts appropriated for the WDF would be \$9,393,800 (\$6,503,800 GPR and \$2,890,000 PR) a \$390,000 increase (4.3%) over base funding levels.

b. Create a Business Employes' Skills Training Program under the Wisconsin Development Fund (WDF) to provide \$1 million annually in grants and loans to certain businesses to train employes. Commerce could make awards to a business if all of the following applied:

1. The business is located in Wisconsin and has 35 or fewer full-time employes or \$2.5 million in gross annual income in the preceding year;
2. The business uses the funds to provide skills training or other education that are related to the needs of the business to current or prospective employes;
3. The business submits a plan to commerce detailing the proposed use of the funds and the Secretary of Commerce approves the plan;

4. The business enters into a written agreement with the Department that specifies the conditions for the use of financial assistance, including reporting, auditing and repayment requirements;

5. The business agrees in writing that, before providing training or other education to a current or prospective employe with the funds, the business will enter into a contract with the employe under which the business agrees to retain the employe and the employe agrees to work for the business for at least one year after the employe's training or education is completed;

6. The business agrees in writing to submit a report detailing how award proceeds were used within six months after spending the full amount of the proceeds.

The maximum award would be \$10,000 of which one-half would be required to be a grant and one-half a loan. In making awards, the Department would be required to give preference to businesses in industries with severe labor shortages and to consult with DWD to determine those industries. Commerce would be required to award at least 30% of total awards to businesses in counties with populations under 100,000, unless an insufficient number of such businesses qualified. A separate program revenue appropriation for loan repayments would also be created.

c. Require Commerce to make an annual grant of up to \$100,000 from the Wisconsin Development Fund (WDF) to the Wisconsin Procurement Institute (WPI) if certain conditions were met.

d. Authorize Commerce to make grants from the Wisconsin Development Fund (WDF) to municipalities and nonprofit organizations to fund costs related to conducting public retail markets. Require Commerce to promulgate rules to administer the program.

e. Require the Department of Commerce to provide an additional \$250,000 GPR annually from the Wisconsin Development Fund (WDF) to the Southeast Wisconsin Technology Training Initiative.

Conference Committee/Legislature: Adopt the Joint Finance provisions with the following modifications:

a. Authorize Commerce to use up to \$1 million in 1999-00 from the Wisconsin Development Fund (WDF) for administrative expenses and start-up capital for a nonprofit, nonstock biotechnology development finance company to invest in new or existing biotechnology companies in Wisconsin. Commerce would be required to organize and maintain a nonprofit, nonstock biotechnology development finance company to invest in new or existing biotechnology (technology relating to life sciences) companies in the state. The company would be prohibited from engaging in political activities. The finance company would be allowed to invest in eligible biotechnology companies by purchasing stock, convertible securities, evidences of indebtedness, warrants, subscriptions, partnership interests or membership

interests. However, the finance company would be limited to a total investment in any one biotechnology company of \$200,000 or 49% ownership, whichever was less.

The board of directors of the biotechnology development finance company would consist of nine members, including: (a) the Executive Director of WHEDA (or designee); (b) the Secretary of the Department of Commerce (or designee); (c) the Secretary of the Department of Administration (or designee); (d) the Executive Director of the Investment Board (or designee); (e) the President of the UW System (or designee); (f) the President of Forward Wisconsin, Inc. (or designee); and (g) one representative each of the state's biotechnology research community, biotechnology industry, and venture capital industry. Initially, the Governor would appoint the final three representatives for five-year terms. The company would specify in its bylaws a method of reappointing or filling vacancies for the three public members. The biotechnology development finance company would also be required to annually provide a report on its activities to the Governor and to the appropriate standing committees in the Legislature.

The biotechnology development finance company could invest in a biotechnology company if all of the following apply:

1. The biotechnology company has certified that the project plans conform to all applicable environmental, zoning, building, planning or sanitation laws;
2. There is a reasonable expectation that the biotechnology company will be successful;
3. Private industry has not provided sufficient capital required for the project;
4. Other investment in the project is unavailable in the traditional capital markets, or capital has been offered on terms that would preclude the success of the project;
5. The biotechnology company reports sufficient financial data about the project, which may include a periodic audit of the project's financial records, to the biotechnology development finance company;
6. The proceeds of the purchase will be used solely in connection with the costs of the project, which may include planning and design, land purchases, feasibility studies, equipment, and working capital, among other costs; and
7. The biotechnology company is able to manage its project responsibilities.

Commerce is required to enter into contract with the biotechnology company to make use of the company's services and to advise, assist and provide administrative services necessary to the biotechnology development finance company. Commerce could assign employees or contract with private or state agencies to perform administrative services.

b. Delete the Joint Finance provision that would authorize Commerce to make a grant of \$100,000 in 1999-00 for pedestrian enhancements in the City of Menasha from the Wisconsin

Development Fund and instead authorize the Department to make the grant from the community-based economic development program (CBED).

c. Require Commerce to make an annual grant of up to \$100,000 from the Wisconsin Development Fund (WDF) to the Wisconsin Procurement Institute (WPI) if all of the following conditions are met:

1. The Wisconsin Procurement Institute uses the grant proceeds to further its efforts to secure federal government contracts and create jobs in the state.

2. The WPI submits a plan to Commerce for each grant detailing the proposed use of the grant and the Secretary of Commerce approves the plan.

3. The WPI enters into a written agreement with Commerce that specifies the conditions for use of the grant proceeds, including reporting and auditing requirements.

4. The WPI agrees in writing to submit to the Department, within six months after spending the full amount of the grant, a report detailing how the grant proceeds were used.

The WPI provides marketing, education and consulting services to state businesses.

d. Authorize Commerce to make grants from the Wisconsin Development Fund (WDF) to municipalities and nonprofit organizations to fund costs related to conducting public retail markets. Require Commerce to promulgate rules to administer the program.

e. Require the Department of Commerce to provide an additional \$250,000 GPR annually from the Wisconsin Development Fund (WDF) to the Southeast Wisconsin Technology Training Initiative. In addition, require that the written agreement between the consortium and Department include a provision that requires 60% of the grant proceeds to be awarded to Racine County and 40% of the grant proceeds to be awarded to Kenosha County.

f. Require the Department of Commerce to make a loan of \$1.5 million from the WDF to City Brewery in the City of La Crosse if all the following apply:

1. The proposed recipient submits a plan to the Department of Commerce detailing the proposed use of the loan and the Secretary of Commerce approves the loan;

2. The proposed recipient enters into a written agreement with the Department of Commerce that specifies the loan terms and conditions for use of the loan proceeds, including auditing and reporting requirements; and

3. The proposed recipient agrees in writing to submit to the Department of Commerce, within six months after spending the full amount of the loan, a report detailing how loan proceeds were used.

No loan proceeds could be paid under these provisions after June 30, 2001.

Under these provisions, total annual funding for the WDF would be \$10,003,800 (\$7,503,800 GPR and \$2,500,000 PR).

Veto by Governor [B-18 thru B-21]: Veto provisions as follows: (a) delete authority to provide grants for Main Street Program municipalities and public retail markets; (b) limit the grant to the Wisconsin Procurement Institute to a one-time grant of \$100,000; (c) delete the required grant of \$1,000,000 in 1999-00 and authority for establishing and administering a biotechnology development company; (d) delete provisions that establish the total amount of the grant for the Racine-Kenosha consortium at \$1,500,000 and that limit disbursements to \$750,000 annually and request Commerce and the consortium to reach a financial assistance agreement that meets the fundamental goals of the Governor's initial proposal; and (e) delete the requirement that the loan to City Brewery in La Crosse be \$1,500,000 and request Commerce to work with brewery owners to develop a financial assistance agreement that will ensure job creation and retention in La Crosse.

[Act 9 Sections: 196, 204, 2931 thru 2933, 2980m, 9110(4),(5),(6e)&(7bt)]

[Act 9 Vetoed Sections: 196, 204, 2937d, 2937f, 2980m, 2983c and 9110(5)&(7bt)]

9. WISCONSIN DEVELOPMENT FUND -- ADMINISTRATIVE PROVISIONS [LFB Paper 287]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR-REV	\$47,000	\$18,000	\$65,000

Governor: Make the following modifications to Wisconsin Development Fund (WDF) administrative provisions:

a. Authorize the Department to charge the 1.5% loan origination fee on all WDF awards of \$100,000 or more. The Department indicates that applying the loan origination fee to more WDF awards and reducing the threshold amount at which it would be imposed would have raised an additional \$23,500 over the past year.

b. Authorize the Department to expend up to 1% of the moneys appropriated under the WDF GPR appropriation for (1) evaluations of proposed technical research projects that apply for technology development grants and loans; and (2) evaluation costs, collection costs, foreclosure costs and other costs, excluding staff salaries, that are associated with administering the WDF loan portfolio. Current law provisions, which give authority to the Development Finance Board to use this funding for certain evaluations and grants, would be deleted.

c. Change the definition of job used for the WDF to mean a position providing full-time equivalent employment.

The WDF currently consists of eight programs: (1) technology development grants and loans; (2) customized labor training grants and loans (CLT); (3) major economic development grants and loans (MED); (4) Wisconsin trade project; (5) employe ownership assistance grants; (6) manufacturing assessment grants; (7) revolving loan fund capitalization grants; and (8) rapid response fund loans. Commerce is authorized to charge a 1.5% loan origination fee on CLT and MED awards over \$200,000. Fees are used to fund administrative expenses.

The Development Finance Board is currently authorized to expend or encumber up to 1% of the amount appropriated for the WDF GPR appropriation for: (1) evaluations of proposed technology development grant or loan projects; and (2) grants to small businesses for preparing proposals for the federal small business innovative research program. Under WDF provisions, a job is defined to mean a regular, nonseasonal full-time position in which an individual, as a condition of employment, is required to work at least 2,080 hours per year, including paid leave and holidays.

Joint Finance: Delete provision "a." lowering the award threshold for the origination fee. Rather, increase from 1.5% to 2.0%, the current origination fee that applies to MED and CLT grants and loans in excess of \$200,000. Estimate additional revenues at \$32,500 annually.

Senate: Delete Joint Finance provisions that would have increased, from 1.5% to 2.5%, the loan origination fee applied to Wisconsin Development Fund (WDF) major economic development and customized labor training grants and loans. Instead, restore the Governor's recommendation to apply the current 1.5% origination fee to most WDF grants and loans of \$100,000 or more. This provision would reduce program revenues by \$10,600 annually.

Conference Committee/Legislature: Include Joint Finance provisions.

[Act 9 Sections: 2985, 2993, 2996 and 2998]

**10. WISCONSIN DEVELOPMENT FUND -- MANUFACTURING
EXTENSION CENTER GRANTS [LFB Paper 286]**

PR	\$2,000,000
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Governor/Legislature: Repeal the manufacturing assistance grant program, including the manufacturing assessments, customized supplier training and technology transfer subprograms, and create a manufacturing extension center grant program under the Wisconsin Development Fund (WDF). The new manufacturing extension center grant program would provide grants to technology-based nonprofit organizations to provide support for manufacturing extension centers. A technology-based nonprofit organization would be defined as a nonprofit corporation as defined under state law or an organization that is exempt from federal taxation under the federal Internal Revenue Code (IRC) and that has a mission to transfer technology to businesses in the state. Technology would include biotechnology, which would mean technology related to life sciences. Business would be defined to mean a company

located in the state, that has made a firm commitment to locate a facility in Wisconsin or a group of companies of which at least 80% are located in Wisconsin.

In order to obtain a manufacturing extension center grant, the technology-based nonprofit organization would be required to submit a plan to Commerce that detailed its proposed expenditures and performance measures related to the project and the Secretary of Commerce would have to approve the plan. A technology-based nonprofit organization that received a grant could not receive any other grants or loans under the WDF. Grant recipients would be required to provide a cash match of at least 25% of the cost of the project.

Annual expenditure authority of \$1,000,000 would be provided under the WDF repayments appropriation. Commerce could not award more than \$1,000,000 in manufacturing extension center grants in a fiscal year.

Commerce could not encumber any funds for manufacturing extension center grants after June 30, 2001.

Currently, the manufacturing assistance grants program consists of three subprograms—the manufacturing assessments, customized supplier training and technology transfer programs. The total amount of grants awarded through all three subprograms cannot exceed \$750,000 in a fiscal biennium.

The manufacturing assessment grant program provides funds to small businesses for manufacturing assessments and plans. The maximum grant amount is \$2,500. Grants must be used to fund manufacturing assessments and related plans that are designed to assist eligible businesses in adopting readily available and reasonably standardized new manufacturing processes and techniques. The assessments help a company define a basic course of action, recommend strategies and improvements and identify resources to assist in the implementation of actions. Assessments can include: (1) employee attitude surveys, descriptions of basic job skills and identification of potential training needs; (2) review of the current use of technologies; (3) review of order placement, manufacturing and distribution processes; (4) analysis of marketing activities; and (5) identification of financial needs.

The supplier training program provides funding to manufacturers or consortiums of manufacturers of original equipment to fund customized training for employees of supplier businesses. Grants are used to fund costs incurred to have the employees of Wisconsin-based suppliers trained to meet the specific needs of manufacturers of original equipment. Grant funds can be used to cover 50% of the costs of trainers, training materials and related facilities. To be eligible for funding the training must: (1) focus on new technology, industrial skills or manufacturing processes; and (2) be customized to meet the specific needs of the manufacturers of original equipment and the Wisconsin-based suppliers. The maximum amount of a grant that can be awarded to an original equipment manufacturer is \$100,000. Each member of a consortium of such businesses is eligible for a grant of \$100,000. The maximum amount of a grant that can be used to train employees of any single Wisconsin-based supplier is \$20,000. The

total amount of grants made through this subprogram cannot exceed \$500,000 in a fiscal biennium.

The manufacturing extension grant program provides funds to nonprofit technology-based organizations to provide support for manufacturing extension centers that transfer state-of-the-art technological advances to small- and medium-sized Wisconsin businesses using innovative training methodologies. Financing is provided as grants. Grants can only fund up to 50% of the costs directly related to technology transfer activities between businesses and the organizations that receive the grants. A maximum of \$250,000 in total technology transfer grants can be made in a biennium. Grants can be used to fund costs directly related to technology transfer activities. Eligible costs include capital equipment and operating costs for teaching factories, training in new technologies and related services.

[Act 9 Sections: 204, 2979, 2984, 2986 thru 2992, 2994, 2995 and 2997]

11. WISCONSIN DEVELOPMENT FUND – URBAN EARLY PLANNING GRANT PROGRAM

Governor/Legislature: Create an urban area early planning grant program under the WDF to provide grants to persons for early planning projects. An early planning project would be the preliminary stages of considering and planning the expansion or start-up of a business that is or will be located in an urban area in the state. An urban area would be: (a) a city, village or town that is located in a county with a population density of at least 150 persons per square mile; or (b) a city, village or town with a population of more than 6,000.

In order to receive a grant, a person would be required to submit an application to Commerce, in a form determined by the Department, which contained or described all of the following:

- a. The location of the new or expanding business.
- b. The ownership structure of the new or expanding business.
- c. The product or service provided by the new or expanding business.
- d. The market for the product or service provided.
- e. Competition within the market.
- f. Any competitive advantages of the new or expanding business.
- g. The person's estimate of the gross revenue of the new or expanding business over a period specified by Commerce.

- h. The process for manufacturing the product, or providing the services, of the new or expanding business.
- i. The person's experience or training.
- j. An estimate of the number of jobs that will be created by the new or expanding business.
- k. The person's estimate of the capital required to complete the early planning project.
- l. The person's estimate of the profit that will be generated by the new or expanding business over a period specified by the Department.
- m. Potential sources of financing for the early planning project.
- n. Any other information requested by the Department.

The maximum grant that could be awarded to any one person would be \$15,000 in a biennium. Grant recipients would be required to provide a cash match that equaled at least 25% of the total cost of the project. Grant proceeds could only be used to: (a) perform a business feasibility study; (b) prepare a detailed marketing plan; and (c) prepare a detailed business plan. The maximum total amount of urban early planning grants that could be awarded would be \$250,000 in a biennium. Funding for urban early planning grants would be from the WDF.

Under current law, early planning grants may be made to eligible applicants under both the Minority Business Development Finance (MBDF) and Rural Economic Development (RED) programs, which are administered by Commerce. Under MBDF, eligible applicants are minority group members or minority-owned businesses. RED early planning grants may be awarded to small businesses that are located in a city, village or town with a population of 6,000 or less or located in a county with a population density of less than 150 persons per square mile.

[Act 9 Sections: 196, 204 and 2956]

12. STATE OPERATIONS BASE LEVEL FUNDING REDUCTION

GPR	- \$71,800
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Governor/Legislature: Delete \$35,900 GPR annually in base level supplies from the Commerce state operations appropriation to make permanent a lapse required in the 1997-99 biennial budget.

13. DEVELOPMENT AND ENTERPRISE DEVELOPMENT ZONE PROGRAM AND TAX CREDIT MODIFICATIONS [LFB Paper 115]

Governor: Modify the development and enterprise development zones programs and tax credits as follows:

a. *Limit on Total Tax Credits.* The current limit on the total amount of tax credits that can be claimed under the development zone program of \$33.2 million would be eliminated. Instead, a maximum limit on the total amount of tax credits that could be claimed under both the development and enterprise development zone programs would be established at \$300 million. The enterprise development zone program currently has no overall cap, though each zone is limited to no more than \$3 million in tax credits.

b. *Enterprise Development Zones.* Commerce would be authorized to designate up to 100 enterprise development zones. The current requirement that the Department obtain approval from the Joint Committee on Finance to designate more than 50 zones would be eliminated (64 are currently authorized).

In addition, the Department would be authorized to designate enterprise development zones for environmental remediation projects. Environmental remediation would be defined as removal or containment of environmental pollution and restoration of soil or groundwater that is affected by environmental pollution in a brownfield if that removal, containment or restoration began after the area that contains the site was designated as an enterprise development zone. The Department would be required to determine that the project would likely provide for significant environmental remediation and that other current law criteria were met. Of the total number of enterprise development zones designated, at least 10 enterprise development zones would have to be designated for environmental remediation projects.

c. *Development Zones Tax Credit -- Jobs Component.* The full-time jobs component of the development zones tax credit would be modified to: (1) increase from \$6,500 to \$8,000 the maximum credit that could be claimed for each a full-time job that was created and filled by a member of a targeted group; (2) eliminate the credit for retaining a job that is filled by a member of a targeted group; (3) provide a maximum tax credit of \$8,000 for retaining a full-time job in an enterprise development zone if Commerce determines that a significant capital investment was made to retain the full time job; (4) increase from \$4,000 to \$6,000 the maximum tax credit that could be claimed for each full-time job created or retained and filled by an individual who is not a member of a targeted group. In addition, at least one-third of job creation credits claimed would have to be based on jobs created and filled by members of a targeted group. Currently, the credits must be based on jobs created or retained for targeted group members. These modifications would first apply to tax years beginning on January 1, 2000.

d. *Administrative Provisions.* The requirement that targeted group members for whom tax credits are claimed must be certified within 90 days after the first day of employment would be eliminated. Commerce would be also authorized to specify by rule the circumstances under which an exception could be established from the requirement that the development zones tax credit must be based on regular, full-time nonseasonal jobs that are created or retained.

The bill does not include a fiscal effect to this item.

Wisconsin has two programs which provide tax credits to businesses as incentives to expand and locate in designated economically distressed areas -- development zones (currently 20 are designated) and enterprise development zones (currently 42 are designated). The programs are designed to promote economic growth through job creation and investment in the distressed areas. Designation criteria target areas with high unemployment, low incomes and decreasing property values. Businesses which locate or expand in the different zones are eligible to receive various tax credits.

Joint Finance: Delete provisions that would: (a) eliminate the current limit on the total amount of tax credits that can be claimed under the development zone program of \$33,155,000 and establish a maximum limit on the total amount of tax credits that could be claimed under both the development and enterprise development zone programs of \$300,000,000; and (b) authorize the Department of Commerce to designate up to 100 enterprise development zones.

Instead, the following modifications would be made: (a) increase the maximum amount of tax credits that can be claimed under the development zones program by \$5 million, from \$33.155 million to \$38.155 million; (b) authorize Commerce to create an additional 15 enterprise development zones to make the total number of zones authorized 79 (up to 100 could be designated with Joint Committee on Finance approval), including at least 10 of which would be for environmental remediation; (c) specify that development zone credits could only be used to offset income from the claimant's business activities in the development or enterprise zone; and (d) delete the requirement that 25% of all development zone tax credits claimed must be based on creating or retaining full-time jobs for development zone environmental remediation tax credits and provide that environmental remediation tax credits claimed in development and enterprise development zones would not have to be based on activities that created or caused to create jobs.

Conference Committee/Legislature: Include Joint Finance provisions and, in addition, designate an area in the City of Kenosha as a development opportunity zone. The Kenosha development opportunity zone would exist for seven years. Any corporation that conducted economic activity in the zone and that, in conjunction with the local governing body of the City of Kenosha, submitted a project plan by July 1, 2000 would be eligible to claim the development zone credit and a development zone investment credit. The maximum amount of tax credits that could be claimed by businesses in the Kenosha development opportunity zone would be \$7 million. (This provision is designed to provide assistance to Daimler Chrysler Company for expansion of its Kenosha engine plant.)

As noted, a corporation that conducts economic activity in the Kenosha development opportunity zone must submit a project plan to Commerce, in conjunction with the city's governing body. The project plan would be required to include:

- a. The name and address of the corporation's business for which the tax benefits will be claimed.
- b. The Wisconsin tax identification number of the business.

c. The names and addresses of other locations outside of the development opportunity zone where the corporation conducts business and a description of the business activities at those locations.

d. The amount the corporation proposes to invest in a business, or spend on the construction, rehabilitation, repair or remodeling of a building located in the development opportunity zone.

e. The estimated total investment of the corporation in the development opportunity zone.

f. The number of full-time jobs that will be created, retained or substantially upgraded as a result of the corporation's economic activity in relation to the amount of tax benefits estimated for the corporation.

g. The corporation's plan to make reasonable attempts to hire employees from the targeted population.

h. A description of the commitment of the local governing body of the city to the corporation's project.

i. Any other information required by Commerce or the Department of Revenue (DOR).

Commerce would be authorized to revoke the entitlement for tax credits of a corporation that: (a) supplied false or misleading information to obtain the tax benefits; (b) left the zone to conduct substantially the same business outside the development opportunity zone; and (c) ceased operations in the zone and did not renew the same or similar operations within 12 months.

Annually, Commerce would be required to estimate the amount of revenue that would be forgone due to tax credits claimed by businesses in the development opportunity zone. The zone would expire 90 days after the day on which Commerce determined that the amount of forgone revenue equaled or exceeded the tax credit limit. Commerce would be required to notify the local governing body of Kenosha of any change in the expiration date. Commerce would also be required to notify DOR of the corporations entitled to claim the tax credits and to verify information submitted by claimants.

Businesses in the Kenosha development opportunity zone would be eligible to claim a development zone investment credit and the development zone credit provided under current law.

Investment Tax Credit. Eligible corporations could claim a credit against income taxes due of 2.5% of the purchase price of depreciable tangible personal property or 1.75% of the purchase price of depreciable tangible personal property that was expensed under section 179 of the Internal Revenue Code (IRC). Only taxes due on income generated by or directly related to business activities in the development zone could be offset by the credit. The credit would not be refundable but unused credit amounts could be carried forward fifteen years to offset future tax liabilities on income generated by activities in the development zone. However, if the

corporation ceased business operations in the development zone, unused credit amounts could not be carried forward.

Development Zone Tax Credit. A consolidated development zone tax credit can be claimed by businesses in development and enterprise development zones, under both the individual and corporate income and franchise taxes. The credit is based on amounts spent on environmental remediation and the number of full-time jobs created or retained. (See General Fund Taxes -- Individual and Corporate Taxes.)

Veto by Governor [B-25]: Change the effective date of the provision related to certification of target group members from January 1, 2000, to January 1, 1999.

[Act 9 Sections: 1707g, 1707h, 1707j, 1707k, 1707L, 1707m, 1708, 1708g, 1709, 1709b, 1709bb, 1741n, 1741o, 1741p, 1741pm, 1741pn, 1741pp, 1742, 1742g, 1743, 1743b, 1743bb, 1754g, 1754h, 1754j, 1754k, 1754L, 1754m, 1755, 1755g, 1756, 1756d, 1756e, 2998g, 2999, 3000, 3000n, 3001 thru 3004, 3004m, 3005, 3005m, 3006, 3006h, 3006j, 3006L, 3006n, 3006p, 3008, 3009, 3010, 3011, 3012, 3013, 9310(1)&(2) and 9343(1g)(a)&(b)&(22d)]

[Act 9 Vetoed Section: 9343(2)]

14. JOBS SPECIALIST POSITION

Governor/Legislature: Provide 0.05 jobs specialist position in the Bureau of Enterprise Development to increase the Bureau's 0.95 jobs specialist position to full-time. The person works with businesses in development and enterprise development zones to increase the number of target group members hired by businesses in the zones.

Positions	
GPR	0.05

15. CONSOLIDATION OF GPR APPROPRIATIONS [LFB Paper 288]

Governor: Delete the main street and technology-based economic development programs GPR appropriations and transfer \$659,000 GPR in 1999-00 and \$659,700 GPR in 2000-01 and 6.5 GPR positions each year to consolidate the funding and position authority in the economic and community development general program operations appropriation. The amounts transferred would be as follows: (a) main street program--\$460,700 in 1999-00, \$461,400 in 2000-01 and 4.5 positions annually; (b) technology-based economic development--\$198,300 and 2.0 positions annually.

Joint Finance/Legislature: Delete provision. The separate Main Street and technology-based economic development appropriations would be maintained.

16. SAFETY PROGRAM FUNDING TRANSFER

Governor/Legislature: Transfer the funding and position authority (\$484,400 FED and 7.5 FED positions) from the Division of Safety and Buildings to the Division of Marketing, Advocacy and Technology to align the funding and positions for the WiSCon safety consultation program with the division that has administrative responsibility for the program.

17. MAIN STREET PROGRAM -- FEES FOR SERVICES

Governor/Legislature: Authorize the Department to charge reasonable fees for services and information provided to communities that are not participants in the Main Street Program.

The Wisconsin Main Street program provides technical assistance to help communities plan, manage and implement programs to revitalize their downtown business areas through comprehensive economic redevelopment and historic preservation. Up to five municipalities are selected annually for the program based on review and ranking of applications. Municipalities include cities, villages and towns. Commerce staff provide and coordinate intensive training workshops, and on-site consulting related to downtown revitalization and historical preservation to local programs. Commerce also contracts with the National Main Street Center for business area revitalization services and coordinates state and local participation in the programs offered by the National Center.

Commerce provides technical assistance and information on the revitalization of business areas to municipalities not participating in the program. Limited training is provided through an annual, two-day statewide conference and occasional on-site visits to communities. This provision would permit the Department to charge reasonable fees for these services.

[Act 9 Section: 2937]

18. COMMUNITY-BASED ECONOMIC DEVELOPMENT PROGRAM -- REGIONAL ECONOMIC DEVELOPMENT GRANTS

Governor: Eliminate the requirement, under the community-based economic development (CBED) program, that the Department may not award more than the greater of \$100,000 or 10% of the total amount of funding appropriated for CBED grants for regional economic development.

The CBED program provides the following types of financial assistance:

a. Grants to community-based organizations to conduct local development projects. (Community-based organizations are organizations involved in economic development that assist businesses likely to employ persons.)

- b. Grants to community-based organizations that use the funds to provide management services to small businesses planning a start-up or expansion project.
- c. Grants to political subdivisions to develop economic development or diversification plans.
- d. Grants to community-based organizations that use the grant monies to support business incubators or technology-based incubators.
- e. Grants to community-based organizations that join with political subdivisions to conduct regional economic development projects that are unique to the area and will stimulate the economy or create or retain jobs.
- f. Grants to community-based organizations to support small business local revolving loan funds.
- g. Grants to private nonprofit organizations for entrepreneurship training for disadvantaged and at-risk children.
- h. Grants to community-based organizations or private nonprofit organizations to conduct venture capital development conferences.

Base level funding for the CBED program is \$762,100 GPR.

Assembly: Delete the Joint Finance provision that would authorize Commerce to make a grant of \$100,000 in 1999-00 for pedestrian enhancements in the City of Menasha from the Wisconsin Development Fund and instead authorize the Department to make the grant from the Community-Based Economic Development program (CBED) (see Commerce, Departmentwide and Economic Development #8).

Senate: Require Commerce to provide \$25,000 in each year of the biennium to CAP Services, Inc. from the Community-Based Economic Development (CBED) program. Within six months after spending the full amount of each grant, CAP Services, Inc., would be required to submit a report to Commerce detailing how the grant proceeds were used. Prior to 1999 CAP services received an annual CBED grant of \$25,000. In 1999 the grant was \$12,500. This provision would require the Department to increase the grant to CAP services back to the 1998 amount. CAP Services, Inc. provides technical assistance to small businesses.

Conference Committee/Legislature: Include both the Assembly and Senate provisions.

Veto by Governor [B-23]: Limit the \$25,000 grant to CAP services to fiscal year 1999-2000.

[Act 9 Sections: 202g, 2954, 2955 and 9110(6c)&(7v)]

[Act 9 Vetoed Section: 9110(7v)]

19. MINORITY BUSINESS DEVELOPMENT FINANCE PROGRAM -- ELIGIBILITY OF LOCAL DEVELOPMENT CORPORATIONS [LFB Paper 289]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$0	- \$200,000	- \$200,000
PR	<u>0</u>	<u>200,000</u>	<u>200,000</u>
Total	\$0	\$0	\$0

Governor: Authorize the Minority Business Development Board to award grants or loans to local development corporations to fund eligible development projects under the Minority Business Development Finance (MBDF) program. As a result, local development corporations could fund the following: (a) costs that are incurred in connection with the start-up, expansion or acquisition of a business that is or will be a minority business; or (b) costs incurred in the promotion of economic development and employment opportunities for minority group members or minority businesses.

The MBDF provides the following types of financial assistance:

a. Early planning grants to minority group members or minority businesses to fund projects that consist of the preliminary stages of considering and planning the start-up or expansion of a business that will be a minority business.

b. Business development grants and loans to minority group members or minority businesses to fund development projects involving the start-up, expansion or acquisition of minority businesses or the promotion of economic development and employment opportunities for minority group members or minority businesses.

c. Grants and loans to local development corporations to: (1) make grants or loans to minority group members or minority businesses for development projects; or (2) to create, expand or continue a revolving loan fund program operated by the local development corporation to provide assistance to minority group members or minority businesses.

d. Grants to nonprofit organizations and private financial institutions to fund microloans and education and training programs for minority group members and minority businesses.

e. Grants to nonprofit corporations, nonprofit organizations or business incubators to build or rehabilitate business incubators that benefit minority group members or minority businesses.

Annual base level funding for the MBDF is \$429,200 GPR and \$167,200 PR from loan repayments.

Joint Finance/Legislature: Include provision and, in addition, decrease the MBDF GPR appropriation by \$100,000 annually and increase annual expenditure authority for the repayments appropriation by \$100,000 PR. As a result, total annual funding for the MDBF would be \$329,200 GPR and \$267,200 PR.

[Act 9 Sections: 3015 thru 3020]

20. BUSINESS DEVELOPMENT INITIATIVE PROGRAM MODIFICATIONS

Governor/Legislature: Modify provisions of the Business Development Initiative (BDI) program as follows:

a. Change the definition of small business under the program to mean a for-profit business having fewer than 100 employees. Currently, the maximum number of employees is 25.

b. Authorize the Department to contract directly with and pay grant proceeds directly to, any person providing technical or management assistance to an individual, small business or nonprofit organization under the BDI program. Under current law, the Department must make the grant to the individual or entity. The recipient then uses the grant to obtain technical or management assistance from service providers.

The Business Development Initiative (BDI) program is designed to help create employment opportunities for persons with severe disabilities by starting or expanding for-profit businesses. The program has five components: (1) direct technical assistance provided by Commerce staff to individuals, small businesses, or nonprofit organizations; (2) technical assistance grants to those entities; (3) technical assistance self-employment grants to disabled individuals; (4) management assistance, working capital and fixed asset financing grants and loans to individuals, small businesses or nonprofit organizations; and (5) the job creation program. The BDI program is funded by both a GPR and program revenue payments appropriation. Base level funding is \$150,000 GPR and \$60,000 PR.

[Act 9 Sections: 2974 thru 2978]

21. HAZARDOUS POLLUTION PREVENTION PROGRAM MODIFICATIONS AND BIOTECHNOLOGY POSITION [LFB Paper 290]

Positions	
GPR	1.00

Governor/Legislature: Modify provisions related to the hazardous pollution prevention program that is jointly conducted by Commerce, DNR and the UW-Extension Solid and Hazardous Waste Center as follows:

a. Provide 1.0 GPR position and reallocate \$75,000 GPR annually for a position to provide services to Wisconsin firms in the emerging science and technology fields. The funding

would be reallocated to economic and community development from the appropriation used to fund the hazardous pollution prevention contract with the UW Solid and Hazardous Waste Center. As a result, there would be no funding provided for the contract. The position would be an economic development consultant who would work with start-up businesses on issues, such as developing business and marketing plans and identifying the requirements of private investors and venture capitalists, that would affect the businesses' ability to access financing. The position would also work with WHEDA and a biotechnology corporation established by WHEDA to establish a statewide biotechnology development initiative.

b. Specify that the UW Board of Regents is required to maintain a solid and hazardous waste center in the UW-Extension.

c. Expand the program to promote pollution prevention, rather than hazardous pollution prevention. Pollution prevention would be defined to mean an action that does any of the following: (1) prevents waste from being created; (2) reduces the amount of waste that is created; and (3) changes the nature of waste being created in a way that reduces the hazards to public health or the environment posed by the waste. Pollution prevention would not include incineration, recycling or treatment of a waste, changes in the manner of disposal of a waste, or any practice that changes the characteristics or volume of a waste if the practice is not part of the process that produces a product or provides a service.

d. Statutory definitions of hazardous waste and hazardous waste program that apply to the program would be repealed.

e. The expanded pollution prevention program would be required to promote techniques for pollution prevention by reducing energy use and training employes to minimize waste in addition to current law prevention techniques.

f. The related duties of DNR would be expanded to involve pollution prevention rather than hazardous pollution prevention.

g. The provisions which govern the Department of Commerce's contract with the Solid and Hazardous Waste Center would be modified to reflect the expansion of the program to promote pollution prevention rather than only hazardous waste pollution prevention. For example, provisions related to determining costs, processes and identifying prevention options would apply to solid waste and pollution in addition to hazardous pollution.

Currently, under this program, Commerce, the Department of Natural Resources and the Hazardous Pollution Prevention Council conduct and coordinate an educational, environmental management and technical assistance program to promote hazardous pollution prevention among businesses in the state. In addition, \$75,000 GPR annually is currently provided for Commerce to contract with the UW-Extension Solid and Hazardous Waste Center for assessment services.

[Act 9 Sections: 891, 2670 thru 2680 and 2965 thru 2973]

22. DELETE OBSOLETE APPROPRIATIONS

Governor/Legislature: Delete the SEG appropriations for technology and pollution control and abatement grants and loans that were funded with segregated revenues from the recycling fund and environmental fund. The program was sunset on June 30, 1997.

[Act 9 Sections: 213 and 214]

23. RURAL ECONOMIC DEVELOPMENT (RED) PROGRAM
[LFB Paper 289]

GPR	- \$100,000
PR	100,000
Total	\$0

Joint Finance/Legislature: Decrease the RED, GPR appropriation by \$50,000 annually and increase annual expenditure authority for the repayments appropriation by \$50,000 PR. As a result, total annual funding for the RED would be \$656,500 GPR and \$120,100 PR. In addition, a RED program would be created that would provide loans of up to \$50,000 to businesses if all of the following applied:

- a. The business, together with any affiliate, subsidiary or parent entity, has fewer than 50 employees;
- b. The business is or will be located in a rural municipality;
- c. The rural municipality in which the business is or will be located (1) is in a county that has a median household income lower than the state median household income or (2) if county median household income is higher than the state median, has median household income that is lower than the county's;
- d. The business is starting or expanding its operations;
- e. The operations of the business do not involve metallic mining activities;
- f. The owner of the business attends a class that provides instruction in writing a business plan, making a loan application and managing a start-up business.

A business that applies for a loan would be required to submit an application package that includes a business plan and such personal and business financial information that the Rural Economic Development Board (Board) requires to be able to assess the potential viability of the business. Commerce would be required to assist in preparing applications.

A business could use the loan proceeds for the following purposes:

- a. The purchase or improvement of land.
- b. The purchase of buildings, furniture, fixtures, machinery, equipment or inventory.
- c. Job training costs.

- d. Employee relocation costs;
- e. Working capital.

In cases where loans are provided for employee relocation costs, Commerce would ensure that an employee had the option of accepting or declining any relocation assistance and the compensation and benefit terms offered at the new location are at least as favorable as those offered by the business at its previous location. The Rural Economic Development Board would be required to determine whether, and the extent to which, a business must contribute a match up to a maximum of 20% of project cost. Cash or in-kind contributions would be permitted, with the services or materials that constitute in-kind contributions determined by the Board. The Board would be required to act on an application and advise the applicant of its decision within 45 days after Commerce determines the application was complete.

[Act 9 Sections: 2955m, 2955p, 2955q and 2955r]

24. ECONOMIC DEVELOPMENT AUDIT

Joint Finance/Legislature: Request the Joint Audit Committee to consider directing the Legislative Audit Bureau to conduct an audit that would determine whether state government:

- a. Has a comprehensive economic development strategy that enables the state to compete effectively;
- b. Has a comprehensive state development budget that accounts for development-related expenditures by various state agencies, and plans adequately for future development investments;
- c. Is using both tax policy and performance-based incentives to foster and improve future competition and economic growth;
- d. Has existing incentive programs that complement the state's overall development goals;
- e. Clearly defines strategic economic development goals for the state's development finance programs, and manages and monitors the programs on that basis;
- f. Could effectively implement a performance-based economic development strategy.

Veto by Governor [B-24]: Delete provision.

[Act 9 Vetoed Section: 9131(1x)]

25. COMPREHENSIVE LOCAL PLANNING GRANT ASSESSMENTS

Joint Finance: Authorize the Secretary of DOA to annually assess Commerce and five other agencies \$250,000 each to be paid from the agencies' GPR general operations appropriations to fund a local planning grant program administered by the Department of Administration that is created under the bill. The assessments would be for grants to counties, cities, villages, towns or regional planning commissions to finance the local cost of planning activities and the cost of program delivery.

Assembly: Delete provision.

Senate: Modify the Joint Finance provision that directs the Secretary of DOA to assess Commerce and five other agencies \$250,000 each, on an annual basis, by modifying the provision that directs the assessments to be applied against each agency's GPR-funded general program operations appropriation to instead specify that the assessments could be made against any of the agency's appropriations for general program operations.

Conference Committee/Legislature: Delete provision.

26. SUSTAINABLE URBAN DEVELOPMENT ZONE PROGRAM

Joint Finance: Direct DNR, in cooperation with the Departments of Health and Family Services, Transportation, Revenue, Administration and Commerce, and the Cities of Milwaukee, Green Bay, La Crosse and Oshkosh, to develop a pilot program no later than January 1, 2001, that promotes the use of financial incentives to cleanup and redevelop contaminated properties in the listed cities. Of \$2,250,000 in total funding, the following amounts would be available as grants to the cities: (a) \$1,000,000 for the City of Milwaukee; (b) \$500,000 for the City of Green Bay; (c) \$500,000 for the City of La Crosse; and (d) \$250,000 for the City of Oshkosh. State funds could be used for the assessment, investigation and cleanup of brownfields properties in the Cities. Persons that conduct an eligible project under the pilot program would be eligible for a sustainable urban development zone tax credit that would be created for the program. The credit would equal 50% of the amount expended for environmental remediation under the program. Environmental remediation would mean removal or containment of environmental pollution and restoration of soil or groundwater that is affected by environmental pollution in a brownfield, unless an investigation determined that remediation was required but the remediation was not undertaken.

The Department of Commerce would be required to certify persons that conducted projects in the sustainable urban development zones as eligible to claim the tax credits and to provide the claimant and the Department of Revenue with a copy of the certification. The certification would include all of the following: (a) the name and address of the person's business; (b) the location and description of the project; (c) the appropriate Wisconsin tax identification number of the person; (d) the names and addresses of other locations where the

person conducts business and a description of the business activities conducted at those locations; and (e) other information required by the Department of Natural Resources or the Department of Revenue. Within three months after a person was certified, Commerce would be required to estimate the amount of tax benefits that the person would claim while conducting the project. Commerce would be required to promulgate rules to further define a person's eligibility for tax benefits.

Senate: Provide an additional \$250,000 SEG in 1999-00 to DNR from the environmental management account of the environmental fund to expand the sustainable urban development zone pilot program to include the City of Beloit (which would receive the \$250,000), and provide a total of \$2,500,000 in funding for the program. Of the \$2,500,000 in total funding, the following amounts would be available as grants to the cities for the investigation and cleanup of environmental contamination: (a) \$1,000,000 for Milwaukee; (b) \$500,000 for Green Bay; (c) \$500,000 for La Crosse; (d) \$250,000 for Oshkosh; and (e) \$250,000 for Beloit. The Department of Transportation would be required to work with Beloit, in addition to the four other cities to develop transportation planning, transportation access and infrastructure improvements for inclusion in the DOT 2001-03 biennial budget request.

Conference Committee/Legislature: Approve the Senate provision, as modified to: (a) provide \$200,000 SEG for Beloit instead of \$250,000; and (b) provide \$130,000 of the \$200,000 from the environmental management account of the environmental fund and the remaining \$70,000 from the all-terrain vehicle (ATV) account of the conservation fund. (See Natural Resources -- Air, Waste and Contaminated Land.)

Veto by Governor [B-31]: Delete the sustainable urban development zone tax credit and eliminate the requirement that the Departments of Health and Family Services, Revenue and Transportation assist in developing the pilot program. Further, delete the \$70,000 appropriation in DNR from the ATV account.

[Act 9 Sections: 332e, 1719g, 1798 and 2649h]

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.370(6)(es)), 332m, 1684d, 1709c, 1719g, 1719m, 1722bd, 1740c, 1743d, 1747m, 1748bm, 1749k, 1756h, 1760q, 1798, 2649h, 9150(3v) and 9343(22c)]

27. COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Joint Finance: Direct the Department of Commerce to expand the CDBG - Blight Elimination and Brownfields Remediation program to fund redevelopment planning and projects that have a taxable value end use.

Assembly: Require the Department to make a federal Community Development Block Grant (CDBG) Public Facilities grant of \$299,000 in 1999-00 to the Town of Rib Mountain to drill a new water well. Exempt the town from meeting state criteria under current administrative

rules to receive the grant. Require the town to submit a report to Commerce, within six months after spending the grant amount, detailing how the proceeds were spent.

Senate: Require Commerce to make a Community Development Block Grant (CDBG) Public Facilities grant of \$250,000 in 1999-00 to a county with a YWCA that is constructing a domestic violence structure in a second class city with a population between 52,000 and 60,000 (Janesville). Within six months after spending the entire amount of the grant, the town would be required to submit a report to Commerce detailing how the grant proceeds were spent. It should be noted that the Department of Commerce is the state's designated recipient of federal funding for the small cities CDBG program. Eligible communities for funding under the federal program are municipalities and counties with populations under 50,000. Consequently, federal law may require this grant to fund a project that would provide regional benefits to individuals who were primarily not residents of the city.

Conference Committee/Legislature: Include all provisions.

Veto by Governor [B-22]: Delete the requirement that the grants to the Town of Rib Mountain for a new water well and a second class city for a domestic violence center be made with CDBG monies. The partial veto retains the requirements that funding be provided for these projects. Commerce could provide the grants through the CDBG program, if consistent with federal law, or through another of the Department's financial assistance programs.

[Act 9 Sections: 2929f, 2929g and 9110(7b)&(8e)]

[Act 9 Vetoed Sections: 9110(7b)&(8e)]

28. STUDY OF BROWNFIELDS INITIATIVES

Joint Finance/Legislature: Direct DNR, DOA, Commerce, DOR and DOT to submit an annual consolidated report on June 30 of each year to the Joint Committee on Finance and the appropriate standing committees of the Legislature that evaluates the effectiveness of the state's brownfields initiatives. (See Natural Resources -- Air, Waste and Contaminated Land.)

Veto by Governor [B-36]: Delete the following requirements: (a) that DOR and DOT participate in the report preparation; (b) that the report be submitted annually by June 30; and (c) that the report be submitted to the appropriate standing committees and the Joint Committee on Finance. As a result of the veto, DOA, Commerce and DNR would be required to submit a report evaluating the state's efforts to remedy the contamination of, and to redevelop, brownfields, but the statutes would not specify to whom or when the report should be submitted. The Governor's veto message requests DOA, Commerce and DNR to provide a report to the Governor and Legislature on July 1, 2002, and every four years thereafter.

[Act 9 Section: 2611d]

[Act 9 Vetoed Section: 2611d]

Building and Environmental Regulation

1. RECYCLING MARKET DEVELOPMENT PROGRAM [LFB Paper 723]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Veto (Chg. to Leg.)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
PR-REV	\$379,200		-\$379,200		\$379,200		\$0		\$379,200	
SEG-REV	-379,200		379,200		-379,200		\$0		-379,200	
SEG	-\$5,332,200	-2.00	\$5,332,200	2.00	-\$4,409,600	-2.00	-\$1,000,000	0.00	-\$5,409,600	-2.00
PR	0	0.00	0	0.00	1,600,000	0.00	0	0.00	1,600,000	0.00
Total	-\$5,332,200	-2.00	\$5,332,200	2.00	-\$2,809,600	-2.00	-\$1,000,000	0.00	-\$3,809,600	-2.00

Governor: Delete \$2,666,100 SEG and 2.0 SEG positions annually from the recycling fund related to the Recycling Market Development Board (RMDB). The RMDB is responsible for promoting the development of markets for recovered materials and maximizing the marketability of these materials, including providing financial assistance in the form of grants, loans or manufacturing rebates and entering into contracts to carry out the duties of the Board. Currently, the RMDB is repealed effective June 30, 2001 and after that date, Commerce may promulgate rules for awarding financial assistance for the development of markets for materials recovered from solid waste. The changes include the following components.

a. Delete \$2,500,000 annually for RMDB financial assistance and repeal the appropriation in order to eliminate use of the recycling fund for this purpose. Beginning on the effective date of the 1999-01 biennial budget act, funding for RMDB financial assistance and contracts would be estimated at \$1,500,000 PR annually and would be derived solely from repayments of prior loans made by the Board and repayments of recycling market development loans made by the former Department of Development (DOD) before July 1, 1995.

b. Delete \$166,100 and 2.0 positions annually for RMDB administration. The bill would retain \$180,300 annually with 2.0 project positions which expire June 30, 2001, including the executive director.

c. Specify that loan repayments from the former DOD recycling market development loan programs (which ended June 30, 1995) be deposited in the RMDB loan repayments appropriation instead of currently being deposited in the recycling fund.

Commerce estimates that loan repayments under the former DOD recycling loan programs will total \$202,200 in 1999-00 and \$177,000 in 2000-01. This would result in an increase in program revenues of \$379,200 and a corresponding decrease of segregated recycling fund revenues during the 1999-01 biennium.

d. Until June 30, 2001, authorize the RMDB to use the PR loan repayments appropriation for contracts with persons to carry out the duties of the Board, in addition to using the appropriation for financial assistance. Currently, the RMDB may use only the SEG financial assistance appropriation for contracts.

Joint Finance: Delete provision.

Assembly: Delete \$2,666,100 and 2.0 positions annually from the recycling fund to restore the Governor's recommendation related to the Recycling Market Development Board (RMDB). Further, direct the RMDB to use the PR financial assistance appropriation to provide a grant of \$50,000 annually to an existing private nonprofit industry-supported organization described in 501 (c)(3) of the IRS tax code that provides waste reduction and recycling assistance through business-to-business peer exchange, that is instrumental in assisting and encouraging companies and institutions to reduce their operating costs through improved production and solid waste management practices, and that is in existence on the effective date of the biennial budget act.

Senate: Delete \$500,000 SEG annually in the recycling market development financial assistance appropriation to provide \$2,000,000 SEG annually instead of \$2,500,000 under Joint Finance.

Make the following changes related to Commerce staff: (1) delete \$166,100 SEG and 2.0 SEG positions annually; (2) provide that the remaining 2.0 SEG positions would be Commerce recycling market development staff instead of RMDB staff, and would include a loan portfolio manager to manage past and future financial assistance funded by the RMDB and a commodity specialist to develop and direct strategy for recycling market development; (3) eliminate the authorization for an unclassified executive director; (4) delete \$38,700 SEG annually to reflect reduced staff costs; and (5) provide the 2.0 positions as permanent instead of the current project positions expiring June 30, 2001.

In addition, generally restructure the operation of the RMDB similarly to the existing Commerce Development Finance Board, Minority Business Development Board and Rural Economic Development Board.

Direct the RMDB to make a \$133,000 grant in the 1999-01 biennium from the SEG financial assistance appropriation to the West Central Wisconsin Biosolids Facility Commission if the Commission meets certain criteria.

Conference Committee/Legislature: Provide \$1,000,000 SEG in 2000-01. Reestimate the program revenue loan repayments appropriation for financial assistance to be \$2,300,000 PR annually (\$800,000 higher than previous estimates). A total of \$5.6 million for financial assistance would be provided in the biennium. (The Board made awards of approximately \$2.3 million in each year of the 1997-99 biennium.)

Include the Senate provision to make the following changes related to Commerce staff: (a) delete \$166,100 SEG and 2.0 SEG positions annually; (b) provide that the remaining 2.0 SEG positions would be Commerce recycling market development staff instead of RMDB staff, and would include a loan portfolio manager to manage past and future financial assistance funded by the RMDB and a commodity specialist to develop and direct strategy for recycling market development; (c) eliminate the authorization for an unclassified executive director; (d) delete \$38,700 SEG annually to reflect reduced staff costs; and (e) provide the 2.0 positions as permanent instead of the current project positions expiring June 30, 2001.

In addition, include the Senate provisions to generally restructure the operation of the RMDB similarly to the existing Commerce Development Finance Board, Minority Business Development Board and Rural Economic Development Board, including the following changes: (a) change the membership of the RMDB to delete the currently-designated members and instead include two representatives of responsible units of local governments, two representatives of businesses that market products made from recycled materials, recover recyclable materials or develop markets for products made from recycled materials and the Secretary of Commerce or the Secretary's designee, and specify that the non-Commerce members would be appointed by the Governor for three-year terms; (b) repeal s. 287.40 through 287.48 of the statutes related to the RMDB and instead create recycling market development program provisions under Chapter 560; (c) authorize Commerce to provide grants, loans or manufacturing rebates, after the approval of the RMDB, to a governmental entity or a business entity to assist waste generators in the marketing of recovered materials or to develop markets for recovered materials; (d) require that before the RMDB awards a grant, loan or rebate, the Board shall consider the extent to which the project: (1) maximizes the marketability of recovered materials on a statewide basis; (2) minimizes the amounts of recovered materials disposed of in landfills or burned without energy recovery in incinerators; (3) includes the materials that are banned from landfills that will support community recycling efforts; (4) maintains present markets or creates new or expanded markets for recovered materials; (e) authorize Commerce, after the approval of the RMDB, to request proposals for activities, if Commerce determines that financial assistance is necessary to assist responsible units in the marketing of recovered materials or to develop markets for recovered materials; (f) delete the authority of Commerce to use the SEG or PR financial assistance appropriations for contracts with persons to carry out the duties of the Board (currently the RMDB uses the financial assistance appropriation and as of July 1, 2001, Commerce may use the PR appropriation for contracts); (g) direct Commerce to use the financial assistance appropriation to annually contract with a materials exchange program that received funding from the RMDB during 1997-99 to operate a statewide materials exchange program; (h) specify that loan repayments from

the former Department of Development recycling market development loan programs (which ended June 30, 1995) be deposited in the RMDB loan repayments appropriation instead of currently being deposited in the recycling fund (an estimated increase in program revenues of \$379,200 and a corresponding decrease of segregated recycling fund revenues during the 1999-01 biennium).

Further, include the Senate provision to direct the RMDB to make a \$133,000 grant in the 1999-01 biennium from the SEG financial assistance appropriation to the West Central Wisconsin Biosolids Facility Commission if the Commission does all of the following: (1) submits a plan to the RMDB detailing the proposed use of the grant and the RMDB approves the plan; (2) enters into a written agreement with the RMDB that specifies the conditions for use of the grant proceeds, including reporting and auditing requirements; (3) agrees in writing to submit to the RMDB a report within six months after spending the full amount of the grant detailing how the grant proceeds were used and submits the required report; (4) uses the grant proceeds to determine the feasibility of creating sludge-based products and of marketing those products and to develop markets for the biosolid materials being produced from waste products by the Commission. The RMDB would be prohibited from awarding and paying grant proceeds under the provision after June 30, 2001.

Finally, include the Assembly provision to direct the RMDB to use the PR financial assistance appropriation to provide a grant of \$50,000 annually to an existing private nonprofit industry-supported organization described in 501 (c)(3) of the IRS tax code that provides waste reduction and recycling assistance through business-to-business peer exchange, that is instrumental in assisting and encouraging companies and institutions to reduce their operating costs through improved production and solid waste management practices, and that is in existence on the effective date of the biennial budget act.

Veto by Governor [B-30]: Reduce the RMDB SEG grants appropriation by \$1,000,000 in 2000-01 by vetoing the appropriation amount to "0." The act provides a total of \$4,600,000 PR in the biennium for financial assistance. Also, delete the designation of the two RMDB positions as a loan portfolio manager and a commodity specialist.

[Act 9 Sections: 14j, 28b thru 28f, 210f, 215f, 645t, 891b, 2565c thru 2565L, 2927m, 2937m, 2996p, 3020m, 3261d thru 3261df, 3261dg thru 3261dj, 3262, 9110(7rm), 9110(8h) and 9310(6h)]

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.143(1)(tm)), 215f, 2927m and 9110(7rm)&(8h)]

2. PECFA -- REVENUE OBLIGATIONS [LFB Papers 300 and 308]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
BR	\$450,000,000	-\$180,000,000	\$270,000,000

Governor: Authorize the Building Commission to issue revenue obligations (typically long-term bonds or short-term notes), to be paid from petroleum inspection fees, to fund the payment of claims under the Petroleum Environmental Cleanup Fund Award (PECFA) program. Revenue obligations could not exceed \$450 million in principal amount. The Building Commission would also be authorized to issue revenue obligations to fund or refund outstanding revenue obligations, to pay issuance or administrative expenses, to make deposits to reserve funds or to pay accrued or capitalized interest. Commerce would be authorized to enter into agreements with the federal government, local governments, individuals or private entities to insure or provide additional security for the revenue obligations issued under the bill.

The PECFA revenue obligations would be created as a special fund established in the state treasury or in an account maintained by a trustee. Under the bill, the Legislature would find that a nexus exists between the PECFA program and the petroleum inspection fund in that fees imposed on users of petroleum are used to remedy environmental damage caused by petroleum storage. The bill also contains a moral obligation pledge whereby the Legislature would express its expectation and aspiration that, if the Legislature reduces the rate of the petroleum inspection fee and if the funds in the petroleum inspection fund are insufficient to pay the principal and interest on the revenue obligations, the Legislature would make an appropriation from the general fund sufficient to pay the principal and interest on the revenue obligations.

The bill would create a sum sufficient appropriation from the petroleum inspection fund not to exceed the net proceeds of revenue obligations for payment of PECFA awards. In addition, the bill would expand the use of the existing PECFA awards appropriation to include any amount used to reduce the amount of principal of outstanding revenue obligations. Finally, the bill would create three appropriations for use if the obligations are established as a fund in the state treasury, which would include appropriations for: (a) deposit in the special fund in the state treasury of proceeds of revenue obligations to provide for reserves and for expenses of issuance and management of the revenue obligations, with the remainder transferred to the petroleum inspection fund for use for PECFA awards; (b) payment from the petroleum inspection fund of a sum sufficient to retire revenue obligations to repay the fund in the state treasury; and (c) payment from the special fund in the state treasury to retire revenue obligations, provide for reserves and for expenses of issuance and management of revenue obligations.

Joint Finance: Authorize \$270 million in bonding (rather than \$450 million). In addition, direct that no more than \$170 million in authority may be released upon enactment of the bill. Direct that before the Building Commission issues the remaining \$100 million in revenue obligations, DOA, Commerce and DNR submit a report to the Joint Committee on Finance for approval of the Committee at a regularly scheduled meeting under s. 13.10. Direct that the report include information about: (a) the proposed bonding issuance; (b) the amount of PECFA claims received during the prior six months; (c) the number and dollar amount of claims that

have been received but not paid; and (d) the progress made by the agencies in implementing cost control strategies to reduce the costs of cleanups at PECFA sites. In addition, direct that no revenue obligation authority may be released beyond the initial \$170 million until Commerce and DNR promulgate final permanent administrative rule changes as summarized under the items related to risk-based analysis and administrative rules.

Assembly: Require the Building Commission to issue the entire \$270 million in authorized PECFA revenue obligations as soon as practicable after enactment of the bill, in the maximum amount that the Building Commission believes can be fully paid on a timely basis from revenues dedicated from the petroleum inspection fund. This would delete the Joint Finance requirement that before the Building Commission could issue revenue obligations above \$170 million, DOA, Commerce and DNR would be required to submit a report with specified information to the Joint Committee on Finance for approval under s. 13.10 and Commerce and DNR would have to promulgate final permanent administrative rule changes with specified changes.

Senate: Restore the Governor's recommendation to authorize the Building Commission to issue \$450 million in revenue obligations (instead of \$270 million under Joint Finance), to fund the payment of claims under the PECFA program. Delete the Joint Finance requirement that before the Building Commission issues revenue obligations above \$170 million, DOA, Commerce and DNR would be required to submit a report with specified information to the Joint Committee on Finance for approval under s. 13.10 and Commerce and DNR would have to promulgate final permanent administrative rule changes with specified changes.

Conference Committee/Legislature: Include Assembly provision.

[Act 9 Sections: 217, 218 thru 221, 713, 715, 715e and 1994]

3. PECFA STAFF [LFB Paper 300]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$327,000	3.00	\$84,200	0.00	\$411,200	3.00
PR	0	0.00	112,200	2.00	112,200	2.00
Total	\$327,000	0.00	\$196,400	2.00	\$523,400	5.00

Governor: Provide \$152,200 in 1999-2000 and \$174,800 in 2000-01 with 3.0 hydrogeologist positions from the petroleum inspection fund. The staff would provide special services to PECFA site owners, including helping to resolve problems, dealing with major environmental issues, or preventing a site from becoming a major disaster.

Joint Finance: Approve the Governor's recommendation. Further, provide Commerce with \$84,200 SEG in 1999-00 and 2.0 SEG two-year project claim review positions. Convert the

2.0 SEG positions to PR and provide \$112,200 PR in 2000-01. Authorize Commerce to promulgate rules to assess and collect fees to recover its costs of approving requests by owners or operators for case closure and providing other assistance requested by claimants at petroleum sites. Direct that Commerce deposit fees in a new program revenue annual appropriation that would fund the 2.0 PR positions beginning in 2000-01. Direct that Commerce submit any permanent rules for assessment and collection of fees to the Legislature under s. 227.19 no later than June 1, 2000. Further, direct that any fees charged by Commerce and DNR on or after the effective date of the bill for the approval of case closures and other requested assistance not be reimbursable expenses under the PECFA program.

In addition, direct the Secretary of DOA to determine how federal leaking underground storage tank (LUST) funding should be allocated to DNR and Commerce, and to submit a report of its determination to the Joint Committee on Finance for approval at its December, 1999, s. 13.10 meeting.

Senate: Delete provisions.

Conference Committee/Legislature: Include provisions.

[Act 9 Sections: 216m, 1981i, 1986g, 9101(14yt) and 9310(3yvf)]

4. PECFA -- PETROLEUM INSPECTION FEE [LFB Paper 300]

Governor: Authorize Commerce to change the amount of the petroleum inspection fee under certain conditions. Currently, the Department of Revenue collects a petroleum inspection fee of three cents per gallon on petroleum products that are received for sale in this state. Revenues are deposited in the petroleum inspection fund and are used to fund PECFA awards for reimbursement of cleanup costs from petroleum tank discharges, PECFA administration, petroleum inspection administration and other environmental programs.

Under the bill, the petroleum inspection fee would remain at the current three cents per gallon until January 1, 2002. The fee amount could increase, decrease or remain unchanged after January 1, 2002. As of that date and by January 1 of every subsequent even-numbered year, Commerce would be required to determine the amount of submitted but unpaid PECFA claims as of the preceding June 30. If that total exceeds \$10 million, Commerce would be required to increase the petroleum inspection fee, effective the following April 1, by the amount per gallon, rounded to the nearest 0.1 cent, that the Department estimates will annually generate revenue equivalent to the amount by which the total of unpaid claims exceeds \$10 million. As of January 1, 2002, and by January 1 of every subsequent even-numbered year, Commerce would also be required, to determine the unencumbered balance in the petroleum inspection fund as of the preceding June 30. If that balance exceeds \$10 million and if no PECFA revenue obligations are outstanding, Commerce would reduce the petroleum inspection fee, effective the following April 1, by the amount per gallon, rounded to the nearest 0.1 cent,

that the Department estimates will reduce the revenue raised annually by the fee in an amount equal to \$5 million or the amount by which that balance exceeds \$10 million, whichever is greater. Commerce would notify DOR of any change in the fee.

Joint Finance/Legislature: Delete provision.

5. PECFA -- SITE PRIORITY CATEGORIZATION [LFB Papers 300 and 302]

Governor: Effective December 1, 1999, direct Commerce to promulgate a rule to establish the standards for categorizing sites of petroleum product discharges, rather than the current requirement that Commerce and DNR enter into a memorandum of understanding (MOU) that establishes procedures and standards for determining whether a site is high, medium or low priority. Currently, DNR is responsible for administering the cleanup at high-priority petroleum sites and Commerce is responsible for administering the cleanup at medium and low-priority petroleum sites.

Under the bill, Commerce and DNR would be required to attempt to agree on the procedures and standards for determining whether the site of a petroleum discharge is classified as high, medium or low priority. If Commerce and DNR are unable to reach an agreement, the Secretary of DOA would resolve the matter. The Commerce rule would: (a) incorporate any agreements with DNR on site classification and any resolution of disagreements by the Secretary of DOA; (b) not provide that all sites at which a groundwater enforcement standard is exceeded be classified as high priority; and (c) classify no more than 50% of sites as high priority. The groundwater law requires that the concentration of a hazardous substance in groundwater must not exceed the enforcement standard established for the substance. The MOU that Commerce and DNR entered into in May, 1998, categorizes as high priority any site with an exceedence of a groundwater enforcement standard.

Commerce would be required to promulgate emergency rules regarding the standards for categorizing sites within 30 days of the effective date of the bill, and would not be required to provide a finding of emergency before promulgating the rules. Commerce would be required to revise the rules if more than 50% of sites are classified as high priority six months after the rules are in effect.

Joint Finance: Delete provision. Instead, classify a petroleum site as high risk if it has a groundwater enforcement standard exceedence in soil that has a hydraulic conductivity greater than 1×10^5 centimeters per second or meets one or more of the following criteria: (a) two or more tests show that the discharge has resulted in a concentration of contaminants in a private or public potable well that exceeds the preventive action limits established under s. 160.15; (b) there is a groundwater enforcement standard exceedence within 100 feet of a private well or 1,000 feet of a public well; (c) petroleum product that is not in dissolved phase is present with a thickness of 0.01 feet or more, as shown by repeated measurements; or (d) there is a groundwater enforcement standard exceedence in bedrock. Specify that DNR would have

jurisdiction for administering the cleanup at high-risk sites, including all sites with contamination from non-petroleum hazardous substances. All other petroleum sites, excluding unranked sites, would be medium or low risk under the jurisdiction of Commerce. Specify that a site with contamination solely from petroleum products and additives to petroleum products (such as lead or oxygenates) would be categorized as a site with contamination solely from petroleum products.

In addition, specify that the transfer of sites from DNR to Commerce based on the new classification of sites be accomplished by no later than December 1, 1999. Also, specify that if the definition of high-risk sites results in classifying more than 35% of sites as high risk by December 1, 1999 (when sites would be transferred from DNR to Commerce), Commerce would be directed to: (a) promulgate emergency rules that establish the standards for categorizing sites of petroleum product discharges that does not provide that all sites at which a groundwater enforcement standard is exceeded be classified as high risk, classifies no more than 35% of petroleum sites as high risk, excluding unranked sites and sites with contamination from non-petroleum hazardous substances, and incorporates any agreements with DNR; (b) promulgate the emergency rules by December 31, 1999; and (c) revise the rules if more than 35% of sites are classified as high risk six months after the rules are in effect.

Senate: Delete the Joint Finance provision. Maintain the current law method of categorizing sites under the PECFA program.

Conference Committee/Legislature: Approve the Joint Finance provision except specify that one of the criteria that would determine that a petroleum site is high risk and under the jurisdiction of DNR would be the existence of a groundwater enforcement standard exceedence in "fractured" bedrock.

Veto by Governor [B-11]: Delete the use of the existence of a groundwater enforcement standard exceedence in soil that has a hydraulic conductivity greater than 1×10^{-5} centimeters per second as a criterion in determining whether a petroleum site is high-risk. The act maintains the other four criteria, the requirement that DNR transfer sites that are not high-risk to Commerce by December 1, 1999, and the requirement that Commerce promulgate administrative rules if the four criteria result in more than 35% of sites being classified as high-risk.

[Act 9 Sections: 1979p, 1995p thru 1998ac, 9110(3yu), 9110(3yv) and 9410(9yt)]

[Act 9 Vetoed Section: 1995r]

6. PECFA -- RISK-BASED ANALYSIS [LFB Papers 300 and 302]

Joint Finance: Require Commerce and DNR to jointly promulgate rules specifying a method for determining the risk to public health, safety and welfare and to the environment posed by discharges of petroleum products. The method must include consideration of the

routes for migration of petroleum product contamination. Direct DNR and Commerce to apply the method to determine the risk posed by a discharge for which Commerce receives notification. Use of the risk-based method of analysis would first apply to remedial action activities that begin on or after November 1, 1999. Require Commerce and DNR to attempt to agree on the rules. If DNR and Commerce are unable to reach an agreement, require the Secretary of DOA to resolve the matter. Direct that DNR and Commerce promulgate emergency rules without a finding of emergency by November 30, 1999. Direct Commerce and DNR to submit permanent rules to the Legislature under s. 227.19 no later than June 1, 2000.

Senate: Modify the Joint Finance provision to require Commerce, in consultation with DNR, (instead of Commerce and DNR jointly) to promulgate rules specifying a method for determining the risk to public health, safety and welfare and to the environment posed by discharges of petroleum products. Delete the Joint Finance provisions that: (a) if DNR and Commerce are unable to reach an agreement on the rule, the Secretary of DOA would be required to resolve the matter; (b) DNR and Commerce shall promulgate emergency rules without a finding of emergency; and (c) Commerce and DNR shall submit permanent rules to the Legislature under s. 227.19 no later than June 1, 2000.

Conference Committee/Legislature: Adopt the Joint Finance provisions, except specify that when the risk-based method of analysis is used to consider routes for migration of petroleum product contamination, the consideration must be for "individualized" routes for migration of petroleum product contamination "at each site."

Veto by Governor [B-12]: Delete the June 1, 2000, deadline for submission of the permanent rules to the Legislature.

[Act 9 Sections: 1982c, 9110(3yu), 9310(3yt) and 9410(9yt)]

[Act 9 Vetoed Section: 9110(3yu)]

7. PECFA -- AWARD PRIORITIZATION AND REMEDIAL ACTION PLANS [LFB Papers 300, 302 and 303]

Governor: Authorize Commerce to promulgate administrative rules under the PECFA program for assigning award priorities to cleanups, except for cleanups of discharges from home heating oil tanks, small farm tanks and heating oil tanks owned by school districts. In addition, all owners or operators (including those with high priority cleanup administered by DNR) would be required to submit the remedial action plan prepared under current law to Commerce for approval, and Commerce would be required to review and approve or disapprove the remedial action plan. If Commerce promulgates rules for award prioritization, it would be required to: (a) base the award priorities on environmental factors and any other factors that the Department considers appropriate; (b) apply the award priorities only to occurrences for which remedial action plans are approved by Commerce after the effective date

of the rules; (c) pay PECFA awards for cleanups that begin after the rules take effect in order of the award priorities; and (d) notify an owner or operator of a petroleum product storage system to which the rules apply of the date on which Commerce determines it is appropriate to begin remedial action activities or emergency actions, based on the Department's estimate of when funds would be available to pay an award under the award priorities. The owner or operator would be authorized to delay beginning a remedial action activity or emergency action until the date on which Commerce determines it is appropriate to begin the activities. Commerce would be authorized to deny PECFA reimbursement for interest costs if an owner or operator begins the activities before the beginning date determined by Commerce.

Joint Finance: Delete provision. Instead, provide that Commerce shall review claims related to eligible farm tanks, in addition to home oil tanks currently, as soon as the claims are received, and shall issue a PECFA award for eligible farm tank cleanups as soon as it completes review of the claim. In addition, for purposes of claim reimbursement, require claimants to submit the remedial action plan prepared under current law to Commerce for approval. Commerce would be required to either approve or disapprove the submitted plan for low and medium risk sites, and DNR would be required to approve or disapprove the remedial action plan for high risk sites. Delete the current law requirement that, at the request of the claimant, DNR or Commerce shall review the site investigation and remedial action plan and advise the claimant on the adequacy of the proposed remedial activities. Commerce would be required to review the remedial action plan for a low- or medium-risk site, and DNR and Commerce would be required to jointly review the remedial action plan for a high risk site, and to determine the least costly method of completing the remedial action activities and complying with groundwater enforcement standards. Commerce would be required to determine whether natural attenuation will complete the remedial action activities at a low or medium risk site in compliance with groundwater enforcement standards. Natural attenuation for petroleum sites would mean the reduction in the concentration and mass of a substance, and the products into which the substance breaks down, due to naturally occurring physical, chemical and biological processes.

Senate: Delete the Joint Finance provision that would require Commerce to review claims related to eligible farm tanks, in addition to home heating oil tanks currently, as soon as the claims are received, and to issue a PECFA award for eligible farm tank cleanups as soon as it completes review of the claim. Instead, direct Commerce and DNR to jointly determine when it is appropriate to begin remedial action based on the determination of risk for the discharge and the availability of funds to pay awards. An owner or operator would not be permitted to or required to begin remedial action until Commerce and DNR approve the commencement of the remedial action activities. These provisions would not apply if the discharge is from a home heating oil tank, small farm tank or heating oil tank owned by a school district, or if the remedial action is in response to an emergency.

Modify the Joint Finance provision related to remedial action plans to delete the requirement that Commerce either approve or disapprove the remedial action plan that would

be submitted to Commerce. Require DNR to determine whether natural attenuation will complete the remedial action activities at high-priority sites in compliance with groundwater standards, in addition to the Joint Finance requirement that Commerce make the same determination for low- or medium-risk sites. (Under the modification, Commerce would make the determination for low- and medium-priority sites rather than for low- and medium-risk sites.)

Conference Committee/Legislature: Maintain the Joint Finance provisions, except the requirement that Commerce either approve or disapprove the remedial action plan that would be submitted to Commerce. Further, require DNR to determine whether natural attenuation will complete the remedial action activities at high-priority sites in compliance with groundwater standards, in addition to the Joint Finance requirement that Commerce make the same determination for low- or medium-risk sites.

[Act 9 Sections: 1979r, 1983b, 1983m, 1984c, 1985b, 1993m and 9410(9yt)]

8. PECFA -- MAXIMUM AWARD FOR LOW- AND MEDIUM-PRIORITY SITES [LFB Paper 300 and 302]

Governor: Change the maximum PECFA award for any underground petroleum tank site to \$100,000 if the site is classified as medium or low priority under the rule promulgated by Commerce under the bill. The current maximum award for underground tanks is \$100,000 for small farm tanks, \$190,000 for school district tanks, \$500,000 for systems where the product is not stored for resale and handles 10,000 or less gallons per month or \$1,000,000 for systems where the product is stored for resale or that handles more than 10,000 gallons per month. The change in the maximum award would apply to claimants whose remedial action plan is approved by Commerce on or after December 1, 1999.

Joint Finance: Delete provision. Instead, require Commerce to notify the owner or operator of a low- or medium-risk site of its determination of the least costly method of completing the remedial action activities and complying with groundwater enforcement standards and that reimbursement for remedial action is limited to the amount necessary to implement that method. While the general maximum award would not change from current law, the maximum reimbursement for individual medium or low-risk sites could be limited under the motion. (The maximum reimbursement for high-risk sites would not be affected.) Commerce would be required to conduct an annual review for low- or medium-risk sites, and Commerce and DNR would be required to jointly conduct an annual review for high-risk sites and make the same determinations of the least costly method and use of natural attenuation. In addition, Commerce would be required to annually review the limit on maximum reimbursement for low- or medium-risk sites. Provide that reimbursable eligible costs under Commerce administrative rules shall include the least costly method to achieve any remedial action activities ordered by DNR or Commerce, whichever has jurisdiction for the cleanup at

the site. The effective date of the maximum award provisions would be November 1, 1999, for remedial action activities that begin on or after that date.

Senate: Require DNR to notify the owner or operator of high-priority sites of its determination of the least costly method of completing the remedial action activities and complying with groundwater enforcement standards and that reimbursement for remedial action is limited to the amount necessary to implement that method. This would be in addition to the Joint Finance provision that Commerce would be required to notify the owner or operator of a low- or medium-priority (instead of low- or medium-risk) site of its determination of the least costly method of completing the remedial action activities and complying with groundwater enforcement standards and that reimbursement for remedial action is limited to the amount necessary to implement that method. This change would not change the general maximum award from current law, but would limit the maximum reimbursement for high-priority sites, in addition to medium- and low-priority sites under the substitute amendment. The effective date of the provision would be the effective date of the biennial budget act, for remedial action activities that begin on or after that date.

In addition, delete the Joint Finance provision that reimbursable eligible costs under Commerce administrative rules shall include the least costly method to achieve any remedial action activities ordered by DNR or Commerce, whichever has jurisdiction for the cleanup at the site.

Conference Committee/Legislature: Include the Senate provisions, except maintain the Joint Finance effective date of November 1, 1999, for remedial action activities that begin on or after that date.

[Act 9 Sections: 1984c, 1984m, 1986i, 1986k, 9310(3yt) and 9410(9yt)]

9. PECFA -- DEDUCTIBLE AMOUNT [LFB Papers 300 and 304]

Governor: Change the PECFA award deductible amount for certain underground petroleum product storage tanks. Currently, the deductible for underground tanks is \$2,500 plus 5% of eligible costs, but not more than \$7,500, except that the deductible for heating oil tanks owned by public school districts and technical college districts is 25% of eligible costs. Under the bill, the deductible for an underground petroleum product storage tank system for marketers (the system stores products for resale) or nonmarketers that handle an annual average of more than 10,000 gallons of petroleum per month, would change to \$10,000, plus another \$2,500 if the eligible costs exceed \$50,000, plus \$2,500 if the eligible costs exceed \$80,000, plus \$10,000 for each whole \$100,000 by which eligible costs exceed \$150,000. (For example, for eligible costs of \$50,000 the deductible would increase from \$5,000 to \$10,000, for eligible costs of \$100,000 it would increase from \$7,500 to \$15,000, for eligible costs of \$250,000 the deductible would increase from \$7,500 to \$25,000, and for eligible costs of \$1,000,000 it would increase from \$7,500 to \$95,000.) The deductible for aboveground storage tanks located at terminals would

change to \$15,000 plus 15% (instead of 5%) of the amount by which eligible costs exceed \$200,000. A terminal is a facility that is connected to a petroleum pipeline.

The change would first apply to remedial action activities or emergency actions that begin on the effective date of the biennial budget act. The deductible for noncommercial underground tanks of less than 10,000 gallons would remain at the current \$2,500, plus 5% up to a maximum of \$7,500. This current maximum would also apply, under the bill, to large tanks and commercial tank owners or operators if Commerce promulgates administrative rules that would exempt a class of owners or operators from the higher deductibles.

Joint Finance: Delete provision. Instead, change the deductible for underground petroleum product storage tank systems for marketers or non-marketers that handle an average of more than 10,000 gallons of petroleum per month to be \$5,000 for eligible costs up to \$100,000 plus 4% of eligible costs exceeding \$100,000. Change the deductible for eligible farm tanks to \$5,000. In addition, increase the deductible for aboveground storage tanks located at terminals to \$15,000 plus 10% of the amount by which eligible costs exceed \$200,000. Specify that the changes in deductible, for affected underground and aboveground storage tanks, would first apply to remedial action plans that are submitted on or after November 1, 1999. Maintain current law deductibles for claimants who submit remedial action plans in a form acceptable to Commerce and DNR prior to November 1, 1999. Further, authorize Commerce to promulgate rules describing the following classes of owners or operators that would be exempt from the change in deductible: (a) a municipality that is conducting the PECFA cleanup as part of a brownfields redevelopment project; and (b) an owner or operator who would be exempt based on financial hardship.

Senate: Delete the Joint Finance provisions related to PECFA deductibles. Instead, change the deductible for most underground tanks to be 100% of the amount by which eligible costs exceed \$18,750 but do not exceed \$21,250, plus 10% of the amount by which eligible costs exceed \$21,250 but do not exceed \$40,000, plus 5% of the amount by which eligible costs exceed \$40,000, but not more than \$7,500 (reached at \$102,500 of eligible costs). Maintain the current law deductible for school district, technical college district, home heating oil and aboveground tanks. The change would first apply to costs incurred on the effective date of the bill.

In addition, delete the Joint Finance provision that would have authorized Commerce to promulgate rules to exempt from the deductible changes: (a) a municipality if the municipality is conducting the PECFA cleanup as part of a brownfields redevelopment project; and (b) an owner or operator who meets financial hardship criteria.

Conference Committee/Legislature: Maintain the Joint Finance changes in deductibles except specify that the deductible for underground petroleum product storage tank systems for marketers or for non-marketers that handle an average of more than 10,000 gallons of petroleum per month would be \$3,000 (instead of \$5,000 under Joint Finance) of eligible costs up to \$60,000 (instead of \$100,000 under Joint Finance) plus 3% (instead of 4% under Joint

Finance) of eligible costs exceeding \$60,000 (instead of \$100,000). The changes would first apply to remedial action plans submitted on or after November 1, 1999.

Veto by Governor [B-9]: Change the deductible for underground petroleum product storage tank systems and farm tanks to be the current \$2,500 plus 5% of eligible costs, but eliminate the \$7,500 maximum deductible. The partial veto would result in a maximum deductible of \$52,500 for an underground tank with \$1,000,000 in eligible costs. The partial veto would result in a maximum deductible of \$7,500 for a farm tank with the maximum eligible costs of \$100,000. The act maintains the initial applicability of the deductible changes to remedial action plans submitted on or after November 1, 1999.

In addition, the partial veto authorizes Commerce to promulgate administrative rules describing a class of owners or operators of underground tanks for whom the deductible is based on financial hardship. Delete the specific eligibility of local governments conducting a cleanup as part of a brownfields redevelopment project for a lower deductible. As a result of the veto, the act does not specify the amount of the deductible for the class of owners or operators. The Governor's veto message requests Commerce to move quickly to develop the rules and to include local governments involved in brownfields redevelopment projects in the class of tank owners that can be considered for a lower deductible.

[Act 9 Sections: 1987b thru 1993f, 9310(3yu) and 9410(9yt)]

[Act 9 Vetoed Sections: 1991c, 1992c and 1993f]

10. PECFA -- INTEREST COST REIMBURSEMENT [LFB Papers 300 and 305]

Governor: Require that PECFA reimbursement for interest costs incurred by a PECFA claimant would be: (a) eliminated for applicants with gross revenues that exceed \$20,000,000 in the most recent tax year before the applicant submits a claim; and (b) limited to 5% for other applicants. The limitations would first apply to interest incurred on November 1, 1999, for claims submitted on November 1, 1999. Commerce would be authorized to promulgate administrative rules that specify information and audit requirements to implement the provision. Currently, reimbursable interest rates are limited to 2% above the prime rate for loans secured after January 31, 1993, and before October 15, 1997, and 1% above the prime rate for loans secured on or after October 15, 1997. Currently, the prime rate is approximately 8.5%. Under the 5% interest limitation, interest incurred on or after November 1, 1999, would be reimbursed at 5% if the claim is submitted on or after November 1, 1999, or at up to 2% or 1% above the prime rate (depending on when the applicant secured the loan) for claims submitted before November 1, 1999.

Joint Finance: Delete provision. Instead, limit PECFA reimbursement for interest costs incurred by a PECFA claimant, for loans secured on or after November 1, 1999, based on the applicant's gross revenues in the most recent tax year as follows: (a) if gross revenues are over \$5 million to \$15 million in the most recent tax year, interest reimbursement would be limited to

the prime rate; (b) if gross revenues are over \$15 million to \$25 million, interest reimbursement would be limited to the prime rate minus 1%; (c) if gross revenues are over \$25 million to \$35 million, interest reimbursement would be limited to the prime rate minus 2%; (d) if gross revenues are over \$35 million to \$45 million, interest reimbursement would be limited to the prime rate minus 3%; and (e) if gross revenues are over \$45 million, interest reimbursement would be limited to the prime rate minus 4%. Interest reimbursement for applicants with gross revenues of up to \$5 million in the prior tax year would remain at the current 1% over the prime rate.

Senate: Delete the Joint Finance provisions for PECFA interest cost reimbursement to maintain the current law limit on the reimbursable interest rate to 1% over the prime rate for loans secured on or after October 15, 1997.

Conference Committee/Legislature: Include Joint Finance provision.

Veto by Governor [B-10]: Change the interest reimbursement for loans secured on or after November 1, 1999, as follows: (a) if the applicant's gross revenues in the most recent tax year are up to \$25 million, interest reimbursement would be limited to the prime rate minus 1%; and (b) if the applicant's gross revenues in the most recent tax year are more than \$25 million, interest reimbursement would be limited to 4%.

[Act 9 Sections: 1986c, 1986e, 9310(3yv) and 9410(9yt)]

[Act 9 Vetoed Section: 1986e]

11. PECFA -- SITE BIDDING AND INSURANCE [LFB Papers 300 and 306]

Governor: Authorize Commerce to promulgate rules that require a person to pay a specified fee as a condition of submitting a bid to provide a service for a cleanup under the PECFA program. Any fees collected under the provision would be deposited in the petroleum inspection fund. If Commerce imposes a fee, the Department would be authorized to use the PECFA awards appropriation to purchase, or provide funding for the purchase of, insurance to cover the amount by which the costs of conducting the cleanup service exceed the amount bid to conduct the cleanup service.

Joint Finance: Approve the Governor's recommendation. Further, make the following changes related to site bidding:

a. Require DNR or Commerce, whichever agency has jurisdiction over the site, to estimate the cost to complete a site investigation, remedial action plan and remedial action for an occurrence. If that estimate exceeds \$80,000, Commerce would be directed to implement a competitive public bidding process to assist in determining the least costly method of remedial action. Commerce would not be permitted to implement the bidding process if: (a) DNR or Commerce waives the requirement on the grounds that the waiver is necessary in an emergency

to prevent or mitigate an imminent hazard to public health, safety or welfare or to the environment; or (b) one agency waives the requirement after providing notice to the other agency. In addition; (a) make the use of the bidding process optional at sites where an enforcement standard is exceeded in groundwater within 1,000 feet of a well operated by a public utility or within 100 feet of any other well used to provide water for human consumption; and (b) allow Commerce to waive bidding requirements if the Department determines that the remedial action plan identifies the most cost efficient cleanup option for the site.

b. Authorize Commerce to disqualify a public bid for remedial action activities at a PECFA site if, based on information available to the Department and experience with other PECFA projects, the bid is unlikely to establish a maximum reimbursement amount that will sufficiently fund a cleanup necessary to meet applicable site closure requirements.

c. Authorize Commerce to disqualify a public bidder from submitting a bid for remedial action activities at a PECFA site if, based on past performance of the bidder, the bidder has demonstrated an inability to finish remedial actions within previously established cost limits.

d. Authorize Commerce to review and modify established maximum reimbursement amounts for remedial action activities if the Department determines that new circumstances, including newly discovered contamination at a site, warrant the review.

Senate: Modify the Joint Finance provisions for PECFA site bidding as follows:

a. Require that when DNR or Commerce, whichever agency has jurisdiction over the site, would estimate the cost to complete a site investigation, remedial action plan and remedial action for an occurrence under the substitute amendment, that if the estimate exceeds \$60,000 (instead of \$80,000 under Joint Finance) Commerce would be directed to implement a competitive public bidding process to assist in determining the least costly method of remedial action.

b. Prohibit Commerce from implementing the bidding process if DNR (but not also Commerce under Joint Finance) waives the requirement on the grounds that the waiver is necessary in an emergency to prevent or mitigate an imminent hazard to public health, safety or welfare or to the environment.

c. Prohibit Commerce from implementing the bidding process if DNR waives the requirement after providing notice to the Secretary of Commerce (but not also if Commerce waives the requirement after providing notice to DNR under Joint Finance).

d. Prohibit the use of the bidding process (instead of making it optional under Joint Finance) at sites where an enforcement standard is exceeded in groundwater within 1,000 feet of

a well operated by a public utility or within 100 feet of any other well used to provide water for human consumption.

e. Delete the Joint Finance authorization for Commerce to waive bidding requirements if it determines that the remedial action plan identifies the most cost effective cleanup option for the site.

f. Delete the Joint Finance authorization for Commerce to disqualify a public bid for remedial action activities at a PECFA site if, based on information available to the Department and experience with other PECFA projects, the bid is unlikely to establish a maximum reimbursement amount that will sufficiently fund a cleanup necessary to meet applicable site closure requirements.

g. Delete the Joint Finance authorization for Commerce to disqualify a public bidder from submitting a bid for remedial action activities at a PECFA site if, based on past performance of the bidder, the bidder has demonstrated an inability to finish remedial actions within previously established cost limits.

h. Delete the Joint Finance authorization for Commerce to review and modify established maximum reimbursement amounts for remedial action activities if the Department determines that new circumstances, including newly discovered contamination at a site, warrant the review.

Conference Committee/Legislature: Retain the Joint Finance provisions except adopt (a) and (e) under the Senate, which would: (a) require Commerce to implement a competitive public bidding process if the estimated cost to complete a site investigation, remedial action plan and remedial action exceeds \$60,000 (instead of \$80,000 under Joint Finance); and (b) delete the Joint Finance authorization for Commerce to waive bidding requirements if Commerce determines that the remedial action plan identifies the most cost effective cleanup option for the site.

Veto by Governor [B-13]: Delete the authorization for Commerce or DNR to waive the requirement on the grounds that the waiver is necessary in an emergency to prevent or mitigate an imminent hazard to public health, safety or welfare or to the environment. The act maintains the authority for Commerce or DNR to waive the bidding requirement: (a) if a groundwater enforcement standard is exceeded within 1,000 feet of a public well or within 100 feet of any other drinking water well; or (b) after providing notice to the other Department.

[Act 9 Sections: 220, 714c, 1979v, 1983t, 1985w, 9310(3yt) and 9410(9yt)]

[Act 9 Vetoed Section: 1983t]

12. PECFA -- JOINT AGENCY REPORT [LFB Papers 300 and 307]

Governor: Require Commerce and DNR to submit a report to the Governor and appropriate standing committees of the Legislature every January 1 and July 1 that relates to petroleum storage tank cleanups that are in progress. The report would be required to provide the following information for each petroleum cleanup that is underway: (a) the date on which the record of the site investigation was received; (b) the environmental risk factors, as defined by Commerce rule, identified at the site; and (c) the year in which DNR or Commerce expects to issue a case closure letter or written approval of the remedial action activities for the site.

Joint Finance: Approve the recommendation of the Governor. Require submission of the report to the Joint Audit Committee and the Joint Committee on Finance in addition to the Governor and appropriate standing committees. Require Commerce and DNR to include the following information, in addition to that recommended by the Governor: (a) the number of notifications of petroleum discharges received by the departments and the number of written approvals of remedial action activities provided by the departments; (b) the percentage of sites classified as high risk; (c) the name of each person providing engineering consulting services to a claimant and the number of claimants to whom the person has provided those services; (d) the charges for engineering consulting services for sites for which remedial action activities are approved by the departments and for other sites; (e) the charges by service providers other than engineering consultants for services for which reimbursement is provided, including excavating, hauling, laboratory testing and landfill disposal; and (f) strategies for recording and monitoring complaints of fraud in the program and for the use of Commerce employees who conduct audits to identify questionable claims and investigate complaints. Require DNR and Commerce to also report on whether disputes arose regarding the annual determination of least costly method and use of natural attenuation under joint annual review for high risk sites and how those disputes were resolved.

Further, direct Commerce to submit a report to the Joint Committee on Finance and the Joint Committee for Review of Administrative Rules, by March 1, 2000, that includes recommendations related to actions Commerce could take to reduce interest costs incurred by claimants including a review of the schedule for progress payments for claims submitted under the program.

Senate: Make the following changes to the reporting requirements for Commerce and DNR related to PECFA:

- a. Change the due date of the report to October 1 annually, for the previous fiscal year, instead of every January 1 and July 1 under Joint Finance.
- b. Delete the requirement that DNR and Commerce submit the report to the Governor, but maintain the Joint Finance requirement that the two agencies submit the report to the Joint Legislative Audit Committee, Joint Committee on Finance and appropriate standing committees of the Legislature.

c. Delete the Joint Finance requirements that the report include: (1) the date on which the record of the site investigation was received; (2) the environmental risk factors, as defined by Commerce rule, identified at the site; (3) the year in which DNR or Commerce expects to issue a case closure letter or written approval of the remedial action activities for the site; and (4) whether disputes arose regarding the annual determination of least costly method and use of natural attenuation under joint annual review for high-risk sites and how those disputes were resolved. Maintain the Joint Finance requirements that the report include: (1) the number of notifications of petroleum discharges received by the departments and the number of written approvals of remedial action activities provided by the departments; (2) the percentage of sites classified as high-priority (instead of high-risk under Joint Finance); (3) the name of each person providing engineering consulting services to a claimant and the number of claimants to whom the person has provided those services; (4) the charges for engineering consulting services for sites for which remedial action activities are approved by the departments and for other sites; (5) the charges by service providers other than engineering consultants for services for which reimbursement is provided, including excavating, hauling, laboratory testing, and landfill disposal; and (6) strategies for recording and monitoring complaints of fraud in the program and for the use of Commerce employees who conduct audits to identify questionable claims and investigate complaints.

d. Delete the Joint Finance requirement that Commerce must submit a report to the Joint Committee on Finance and the Joint Committee for Review of Administrative Rules, by March 1, 2000, that includes recommendations related to actions Commerce could take to reduce interest costs incurred by claimants including a review of the schedule for progress payments for claims submitted under the program.

Conference Committee/Legislature: Include Joint Finance provision.

[Act 9 Sections: 1994m and 9110(3yw)]

13. PECFA -- USUAL AND CUSTOMARY COSTS [LFB Papers 300 and 307]

Joint Finance: Require Commerce to establish a schedule of usual and customary costs for items that are commonly associated with PECFA claims. Commerce would be required to use the schedule to determine the amount of eligible costs for an occurrence for which a competitive bidding process is not used, except in circumstances under which higher costs must be incurred to complete the remedial action activities and comply with groundwater enforcement standards. Commerce would not be allowed to use the schedule for an occurrence for which a competitive bidding process is used. The schedule would be required to include the maximum number of reimbursable hours for particular tasks and the maximum reimbursable hourly rates for those tasks. Commerce would be required to use methods of data collection and analysis that enable the schedule of usual and customary costs to be revised to reflect changes in actual costs. This provision would not apply after June 30, 2001. After June 30, 2001, the current law authorization (instead of requirement) for Commerce to establish a schedule of

usual and customary costs would be effective again. Commerce would also be required to evaluate the operation of the usual and customary cost schedule and report on the results of the evaluation to the Joint Audit Committee, the Joint Committee on Finance and the appropriate standing committees of the Legislature no later than the first day of the 14th month beginning after the effective date of the bill (December 1, 2000).

In addition: (a) specify that the cost control provisions related to ineligible costs apply to an occurrence regardless of whether a competitive bidding process is used; and, (b) direct Commerce to promulgate emergency rules to establish the schedule of usual and customary costs by no later than November 1, 1999, and provide that the rules may be promulgated without a finding of emergency under Chapter 227.

Senate: Approve the Joint Finance provision to require Commerce to establish a schedule of usual and customary costs that are commonly associated with PECFA claims. However, delete the Joint Finance provisions that would: (a) specify that the cost control provisions related to ineligible costs apply to an occurrence regardless of whether a competitive bidding process is used; and (b) direct Commerce to promulgate emergency rules to establish the schedule of usual and customary costs no by no later than November 1, 1999, and provide that the rules may be promulgated without a finding of emergency under Chapter 227.

Conference Committee/Legislature: Include Joint Finance provision.

Veto by Governor [B-14]: Delete the November 1, 1999, deadline for promulgation of the emergency rules. Retain the requirement that Commerce promulgate the schedule of usual and customary costs in emergency rules. Delete the June 30, 2001, sunset of the requirement that Commerce promulgate a schedule of usual and customary costs, which would make the requirement permanent.

[Act 9 Sections: 1985m, 1986m and 9110(3yu)&(3yx)]

[Act 9 Vetoed Sections: 1986m, 1986p, 9110(3yu) and 9110(3yx)]

14. PECFA -- ADMINISTRATIVE RULES [LFB Papers 300 and 307]

Joint Finance: Require Commerce and DNR to promulgate joint emergency rules within 30 days of the effective date of the bill related to procedures, cost-effective administration and inter-agency training practices. Require Commerce and DNR to attempt to agree on the rules. If DNR and Commerce are unable to reach an agreement, require the Secretary of DOA to resolve the matter. Direct that DNR and Commerce promulgate emergency rules without a finding of emergency by November 30, 1999. Direct Commerce and DNR to submit permanent rules to the Legislature under s. 227.19 no later than June 1, 2000. The rule changes would be:

a. Commerce and DNR would be required to promulgate joint rules specifying procedures to be used by Commerce and DNR while remedial actions are being conducted, including: (1) annual reviews that include the use of risk-based analysis; (2) annual reports by consultants estimating the additional costs that must be incurred to complete the remedial action activities in compliance with the groundwater enforcement standard; (3) a definition of "reasonable period of time" to complete remedial action by use of natural attenuation in compliance with the groundwater enforcement standards; and (4) procedures to be used in measuring contaminant concentrations for purposes of directing remedial action activities and site closure decisions in compliance with the groundwater enforcement standards.

b. Commerce and DNR would be required to promulgate joint rules to facilitate effective and cost-efficient administration of the program that specify: (1) information that must be submitted under the section, including quarterly summaries of costs incurred with respect to a discharge for which a claim is intended to be submitted but for which a final claim has not been submitted; (2) formats for submitting the information required under (1); and (3) review procedures that must be followed by DNR and Commerce staff when reviewing the information submitted under (1).

c. Commerce and DNR would be required to promulgate joint rules specifying: (1) the conditions under which Commerce and DNR employees must issue approvals of remedial action activities; and (2) training and management procedures to ensure that employees comply with the requirements under (1).

d. DNR would be required to submit any changes required in its administrative rules necessary to implement the joint DNR and Commerce rules promulgated under (a), (b) and (c) to the Legislature under s. 227.19 no later than June 1, 2000.

Senate: Make the following changes related to promulgation of PECFA administrative rules by Commerce and DNR:

a. Direct Commerce, in consultation with DNR, to promulgate rules (instead of requiring joint promulgation under Joint Finance). Delete the Joint Finance requirement that if DNR and Commerce are unable to reach an agreement on rules, that the Secretary of DOA would be required to resolve the matter.

b. Direct Commerce to submit proposed permanent rules to the Legislative Council Staff no later than the first day of the third month beginning after the effective date of the bill and DNR to submit proposed changes in its administrative rules to implement the bill to the Legislative Council Staff no later than the first day of the sixth month after the effective date of the bill (instead of requiring Commerce and DNR to submit permanent rules to the Legislature under s. 227.19 no later than June 1, 2000).

c. Delete the Joint Finance requirement that Commerce and DNR promulgate joint rules on: (1) a definition of "reasonable period of time" to complete remedial action by use of

natural attenuation in compliance with the groundwater enforcement standards; and (2) procedures to be used in measuring contaminant concentrations for purposes of directing remedial action activities and site closure decisions in compliance with the groundwater enforcement standards.

Conference Committee/Legislature: Include Joint Finance provision.

[Act 9 Sections: 1980c thru 1981g, 9110(3yu) and 9136(3yt)]

15. PECFA -- FINANCIAL MANAGEMENT [LFB Papers 300 and 307]

Joint Finance/Legislature: Require Commerce to make improvements to its financial management of the PECFA program. Commerce would be required, no later than the first day of the sixth month beginning after the effective date of the bill (April 1, 2000), to: (a) update its financial data base for the PECFA program to ensure that complete cost information related to each occurrence and to the annual payment to each owner or operator is readily available; (b) investigate any variances between the amount of total payments indicated by the financial data base for the PECFA program and the amount of total payments indicated by the accounts maintained by DOA to identify when the variances occurred and the reasons for the variances; and (c) make any changes in the Department's financial data base needed to ensure that the data base is consistent with the accounts maintained by DOA.

[Act 9 Section: 9110(3yt)]

16. PECFA -- EMERGENCY SITUATION [LFB Papers 300 and 303]

Joint Finance: Require that in order to submit a PECFA claim for an emergency situation, the owner or operator must have notified DNR and Commerce of the emergency before conducting the remedial action and DNR and Commerce must have jointly authorized emergency action. Repeal the portion of the current law definition of emergency as a situation where the owner or operator acted in good faith in conducting the remedial action activities and did not willfully avoid conducting the investigation or preparing the remedial action plan.

Senate: Require that in order to submit a PECFA claim for an emergency situation, the owner or operator must have notified DNR (but not Commerce as under Joint Finance) of the emergency before conducting the remedial action and DNR (instead of DNR and Commerce jointly under Joint Finance) must have authorized emergency action.

Conference Committee/Legislature: Include Joint Finance provision.

[Act 9 Sections: 1985e and 1985f]

17. ENVIRONMENTAL REGULATORY SERVICES INFORMATION TECHNOLOGY APPLICATIONS

SEG	\$581,600
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Governor/Legislature: Provide \$290,800 annually from the petroleum inspection fund for the services of computer programmer analysts and development of existing and planned database and automation projects. This includes: (a) \$111,600 annually for the Petroleum Inspection Bureau, of which \$90,000 annually is one-time funding for accelerated modification and improvement of current petroleum inspection and tank databases, and \$21,600 annually is ongoing funding for computer programmer analyst services to maintain and modify the databases; and (b) \$179,200 annually for the PECFA Bureau, of which \$90,000 is one-time funding for accelerated modification and improvement of the current PECFA database, and \$89,200 annually is ongoing funding for computer programmer analyst services, maintenance and development of the database and development of data exchanges with DNR.

18. PETROLEUM LABORATORY EQUIPMENT [LFB Paper 309]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$59,600	\$29,800	\$89,400

Governor: Provide \$29,800 annually from the petroleum inspection fund to purchase mercury free equipment for 14 petroleum laboratories throughout the state. The funds would be provided under a seven-year master lease, with total lease payments over eight fiscal years of \$417,200 (based on a 6.25% interest rate). The \$333,800 in total principal amount includes: (a) \$93,000 for six automatic reid vapor pressure units, which measure the internal pressure within gasoline, or its tendency to volatize; (b) \$210,000 for 14 electronic flash point test units, which test the gas contaminants in oil samples; and (c) \$30,800 for 14 gravitometers, which measure the specific gravity of gas and oil.

Joint Finance/Legislature: Modify the Governor's recommendation to provide \$29,800 SEG in 1999-00 and \$59,600 in 2000-01. In addition, authorize Commerce to contract with private laboratories to conduct petroleum testing activities currently performed by the Department's 14 petroleum inspection laboratories.

[Act 9 Sections: 1972c and 2303r]

19. PETROLEUM TANK LOCAL PROGRAM OPERATOR PROGRAM [LFB Paper 310]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	- \$1,500,000	- \$404,000	- \$1,904,000

Governor: Decrease by \$750,000 annually the amount in unallotted reserve for storage tank local program operator (LPO) payments from the petroleum inspection fund. The LPO program provides funds to local governments and contractors that inspect underground and aboveground storage tanks. LPOs are paid based on the number of tanks in the geographic area of the contract. Current expenditure authority for LPO payments is \$3,152,000 annually, of which half (\$1,576,000) is budgeted as supplies and services and the other half is in unallotted reserve and transferred when payments exceed \$1,576,000. The bill would maintain \$2,402,000 annually for LPO payments.

Joint Finance/Legislature: Based on a reestimate of need, delete an additional \$202,000 SEG annually. A total of \$2,200,000 annually would be available for the program.

20. HAZARDOUS SUBSTANCE TANK REGULATION

SEG-REV	\$20,000
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Governor/Legislature: Expand the Department's authority for regulation of tanks that store flammable and combustible liquids to also include tanks that store liquids that are considered hazardous substances under the federal Superfund Act. Specify that these tanks would be subject to the current \$100 groundwater fee for plan review and approval if they have a capacity of 1,000 gallons or more. The current groundwater fee applies to plan reviews for tanks that store flammable and combustible liquids and that have a capacity of 1,000 gallons or more. Up to 200 tanks annually could become subject to the groundwater fee, which is deposited in the environmental fund.

[Act 9 Sections: 1973 thru 1975, 1976 and 1979]

21. HOME HEATING OIL TANK REGULATION

Assembly: Exempt underground and aboveground heating oil tanks that store less than 1,100 gallons for residential consumptive use on the premises where stored from any rules that require an owner to test the ability of a storage tank, connected piping or ancillary equipment to prevent an inadvertent release of a stored substance, requiring an owner to implement a program for determining whether a release of a stored substance has occurred or requiring an owner to permanently close or upgrade a storage tank.

Senate: Exempt underground and aboveground heating oil tanks that store less than 1,100 gallons for residential, consumptive use on the premises where stored from any

administrative rules that require an owner to test the ability of a storage tank, connected piping or ancillary equipment to prevent an inadvertent release of a stored substance.

Currently, underground heating oil tanks of 4,000 gallons or less in capacity must start a release detection program that meets Commerce rules by May 1, 2001, including tank tightness testing every two years, or the tanks must be upgraded or closed by May 1, 2006. New underground heating oil tanks of 4,000 gallons or less in capacity installed on or after May 1, 1991, must comply with release detection requirements of the Commerce rules. Aboveground tanks of 5,000 gallons or less in capacity do not have to meet similar upgrading requirements.

Conference Committee/Legislature: Exempt underground and above ground heating oil tanks that store less than 1,100 gallons for residential, consumptive use on the premises where stored from any administrative rules that: (a) require an owner to test the ability of a storage tank, connected piping or ancillary equipment to prevent an inadvertent release of a stored substance; or (b) require an owner to permanently close or upgrade a storage tank. Specify that the provision would only apply to tanks installed before the effective date of the bill.

Veto by Governor [B-15]: Delete the exemption of home heating oil tanks from administrative rules that require an owner to permanently close or upgrade a petroleum storage tank (Item "b" above).

[Act 9 Section: 1975m]

[Act 9 Vetoed Section: 1975m]

22. SAFETY AND BUILDINGS STAFF [LFB Paper 311]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$954,400	7.50	-\$122,400	-1.00	\$832,000	6.50

Governor: Provide \$438,700 in 1999-2000 and \$515,700 in 2000-01 with 7.5 positions in the Division of Safety and Buildings. The positions would include: (a) 1.5 private sewage system plan reviewers for septage management activities; (b) 1.0 wastewater specialist for private onsite wastewater treatment system maintenance tracking; (c) 2.0 building plan reviewers; (d) 1.5 engineering consultants related to fire prevention and suppression review and inspection; (e) 1.0 engineering consultant for audit of certain programs delegated to local governments; and (f) 0.5 environmental health specialist to inspect "sick buildings." The Division develops administrative rules, reviews plans and performs inspections related to construction such as commercial buildings, dwellings, plumbing, private sewage systems, electrical and heating systems and elevators. Program revenue is provided from several plan review and inspection activities. Administration officials indicate that Commerce would promulgate administrative rule changes to increase several fees to generate additional revenue beginning in 2000-01.

Joint Finance/Legislature: Delete \$56,400 PR in 1999-00 and \$66,000 PR in 2000-01 with 1.0 PR position.

23. PRIVATE ONSITE WASTEWATER TREATMENT SYSTEM TRAINING CENTER
[LFB Paper 312]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$250,000	-\$250,000	\$0

Governor: Provide \$125,000 each year as one-time financing, to establish, in conjunction with the University of Wisconsin-Small Scale Waste Management Project, a private onsite wastewater treatment system (POWTS) training center at the UW Arlington Farm facility. The Department anticipates that POWTS installers and manufacturers would provide an in-kind match of time or equipment valued at up to \$250,000 during the 1999-01 biennium. The training center would provide classroom training and demonstrations using real POWTS components and equipment. Training would be available to local government code administrators, plumbers, soil testers, POWTS system designers, homeowners, builders and realtors.

Joint Finance/Legislature: Delete provision.

24. PRIVATE SEWAGE SYSTEM REPLACEMENT OR REHABILITATION GRANT PROGRAM [LFB Paper 431]

Governor: Make the following changes in the private sewage system replacement or rehabilitation grant program. Base level funding of \$3,500,000 GPR annually is available for financial assistance to home and small business owners who meet certain income and eligibility criteria, to cover a portion of the cost of repairing or replacing failing private sewage systems.

a. Change the definition of annual family income to federal adjusted gross income of the owner of the failing private sewage system and the owner's spouse instead of the current use of the Wisconsin adjusted gross income. Under the program, a person who owns a principal residence served by a failing private sewage system is eligible for a grant if the owner's annual family income does not exceed \$45,000.

b. Provide grant eligibility if the private sewage system serving the principal residence or the small commercial establishment was installed before July 1, 1978, and the owner meets the other eligibility requirements. This would replace the current requirement that the principal residence was constructed and inhabited before July 1, 1978, and is served by a covered private sewage system (one that discharges sewage into surface water, groundwater or bedrock or to drain tile or the surface of the ground) or the small commercial establishment was constructed before July 1, 1978, and is served by a covered system.

c. Add a \$3 million private sewage system replacement or rehabilitation no-interest loan program administered by Commerce and DOA for counties to supplement state payments if funding is prorated. (See the entry under the "Environmental Improvement Fund.")

Joint Finance: Approve the Governor's recommendation and provide a delayed effective date to apply to applications received by Commerce on or after February 1, 2000, for the 2001-02 grant cycle. In addition, provide the highest priority for private sewage system replacement or rehabilitation grants for current category one systems that fail by discharging sewage to an outstanding resource water (ORW), as designated by DNR, or to groundwater. Grants for this new category consisting of ORW and groundwater discharge systems would be paid in full before other grants are paid. If there are insufficient funds to provide payments for all priority one grants, these grants would be prorated and no funds would be available for other systems. The remaining current category one systems would become a second priority, be renamed category two, and include systems that fail by discharging sewage to surface water, drain tiles, bedrock or zones of saturated soils. Current category two and three systems would be renumbered three and four.

Senate: Delete the Joint Finance provision that would have provided the highest priority for private sewage system replacement or rehabilitation grants for current category one systems that fail by discharging sewage to an outstanding resource water (ORW), as designated by DNR, or to groundwater. This would return to the current law provision of the highest grant priority for category one systems that fail by discharging sewage to groundwater, surface water, drain tiles, bedrock or zones of saturated soils.

Conference Committee/Legislature: Include Joint Finance provision.

Veto by Governor [B-16]: Delete the requirement that Commerce provide the highest priority for private sewage system replacement or rehabilitation grants for current category one systems that fail by discharging sewage to an outstanding resource water (ORW), as designated by DNR, or to groundwater.

[Act 9 Sections: 2220, 2222, 2225 thru 2227 and 9310(5t)]

[Act 9 Vetoed Sections: 2216m thru 2219p, 2221m, 2223m, 2224m, 2228m, 2231m thru 2237i, 9310(4x) and 9410(4x)]

25. REGULATION OF RADIOACTIVE MATERIAL

Governor/Legislature: Eliminate the authority of Commerce to regulate sources of radiation. Currently, Commerce and DHFS are together authorized to perform various activities related to radioactive materials regulation. Specify that DHFS would be the state radiation control agency. (See the entry under "DHFS -- Public Health.") Delete statutory provisions which currently require Commerce to: (a) promulgate, amend and repeal rules that are necessary to prevent unnecessary radiation; (b) administer radiation regulations; (c) develop policies and programs for the evaluation of radiation hazards; (d) advise, consult and cooperate

with other agencies relating to radiation regulation; (e) facilitate or conduct research and demonstrations relating to radiation; (f) collect and disseminate radiation health education information; (g) review plans for and inspect radiation sources; (h) conduct a number of activities related to radon gas; and (i) when necessary, enter public or private property for radiation control investigations. Delete Commerce's authority to impound radioactive materials.

26. FIRE DUES DISTRIBUTION [LFB Paper 313]

PR	\$1,000,000
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Joint Finance/Legislature: Provide \$500,000 PR annually to reflect a reestimate (to \$7,000,000 PR annually) of the amount available for fire dues distribution to cities, villages and towns that maintain a fire department that complies with state law.

27. INSPECTION OF ALL NEW HOMES

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
PR-REV	\$286,900	-\$63,800	\$223,100
PR	\$150,000	\$0	\$150,000

Joint Finance: Require that, effective January 1, 2000, all new one- and two-family dwellings be inspected to determine compliance with the state one- and two-family dwelling code (also known as the Uniform Dwelling Code, s. 101.60 to s. 101.66 of the Wisconsin Statutes). Cities, villages or towns with a population of 2,500 or less, which are currently exempt from the code, would be required to administer the one- and two-family dwelling code in the municipality unless the local governing body adopts a resolution to take one of the following actions: (a) request the county to administer the code in the municipality; (b) request the Department of Commerce to administer the code in the municipality; or (c) decide to have no administration of the code in the municipality. The municipality would be authorized to charge fees for permit and inspection activities (the same authorization as municipalities with a population over 2,500 currently have).

Provide Commerce with \$50,000 PR in 1999-00 and \$100,000 PR in 2000-01 and direct the Department to use the funds to contract with a private, nonprofit organization to conduct education regarding construction standards and inspection requirements to home builders statewide.

An estimated 8,500 housing starts annually could be affected by the provision. Based on 90% of these homeowners obtaining building permits, Commerce program revenues from a \$25 building permit seal would generate \$191,300 annually.

Senate/Legislature: Modify the Joint Finance provision as follows: (a) change the effective date from January 1, 2000, to May 1, 2000, for municipalities to adopt the resolution required to administer the program; (b) specify that municipalities do not have to adopt a resolution to request the Department of Commerce to administer the code in the municipality; (c) specify that if a municipality does not take action by May 1, 2000, to administer the program, that Commerce shall implement an inspection program in the municipality effective July 1, 2000; (d) specify that if Commerce enters into a contract with a municipality before July 1, 2000, to provide inspection services in the municipality, the Department shall begin providing the inspection services under the contract no later than July 1, 2000; and (e) specify that Commerce shall contract with a private nonprofit organization that is described under Internal Revenue Code section 501 (c)(6) rather than section 501 (c)(3) to conduct education regarding construction standards and inspection requirements to home builders statewide. Program revenue would decrease by an estimated \$63,800 in 1999-00 due to the four-month delay in the receipt of the first revenues by Commerce from a \$25 building permit seal.

[Act 9 Sections: 1998af thru 1998bx, 9110(3g)&(3j) and 9410(3g)]

28. TRANSFER OF MOBILE HOME REGULATORY PROGRAMS TO COMMERCE

	Jt. Finance (Chg. to Base)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR-REV	\$479,300		-\$319,300		\$160,000	
SEG	\$0	0.00	\$76,400	1.60	\$76,400	1.60
PR	<u>285,300</u>	<u>4.60</u>	<u>-76,400</u>	<u>-1.60</u>	<u>208,900</u>	<u>3.00</u>
Total	\$285,300	4.60	\$0	0.00	\$285,300	4.60

Joint Finance: Provide Commerce with \$48,800 PR in 1999-00 and \$236,500 PR in 2000-01 with 4.6 PR positions annually beginning in 2000-01. Transfer mobile home regulatory programs from the Department of Administration (DOA) and the Department of Transportation (DOT) to the Division of Safety and Buildings in the Department of Commerce on July 1, 2000. (See DOT and DOA for decreases in funding in those agencies.) The transfer of programs has the following components.

a. Provide the Commerce Safety and Buildings operations program revenue appropriation with \$48,800 PR in 1999-00 in one-time financing to prepare for transfer of programs to Commerce, including: (a) information technology conversion programming and transfer of data systems (\$17,300 PR); and (b) furniture, computers and equipment for the 4.6 Commerce positions (\$31,500 PR).

b. Effective July 1, 2000, transfer 3.0 PR positions in the DOA Division of Housing who are currently responsible for the regulation of mobile home parks and mobile home dealers to Commerce. Provide that the DOA incumbents would be transferred to Commerce with any

rights and benefits previously earned. In 2000-01, provide Commerce with 3.0 PR positions and \$160,200 PR for these activities.

c. Effective July 1, 2000, transfer authority from DOA to Commerce for licensing and regulation of mobile home parks and for regulating mobile home dealers engaged in the sale of primary housing units. Provisions of those statutes related to mobile home dealers and mobile home salespersons engaged in the sale of recreational vehicles would continue to be administered by DOT as under current law. Direct that Commerce shall administer any DOA rules promulgated to administer the sections until Commerce promulgates new rules. Commerce, instead of DOA, would collect program revenues related to mobile home park licensing (approximately \$140,000 annually) and mobile home dealers and sales person licensing (approximately \$20,000 annually). As of July 1, 2000, these revenues would be deposited in the Commerce Safety and Buildings operations PR appropriation. In 2000-01, provide Commerce with 1.6 PR positions and \$76,400 PR for these activities.

d. Effective July 1, 2000, transfer authority from DOT to Commerce for registration and titling of any vehicles that meet the definition of mobile home or manufactured home under s. 101.91 of the statutes. DOT would retain authority for registration and titling of vehicles that do not meet the s. 101.91 definition (such as recreational vehicles) and would continue to issue permits for overwidth and overlength trip permits for mobile homes or manufactured homes.

e. As of July 1, 2000, Commerce, instead of DOT, would collect program revenues of \$15 for each registration of a mobile home, and would collect program revenue fees related to titling of mobile homes and manufactured homes that are currently deposited in the transportation fund, including the following: (a) \$8.50 for filing an application for the first certificate of title; (b) \$4 for the original notation and subsequent release of each security interest noted upon a certificate of title; (c) \$8.50 for a certificate of title after a transfer; (d) \$1 for each assignment of a security interest noted upon a certificate of title; (e) \$8 for a replacement certificate of title; (f) for processing applications for certifications of title which have a special handling request for fast service, a fee to be established by rule which shall approximate the cost to the Department for providing the special handling service to persons who request it; (g) \$25 for the reinstatement of a certificate of title previously suspended or revoked; and (h) \$4 for transfer of registration or credits for registration to a vehicle currently titled in the name of the applicant. These fees are estimated at approximately \$319,300 annually. In addition, DOT would no longer collect approximately \$28,000 annually in counter service fees related to mobile homes, which would be an additional decrease in segregated revenue to the transportation fund. (Commerce would not collect counter service fees so there would not be a corresponding program revenue increase.)

f. Direct that Commerce would not be required to collect the \$7.50 supplemental title fee. In addition to the lost segregated revenue to the transportation fund, this change would reduce a GPR supplement to the nonpoint account of the environmental fund by \$135,000

annually beginning in 2001-02 due to the current statutory formula based on DOT supplemental title fee collections.

g. As of July 1, 2000, direct Commerce, instead of DOT, to collect the environmental impact fee payable by a person filing an application for the first certificate of title or certificate of title after a transfer if it is for a vehicle that is a mobile home for which jurisdiction is transferred from DOT to Commerce. Direct Commerce to deposit any environmental impact fees collected by Commerce in the environmental fund for environmental management.

Assembly: Modify the provision that would transfer the responsibility for registering and titling mobile homes from DOT to Commerce to: (a) specify that fees received by Commerce for the registration and titling of mobile homes would continue to be deposited in the transportation fund, instead of in a PR appropriation; and (b) require Commerce to collect the \$7.50 supplemental title fee for mobile homes and deposit these funds in the transportation fund. Delete \$76,400 PR and 1.6 PR position in 2000-01 and, instead, provide \$76,400 SEG and 1.6 SEG position in a new, transportation fund appropriation in 2000-01 within Commerce. Reduce estimated PR revenue by \$319,300 in 2000-01 and increase estimated transportation fund revenue by \$454,300 in 2000-01 to reflect this modification. The amount of the reduction in PR revenue is less than the increase in transportation fund revenue because, under the Joint Finance provision, Commerce would not collect the \$7.50 supplemental title transfer fee, but would collect this fee and deposit it in the transportation fund under the Assembly provision.

Conference Committee/Legislature: Include the Assembly provision, but specify that mobile homes that are titled by Commerce are exempt from vehicle registration.

[Act 9 Sections: 64g thru 64r, 216g, 217cr, 544m, 613km, 704mh, 704pd, 711m, 1830gm, 1972g, 1972m, 1998cc thru 1998xt, 2169g, 2169m, 2169r, 2309m, 2342cc thru 2342LL, 2342Lj, 2342Lk, 2342Lp thru 2342pp, 2342ps, 2342pt, 2342pum, 2342pw thru 2342xp, 2356m, 2720dd thru 2720dt, 2720hd thru 2720ht, 2730m, 2732d, 2734dd thru 2734dp, 2734dt, 2734hd, 2734hh thru 2734pt, 2821m, 2822m thru 2822t, 3072m, 9101(3x), 9110(7n), 9150(5xy), 9201(2x) and 9410(5x)]

29. LOCAL AUTHORIZATION FOR PUBLIC SEWER CONNECTION

Assembly: Authorize cities, towns, metropolitan sewage districts and town sanitary districts to approve or disapprove any connection with or use of the sewer and water system by any property owner whose property is connected to a working private sewage system. In addition, prohibit Commerce from promulgating or enforcing a rule that requires the owner of a private sewage system to discontinue use of the private sewage system and connect to a public sewer because a public sewer becomes available. Commerce administrative rule Comm 83.03(2) requires that when public sewers become available to the premises served, the use of the private sewage system shall be discontinued within one year and the building shall be connected to the public sewer. The Joint Committee for Review of Administrative Rules

suspended this portion of the rule on December 8, 1998, and subsequently introduced AB 96 that would prohibit Commerce from promulgating or enforcing any rule that requires owners of private sewage systems to discontinue use of the private systems and connect to a public sewer because a public sewer becomes available.

Conference Committee/Legislature: Delete provision.

30. CONSTRUCTION SITE EROSION CONTROL

Senate: Expand the authority of a county, city, village or town to administer and enforce an ordinance that establishes standards for erosion control at building sites for the construction of public buildings and buildings that are places of employment if the standards are more stringent than the statewide standards established by Commerce. Currently, a county, city, village or town may administer and enforce a construction site erosion control ordinance that is more stringent than the statewide standards if the local ordinance was in effect on January 1, 1994. The Legislature reviewed proposed construction site erosion control administrative rules in December, 1998, and Commerce is in the process of revising the draft rule.

Conference Committee/Legislature: Delete provision.

CORRECTIONS

Budget Summary							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$1,248,404,800	\$1,476,701,400	\$1,385,275,500	\$1,383,188,300	\$1,380,094,400	\$131,689,600	10.5%
FED	62,000	62,000	5,179,800	5,179,800	5,179,800	5,117,800	8,254.5
PR	265,449,400	285,076,700	271,503,800	273,587,800	273,587,800	8,138,400	3.1
SEG	0	1,000,000	0	1,000,000	1,000,000	1,000,000	N.A.
TOTAL	\$1,513,916,200	\$1,762,840,100	\$1,661,959,100	\$1,662,955,900	\$1,659,862,000	\$145,945,800	9.6%

Note: The amounts shown for the 1999-01 biennium under Act 9 do not include \$65,200,000 GPR placed in the Joint Committee on Finance supplemental appropriation for possible release for prison bed contracts and prison staffing. If these amounts are included, the GPR change to base is \$196,889,600 GPR (15.8%). Including monies placed in the supplemental appropriation for Corrections would result in a total change to base of \$211,145,800 (13.9%).

FTE Position Summary						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change Over 1998-99 Base
GPR	7,086.32	8,054.57	8,002.30	8,002.30	8,002.30	915.98
PR	1,490.77	1,472.62	1,443.15	1,443.15	1,443.15	- 47.62
SEG	0.00	4.00	0.00	4.00	4.00	4.00
TOTAL	8,577.09	9,531.19	9,445.45	9,449.45	9,449.45	872.36

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide \$4,549,600 GPR and -4.0 GPR positions and -\$4,870,500 PR and -9.65 PR positions in 1999-00 and \$4,169,800 GPR and -4.0 GPR positions and -\$5,338,000 PR and -16.15 PR positions in 2000-01 for the following adjustments to the base

Funding Positions		
GPR	\$8,719,400	- 4.00
PR	- 10,208,500	- 16.15
Total	-\$1,489,100	- 20.15

budget: (a) turnover reduction (-\$5,480,100 GPR and -\$1,062,000 PR annually); (b) removal of noncontinuing items (-\$1,802,100 GPR and -4.0 GPR positions and -\$5,459,500 PR and -9.65 PR positions in 1999-00 and -\$1,844,500 GPR and -4.0 GPR positions and -\$5,542,300 PR and -16.15 PR positions in 2000-01); (c) full funding of salaries and fringe benefits (-\$3,405,900 GPR and -\$1,696,900 PR annually); (d) full funding of financial services (\$66,800 GPR annually); (e) reclassifications (\$7,600 GPR annually); (f) overtime costs (\$10,525,400 GPR and \$2,409,000 PR in 1999-2000 and \$10,185,100 GPR and \$2,023,900 PR in 2000-01); (g) night and weekend pay differential (\$4,475,800 GPR and \$918,100 PR annually); (h) fifth week of vacation as cash (\$105,100 GPR and \$20,800 PR in 1999-00 and \$108,000 GPR and \$21,200 PR in 2000-01); (i) full funding of private lease costs and directed moves (\$57,000 GPR annually); and (j) minor transfers within the same appropriation (-1.0 GPR and -1.0 PR permanent positions annually and 1.0 GPR and 1.0 PR project positions annually). The 20.15 positions removed as noncontinuing items include: (a) 3.0 GPR project positions which were converted from permanent status and expire in 1999-00; (b) 1.0 GPR one-year project position associated with the chemical castration program created in 1997 Act 284; (c) 3.2 PR one-year project positions associated with inmate work initiatives at the Waupun Correctional Institution; (d) 5.0 PR positions associated with a computer recycling project which expires at the end of 1998-99; (e) 6.5 PR positions associated with a grant for a substance abuse program at the Oshkosh Correctional Institution which expires in 2000-01; and (f) 1.45 PR positions associated with frozen positions or positions which no longer exist in the personnel management information system.

2. DEBT SERVICE REESTIMATES [LFB Paper 245]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$4,528,600	\$5,933,600	\$1,405,000
PR	-286,100	0	-286,100
Total	-\$4,814,700	\$5,933,600	\$1,118,900

Governor: Provide -\$3,496,800 GPR and -\$145,200 PR in 1999-00 and -\$1,031,800 GPR and -\$140,900 PR in 2000-01 to reflect a reestimate of debt service costs in the Department of Corrections. The total reestimate is divided as follows: (a) -\$3,760,300 GPR in 1999-00 and -\$1,280,800 GPR in 2000-01 associated with adult institutions; (b) \$263,500 GPR in 1999-00 and \$249,000 GPR in 2000-01 associated with juvenile institutions; and (c) -\$145,200 PR in 1999-00 and -\$140,900 PR associated with Badger State Industries. In total, estimated debt service costs for Corrections would be: (a) \$46,187,300 GPR in 1999-00 and \$48,666,800 GPR in 2000-01 for adult institutions; (b) \$3,425,900 GPR in 1999-00 and \$3,411,400 GPR in 2000-01 for juvenile institutions; and (c) \$97,600 PR in 1999-00 and \$101,900 PR in 2000-01 for Badger State Industries.

Joint Finance/Legislature: Provide an additional \$3,235,500 GPR in 1999-00 and \$1,042,400 GPR in 2000-01 to reestimate debt service costs associated with adult institutions and

\$935,500 GPR in 1999-00 and \$720,200 GPR in 2000-01 to reestimate debt service costs associated with juvenile institutions. Based on the reestimates, debt service costs would total: (a) \$49,422,800 GPR in 1999-00 and \$49,709,200 GPR in 2000-01 for adult institutions; and (b) \$4,361,400 GPR in 1999-00 and \$4,131,600 GPR in 2000-01 for juvenile institutions.

3. FEDERAL CRIMINAL ALIEN ASSISTANCE PROGRAM [LFB Paper 320]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	\$3,800,000	\$999,200	\$4,799,200

Governor: Deposit \$1,900,000 annually received from the federal state criminal alien assistance program (SCAAP) into the general fund. Under SCAAP, the federal Department of Justice's Bureau of Justice Assistance provides assistance to state and local governments for costs incurred for the imprisonment of undocumented criminal aliens who are convicted of felony offenses or two or more misdemeanors. Awards are based on the total number of reimbursable aliens, the average length of incarceration and the cost per inmate. No restrictions are placed on a state's use of the funds that are received.

Joint Finance/Legislature: Reestimate the deposit to the general fund from SCAAP to \$2,399,600 annually (an increase of \$499,600 annually).

4. RENT

GPR	\$1,420,200
PR	312,000
Total	\$1,732,200

Governor/Legislature: Provide \$710,100 GPR and \$156,000 PR annually for rental costs on a departmentwide basis, as follows: (a) Division of Management Services, -\$62,800 GPR and -\$10,900 PR; (b) Division of Adult Institutions, -\$59,400 PR; (c) Division of Program Planning and Movement, \$5,400 GPR and \$1,900 PR; (d) Division of Community Corrections, \$774,800 GPR and \$16,800 PR; (e) Division of Juvenile Corrections, \$4,400 GPR and \$207,600 PR; and (f) Parole Commission, -\$11,700 GPR.

5. FULL FUNDING OF NON-SALARY COSTS

GPR	\$1,256,200
PR	77,000
Total	\$1,333,200

Governor/Legislature: Provide \$628,100 GPR and \$38,500 PR annually to annualize non-salary costs, including rent, supplies and services, and internal services charges associated with positions created for only a portion of a year in 1997 Acts 27 and 284. Annual funding would be provided as follows: (a) \$25,300 GPR for the Division of Management Services; (b) \$25,300 GPR for the Division of Adult Institutions; (c) \$317,000 GPR for the Division of Program Planning and Movement; (d) \$260,500 GPR for the Division of Community Corrections; and (e) \$38,500 PR for the Division of Juvenile Corrections.

6. PROGRAM REVENUE REESTIMATES

PR	\$2,065,000
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Governor/Legislature: Provide \$1,005,500 in 1999-00 and \$1,059,500 in 2000-01 associated with the following program revenue appropriation reestimates: (a) \$505,900 in 1999-00 and \$559,900 annually for the telephone commission revenues appropriation for the purchase of educational, religious and library supplies at the state prisons and correctional centers; (b) -\$100,000 annually from revenues of third party liability of medical claims which are not provided to the Department, but rather the medical service providers; (c) \$100,000 annually for inmate room and board charges at the correctional centers; (d) -\$23,300 annually for electronic monitoring fees from offenders in the community residential confinement program to reduce the appropriation to \$0 to correspond with estimated revenue (the program is not operational); (e) \$507,800 annually for increased activity associated with correctional institution enterprises; (f) -\$3,000 annually to decrease the sales of lands appropriation to \$0 to correspond with estimated revenue; (g) -\$1,300 annually for state-owned housing maintenance; and (h) \$19,400 annually for activity therapy at the Southern Oaks Girls School.

7. BASE FUNDING CORRECTIONS

GPR	\$28,600
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Governor/Legislature: Provide \$14,300 annually to correct an error in the Department's base budget. As the result of data entry errors, Corrections' general program operations appropriation base budget for local assistance is -\$14,300. The Governor's recommendation would adjust this funding to \$0. In addition: (a) transfer \$73,900 GPR and 13.0 GPR positions annually from the appropriation for operations of community corrections to the Department's general program operations appropriation to correctly align funding and positions as the result of a 1996 reorganization of the Department; (b) move \$1,600 GPR annually for supplies and services to variable non-food associated with an error that occurred when the Office of Education was created; and (c) move \$34,900 GPR annually from unallotted reserve to supplies and services associated with inmate supplies and services.

8. ALCOHOL AND OTHER DRUG ABUSE FUNDING [LFB Paper 321]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$2,000,000	0.00	\$0	5.25	\$2,000,000	5.25

Governor: Provide \$1,000,000 annually for alcohol and drug abuse (AODA) programs in Corrections. Direct the Secretary of DOA to allocate \$1,000,000 annually from federal anti-drug law enforcement funds and matching penalty assessment monies received by the Office of Justice Assistance to the Department of Corrections to fund AODA programs. The bill does not

specify how the funding would be utilized, but does place the funding in Corrections' Office of Offender Programming.

Joint Finance/Legislature: Specify that funding be provided as follows: (a) \$656,600 in 1999-00 and \$581,000 in 2000-01 for the purchase of AODA-related services and/or treatment in Milwaukee; and (b) \$343,400 in 1999-00 and \$419,000 in 2000-01 and 5.25 four-year project positions annually for a 30-bed residential AODA program for individuals convicted of operating while intoxicated five or more times.

[Act 9 Section: 9101(12)]

9. OFFICE OF VICTIM SERVICES AND PROGRAMS

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$324,600	3.00	-\$49,100	0.00	\$275,500	3.00

Governor: Provide \$153,200 in 1999-00 and \$171,400 in 2000-01 and 3.0 positions to create an Office of Victim Services and Programs. Transfer \$50,800 and 1.0 position, currently in the Parole Commission, to the Office of Victim Services. Total funding for the Office would be \$202,000 in 1999-00 and \$220,200 in 2000-01 and 4.0 positions annually. The Office would provide information and services to victims of crimes and their families related to issues such as new laws, new correctional programs, victim notification, community education and restitution. Create an annual, program revenue appropriation to support the Office, funded from federal crime victim assistance funds transferred from the Wisconsin Department of Justice.

Joint Finance/Legislature: Reduce funding by \$49,100 in 1999-00 to start the positions on February 1, 2000. In addition, modify the funding source for the additional 3.0 positions from federal crime victim assistance funds transferred from DOJ to penalty assessment revenues.

[Act 9 Sections: 361d and 542]

10. SEX OFFENDER REGISTRY STAFF [LFB Paper 322]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$253,000	2.00	\$107,700	2.00	\$360,700	4.00

Governor: Provide \$113,000 in 1999-00 and \$140,000 in 2000-01 and 2.0 positions for sex offender registry program staff. Funding would support: (a) an additional 2.0 corrections program specialists to track, verify and ensure compliance with sex offender registration

requirements (\$93,300 in 1999-00 and \$103,100 in 2000-01); (b) five vehicles for travel by the corrections specialists (\$14,200 in 1999-00 and \$31,600 in 2000-01); (c) five pagers (\$200 in 1999-00 and \$500 in 2000-01); and (d) computer equipment for staff (\$5,300 in 1999-00 and \$4,800 in 2000-01).

Joint Finance/Legislature: Reduce funding by \$4,700 in 1999-00 and provide \$112,400 and 2.0 positions in 2000-01 for sex offender registry staff. In total, sex offender registry staff would be increased by \$108,300 and 2.0 positions in 1999-00 and \$252,400 and 4.0 positions in 2000-01.

11. DATABASE IMPROVEMENTS [LFB Paper 192]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$0	0.00	\$1,921,200	4.00	\$1,921,200	4.00
PR	<u>3,654,500</u>	<u>4.00</u>	<u>-1,921,200</u>	<u>-4.00</u>	<u>1,733,300</u>	<u>0.00</u>
Total	\$3,654,500	4.00	\$0	0.00	\$3,654,500	4.00

Governor: Provide \$1,472,900 PR in 1999-00 and \$2,181,600 PR in 2000-01 and 4.0 PR positions annually for database improvements. Funding would be used to modify the State of North Carolina's offender population system for application in Wisconsin. The improved database would combine prison and probation and parole databases, provide for increased continuity in departmental data, provide for increased information sharing between justice agencies and automate certain correctional processes. Total funding would be divided as follows: (a) \$221,400 in 1999-00 and \$252,300 in 2000-01 to support 1.0 information systems development specialist, 2.0 senior information systems programmer analyst and 1.0 information systems data architect; and (b) \$1,251,500 in 1999-00 and \$1,929,300 in 2000-01 for contractor costs. Penalty assessment revenues would support: (a) staffing costs of \$221,400 in 1999-00 and \$252,300 in 2000-01; and (b) contractor costs of \$718,200 in 1999-00 and \$729,300 in 2000-01. Revenues for the remaining contractor costs of \$533,300 in 1999-00 and \$1,200,000 in 2000-01 would be provided from federal anti-drug funds and state penalty assessment match monies received by the Office of Justice Assistance. Direct the Secretary of DOA to allocate \$533,300 in 1999-00 and \$1,200,000 in 2000-01 from federal and state anti-drug funds received by the Office of Justice to the Department of Corrections to fund information technology.

Joint Finance/Legislature: Delete penalty assessment funding and positions and instead provide \$939,600 GPR and \$533,300 PR in 1999-00 and \$981,600 GPR and \$1,200,000 PR in 2000-01 and 4.0 GPR positions for database improvements. Program revenue would be provided from federal Byrne anti-drug monies received from the Office of Justice Assistance.

[Act 9 Section: 9101(13)]

12. INFORMATION TECHNOLOGY OPERATIONS COSTS [LFB Paper 192]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$0	\$1,591,200	\$1,591,200
PR	<u>1,591,200</u>	<u>-1,591,200</u>	<u>0</u>
Total	\$1,591,200	\$0	\$1,591,200

Governor: Provide \$795,600 PR annually to support the continued costs of data transmission lines for information technology activities in the Department. The Department currently has 78 high-speed data lines. The current line charges are being supported by a federal grant, which will expire in 1998-99, and through base resources. This item would provide funding for all current data lines for Corrections. Funding would be provided from penalty assessment revenues.

Joint Finance/Legislature: Delete funding provided from penalty assessment revenues and instead provide GPR funding for information technology operations costs.

13. INCREASED CENTRAL RECORDS STAFF [LFB Paper 192]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$0	0.00	\$193,300	3.00	\$193,300	3.00
PR	<u>193,300</u>	<u>3.00</u>	<u>-193,300</u>	<u>-3.00</u>	<u>0</u>	<u>0.00</u>
Total	\$193,300	3.00	\$0	0.00	\$193,300	3.00

Governor: Provide \$96,500 PR in 1999-00 and \$96,800 PR in 2000-01 and 3.0 PR positions annually for increased central records staff to process records associated with probation admissions, sentences to prison, releases from prison, mandatory releases and discharges from supervision. Funding for the positions would be provided from penalty assessment revenues.

Joint Finance/Legislature: Delete funding and positions provided from penalty assessment revenues and instead provide GPR funding and positions for increased central records staff.

14. SEX OFFENDER REGISTRY INFORMATION SYSTEM [LFB Paper 192]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$0	0.00	\$163,500	1.00	-\$3,200	0.00	\$160,300	1.00
PR	<u>163,500</u>	<u>1.00</u>	<u>-163,500</u>	<u>-1.00</u>	<u>0</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>
Total	\$163,500	1.00	\$0	0.00	-\$3,200	0.00	\$160,300	1.00

Governor: Provide \$107,600 PR in 1999-00 and \$55,900 PR in 2000-01 and 1.0 PR information systems applications programmer position annually for programming, development and maintenance of the sex offender registry. Under current law, all felony sex offenders are required to register with Corrections for 15 years after being released from supervision and certain information is passed on to law enforcement and the public. Of the funding provided, \$57,500 in one-time funding is provided in 1999-00 for 90 digital cameras to provide photographic identification of individuals listed on the registry. Funding for the sex offender registry programmer and digital cameras would be provided from penalty assessment revenues.

Joint Finance: Delete funding and position provided from penalty assessment revenues and instead provide GPR funding and position for the sex offender registry information system.

Assembly/Legislature: Delete \$3,200 GPR in 1999-00 to reduce the number of digital cameras to be purchased for the sex offender registry information system from 90 to 85.

15. ELECTRONIC IDENTIFICATION CARD SYSTEM [LFB Paper 192]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$0	0.00	\$130,800	1.00	\$130,800	1.00
PR	130,800	1.00	-130,800	-1.00	0	0.00
Total	\$130,800	1.00	\$0	0.00	\$130,800	1.00

Governor: Provide \$60,700 PR in 1999-00 and \$70,100 PR in 2000-01 and 1.0 PR network specialist position to provide staff support for an identification card system currently being installed at seven departmental locations. The system is designed to match digitized facial features against a database to identify staff, inmates, offenders and visitors at state prisons, correctional centers, probation and parole offices and the juvenile facilities. Funding for the position would be provided from penalty assessment revenues.

Joint Finance/Legislature: Delete funding and position provided from penalty assessment revenues and instead provide GPR funding and position for the electronic identification card system.

16. INFORMATION TECHNOLOGY STAFFING

	Positions
GPR	14.00

Governor/Legislature: Provide 14.0 positions for increased information technology staffing in the Department's Bureau of Technology Management. Reduce supplies and services funding for contract IT staff by \$816,900 in 1999-00 and \$886,400 in 2000-01 to fund the increased positions. Increased staffing would be provided for the following information technology activities: (a) statewide

information technology data archiving and maintenance of archiving software and hardware (\$60,700 in 1999-00 and \$70,100 in 2000-01 and 1.0 position annually); (b) statewide email system maintenance and support (\$121,200 in 1999-00 and \$140,300 in 2000-01 and 2.0 positions annually); (c) forms management and electronic forms development (\$39,300 in 1999-00 and \$62,600 in 2000-01 and 1.0 position annually); (d) statewide information technology help desk to assist staff with computer problems (\$250,300 in 1999-00 and \$280,200 in 2000-01 and 5.0 positions annually); (e) statewide network security (\$50,100 in 1999-00 and \$55,900 in 2000-01 and 1.0 position, and \$55,000 in 1999-00 on a one-time basis for security software); (f) statewide information technology network administration, maintenance and field support (\$140,100 in 1999-00 and \$165,500 in 2000-01 and 2.0 positions annually); (g) programming and maintenance for the Division of Community Corrections' offender tracking system (\$50,100 in 1999-00 and \$55,900 in 2000-01 and 1.0 position annually); and (h) voice communications and technology support (\$50,100 in 1999-00 and \$55,900 in 2000-01 and 1.0 position annually).

17. INFORMATION TECHNOLOGY APPROPRIATION [LFB Paper 192]

Governor: Create an annual appropriation for maintaining, developing and operating information systems funded from penalty assessment revenues. Under the bill, penalty assessment revenues would be deposited to a newly-created appropriation under the Office of Justice Assistance for penalty assessment surcharge receipts. The bill requires that the amounts specified in the information technology appropriation (\$2,000,000 PR annually) would then be transferred to Corrections.

Joint Finance/Legislature: Delete provision.

18. DEPARTMENTAL REORGANIZATION

Governor/Legislature: Transfer funding and positions within the Department to align funding and positions with current departmental structure. The realignment would: (a) create separately identifiable budgetary units for bureaus and programs within the Division of Management Services; (b) combine budgetary units for the northern and southern correctional centers; (c) align funding for the Bureau of Health Services; and (d) align funding of positions in the Secretary's Office and the Division of Management Services with current duties.

19. FEDERAL FUNDING REESTIMATES [LFB Paper 323]

FED	\$5,117,800
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Joint Finance/Legislature: Provide additional funding in the following federal appropriations to reflect revenue reestimates: (a) federal project operations--adults, \$2,442,100 annually; (b) federal operations--adults, \$86,800 annually; and (c) federal program operations--juveniles, \$30,000 annually.

20. UNCLASSIFIED DIVISION ADMINISTRATORS

Joint Finance: Create 5.0 GPR unclassified division administrator positions in the Department of Corrections beginning in 1999-00. Delete 5.0 GPR classified division administrator positions in 1999-00. Under current law, division administrator positions in Corrections are classified positions. As unclassified employees, division administrators would be appointed and dismissed at the discretion of the Secretary of the Department of Corrections. Unclassified division administrator positions would be assigned to an executive salary group by the Department of Employment Relations, receive increased fringe benefits (approximately \$17,100 annually for the five positions based on current salaries), receive additional vacation and leave privileges, have a higher formula factor (from 1.6 to 2.0) for determining Wisconsin retirement system formula benefits and could retire with full benefits at age 62 rather than age 65. Current employees could be appointed to the unclassified positions. Current employees would retain civil service status and as a result have the ability to be placed in other classified positions in Corrections, if not retained as division administrators.

Senate: Delete the Joint Finance provision which creates 5.0 unclassified division administrator positions in the Department of Corrections and deletes 5.0 classified division administrator positions.

Conference Committee/Legislature: Include Joint Finance provision.

[Act 9 Section: 2359x]

Adult Correctional Facilities

1. ADULT CORRECTIONAL FACILITY POPULATION ESTIMATES [LFB Paper 330]

Governor: Estimate an average daily population in the adult correctional facilities (correctional institutions and centers) of 21,721 in 1999-00 and 25,823 in 2000-01. The following table identifies the distribution of this population.

	February 26, 1999	<u>Average Daily Population</u>	
	<u>Actual Population</u>	<u>1999-00</u>	<u>2000-01</u>
Institutions	12,311	13,666	14,325
Centers	1,795	1,885	2,485
Contract Beds			
In-State ¹	594	654	654
Out-of-State	3,607	3,857	3,857
Undetermined Location	---	<u>1,659</u>	<u>4,502</u>
Total	18,307	21,721	25,823

¹In-state contract beds include beds provided by Wisconsin counties, the Division of Juvenile Corrections at Prairie du Chien, and beds at the federal correctional facility in Oxford, Wisconsin. The numbers do not, however, include approximately 75 beds for temporary lock-up of center system inmates.

Joint Finance: Estimate adult correctional facility populations as follows:

	<u>Average Daily Population</u>	
	<u>1999-00</u>	<u>2000-01</u>
Institutions ¹	13,747	15,457
Centers	1,885	2,485
Contract Beds		
In-State ²	654	654
Out-of-State	3,857	3,857
Undetermined Location	<u>700</u>	<u>1,484</u>
Total	20,843	23,937

¹Institutional totals include the estimated average daily population for the Stanley Correctional Facility (81 in 1999-00 and 1,132 in 2000-01).

²In-state contract beds include beds provided by Wisconsin counties, the Division of Juvenile Corrections at Prairie du Chien, and beds at the federal correctional facility in Oxford, Wisconsin. The numbers do not, however, include approximately 75 beds for temporary lock-up of center system inmates.

Senate: Due to the provision to place an increased number of individuals in the intensive sanctions program, estimate adult correctional facility populations as follows:

	<u>Average Daily Population</u>	
	<u>1999-00</u>	<u>2000-01</u>
Institutions	13,666	14,325
Centers	1,885	2,485
Contract Beds		
In-State ¹	654	654
Out-of-State	3,857	3,857
Undetermined Location	<u>181</u>	<u>1,892</u>
Total	20,243	23,213

¹In-state contract beds include beds provided by Wisconsin counties, the Division of Juvenile Corrections at Prairie du Chien, and beds at the federal correctional facility in Oxford, Wisconsin. The numbers do not, however, include approximately 75 beds for temporary lock-up of center system inmates.

Conference Committee/Legislature: Estimate adult correctional facility populations as follows:

	<u>Average Daily Population</u>	
	<u>1999-00</u>	<u>2000-01</u>
Institutions	13,666	14,325
Centers	1,885	2,485
Contract Beds		
In-State ¹	654	654
Out-of-State	3,857	3,857
Undetermined Location	<u>781</u>	<u>2,616</u>
Total	20,843	23,937

¹In-state contract beds include beds provided by Wisconsin counties, the Division of Juvenile Corrections at Prairie du Chien, and beds at the federal correctional facility in Oxford, Wisconsin. The numbers do not, however, include approximately 75 beds for temporary lock-up of center system inmates.

2. INMATE POPULATION FUNDING ADJUSTMENTS

GPR	\$9,387,400
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Governor/Legislature: Provide \$3,854,700 in 1999-00 and \$5,532,700 in 2000-01 to reflect population-related cost adjustments for prisoners in facilities operated by the Division of Adult Institutions and the Division of Community Corrections as follows: (a) \$1,360,500 in 1999-00 and \$1,749,200 in 2000-01 for food costs; (b) \$233,400 in 1999-00 and \$862,400 in 2000-01 for variable non-food costs, such as clothing, laundry, inmate wages and other supplies; and (c) \$2,260,800 in 1999-00 and \$2,921,100 in 2000-01 for inmate health care.

3. STAFFING INCREASES ASSOCIATED WITH PRISON EXPANSIONS [LFB Papers 247, 248, 331, 332 and 333]

Governor: The bill provides GPR funding and positions over the 1999-01 biennium associated with the operation of an additional 7,057 beds. Of the total number of beds, 4,502 are related to an increase in the number of contracted beds, 2,255 beds are from previously approved building projects and 300 beds are associated with the proposed inmate work centers. The following table identifies the institution, the total number of additional beds, and the

operational and staffing increases provided in the bill. [Each provision is described in greater detail following this summary.]

<u>Institution</u>	<u>Additional Beds</u>	<u>1999-00</u>		<u>2000-01</u>	
		<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Existing Contract Beds	0	\$25,059,800	0.00	\$26,081,700	0.00
Additional Contract Beds	4,502	27,323,700	0.00	73,945,400	0.00
Supermax	500	10,819,600	246.20	12,799,200	246.20
Redgranite	750	802,900	10.00	11,231,600	291.30
New Lisbon ¹	375	9,400	2.00	775,100	9.00
Probation and Parole Hold/ AODA Facility ²	600	389,000	13.00	13,677,800	273.25
Inmate Work Centers	300	1,304,000	40.00	3,085,800	40.00
Ellsworth Center for Women	30	210,400	5.00	230,500	5.00
Total	7,057	\$65,918,800	316.20	\$141,827,100	864.75

¹ New Lisbon is scheduled to open in the 2001-03 biennium. Funding provided in the bill is initial funding for the facility.

² The probation and parole hold/AODA facility will have 400 beds for probation and parole holds and 200 beds for AODA treatment services. The probation and parole hold beds will not result in increased prison capacity.

Joint Finance: Under the Joint Committee on Finance provision, GPR funding and positions are provided associated with the operation of an additional 5,539 beds. Of the total number of beds, 1,484 are related to an increase in the number of contracted beds, 2,255 beds are from previously approved building projects, 300 beds are associated with the proposed inmate work centers and 1,500 beds are associated with the Stanley Correctional Facility. The following table identifies the institution, the total number of additional beds, and the operational and staffing increases.

<u>Institution</u>	<u>Additional Beds</u>	<u>1999-00</u>		<u>2000-01</u>	
		<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Existing Contract Beds ¹	0	\$23,272,100	0.00	\$24,304,800	0.00
Additional Contract Beds ¹	1,484	11,536,300	0.00	24,378,300	0.00
Supermax	500	10,765,600	244.89	12,744,700	244.89
Redgranite	750	802,900	10.00	10,765,800	276.34
New Lisbon ²	375	9,400	2.00	728,700	9.00
Probation and Parole Hold/ AODA Facility ³	600	389,000	13.00	13,592,700	270.36
Inmate Work Centers ⁴	300	1,299,600	0.00	3,067,000	0.00
Ellsworth Center for Women	30	206,100	4.89	225,700	4.89
Stanley Correctional Facility ⁵	1,500	6,788,400	0.00	17,427,200	0.00
Total	5,539	\$55,069,400	274.78	\$107,234,900	805.48

¹ Funding for increased costs of existing contracts (\$935,900 in 1999-00 and \$1,866,600 in 2000-01) and all funding associated with additional contract beds (\$11,536,300 in 1999-00 and \$24,378,300 in 2000-01) was placed in the Joint Committee on Finance supplemental appropriation for release upon approval of correctional contracts.

² New Lisbon is scheduled to open in the 2001-03 biennium. Funding provided in the bill is initial funding for the facility.

³ The probation and parole hold/AODA facility will have 400 beds for probation and parole holds and 200 beds for AODA treatment services. The probation and parole hold beds will not result in increased prison capacity.

⁴ Funding for the inmate work centers was placed in the Joint Committee on Finance supplemental appropriation for release once the work center locations have been determined.

⁵ Funding for the operation of the Stanley Correctional Facility was placed in the Joint Committee on Finance supplemental appropriation for release to Corrections after the lease or purchase of the facility has been approved.

Senate: Under the Senate provision, GPR funding and positions are provided associated with the operation of an additional 4,447 beds. Of the total number of beds, 1,892 are related to an increase in the number of contracted beds, 2,255 beds are from previously approved building projects and 300 beds are associated with the proposed inmate work centers. The following table identifies the institution, the total number of additional beds, and the operational and staffing increases.

<u>Institution</u>	<u>Additional Beds</u>	<u>1999-00</u>		<u>2000-01</u>	
		<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Existing Contract Beds ¹	0	\$23,272,100	0.00	\$24,304,800	0.00
Additional Contract Beds ¹	1,892	2,995,700	0.00	31,079,900	0.00
Supermax	500	10,765,600	244.89	12,744,700	244.89
Redgranite	750	802,900	10.00	10,765,800	276.34
New Lisbon ²	375	9,400	2.00	728,700	9.00
Probation and Parole Hold/ AODA Facility ³	600	389,000	13.00	13,592,700	270.36
Inmate Work Centers ⁴	300	1,299,600	0.00	3,067,000	0.00
Ellsworth Center for Women	30	206,100	4.89	225,700	4.89
Total	4,447	\$39,740,400	274.78	\$96,509,300	805.48

¹ Funding for increased costs of existing contracts (\$935,900 in 1999-00 and \$1,866,600 in 2000-01) and all funding associated with additional contract beds (\$2,995,700 in 1999-00 and \$31,079,900 in 2000-01) was placed in the Joint Committee on Finance supplemental appropriation for release upon approval of correctional contracts.

² New Lisbon is scheduled to open in the 2001-03 biennium. Funding provided in the bill is initial funding for the facility.

³ The probation and parole hold/AODA facility will have 400 beds for probation and parole holds and 200 beds for AODA treatment services. The probation and parole hold beds will not result in increased prison capacity.

⁴ Funding for the inmate work centers was placed in the Joint Committee on Finance supplemental appropriation for release once the work center locations have been determined.

Conference Committee/Legislature: Under the provision adopted by the Legislature, GPR funding and positions are provided associated with the operation of an additional 5,171 beds. Of the total number of beds, 2,616 are related to an increase in the number of contracted beds, 2,255 beds are from previously approved building projects and 300 beds are associated with the proposed inmate work centers. The following table identifies the institution, the total number of additional beds, and the operational and staffing increases.

<u>Institution</u>	<u>Additional Beds</u>	<u>1999-00</u>		<u>2000-01</u>	
		<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Existing Contract Beds ¹	0	\$23,272,100	0.00	\$24,304,800	0.00
Additional Contract Beds ¹	2,616	12,863,100	0.00	42,967,800	0.00
Supermax	500	10,765,600	244.89	12,744,700	244.89
Redgranite	750	802,900	10.00	10,765,800	276.34
New Lisbon ²	375	9,400	2.00	728,700	9.00
Probation and Parole Hold/ AODA Facility ³	600	389,000	13.00	13,592,700	270.36
Inmate Work Centers ⁴	300	1,299,600	0.00	3,067,000	0.00
Ellsworth Center for Women	30	206,100	4.89	225,700	4.89
Total	5,171	\$49,607,800	274.78	\$108,397,200	805.48

¹ Funding for increased costs of existing contracts (\$935,900 in 1999-00 and \$1,866,600 in 2000-01) and all funding associated with additional contract beds (\$12,863,100 in 1999-00 and \$42,967,800 in 2000-01) was placed in the Joint Committee on Finance supplemental appropriation for release upon approval of correctional contracts.

² New Lisbon is scheduled to open in the 2001-03 biennium. Funding provided in the bill is initial funding for the facility.

³ The probation and parole hold/AODA facility will have 400 beds for probation and parole holds and 200 beds for AODA treatment services. The probation and parole hold beds will not result in increased prison capacity.

⁴ Funding for the inmate work centers was placed in the Joint Committee on Finance supplemental appropriation for release once the work center locations have been determined.

4. CONTRACTS FOR PRISON BEDS [LFB Paper 331]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$152,410,600	-\$107,636,200	\$44,774,400

Governor: Provide \$52,383,500 in 1999-00 and \$100,027,100 in 2000-01 to fully fund existing contract beds and to purchase additional contract prison beds. Base funding for the contracts appropriation, which is used to support contracts with public and private providers of prison beds and for temporary lockup of offenders from the Division of Community Corrections, is \$62,785,900 annually. The recommendation is divided as follows:

a. *Full Funding of Existing Contract Prison and Jail Beds.* Provide \$25,059,800 in 1999-00 and \$26,081,700 in 2000-01 to support contracts with the Corrections Corporation of America (CCA) for space in Tennessee and Oklahoma, the federal government for space in West Virginia and Minnesota, Wisconsin and Texas counties for jail space, the Division of Juvenile Corrections' Prairie du Chien Correctional (PDC) facility and Wisconsin counties for temporary lockup of offenders from the Division of Community Corrections. It should be noted that the funding provided assumes that the cost per day, per inmate charged by CCA (\$42 in 1998-99) and Milwaukee County (\$58 in 1998-99) will increase by \$1 per day during each year of the biennium. As recommended, total funding for existing contract beds would be \$87,845,700 in 1999-00 and \$88,867,600 in 2000-01, and would support 5,016 contract beds daily (4,586 beds for prison inmates and 430 beds for community corrections offenders). Of these beds, 3,907 beds

for prison inmates would be supplied by providers other than Wisconsin state or local governments, including 50 beds at Oxford federal prison.

b. Additional Contract Prison Beds. Provide \$27,323,700 in 1999-00 and \$73,945,400 in 2000-01 for additional contract prison space for prison inmates. The Governor's recommendation is estimated to support an additional 1,659 contract beds in 1999-00 and 4,502 contract beds in 2000-01 at an average cost of \$45 per day per inmate. No locations for the beds are specified and, as a result, funding could be utilized to support additional instate and/or out-of-state contracts. As of February 26, 1999, Corrections had 4,201 inmates placed in contracted facilities (3,607 in out-of-state facilities and 594 instate).

Joint Finance/Legislature: Modify the provision as follows:

a. Full Funding of Existing Contract Prison and Jail Beds. Reduce funding by \$1,787,700 in 1999-00 and \$1,776,900 in 2000-01 to: (1) reestimate funding associated with the current Texas county jail contract and the contract with the federal government for the West Virginia facility (-\$278,200 in 1999-00 and -\$277,400 in 2000-01); and (2) reduce funding associated with the Prairie du Chien Correctional Facility contract (-\$1,509,500 in 1999-00 and -\$1,499,500 in 2000-01). Further, place \$935,900 GPR in 1999-00 and \$1,866,600 GPR in 2000-01 in the Joint Committee on Finance's supplemental appropriation for release to Corrections once the Committee has approved a modified contract with the Corrections Corporation of America.

b. Additional Prison Contract Beds. Reestimate the number of contract beds necessary during the 1999-01 biennium (781 in 1999-00 and 2,616 in 2000-01) based on revised correctional facility population projections and, as a result, reduce funding by \$14,460,600 GPR in 1999-00 and \$30,977,600 GPR in 2000-01. Place the remaining funding (\$12,863,100 GPR in 1999-00 and \$42,967,800 GPR in 2000-01) in the Joint Committee on Finance's supplemental appropriation for release to Corrections once the Committee has approved contracts.

5. SUPERMAX CORRECTIONAL INSTITUTION [LFB Paper 332]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$23,618,800	246.20	-\$108,500	-1.31	\$23,510,300	244.89

Governor: Provide \$10,819,600 in 1999-00 and \$12,799,200 in 2000-01 with 246.2 positions annually to operate the new 500-bed Supermax Correctional Institution in Boscobel. Staffing would include 168.7 correctional officers, 4.0 unit managers, 12.0 supervising officers, 3.0 social workers, 1.0 chaplain, 8.0 inmate education-related positions, 4.0 clinical services positions, 27.0 maintenance positions, 8.0 food service positions, 2.0 inmate complaint positions, 2.0 financial services positions, 2.0 records office positions, 1.0 laundry worker, 0.5 barber and 3.0 central office positions. The recommendation includes \$887,900 in 1999-00 and \$1,586,200 in 2000-01 for a food service contract, and \$632,500 in 1999-00 and \$1,170,700 in 2000-01 to provide medical

services. The facility, scheduled to be completed by October, 1999, will have most inmates placed in cells 23 hours per day, with meals, education, psychological services and some medical services provided in the cell. When not in a cell, inmates at the Supermax facility will be in restraints and escorted by two correctional officers. Initial staffing, training costs for 105.8 correctional officers and funding for startup of the institution (\$1,964,500 and 35.0 positions) was provided in 1997 Act 237.

Joint Finance/Legislature: Delete \$54,000 in 1999-00 and \$54,500 in 2000-01 and 1.31 positions annually associated with the staffing of correctional officer positions. [On September 16, 1999, the Joint Committee on Finance, acting under s. 13.10, authorized 184.89 positions of the 244.89 positions, to allow initial operation of Supermax prior to enactment of the 1999-01 biennial budget.]

6. REDGRANITE CORRECTIONAL INSTITUTION [LFB Paper 333]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$12,034,500	291.30	-\$465,800	-14.96	\$11,568,700	276.34

Governor: Provide \$802,900 and 10.0 positions in 1999-00 and \$11,231,600 and 291.3 positions in 2000-01 to operate the new 750-bed (512-cell), medium-security Redgranite Correctional Institution. The facility is scheduled to open in January, 2001. The recommendation includes 10.0 positions for the initial staffing of the facility in 1999-00 (the warden, personnel, financial services, maintenance and security positions). When fully staffed in 2000-01, the institution would include the following positions: 1.0 warden, 1.0 deputy warden, 1.0 secretary for the warden, 2.0 positions for institutional security (1.0 security director and 1.0 program assistant), 184.3 correctional officers, 4.0 unit managers, 13.0 supervising officers, 11.0 social workers, 1.0 chaplain, 19.0 inmate education and recreation-related positions, 5.0 clinical services positions (including 1.0 psychologist placed in one of the housing units), 1.0 crisis intervention worker, 16.0 maintenance positions, 7.0 food service positions, 2.0 inmate complaint positions, 7.0 financial services positions, 3.0 personnel positions, 4.0 records office positions, 3.0 institutional stores positions, 2.0 institution programs positions and 4.0 central office positions. The recommendation includes \$980,400 in 2000-01 for a food service contract and \$626,000 in 2000-01 for a medical services contract.

Joint Finance/Legislature: Reduce positions and funding for the following: (a) the control center at the facility which was inadvertently staffed twice under AB 133 (-\$305,500 and -10.0 positions in 2000-01); (b) correctional officer staffing for a correctional industries building which is not currently being built (-\$84,400 and -2.4 positions in 2000-01); and (c) appropriate correctional officer staffing (-\$75,900 and -2.56 positions in 2000-01).

7. NEW LISBON CORRECTIONAL INSTITUTION [LFB Paper 333]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$784,500	9.00	-\$46,400	0.00	\$738,100	9.00

Governor: Provide \$9,400 and 2.0 positions in 1999-00 and \$775,100 and 9.0 positions in 2000-01 for initial staffing at the New Lisbon Correctional Institution. On September 17, 1998, the Building Commission approved the construction of a 375-bed (250-cell) medium-security correctional institution at New Lisbon. The facility will also contain a 50-bed segregation unit. The facility is estimated to be complete by July, 2001. The recommendation provides 1.0 warden and 1.0 secretary for one month in 1999-00, and the following additional positions in 2000-01: 1.0 human resources specialist, 1.0 institutional business director, 2.0 building and maintenance positions, 1.0 institutional security director, 1.0 corrections program supervisor and 1.0 program assistant. Of the funding provided in 2000-01, \$406,700 is provided to purchase vehicles for the institution; the remaining costs in both 1999-00 and 2000-01 are associated with personnel costs.

Joint Finance/Legislature: Reduce funding provided for vehicles by \$46,400 in 2000-01.

8. PROBATION AND PAROLE HOLD/ALCOHOL AND OTHER DRUG ABUSE FACILITY [LFB Paper 333]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$14,066,800	273.25	-\$85,100	-2.89	\$13,981,700	270.36

Governor: Provide \$389,000 and 13.0 positions in 1999-00 and \$13,677,800 and 273.25 positions in 2000-01 to operate the new 600-bed, medium-security probation and parole hold/alcohol and other drug abuse (AODA) facility in Milwaukee. The facility is scheduled to open in January, 2001. The facility will have 400 beds for secured detention of probation and parole offenders and 200 beds for AODA treatment services. In 1999-00, the recommendation would provide the following positions: 1.0 warden, 1.0 deputy warden, 1.0 secretary for the warden, 2.0 personnel positions, 3.0 business office positions, 3.0 maintenance positions, 1.0 food services position and 1.0 management information technician. In 2000-01, when the facility is full staffed, the following additional positions will be included: 2.0 additional administrative positions for the warden, 2.0 positions for institutional security (1.0 security director and 1.0 program assistant), 176.25 correctional officers, 3.0 unit managers, 13.0 supervising officers, 23.0 social workers (20.0 for the AODA program), 5.0 clinical/social services positions (including 3.0 placed in the AODA program), 1.0 crisis intervention worker, 12.0 additional maintenance positions, 5.0 additional food service positions, 1.0 institutional

complaint position, 3.0 additional financial services positions, 2.0 additional personnel positions, 6.0 records office positions, 3.0 institutional stores positions, 1.0 library services position and 2.0 central office positions for inmate program review. The recommendation includes contract funding for the following: (a) \$1,114,300 in 2000-01 for food service; (b) \$626,000 in 2000-01 for medical service; (c) \$18,000 in 2000-01 for laundry service; (d) \$60,000 in 2000-01 for intake services purchased from Milwaukee County; and (e) \$60,000 in 2000-01 for educational services.

Joint Finance/Legislature: Delete \$85,100 and 2.89 positions in 2000-01 associated with the staffing of correctional officer positions.

9. INMATE WORK CENTERS [LFB Paper 248]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance/Leg.</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>
GPR	\$4,389,800	40.00	-\$4,389,800	-40.00	\$0	0.00

Governor: Provide \$1,304,000 in 1999-00 and \$3,085,800 in 2000-01 and 40.0 positions annually to establish and staff two 150-bed inmate work centers ("inmate work houses") for male inmates. The bill does not provide funding for the construction of the work centers or specify where these centers would be located. Each work center would have the following staff: 1.0 center superintendent, 1.0 social worker, 1.0 program assistant, 1.0 financial specialist, 4.0 food production assistants, 2.0 employment coordinators and 10.0 correctional officers. The recommendation includes \$961,500 in 2000-01 for a food service contract. The bill assumes that the work centers will begin operating in July, 2000. According to the Executive Budget Book, the work centers will be secured facilities. Inmates in the facilities would work in market-wage jobs and be expected to reimburse Corrections for the cost of housing and other expenses.

Joint Finance/Legislature: Delete funding and positions for the inmate work centers. Instead, place \$1,299,600 GPR in 1999-00 and \$3,067,000 GPR in 2000-01 in the Joint Committee on Finance's supplemental appropriation for the possible establishment of two 150-bed inmate work centers for male inmates. In addition, enumerate the construction of inmate work houses at two sites in connection with the 1999-01 capital budget and provide \$5,120,000 in general supported borrowing to construct the two work centers. See "Building Program."

10. ROBERT E. ELLSWORTH CORRECTIONAL CENTER [LFB Paper 333]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance/Leg.</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>
GPR	\$440,900	5.00	-\$9,100	-0.11	\$431,800	4.89

Governor: Provide \$210,400 in 1999-00 and \$230,500 in 2000-01 and 5.0 correctional officer positions annually to staff a 30-bed expansion of the Robert E. Ellsworth Correctional Center. On September 17, 1998, the Building Commission approved the renovation and construction of 30 additional beds at the Robert E. Ellsworth Correctional Center for women in Union Grove. The project will renovate an unoccupied area in the existing facility. The project is designed to support an alcohol and other drug abuse (AODA) program for women. The Executive Budget Book indicates that funding for AODA programming will be provided by a grant from the Office of Justice Assistance. The project is currently scheduled to be completed in late 1999.

Joint Finance/Legislature: Delete \$4,300 in 1999-00 and \$4,800 in 2000-01 and 0.11 position annually associated with staffing of correctional officer positions.

11. STANLEY CORRECTIONAL FACILITY [LFB Paper 247]

Joint Finance: Make the following provisions concerning the correctional facility in Stanley currently under construction by the Dominion Corporation:

a. Place funding of \$6,788,400 GPR in 1999-00 and \$17,427,200 GPR in 2000-01 to staff the Stanley Correctional Facility in the Joint Committee on Finance's appropriation for release to Corrections after approval of the lease or purchase of the facility.

b. Reduce funding in the Joint Committee on Finance appropriation for prison contract beds by \$1,326,800 GPR in 1999-00 and \$18,589,500 GPR in 2000-01 to account for the estimated number of inmates to be placed at the Stanley Correctional Facility.

c. Create a nonstatutory provision specifying:

(1) The Department of Administration shall, no later than 30 days after the effective date of the bill, commence efforts to negotiate with the owner of each private correctional facility located in this state to purchase the facility or to lease the facility with an option to purchase the facility;

(2) If DOA reaches an agreement to purchase or lease the facility, the purchase or lease is subject to approval of the Building Commission and the Joint Committee on Finance;

(3) If DOA is unable to reach an agreement with the owner, the Building Commission may acquire the private correctional facility by condemnation and a determination of the necessity of taking is created;

(4) Define "private correctional facility" as, along with the land on which it is situated, a building, structure or facility meeting all of the following requirements: (a) the building, structure or facility has been or is being constructed on the effective date of the bill; (b) the building, structure or facility has been or is being constructed for the confinement of one or

more individuals who, as a result of a court order from any jurisdiction, are in custody for the commission or alleged commission of a crime and who would be classified as medium or maximum security under the Department of Corrections' security classification system; and (c) the building, structure or facility has not been and is not being constructed under a contract with DOA, a county, a group of counties, Corrections and any county or group of counties, the United States or a federally recognized American Indian tribe or band in this state.

(5) Specify that the nonstatutory provision does not apply to a building, structure or facility that has been or is being constructed solely to confine juveniles alleged or found to be delinquent.

d. Create a statutory provision requiring DOA to acquire or lease correctional facilities identified in the nonstatutory provision. This provision constitutes an enumeration for purposes of the state building program.

e. Create a nonstatutory provision requiring Corrections to utilize any "private correctional facility" located in Wisconsin that is leased or purchased to return inmates from contracted prisons out of state and to reduce the utilization of out-of-state contract beds.

Senate/Legislature: Delete provisions related to the possible purchase and/or lease of the privately-constructed correctional facility in Stanley, Wisconsin. In addition, delete \$6,788,400 GPR in 1999-00 and \$17,427,200 GPR in 2000-01 in the Joint Committee on Finance's supplemental appropriation for operation and staffing of the Stanley Correctional facility. Increase funding in the Finance Committee's supplemental appropriation by \$1,326,800 GPR in 1999-00 and \$18,589,500 GPR in 2000-01 for additional prison contract beds.

12. REGULATION OF PRIVATE PRISON CONSTRUCTION

Joint Finance: Create the following provisions related to regulation of private prison construction:

a. Specify that no private person may commence construction of a correctional facility or commence conversion of an existing building, structure or facility into a correctional facility unless all of the following requirements are met: (1) the Building Commission has authorized the lease or acquisition of the building, structure or facility by the state upon the completion of the construction or conversion; and (2) the building, structure or facility is enumerated in the authorized state building program. Specify that buildings, structures or facilities that are constructed or converted under a contract with and for the use by a county, a group of counties, the United States or a federally recognized American Indian tribe or band are not subject to the provision.

b. Define "correctional facility" as a prison, jail, house of correction or lockup facility. Exclude from the definition an institution or facility or a portion of an institution or facility that is used solely to confine juveniles alleged or found to be delinquent.

c. Specify that the Building Commission may not lease or acquire a building, structure or facility for the purpose of confining persons serving a sentence of imprisonment to the Wisconsin state prisons unless the person who undertakes construction or conversion of the building, facility or structure has met the requirements identified in item a.

d. Specify that the Building Commission may not authorize the acquisition or leasing of any building, structure or facility, or portion thereof, for initial occupancy by Corrections for the purpose of confining persons serving a sentence of imprisonment unless the Department of Workforce Development determines that each employe working on the building, structure or facility who would have been entitled to receive the prevailing wage rate that was in effect for the employe's trade or occupation at the time the building, structure or facility was constructed and who would not have been required or permitted to work more than the prevailing hours of labor then in effect, if the building, structure or facility had been a project of public works was paid not less than that prevailing wage rate and was not required or permitted to work more than those prevailing hours of labor. Specify that reporting and recordkeeping requirements and other compliance provisions under the current prevailing wage law apply. Provide that the provision would first apply to buildings, structures or facilities for which construction or conversion for confinement purposes is commenced on the effective date of the bill.

Assembly/Senate: Delete the Joint Finance provision which requires that no private person may commence construction of a correctional facility or conversion of an existing facility into a correctional facility, unless the project is enumerated in the state building program. Specify that a private person may commence construction of a correctional facility if the Building Commission approved the construction or conversion of a correctional facility by a private person.

Conference Committee/Legislature: Do not include the Assembly/Senate provision. Instead, delete the Joint Finance provision.

13. INCREASED PHARMACY STAFF

Governor/Legislature: Provide \$234,600 in 1999-00 and \$292,100 in 2000-01 and 6.0 positions (4.0 pharmacists and 2.0 pharmacy technicians) annually for increased staffing at the central pharmacy at the Dodge Correctional Institution in Waupun. The central pharmacy provides prescription medications for offenders in the adult and juvenile correctional systems.

Funding Positions		
GPR	\$526,700	6.00

14. INSTITUTION-BASED SEX OFFENDER TREATMENT
[LFB Paper 334]

Funding Positions		
GPR	\$394,000	4.50

Governor/Legislature: Provide \$180,800 in 1999-00 and \$213,200 in 2000-01 and 4.5 positions annually to expand the current sex offender treatment programs at the Waupun and Columbia Correctional Institutions. Funding would support specialized treatment teams (2.0 treatment specialists and 0.25 psychologist) at the two institutions. The programs would provide intensive group treatment (five, one and a half-hour group treatment sessions per week for a minimum of 45 weeks). In order to successfully complete the program, each offender would be required to complete a minimum of 337 hours of treatment.

15. SEXUALLY VIOLENT PERSON EVALUATION UNIT [LFB Paper 335]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$286,700	2.00	-\$27,600	0.00	\$259,100	2.00

Governor: Provide \$139,600 in 1999-00 and \$147,100 in 2000-01 and 2.0 positions annually for the sexually violent person (SVP) evaluation unit. Funding would support: (a) 1.5 psychologist positions and 0.5 program assistant position (\$98,200 in 1999-00 and \$112,000 in 2000-01); (b) leased vehicles for travel (\$20,900 in 1999-00 and \$28,900 in 2000-01); (c) copying costs (\$5,500 in 1999-00 and \$6,200 in 2000-01) and (d) \$15,000 in 1999-00 for specialized training and certification for SVP evaluation unit staff in evaluation techniques. The unit is responsible for evaluating sexually violent offenders and providing testimony at civil commitment hearings.

In addition, convert 2.0 current positions (1.5 psychologist and 0.5 program assistant) in the SVP evaluation unit from project to permanent status. The current project positions end in October, 1999, but were not removed under the standard budget adjustments as non-continuing items. Total cost of the positions is \$71,700 in 1999-00 and \$95,600 in 2000-01. This funding is transferred from within the Department's base budget.

Joint Finance/Legislature: Delete \$11,300 in 1999-00 and \$16,300 in 2000-01 associated with leased vehicles and pagers.

16. MCNAUGHTON CORRECTIONAL CENTER WASTE WATER TREATMENT

GPR	\$130,500
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Governor/Legislature: Provide \$43,500 in 1999-00 and \$87,000 in 2000-01 for waste water treatment at the McNaughton Correctional Center in Lake Tomahawk. Funding would be placed in unallotted reserve to fund an agreement between the state and the Lake Tomahawk

Sanitary District for connecting the Center to the District. Funding would support: (a) a portion of the debt retirement cost of a treatment facility for the Lake Tomahawk Sanitary District (\$37,500 in 1999-00 and \$75,000 in 2000-01); and (b) annual waste water treatment costs for the Center (\$6,000 in 1999-00 and \$12,000 in 2000-01).

17. LITERACY SOFTWARE

PR	\$275,000
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Governor/Legislature: Provide \$275,000 in 1999-00 to purchase literacy software for ten correctional institutions and one correctional center. The software (\$25,000 per institution) is designed to improve the reading skills of inmates through the use of individualized training in a computer lab. The software tracks individual inmates progress. Corrections indicates that up to 45 offenders per day, per institution could receive literacy training provided through the software. Funding for the software is provided from telephone commission revenues.

18. DRUG ABUSE CORRECTIONAL CENTER REPAIR AND MAINTENANCE

Governor/Legislature: Transfer \$175,700 GPR annually from rent at the Drug Abuse Correctional Center (DACC) to supplies and services for repair and maintenance at the facility. Prior to 1997-98, Corrections rented DACC from the Department of Health and Family Services. In that year, DACC was sold to Corrections. This transfers funding previously used to pay rent costs to the repair and maintenance appropriation for DACC.

19. LAPSE FROM TELEPHONE REVENUES [LFB Paper 336]

Governor: Require that on June 30, 2000, \$2,250,000 be lapsed from the Department of Corrections program revenue appropriation for telephone company commissions. Under current law, Corrections collects commissions from telephone companies with contracts to provide telephone services to inmates. Of the total collected as commissions by Corrections (approximately \$2.7 million annually), two-thirds is deposited into the general fund and one-third is retained by Corrections in a separate, PR appropriation. Program revenue in the appropriation is required to be used for purchases for inmates. As of January 31, 1999, the appropriation had an unappropriated revenue balance of \$2,233,500. [Note: The Department of Administration indicates that this provision should not have been included in the Governor's bill. The GPR-Rev identified for this item was not included in the Governor's fund condition statement.]

Joint Finance/Legislature: Delete provision.

20. **BADGER STATE INDUSTRIES -- INCREASED EXPENDITURE AUTHORITY** [LFB Paper 337]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$7,783,500	3.00	-\$1,098,700	0.00	\$6,684,800	3.00

Governor: Provide \$3,571,900 in 1999-00 and \$4,211,600 in 2000-01 and 3.0 positions annually for increased expenditure authority for Badger State Industries (BSI) associated with: (a) an additional 3.0 positions (1.0 purchasing agent, 1.0 financial specialist and 1.0 sales and marketing specialist) to address increased workload in Badger State Industries, \$117,000 in 1999-00 and \$124,000 in 2000-01; (b) increased utilization of limited-term employees, \$219,600 annually; (c) on-going equipment replacement, \$226,000 annually; (d) increased inmate employment, \$77,900 annually; and (e) increased raw materials costs, \$2,931,400 in 1999-00 and \$3,564,100 in 2000-01. Revenue to support the program is generated from charges to BSI customers for various services and products.

Joint Finance/Legislature: Modify the Governor's recommendation by: (a) reestimating raw material costs by -\$510,800 in 1999-00 and -\$494,300 in 2000-01 based on revised total revenue projections; (b) providing an additional \$286,400 in 1999-00 for permanent property associated with identified permanent property costs; and (c) reducing permanent property by \$380,000 in 2000-01 to establish permanent property expenditures at past expenditure levels.

21. **BADGER STATE INDUSTRIES -- NEW LICENSE PLATES**

	Funding Positions	
PR	\$1,853,600	1.00

Governor/Legislature: Provide \$593,500 in 1999-00 and \$1,260,100 and 1.0 four-year project position in 2000-01 associated with the costs of issuing new state license plates ("rebasings"). Badger State Industries produces license plates and tags for the Department of Transportation (DOT). The recommendation would provide funding for: (a) production raw materials, \$539,000 in 1999-00 and \$1,101,600 in 2000-01; (b) inmate wages, \$13,500 in 1999-00 and \$28,100 in 2000-01; (c) retooling of the production line, \$20,000 in 1999-00; (d) staff and officer overtime \$18,900 in 1999-00 and \$76,800 in 2000-01; (e) 1.0 four-year project industries specialist position, \$42,600 in 2000-01; and (f) miscellaneous supplies and maintenance, \$2,100 in 1999-00 and \$11,000 in 2000-01. Program revenue is provided from charges to DOT. Under 1997 Act 237, DOT was required to issue new license plates between July 1, 2000, and July 1, 2003. The bill extends the rebasing period to July 1, 2005. [See "Department of Transportation -- Motor Vehicles."]

22. BADGER STATE INDUSTRIES -- INCREASED MATERIALS COSTS

PR	\$755,000
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Governor/Legislature: Provide \$360,000 in 1999-00 and \$395,000 in 2000-01 for Badger State Industries associated with raw materials for expanded industries. Funding would be provided for: (a) a new wood furniture line, \$110,000 in 1999-00 and \$145,000 in 2000-01; (b) \$160,000 annually for new stainless steel products; and (c) \$90,000 annually for the production of pants and segregation uniforms. Revenues to support the program are generated from charges to BSI customers for various services and products.

23. PRIVATE BUSINESS/PRISON EMPLOYMENT PROGRAM [LFB Paper 338]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	-\$2,084,600	-\$3,380,600	-\$5,465,200

Governor: Delete \$1,042,300 annually to reestimate expenditure authority associated with raw materials purchased for the Fabry Glove private business/prison employment project. The private industry/prison employment program allows selected private businesses to operate in state correctional institutions using inmate labor. Total expenditure authority of \$2,383,300 annually would be provided for the two current private business/prison employment projects. Revenue to support the program is generated from charges to the private businesses operating in the correctional institutions.

Joint Finance: Delete an additional \$1,690,300 annually to reestimate expenditure authority for the program. As a result, total funding for the program would be \$693,000 annually.

In addition, modify the private business/prison employment program as follows:

a. Specify that the Department of Corrections and the Department of Administration must submit a report to the Joint Committee on Finance for each quarter of calendar year 2000 providing the Department of Corrections' cash balance summary under each prison contract. Specify that each report shall be prepared within 30 days after the end of the quarter. Require that the report for the fourth quarter state whether Corrections' operations under at least two-thirds of its prison contracts were profitable during calendar year 2000. If less than two-thirds of its prison contracts were profitable, require Corrections to terminate the programs. If the report indicates that less than two-thirds of prison contracts were profitable during calendar year 2000, require the Co-Chairpersons of the Joint Committee on Finance to certify that fact to the Revisor of Statutes no later than March 1, 2001. Upon certification, require the Revisor of Statutes to publish a notice in the Wisconsin Administrative Register of the report and indicate that, as of March 1, 2001, the private business/prison employment program is terminated.

b. Require that any contract or any amendment to an existing contract specify the state prison or juvenile correctional institution at which the private industry/prison employment project will operate. Provide that any modification of a site location would require approval of the Joint Committee on Finance.

c. Prohibit worker displacement as a result of a private business/prison employment project as follows:

1. Create the following definitions of displacement:

- Displacement has occurred when an employe or employes in a business operation in the State of Wisconsin are laid off as a direct result of work being performed in a prison or juvenile correctional institution as part of the Department of Corrections' private business/prison employment program.

- Displacement has also occurred when an employe or employes in a business operation in the State of Wisconsin are permanently transferred to another job that reduces their base pay (excluding overtime, differentials, bonuses) by more than 25% as a direct result of work performed in a prison or juvenile correctional institution as part of the private business/prison employment program.

2. Further, require that the contractor agree that the employment of inmates will not be applied in a skill, craft or trade in which there is a surplus of available labor in the locality of the contractor, nor will it impair the performance of other contracts held by the contractor, nor will it replace contractor's employes involved in a labor dispute.

3. Specify that the contractor must agree to post a notice provided by Corrections in all of its work places describing the nature of this contract, the definition of "displacement" and a Department of Corrections contact for employes who believe they may have been displaced by a contract.

Senate: Delete funding in 2000-01 associated the private business/prison employment program. Delete the Joint Finance provisions and instead terminate the program 210 days after the effective date of the bill. On the effective date of the bill, specify that Corrections may not enter into, renew or extend a prison contract under the private business/prison employment program. Require Corrections to take all steps necessary, consistent with the terms of the contracts, to terminate each prison contract no later than the 210th day after the effective date of the bill.

Conference Committee/Legislature: Include Joint Finance provision. In addition, include three statutory cross-references that were inadvertently omitted.

Veto by Governor [D-3]: Delete provisions related to the conditional sunset of the program and the Joint Committee on Finance approval of changes in the location of private business/prison employment programs. Provisions related to requiring that new or amended

contracts specify the location of private business/prison employment programs and to worker displacement are maintained.

[Act 9 Sections: 2718e and 2718q]

[Act 9 Vetoed Sections: 359g, 359r, 361m, 491m, 2029y, 2718e, 2718em, 2718g, 2718h, 2718L, 2718p, 2718qm, 2718v, 2718y, 9111(2d) and 9411(5d)]

24. CORRECTIONAL FARMS OPERATIONS

Funding Positions		
PR	\$1,671,000	1.00

Governor/Legislature: Provide \$778,700 in 1999-00 and \$892,300 in 2000-01 with 1.0 position annually for operations of the correctional farms in Waupun, Oregon and Oneida. Funding would be divided as follows: (a) \$31,700 in 1999-00 and \$31,500 in 2000-01 for 1.0 program assistant for clerical support at the farms; (b) \$6,500 in 1999-00 and \$11,700 in 2000-01 for inmate wages for an additional 20 inmate workers in 1999-00 and 25 inmate workers in 2000-01; (c) \$665,700 in 1999-00 and \$774,200 in 2000-01 for farms supplies and services including an additional 60 dairy cows, steers, dairy packaging supplies and an inflationary increase associated with farm supplies; and (d) \$74,800 in 1999-00 and \$74,900 in 2000-01 for increased farms permanent property expenditure authority. Revenue for the farms is generated from the sales of beef, pork and dairy products produced by the prison farms.

25. COMPUTER RECYCLING PROGRAM [LFB Paper 723]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$1,000,000	4.00	-\$1,000,000	-4.00	\$1,000,000	4.00	\$1,000,000	4.00

Governor: Provide \$500,000 and 4.0 two-year project positions annually to support a computer recycling program operated by the Bureau of Correctional Enterprises at the Racine Youthful Offender Correctional Facility (RYOCF) and Taycheedah Correctional Institution (TCI) funded from the recycling fund. Create an annual, SEG appropriation in Corrections for the computer recycling program. In 1997 Act 237, Corrections was provided a one-time \$409,800 grant in 1998-99 from the recycling fund with 4.0 PR one-year project positions to support a computer recycling program at RYOCF and TCI. (Funding and position authority for these positions are removed as non-continuing items under the standard budget adjustments.) The bill would continue the program with funds appropriated directly from the recycling fund, instead of from a recycling grant, and increases total annual funding to \$500,000.

Joint Finance: Delete provision.

Assembly/Senate/Legislature: Restore provision.

[Act 9 Sections: 362z and 9111(6e)]

26. PRISON CANTEEN REVOLVING FUNDS

Governor/Legislature: Modify statutory language to increase the dollar limit that an institution's canteen operation revolving fund may maintain from \$60,000 to \$100,000. Under current law, Corrections is required to establish and maintain a revolving fund at each institution for the education, recreation and convenience of inmates and employes of the institution. Revolving funds are used for the operation of vending stands, canteen operations, reading clubs, musical organizations, religious programs, athletics and similar projects.

[Act 9 Section: 2711]

27. CORRECTIONAL OFFICER TRAINING APPROPRIATION

Governor: Modify funding for the correctional officer training appropriation from 9.09% of penalty assessment revenues to the amounts specified in the appropriation schedule. Under the bill, penalty assessment revenues would continue to fund correctional officer training, but all penalty assessment revenues would initially be deposited to a newly-created appropriation under the Office of Justice Assistance (OJA) appropriation for penalty assessment surcharge receipts. The bill requires that amounts specified in the appropriation schedule for correctional officer training (\$1,440,700 PR annually) would then be transferred to Corrections.

Joint Finance/Legislature: Include provision. In addition, specify that any revenue credited to the correctional officer training appropriation between August 1, 1999, and the effective date of the bill, is transferred to the new penalty assessment appropriation in OJA.

[Act 9 Sections: 360, 542, 2293 and 9211(2g)]

28. PRISONER ACCESS TO PERSONAL INFORMATION

Governor: Specify that Corrections may not enter into any contract or other agreement if, in the performance of the contract or agreement, a prisoner would perform data entry or telemarketing services and: (a) have access to an individual's financial transaction card numbers, checking or savings account numbers or social security numbers; or (b) have access to any information that may serve to identify a minor. Specify that the provision would first apply to contracts entered into or renewed by Corrections on the effective date of the bill.

Senate: Reduce program revenue funding in Badger State Industries by \$336,400 PR and 5.0 PR positions annually associated with the data entry industry in Corrections. Provide

\$11,800 GPR annually for wages of inmates who would be involuntarily unassigned. In addition to the Joint Finance provisions related to prisoner access to personal information, specify that Corrections may not enter into any contract or other agreement if, in the performance of the contract or agreement, a prisoner would perform data entry or telemarketing services and would have access to any personal identifying information of a person who is not a prisoner. Specify that personal identifying information includes an individual's name, address, telephone number, driver's license number, social security number, employer or place of employment, an identification number assigned to an individual by his or her employer, the maiden name of an individual's mother and the numbers of certain types of bank accounts.

Define prisoner as a prisoner of any public or private correctional or detention facility that is located within or outside Wisconsin. Create the following disclosure requirements for prisoners who make telephone solicitations or answer toll-free telephone numbers:

a. Require a prisoner who is making a telephone solicitation to do all of the following immediately after a person answers the telephone: (1) state his or her name; (2) state that he or she is a prisoner; and (3) inform the person answering the call of the name and location of the correctional facility in which he or she is a prisoner. Specify that these requirements apply to solicitations to sell goods or services, to solicit charitable contributions or to conduct opinion polls or surveys. In addition, specify that the requirements apply to prisoners located in a facility outside of Wisconsin if they make telephone solicitations to persons in Wisconsin.

b. Require a prisoner who is answering a toll-free telephone number to do all of the following immediately after answering a call to the number: (1) state his or her name; (2) state that he or she is a prisoner; and (3) inform the caller of the name and location of the correctional facility in which he or she is a prisoner. Specify that these requirements apply to toll-free numbers used to sell goods or services or to solicit charitable contributions. In addition, specify that the requirements apply to prisoners located in a facility outside of Wisconsin if the prisoner is answering toll-free calls made by persons in Wisconsin.

Specify that a prisoner who violates the disclosure requirements is subject to a forfeiture (a civil monetary penalty) of not more than \$500, while an employer of a prisoner who is a party to a prisoner's violation of the requirements is subject to a forfeiture of not more than \$10,000. Require that an employer may be a party to a prisoner's violation of the requirements by aiding and abetting the violation, conspiring with a prisoner to commit the violation or by advising, hiring, counseling or otherwise procuring a prisoner to violate the requirements.

Conference Committee/Legislature: Modify the Senate provision by: (a) eliminating the funding and position modifications; and (b) removing the provision that would apply the restrictions to out-of-state inmates answering toll-free calls.

Veto by Governor [D-2]: Delete the Conference Committee/Legislature modifications. As a result, the Governor/Joint Finance provisions are maintained.

[Act 9 Sections: 2689 and 9311(1)]

[Act 9 Vetoed Sections: 2165rx, 2165rz, 2313m, 2313u, 2313y and 2689]

29. DNA SPECIMEN COLLECTIONS POSITION

	Funding	Positions
PR	\$51,400	1.00

Joint Finance/Legislature: Provide \$22,400 in 1999-00 and \$29,000 in 2000-01 and 1.0 position annually for a clerical assistant position beginning January 1, 2000, to assist with the collection of DNA samples from felons. Funding for the position would be provided from the crime laboratories and drug law enforcement assessment imposed on offenders.

30. REPORT ON OUT-OF-STATE INMATE TRANSFERS

Joint Finance: Require the Department of Corrections to prepare a report on inmates transferred to out-of-state contract facilities for submission to the Joint Committee on Finance by July 1, 2000. Specify that the report address the following issues:

- a. Overall impact transfers have on prison populations and a projection of future out-of-state transfers.
- b. Total cost of out-of-state transfers including the cost of incarceration and transportation.
- c. Types of inmates being transferred based on the crimes for which the inmates have been sentenced.
- d. Policies on how inmates are selected for out-of-state transfers.
- e. Average length of stay in out-of-state prisons.
- f. Specific services, programs and treatment received by inmates in out-of-state facilities compared to inmates housed in Wisconsin facilities.
- g. Complaint procedures for inmates, including the number of complaints received, types of grievances submitted and ways the out-of-state prison facilities have addressed the complaints.
- h. Rate of recidivism for prisoners that have been housed out of state compared to those remaining in Wisconsin for the entire sentence, classified by the crimes for which inmates have been sentenced.

i. Impact of the transfers on inmates' families in Wisconsin, including the information families receive on treatment of inmates and ways Corrections has attempted to respond to concerns of the families.

j. Steps taken to implement alternative measures to prison transfers, including the number of persons involved in enhanced community supervision programs, the success of these programs, and the feasibility of reducing prison transfers through increasing some combination of community supervision programs.

k. The effect elimination of parole and probation would have on rates of recidivism and prison population.

l. An evaluation of health status of prisoners and health care provided to prisoners.

Assembly/Legislature: Delete provision.

31. CANINE DRUG UNITS IN STATE PRISONS

Assembly: Provide \$189,900 and 3.0 positions annually to create three canine drug units (one officer and one dog), including training, squad cars and personnel costs. Create statutory language requiring Corrections to establish and maintain three drug detection dog units. Require that each unit consist of one dog that is trained to use its sense of smell to detect the presence of controlled substances and one correctional officer trained to handle the dog. Specify that each unit be based at a different correctional institution but may be used to detect controlled substances at any state correctional institution. Require that the drug detection dog unit correctional officers report directly to the Secretary of the Department of Corrections. Allow a drug detection dog unit to investigate a state correctional institution for the presence of drugs at the request of the Secretary, a warden, superintendent, or officer or employe of a correctional institution, or on the initiative of the drug detection unit correctional officer, if he or she receives credible information that controlled substances may be present in the institution. Require the Secretary to establish the amount of advance notice a drug detection dog unit must provide to a warden or superintendent. Require that the warden, superintendent or other officers and employes of a state correctional institution give a drug detection dog unit free access to and unrestrained ability to inspect all parts of the buildings and grounds of the institution, including visitation areas and areas to which prisoners may not have access.

Conference Committee/Legislature: Delete provision.

32. HIGHVIEW BUILDING GERIATRIC PRISON LOCAL REFERENDUM

Senate: Prohibit the Building Commission from approving the conversion of the Highview Building at the Northern Wisconsin Center for the Developmentally Disabled to a geriatric prison facility for adult males until a county-wide referendum approving the

conversion has been approved. Require the Building Commission to direct the county clerk of Chippewa County to place a referendum question on the ballot at the next spring or general election, or on a date specified by the Building Commission, but in any case not occurring sooner than 45 days after being directed to do so by the Building Commission. Specify that the question state: "Shall the State of Wisconsin convert the Highview building located at the Northern Wisconsin Center for the Developmentally Disabled to a medium security correctional institution?" Specify that if the question is approved by a majority of voters voting in the referendum, the Commission may approve the conversion. If the referendum question is not approved, provide that the Commission may not approve the conversion until the question is approved.

Conference Committee/Legislature: Delete provision.

33. TRANSFERRING PRISONERS TO COUNTY FACILITIES FROM OUT-OF-STATE JAILS AND PRISONS

Senate: Create a nonstatutory provision requiring Corrections, before October 31, 2000, to solicit proposals from Wisconsin counties to contract for jail bed space beginning in the first quarter of calendar year 2001, in order to return Wisconsin inmates in out-of-state prison beds to Wisconsin. Specify that if one or more counties proposes to enter into a contract that meets certain requirements (identified below) and the number of inmates who could be transferred under the proposed contracts is 1,000 or more, Corrections is required to reduce the number of out-of-state contract beds by 1,000 by entering into one or more contracts. If the proposed contracts meet certain requirements but the number of inmates who could be transferred under the contracts is less than 1,000, require Corrections to enter into all such contracts and return an equal number of inmates from out-of-state contract beds.

Require that each contract entered into by Corrections include a termination date, identify the regulations and rules of the Department and of the county jail or house of correction to which the inmates will be subject, and contain all of the following provisions: (a) prisoner participation in employment programs, the disposition or crediting of prisoner earnings and the crediting of proceeds from or disposal of any products resulting from prisoner employment; (b) delivery and retaking of prisoners; (c) regular reporting by the county concerning the prisoners confined under the contract; and (d) any other matters necessary and appropriate to fix the obligations, responsibilities and rights of the Department and the county. Specify that prisoners confined by a county are subject to the same standards of reasonable and humane care as prisoners would receive in a state correctional institution. Specify that Corrections may not enter into a contract for confining prisoners in a county jail that requires it to pay a county more than \$57 per day per prisoner, excluding the cost of transporting prisoners, the cost of medical care and any other expenses as determined by the Department. Specify that the provisions of the contracts are severable and that if any contract provision is invalid, or if the application of a provision of the contract to any person or circumstance is invalid, the invalidity does not affect

other provisions or applications which can be given effect without the invalid provision or application.

Require Corrections to establish a competitive process, subject to the approval of the Secretary of the Department of Administration, to govern the solicitation of proposals and the awarding of contracts to counties. As under current law with regard to contracting with counties for jail beds, specify that state procurement laws do not apply to these contracts.

Conference Committee/Legislature: Delete provision.

Adult Community Corrections

1. COMMUNITY CORRECTIONS POPULATION ESTIMATES

Governor/Legislature: Estimate an end-point (June 30) population of 61,750 in 1999-00 and 64,010 in 2000-01. As of October, 1998, the probation and parole population was 57,362. The budgeted end-point population for 1998-99 is 62,158. Estimate an average daily population for the intensive sanctions program of 200 offenders in the community annually. As of February 26, 1999, the intensive sanctions community population was 315 inmates.

2. INTENSIVE SANCTIONS PROGRAM REDUCTION [LFB Paper 350]

Funding Positions		
GPR	-\$6,252,100	- 19.00

Governor: Delete \$2,991,800 in 1999-00 and \$3,260,300 in 2000-01 and 19.0 positions annually to reflect the reduction in usage of the intensive sanctions program. The reduction is related to: (a) staff reductions (-\$801,800 in 1999-00 and -\$1,070,300 in 2000-01 and -19.0 positions annually); and (b) a reduction in purchase of services associated with the intensive sanctions program (-\$2,190,000 annually). As a result of the bill, the intensive sanctions program would be funded at \$3,366,500 (\$2,840,300 GPR and \$526,200 PR) in 1999-00 and \$3,099,600 (\$2,573,400 GPR and \$526,200 PR) in 2000-01 and 12.0 GPR positions annually. Of the total funding, \$1,571,000 (\$1,044,800 GPR and \$526,200 PR) in 1999-00 and \$1,304,100 (\$777,900 GPR and \$526,200 PR) in 2000-01 would support staff and program costs and \$1,795,500 GPR annually would be provided for purchase of services.

Senate: Provide \$6,632,200 and 56.75 positions in 1999-00 and \$9,058,000 and 69.00 positions in 2000-01 to expand the utilization of the intensive sanctions program from 200 inmates in the community (as provided under Joint Finance) to 1,075 in the community by the end of 2000-01. Decrease funding in the Joint Committee on Finance's supplemental appropriation for prison contract beds by \$9,867,400 in 1999-00 and \$11,887,900 in 2000-01

related to inmates placed in the intensive sanctions program rather than in contracted prison beds.

Conference Committee/Legislature: Include Governor's provision.

3. INTENSIVE SANCTIONS TEMPORARY LOCKUPS

GPR	- \$328,800
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Governor/Legislature: Delete \$164,400 annually associated with the temporary lockup of inmates in the intensive sanctions program (ISP). As a result of the bill, total funding for the temporary lockup of ISP inmates in county jails would be \$109,800 in 1999-00 and \$109,500 in 2000-01, and support the cost of approximately five inmates daily (or 2.5% of the estimated ISP population) being held in county jails.

4. INTENSIVE SANCTIONS PROGRAM MODIFICATIONS

Joint Finance/Legislature: Modify the intensive sanctions program to specify that a person who at any time has been convicted, adjudicated delinquent or found not guilty by reason of mental disease for a violent offense is not eligible for the program. Violent offenses include first-degree intentional homicide, first-degree reckless homicide, felony murder, second-degree intentional homicide, second-degree reckless homicide, homicide by negligent handling of a dangerous weapon, explosives or fire, homicide by intoxicated use of a vehicle or firearm, homicide by negligent operation of a vehicle, certain battery offenses causing substantial or great bodily harm, certain battery offenses to an unborn child causing substantial or great bodily harm, special circumstance battery offenses, battery or threats to witnesses, battery or threat to a judge, mayhem, first-, second- and third-degree sexual assault, reckless injury, intentional or reckless maltreatment of vulnerable adults, abuse of residents of penal facilities, certain abuse and neglect of patients and residents, kidnapping, certain intimidation of a witness or victim offenses, certain endangering safety by use of a dangerous weapon offenses, sale, use, possession or transportation of machine guns or other weapons, recklessly endangering safety, tampering with household products, damage to the property of any person who serves on a grand or petit jury because of a verdict or indictment, damage or threat to property of a witness, damage or threat to property of a judge, arson, damage of property by explosives, arson with intent to defraud, sale, use, possession, manufacture or transportation of molotov cocktails, armed burglary, carjacking, threats to injure or accuse of a crime, robbery, assaults by prisoners, bomb scares, first- or second-degree sexual assault of a child, repeated acts of sexual assault with the same child, physical abuse of a child, causing mental harm to a child, sexual exploitation of a child, incest with a child, child enticement, solicitation of a child for prostitution and abduction of another's child. In addition, violent offenses also include a crime under federal law, the law of another state or, prior to the effective date of the bill, any Wisconsin law that is comparable to the crimes listed above. Specify that the modification would first apply to persons placed in or sentenced to the program on the effective date of the bill.

[Act 9 Sections: 2692e, 2692m, 2692s, 3202c and 9311(3g)]

5. PROBATION AND PAROLE CASELOADS [LFB Paper 351]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$3,257,500	98.00	-\$163,200	- 4.00	\$3,094,300	94.00

Governor: Provide \$361,600 and 25.0 positions in 1999-00 and \$2,895,900 and 98.0 positions in 2000-01 associated with probation and parole caseload growth and offender classification adjustments. Of the total funding provided, \$741,300 in 1999-00 and \$3,165,700 is associated with staffing costs and -\$379,700 in 1999-00 and -\$269,800 in 2000-01 is associated with a reduction in purchase of service funding for offenders. The probation and parole population on June 30, 2001, is estimated to be 64,010.

Joint Finance/Legislature: Modify the provision as follows: (a) delete \$97,500 and 2.5 positions in 1999-00 and \$162,900 and 4.0 positions in 2000-01 related to adult correctional facility population reestimates; and (b) provide an additional \$48,600 annually associated with the calculation of probation and parole purchase of services.

6. PROBATION AND PAROLE SUPERVISION FEE REVISION

GPR	-\$2,084,000
PR	2,084,000
Total	\$0

Assembly/Legislature: Increase funding for probation and parole by \$949,000 PR in 1999-00 and \$1,135,000 PR in 2000-01 to reflect reestimated probation and parole fee revenue. Reduce GPR funding for probation and parole by a corresponding amount. Probation and parole supervision fees are collected from offenders placed in the community to partially offset the costs of supervision. Total costs supported by fee would be \$5,114,000 PR in 1999-00 and \$5,300,000 PR in 2000-01.

7. COMMUNITY CORRECTIONS PURCHASE OF SERVICE FUNDING

Assembly/Legislature: Provide \$1,100,000 annually in the Joint Committee on Finance supplemental appropriation for increased community corrections purchase of service funding. One dollar of funding could be released to the Department for each dollar reallocated from within the Department's existing resources to match released amounts. Funding is shown under "Program Supplements."

8. HUBER RELEASE FOR COURT PROCEEDINGS

Joint Finance/Legislature: Allow county jail inmates granted Huber release to attend court proceedings to which the person is a party or for which the person has been subpoenaed as a witness.

[Act 9 Section: 2718w]

9. HUBER LAW WAGE DISTRIBUTION

Senate/Legislature: Provide that court-ordered support of a prisoner's dependents would be the second draw on Huber Law wages after necessary travel expenses to and from work. Specify that the third draw on the wages would be board of the prisoner and the fourth draw would be incidental expenses of the prisoner. Provide that these provisions would take effect on January 1, 2000. Under current law, unpaid support is third draw on Huber Law wages, behind the board of the prisoner and necessary travel expenses to and from work and other incidental expenses.

[Act 9 Sections: 2718wc, 2718wg, 2718wL, 2718wq and 9411(7m)]

Juvenile Corrections

1. JUVENILE POPULATION ESTIMATES [LFB Paper 355]

Governor: Estimate the juvenile correctional average daily population (ADP) from 1,320 in 1998-99 to 1,418 in 1999-00 and 1,475 in 2000-01, as shown in the following table. On March 5, 1999, 1,266 juveniles were under state supervision. The population projections include juveniles funded under the serious juvenile offender (SJO) program. The SJO population projections under the bill are summarized below under "Serious Juvenile Offender Program." The population projections in the table are used in the calculation of daily rates for each type of care.

Average Daily Population -- Governor

	<u>1998-99*</u>	<u>Projected ADP</u>	
		<u>1999-00</u>	<u>2000-01</u>
Secured Correctional Facilities	939	1,020	1,044
Other Placements			
Corrective Sanctions	136	116	137
Aftercare Services	<u>245</u>	<u>282</u>	<u>294</u>
Subtotal -- Other	381	398	431
 Total ADP	 1,320	 1,418	 1,475
 Alternate Care	 108	 186	 194

* Estimates under the 1997-99 biennial budget act.

The secured facilities include Ethan Allen School, Lincoln Hills School, Southern Oaks Girls School, Youth Leadership Training Facility (Boot Camp), the SPRITE Program, the Mendota Juvenile Treatment Center, and the Prairie du Chien facility. (Under current law, the Prairie du Chien facility is designated a temporary prison for young adult males until July 1, 1999. Under the bill, this use as an adult prison would be extended to July 1, 2001.)

While the ADP for the corrective sanctions program is estimated at 116 in 1999-00 and 137 in 2000-01 for the purpose of calculating daily rate charges, the bill statutorily would require the Department to provide a corrective sanctions program to serve an average daily population of 136 juveniles.

Aftercare services include juveniles under state supervision following release from a juvenile correctional facility. Placement may be in an alternate care setting, a relative's home or the juvenile's own home.

Alternate care includes child caring institutions, group homes, foster homes and treatment foster homes. The average daily population for alternate care is a subset of aftercare services.

Joint Finance/Legislature: Reestimate juvenile ADP at 1,270 in 1998-99, 1,370 in 1999-00 and 1,439 in 2000-01, as shown in the following table.

Average Daily Population – Act 9

	Actual 1998-99	Projected ADP	
		1999-00	2000-01
Secured Correctional Facilities	965	994	1,031
Other Placements			
Corrective Sanctions	113	136	136
Aftercare Services	<u>202</u>	<u>240</u>	<u>272</u>
Subtotal -- Other	315	376	408
Total ADP	1,280	1,370	1,439
Alternate Care	164	180	203

[Act 9 Section: 3176]

2. STATUTORY DAILY RATES [LFB Paper 355]

Governor: Establish the following statutory daily rates for juvenile correctional services provided or purchased by the Department that would be charged to counties and paid through counties' youth aids allocations, or paid through the serious juvenile offender appropriation.

	Statutory Rates		Governor	
	1-1-99 thru	7-1-99 thru	1-1-00 thru	1-1-01 thru
	<u>6-30-99</u>	<u>12-31-99</u>	<u>12-31-00</u>	<u>6-30-01</u>
Secured Correctional Facilities*	\$159.46	\$157.29	\$158.46	\$159.62
Child Caring Institutions	163.36	169.24	172.46	175.67
Group Homes	113.34	117.42	119.65	121.88
Corrective Sanctions	74.35	85.18	80.67	76.67
Treatment Foster Homes	72.75	75.37	76.80	78.23
Regular Foster Homes	25.26	26.17	26.67	27.16
Aftercare Supervision	17.39	16.85	17.03	17.20

*Including transfers from a secured correctional facility to the Mendota Juvenile Treatment Center.

Joint Finance/Legislature: Provide the following statutory daily rates for juvenile correctional services provided or purchased by the Department of Corrections:

	Statutory Rates 1-1-99 thru 6-30-99	Act 9		
		7-1-99 thru 12-31-99	1-1-00 thru 12-31-00	1-1-01 thru 6-30-01
		Secured Correctional Facilities*	\$159.46	\$153.01
Child Caring Institutions	163.36	183.72	187.21	190.70
Group Homes	113.34	118.93	121.19	123.45
Corrective Sanctions	74.35	72.66	74.68	76.71
Treatment Foster Homes	72.75	75.37	76.80	78.23
Regular Foster Homes	25.26	26.17	26.67	27.16
Aftercare Supervision	17.39	19.76	19.15	18.62

*Including transfers from a secured correctional facility to the Mendota Juvenile Treatment Center.

[Act 9 Sections: 2703d thru 2703f]

3. ALTERNATE CARE [LFB Paper 356]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$8,168,600	\$4,074,100	\$12,242,700

Governor: Provide \$4,084,300 annually for juvenile residential aftercare (alternate care). The residential aftercare appropriation funds the costs of care for juveniles placed in child caring institutions, foster care homes, treatment foster care homes and group homes. Provide statutory rate increases for alternate care settings equal to 3.6% in 1999-00 and an additional 3.8% in 2000-01. Projected average daily populations (ADP) for alternate care, under the Governor's provisions, total 186 in 1999-00 and 194 in 2000-01. Base funding for the residential aftercare appropriation is \$5,355,700. The ADP for alternate care totaled 157 in 1997-98 and 164 in 1998-99.

Joint Finance/Legislature: Provide \$1,126,600 in 1999-00 and \$2,947,500 in 2000-01 to reflect: (a) a reestimate of alternate care populations to 180 in 1999-00 and 203 in 2000-01; and (b) increases in the statutory daily rates for child caring institutions and group homes.

[Act 9 Sections: 2703d thru 2703f]

4. YOUTH AIDS [LFB Paper 357]

GPR	\$6,000,000
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Governor: Provide \$2,000,000 in 1999-00 and \$4,000,000 in 2000-01 for community youth and family aids (youth aids) for cost increases associated with the

operation of secured juvenile correctional facilities. Base funding for youth aids totals \$82,183,700 (\$79,734,500 GPR and \$2,449,200 PR).

Joint Finance: Provide that the Department of Corrections allocate additional youth aids funding provided to counties on the basis of the three-factor youth aids formula, utilizing the most recent data available (currently, 1998 juvenile population data and 1996, 1997 and 1998 arrest and JCI placement data). Technically correct statutory provisions relating to the calendar year allocation of youth aids funding in 1999-01.

Senate: Increase funding for youth aids by \$502,700 in 1999-00 and \$507,300 in 2000-01.

Conference Committee/Legislature: Include Joint Finance provision.

[Act 9 Sections: 2709g thru 2709k and 2709m thru 2709p]

5. DELETE VACANT POSITIONS [LFB Paper 358]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	-\$1,268,400	-20.00	-\$1,556,800	0.00	-\$2,825,200	-20.00

Governor: Delete \$634,200 and 20.0 positions annually. The positions are currently vacant and the vacancy dates range from July 1, 1995 to August 27, 1998. The classifications and the full-time equivalent (FTE) positions deleted are as follows:

<u>Position Classification</u>	<u>FTE</u>
Experiential recreation specialist	1.00
Food service worker	1.00
Probation and parole agent	1.00
Program assistant	2.45
Psychologist	1.00
Recreational leader	1.00
Social worker	2.00
Teacher	3.00
Teacher assistant	2.00
Youth counselor	<u>5.55</u>
Total	20.00

Joint Finance/Legislature: In addition to the Governor's recommendation, delete \$778,400 annually from the appropriation for the operation of secured correctional facilities for juveniles. This represents the funding level of 21.0 long-term vacant positions.

6. POPULATION-RELATED COST ADJUSTMENTS [LFB Paper 359]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$1,176,800	-\$274,400	\$902,400

Governor: Provide \$510,000 in 1999-00 and \$666,800 in 2000-01 to reflect population-related cost adjustments as follows: (a) \$363,900 in 1999-00 and \$423,000 in 2000-01 for food costs at juvenile correctional institutions; (b) \$70,600 in 1999-00 and \$103,900 in 2000-01 for variable non-food costs (such as laundry, clothing and personal items) for institutionalized juveniles; and (c) \$75,500 in 1999-00 and \$139,900 in 2000-01 to reflect juvenile health care cost adjustments.

Joint Finance/Legislature: Delete \$148,500 in 1999-00 and \$125,900 in 2000-01 to reflect population-related cost adjustments as follows: (a) -\$75,000 in 1999-00 and -\$71,400 in 2000-01 for food costs; (b) -\$40,700 in 1999-00 and -\$36,400 in 2000-01 for variable non-food costs; and (c) -\$32,800 in 1999-00 and -\$18,100 in 2000-01 for health care costs.

7. MENDOTA JUVENILE TREATMENT CENTER [LFB Paper 357]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$0	\$2,653,200	\$2,653,200
PR	<u>1,160,000</u>	<u>-2,653,200</u>	<u>-1,493,200</u>
Total	\$1,160,000	\$0	\$1,160,000

Governor: Provide \$527,000 PR in 1999-00 and \$633,000 PR in 2000-01 for cost increases associated with the care and treatment of juveniles placed at the Mendota Juvenile Treatment Center (MJTC). The MJTC facility, operated by the Department of Health and Family Services (DHFS), provides evaluations for and mental health treatment of male juvenile offenders under state custody. The facility has a capacity of 43 beds. Under a contract agreement, DOC is providing \$3,236,200 in 1998-99 to DHFS for the facility. Under the bill, these payments would increase to \$3,763,200 in 1999-00, and \$3,869,200 in 2000-01.

Joint Finance/Legislature: Provide \$1,273,900 GPR in 1999-00 and \$1,379,300 GPR in 2000-01 to partially fund the cost of care for juveniles at the Mendota Juvenile Treatment Center (MJTC) and delete \$1,273,900 PR in 1999-00 and \$1,379,300 PR in 2000-01. Create a GPR annual appropriation for this purpose.

[Act 9 Sections: 363n and 1002d]

8. CONTINUED USE OF PRAIRIE DU CHIEN FACILITY AS ADULT PRISON [LFB Paper 331]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$0	0.00	-\$2,918,200	-26.72	-\$2,918,200	-26.72

Governor: Extend the period for operating the secured juvenile correctional facility at Prairie du Chien as an adult prison for inmates who are not more than 21 years of age and who are not violent offenders to July 1, 2001. Repeal a GPR appropriation created under 1997 Act 4 for the start-up and training costs of the Prairie du Chien facility. Under current law, the secured juvenile correctional facility at Prairie du Chien may be operated, until July 1, 1999, as an adult prison for inmates who are not more than 21 years of age and who are not violent offenders, as determined by the Department of Corrections.

Joint Finance/Legislature: Delete \$1,461,700 in 1999-00 and \$1,456,500 in 2000-01 and 26.72 positions annually associated with long-term position vacancies at the Prairie du Chien Correctional Facility.

[Act 9 Sections: 359 and 3261]

9. SERIOUS JUVENILE OFFENDER PROGRAM [LFB Paper 360]

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
GPR	\$4,754,100	-\$593,900	\$4,160,200

Governor: Project the following average daily populations for the serious juvenile offender (SJO) appropriation, including SJO juveniles, violent juvenile offenders (VJO) and extended jurisdiction (EJ) juveniles, in the 1999-01 biennium:

Type of Care	SJO		VJO		EJ	
	1999-00	2000-01	1999-00	2000-01	1999-00	2000-01
Secured Correctional Facilities	122	122	0	0	26	19
Corrective Sanctions Program	26	45	1	0	5	4
Aftercare Supervision	26	45	0	0	5	3
Total ADP	174	212	1	0	36	26
Alternate Care*	26	44	0	0	0	0

*Includes child caring institutions and group homes and are a subset of aftercare supervision.

The SJO appropriation reimburses juvenile correctional institutions, secured child caring institutions, alternate care providers, aftercare supervision providers and corrective sanctions supervision providers for costs incurred, beginning on July 1, 1996, for: (a) the care of any juvenile 14 years of age or over who has been adjudicated delinquent for an act that is equivalent to a Class A or B felony or a juvenile 10 years of age or older who has attempted or committed first-degree intentional homicide or has committed first-degree reckless or second-degree intentional homicide, and who has a disposition as a serious juvenile offender; (b) juveniles less than 16 years of age under the jurisdiction of the adult court and sentenced to state prison, but placed by DOC at a secured juvenile correctional facility or a secured child caring institution; (c) correctional services for juveniles adjudicated as violent juvenile offenders for certain offenses committed prior to July 1, 1996; and (d) juveniles under extended jurisdiction orders prior to July 1, 1996 who receive juvenile correctional services. A SJO disposition, under (a) above, may only be made if the judge finds that the only other disposition that would be appropriate is placement in a secured correctional facility. For a juvenile receiving a SJO disposition, the court is required to make the order apply for a period of five years if the adjudicated act was a Class B felony offense, or until the juvenile reaches 25 years of age if the adjudicated act was a Class A felony offense.

Base funding for the SJO appropriation totals \$10,813,200. No additional funding is provided under the Governor's budget provisions for the SJO appropriation, although the population projections and daily rates for care under the bill vary from those used to calculate 1998-99 base-level funding.

Joint Finance/Legislature: Provide \$1,160,200 in 1999-00 and \$3,593,900 in 2000-01 for the serious juvenile offender program to reflect revised population projections and daily rates in the 1999-01 biennium. The revised population projections are as follows:

Type of Care	SJO		VJO		EJ	
	1999-00	2000-01	1999-00	2000-01	1999-00	2000-01
Secured Correctional Facilities	101	105	0	0	26	19
Corrective Sanctions Program	49	73	1	0	5	4
Aftercare Supervision	<u>49</u>	<u>73</u>	<u>0</u>	<u>0</u>	<u>5</u>	<u>3</u>
Total ADP	199	251	1	0	36	26
Alternate Care*	49	73	0	0	0	0

*Includes child caring institutions and group homes and are a subset of aftercare supervision.

Veto by Governor [D-5]: Delete \$593,900 in 2000-01 from the SJO appropriation. As a result, funding under Act 9 totals \$11,973,400 in 1999-00 and \$13,813,200 in 2000-01.

[Act 9 Vetoed Section: 172 (as it relates to s. 20.410(3)(cg))]

10. PURCHASE OF COMMUNITY SERVICES -- CORRECTIVE SANCTIONS

PR	- \$429,600
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Governor/Legislature: Delete \$246,300 in 1999-00 and \$183,300 in 2000-01 for the purchase of community-based services for juveniles under the corrective sanctions program. Under current law, a juvenile participating in the corrective sanctions program is placed in the community and the Department of Corrections must provide intensive surveillance of the juvenile. The Department must also, by statute, expend an average of \$5,000 a year per corrective sanctions slot to purchase community-based treatment services for participants. Under the bill, the Department would be required to expend an average of \$3,000 a year per corrective sanctions slot.

[Act 9 Section: 3176]

11. STANDARDIZED DRESS FOR YOUTH COUNSELORS [LFB Paper 361]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$360,200	- \$360,200	\$0

Governor: Provide \$260,700 in 1999-00 and \$99,500 in 2000-01 for the purchase of standardized clothing for youth counselor personnel at the Ethan Allen School, Lincoln Hills School and Southern Oaks Girls School. The Department indicates that adult institutions require standardized dress for correctional officers and the juvenile boys boot camp requires standardized dress for various personnel.

Joint Finance/Legislature: Delete provision.

12. COLLECTIONS STAFF

	Funding Positions	
PR	\$84,400	1.00

Governor/Legislature: Provide \$40,800 in 1999-00 and \$43,600 in 2000-01 and 1.0 position annually for the collection of certain payments, including child support for juveniles in out-of-home placements, to partially reimburse the cost of correctional services. Under the bill, a financial specialist position would be created to oversee the collections program. Under current law, parents of a juvenile, or other responsible parties, are required to reimburse part of the costs of correctional services. A determination of the amounts owed is made under: (a) a uniform system of fees, based on ability to pay, established under DOC rules; or (b) in the case of out-of-home placements of juveniles, an amount ordered by the court as determined by the child support percentage standard and DOC rules. The Department estimates that these collections will totally \$300,000 annually, with the money credited to program revenue appropriations for secured correctional

facilities, residential aftercare and the corrective sanctions program. Responsibility for collections relating to adjudicated juveniles was transferred from the Department of Health and Family Services to DOC under the 1997-99 budget adjustment act (1997 Act 237).

13. LINCOLN HILLS SCHOOL VOCATIONAL PROGRAM

PR	\$80,000
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Governor/Legislature: Provide \$40,000 annually for the Lincoln Hills School vocational education program conducted in association with the North Central Technical College. The program, which began in September, 1998, with 22 juveniles participating, can provide courses in welding, computer business applications and mechanical and computer drafting that can lead to a certificate or associate degree. The second semester, currently in progress, has an enrollment of 15 juveniles. The Wisconsin Technical College System (WTCS) funds the cost of licensed instructors for the program. Funding provided under the bill would be allocated for student fees, protective clothing and program supplies and services for juveniles participating in the program.

14. SOUTHERN OAKS GIRLS SCHOOL SUNSET HOUSE CONTRACT

PR	\$24,500
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Governor/Legislature: Provide \$7,900 in 1999-00 and \$16,600 in 2000-01 for increased contract costs associated with the Sunset House at the Southern Oaks Girls School. Sunset House is an eight-bed transitional housing unit for juvenile girls returning to the community. The unit is operated by a private provider under a contract with DOC.

15. POSITION REALIGNMENTS

Governor/Legislature: Transfer \$109,900 PR in 1999-00 and \$146,400 PR in 2000-01 and 1.66 PR positions annually from the operating budget of the secured juvenile correctional facilities, as follows: (a) \$87,600 PR in 1999-00 and \$116,800 PR in 2000-01 and 1.33 PR positions annually to juvenile aftercare services; and (b) \$22,300 PR in 1999-00 and \$29,600 PR in 2000-01 and 0.33 PR position annually to the corrective sanctions program. The transfer is intended to convert funding for the positions to the appropriations that accurately reflect the responsibilities performed by the positions.

16. AFTERCARE AND OFFICE OF JUVENILE OFFENDER REVIEW SERVICES REVENUE

Governor/Legislature: Provide that all payments, deductions and uniform fee collections relating to field and institutional aftercare services and for the Office of Juvenile Offender Review (OJOR) be deposited in the program revenue appropriation for juvenile correctional services. Under current law, these payments, deductions and uniform fee collections are required to be deposited to the general fund, instead of the program revenue appropriation

which funds the services. In practice, these program revenues (approximately \$2.4 million in 1997-98) are credited to the juvenile correctional services appropriation in order to fund the costs of these services. The Department of Corrections indicates that the statutory requirement under current law is based on an oversight dating back to the early 1980s.

[Act 9 Sections: 365 and 2709]

17. SERIOUS JUVENILE OFFENDERS BIENNIAL APPROPRIATION [LFB Paper 360]

Governor: Convert the GPR appropriation for serious juvenile offenders from an annual to a biennial appropriation. Provide that the unencumbered balance of the appropriation on June 30 of the second year in each fiscal biennium be transferred to the appropriation for community youth and family aids (youth aids). Under current law, the unencumbered balance of the serious juvenile offender appropriation on June 30 of each fiscal year is transferred to the youth aids appropriation.

Joint Finance/Legislature: Delete the provision to transfer the unencumbered balance of the appropriation on June 30 of the second year in each fiscal biennium to the appropriation for community youth and family aids. Repeal the current law provision that the unencumbered balance of the serious juvenile offender appropriation on June 30 of each fiscal year be transferred to the appropriation for community youth and family aids.

[Act 9 Section: 364d]

18. YOUTH DIVERSION PROGRAM REVENUE APPROPRIATION

PR	\$150,000
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Governor: Convert the program revenue appropriation for youth diversion program contracts from a biennial to an annual appropriation. Base-level funding in the appropriation (\$645,000 from penalty assessment revenues) would remain unchanged. This change is a part of the Governor's proposal to modify the distribution mechanism of penalty assessment revenue [see "Administration -- Office of Justice Assistance"]. Under current law, a total of \$1,325,000 is provided to DOC annually for youth diversion programming (\$380,000 GPR, \$645,000 PR from penalty assessment revenue administered by the Office of Justice Assistance and \$300,000 PR from federal funds administered by DHFS). DOC contracts with organizations in Milwaukee, Racine, Kenosha and Brown Counties and the City of Racine for gang diversion services.

Joint Finance/Legislature: Provide \$75,000 annually from penalty assessment revenue for the youth diversion program for services in Brown County.

[Act 9 Sections: 367 and 2710m]

19. AUTHORIZATION OF PAYMENTS

Governor/Legislature: Add cross references to the appropriations for juvenile residential aftercare and the corrective sanctions program in a statutory section authorizing DOC to pay for the costs of care of adjudicated juveniles who are under the guardianship of the Department of Health and Family Services at the time of the adjudication to properly reflect that payments for residential aftercare and corrective sanctions are made from those appropriations. Under current law, the only type of care that is referenced is secured correctional facility care.

[Act 9 Section: 2700]

20. COMMUNITY INTERVENTION PROGRAM

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
GPR	\$2,500,000	-\$2,500,000	\$0

Joint Finance/Legislature: Provide \$1,250,000 annually for the Community Intervention Program. The Community Intervention Program is provided \$3,750,000 GPR annually in base funding that is allocated to counties for early intervention services for first-time juvenile offenders and for intensive community-based intervention services for seriously chronic juvenile offenders. The provision would increase the program's funding to \$5,000,000 GPR annually.

Veto by Governor [D-4]: Delete the increase of \$1,250,000 annually.

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.410(3)(f)) and 2709r]

21. YOUTH LEADERSHIP TRAINING CENTER

GPR	\$1,557,200
PR	- 1,557,200
Total	\$0

Joint Finance/Legislature: Provide \$844,400 GPR in 1999-00 and \$712,800 GPR in 2000-01 and delete \$844,400 PR in 1999-00 and \$712,800 PR in 2000-01 for the Youth Leadership Training Center (juvenile boot camp program). Create a GPR annual appropriation for this purpose.

[Act 9 Sections: 363np and 3175r]

22. AUTHORIZATION OF SECURED GROUP HOMES

Governor: Effective January 1, 2000, authorize the Department of Corrections (DOC) to license not more than one county department of social services or human services in the state, and contract with not more than one county to operate a group home as a secured group home,

for holding in secure custody juveniles who have been convicted under original adult court jurisdiction or adjudicated delinquent by an adult or juvenile court and provided a disposition as a serious juvenile offender or a disposition for a secured correctional placement. Provide that, subject to state licensing, the county board of supervisors of any county may establish a secured group home in accordance with DOC requirements.

Under current law, any person who receives, with or without transfer of legal custody, five to eight children, to provide care and maintenance for those children must obtain a license to operate a group home from the Department of Health and Family Services (DHFS). These group homes are not secured (locked) facilities. Under the provision, DOC could also license a group home licensed by DHFS as a secured group home. The secured group home would be subject to the same limit of five to eight juveniles, but the facility would be treated in the same manner and subject to the same requirements as secured correctional facilities and secured child caring institutions under current law, except that educational provisions applicable to secured child caring institutions would not apply to secured group homes.

Provide that placement in a secured group home would be considered a correctional placement. As such, it would be added as a dispositional option for juveniles adjudicated delinquent for committing an act that would be punishable by a sentence of six months or more if committed by an adult and who has been found to be a danger to the public and in need of restrictive custodial treatment. Provide that placement in a secured group home would be authorized, if a court of civil or criminal jurisdiction orders a juvenile to serve a period of incarceration of six months or more for certain traffic, boating, snowmobile or all terrain vehicle violations. Under current law, correctional placements in secured correctional facilities are authorized in these cases.

Provide that a secured group home placement would be an option under the serious juvenile offender program and, in addition, would be an alternate care placement option for serious juvenile offenders. Provide that juveniles who violate a condition of either the serious juvenile offender program or the corrective sanctions program may, without a hearing, be taken into custody by DOC and placed in a secured group home. Under current law, such violators may be returned to a secured correctional facility or a secured child caring institution. Authorize the Department's Office of Juvenile Offender Review to be responsible for decisions regarding case planning and the release of juvenile offenders from a secured group home to aftercare placements. Under current law, OJOR has authority for decisions regarding case planning and the release of juvenile offenders from juvenile correctional institutions to aftercare placements.

Provide that current law requirements that affect the care, treatment and supervision of juveniles in secured correctional facilities and secured child caring institutions would also apply to secured group homes. These provisions would include requirements relating to: (a) sex offender registration; (b) the commitment of sexually violent persons; (c) the DNA data bank of sex offenders; (d) HIV testing; (e) notification requirements relating to release or escape; (f) escaping or assisting, permitting or negligently allowing escape; (g) running away or failing to

return to a facility following an authorized absence; (h) strip searches; (i) exceptions to open records law; (j) court reports; (k) aftercare planning; (l) permanency planning; (m) early release and intensive supervision program limits; (n) the waiving of counsel for certain 15- and 16-year old juveniles; (o) eligibility for low-income energy assistance payments; (p) transfer of school records; (q) term of license; (r) proposed changes in placement to secure care; and (s) transfers to a state treatment facility. Provide that, following a transfer to a treatment facility, the petition for review of the admission be filed by the Department of Health and Family Services, rather than DOC.

Provide that a juvenile would be subject to original adult court jurisdiction if he or she is alleged to have committed battery or assault while placed in a secured group home. If convicted, criminal penalties would apply. Under current law, this provision applies to juveniles placed in a secured correctional facility, a secure detention facility or a secured child caring institution.

Require that the contract between DOC and the county specify that the county operating the secured group home must comply with all DOC rules applicable to the treatment of juveniles placed in a secured correctional facility. Authorize DOC to investigate and supervise any secured group home and to fix reasonable standards and regulations for the design, construction, repair and maintenance of any secured group home.

Provide that, in counties having a population of less than 500,000, the nonjudicial operational policies of a secured group home be determined by the county board of supervisors or, in the case of a secured group home established by two or more counties, by the county boards of supervisors jointly. Provide that in counties having a population of 500,000 or more, the nonjudicial operational policies of a secured group home be established by the county board of supervisors, and require that the execution of these policies be the responsibility of the director of the children's court center. Require that counties submit plans for the secured group home to DOC and require DOC to promulgate rules establishing minimum requirements for the approval of the operation of secured group homes. Require that these plans and rules are designed to protect the health, safety and welfare of the juveniles placed in a secured group home.

Provide that, in counties having a population of less than 500,000, a secured group home would be in the charge of a superintendent. The superintendent and other necessary personnel would be appointed by the county board of supervisors or, where two or more counties jointly operate a secured group home, the county boards of supervisors jointly. Provide that in counties having a population of 500,000 or more, the director of the children's court center would be in charge of, and responsible for, a secured group home and the personnel assigned to the home.

Provide that each county's proportion of the number of juveniles statewide placed in a secured group home would be included in a criterion for distributing community intervention program funding to counties. Under current law, the criterion (used to distribute 33% of the

funding) is based on each county's proportion of the number of juveniles statewide placed in a secured correctional facility or a secured child caring institution during the most recent two-year period for which information is available.

In addition to adding the term "secured group home" to numerous statutory provisions relating to the care, treatment and supervision of juveniles in secured settings, the bill would add the term "secured child caring institution" to several statutory sections where the term does not currently appear. These additions do not change current law in any material way, but make the treatment of secured correctional facilities, secured child caring institutions and secured group homes consistent in these sections. Further, numerous amendments are made to statutory sections relating to DOC and the juvenile code to remove inconsistent terminology and redundant cross-references. These changes do not modify current law.

Modify the following provisions: (a) authorize the appropriation language for juvenile residential aftercare to make expenditures for the provision of secured group home care; and (b) authorize DOC to make payments from the serious juvenile offender appropriation to reimburse a secured group home for the cost of caring for juveniles funded by the appropriation. Require DOC, by January 1, 2000, to calculate and submit to the Department of Administration the per person daily cost assessments (daily rates) to be paid by the state and counties for the cost of caring for juveniles who are placed in a secured group home. The secured group home care provisions would first apply to delinquent acts committed on the effective date of the provisions (January 1, 2000).

Joint Finance: Delete provision as non-fiscal policy.

Assembly: Restore the provision with modifications as follows. Authorize DOC to license not more than five county departments of social services or human services in the state or not more than five consortia of county departments to operate not more than five group homes as secured group homes. Provide that DOC would not have the authority to place a juvenile receiving a disposition for state care in a secured group home. Technically correct the Governor's provision to provide that placement in a secured group home would be authorized, if a court of civil or criminal jurisdiction orders a juvenile to serve a period of incarceration of six months or more, for certain traffic, boating, snowmobile or all terrain vehicle violations to also authorize placement in a secured child caring institution in these cases. Provide that placements in a secured group home be considered in the allocation of additional youth aids funding. (Under the bill, additional youth aids funding, \$2,000,000 GPR in 1999-00 and \$4,000,000 GPR in 2000-01, would be allocated on the basis of a three-factor formula, one of which concerns county placements in secured correctional settings over a three-year period.) Delete the provisions that would: (a) authorize the appropriation for juvenile residential aftercare to make expenditures for the provision of secured group home care; (b) authorize DOC to make payments from the serious juvenile offender appropriation to reimburse a secured group home for the cost of caring for juveniles funded by the appropriation; and (c) require DOC, by January 1, 2000, to calculate and submit to the Department of Administration

the per person daily cost assessments (daily rates) to be paid by the state and counties for the cost of caring for juveniles who are placed in a secured group home.

Conference Committee/Legislature: Include the Assembly provision, with technical corrections to specify that: (a) the decision pertaining to case planning and the release of a juvenile from a secured group home would be made by the county department, not the Office of Juvenile Offender Review in DOC; and (b) the county department, and not DOC, would be required to assess and collect any unpaid victim and witness assistance surcharge amounts relating to a juvenile placed in a secured group home.

[Act 9 Sections: 65d, 161d, 999d, 1130d, 1132d thru 1134d, 1153d, 1154d, 1155d, 1156d, 1157d, 1158d, 1182d thru 1189d, 1488d, 1532d thru 1534d, 1539d, 1555d thru 1561d, 1798t, 2067d, 2288g, 2289d, 2433d, 2433dm, 2683d thru 2688d, 2690d thru 2692d, 2693d, 2694d, 2699d, 2701d, 2702d, 2706d, 2709L, 2710d, 2712d thru 2716d, 2717m, 3117d thru 3120d, 3123d thru 3128d, 3130d, 3131d, 3132d thru 3142d, 3151d thru 3153d, 3155d thru 3157d, 3160d, 3162d, 3163d, 3164d, 3166d thru 3171d, 3173d thru 3175d, 3176d thru 3176f, 3188d, 3189d, 3192d thru 3196d, 3201d, 3216d thru 3220d, 3222d, 9311(5xt) and 9411(6xt)]

COURT OF APPEALS

Budget Summary							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$13,246,800	\$13,995,800	\$13,995,800	\$13,995,800	\$13,995,800	\$749,000	5.7%
PR	<u>20,800</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-20,800</u>	- 100.0
TOTAL	\$13,267,600	\$13,995,800	\$13,995,800	\$13,995,800	\$13,995,800	\$728,200	5.5%

FTE Position Summary						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change Over 1998-99 Base
GPR	75.50	75.50	75.50	75.50	75.50	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$749,000
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Governor/Legislature: Provide \$374,500 annually for the following: (a) full funding of salaries and fringe benefits (\$369,200 annually); (b) full funding of financial services charges (\$800 annually); and (c) fifth week vacation as cash (\$4,500 annually). Full funding of salaries and fringe benefits includes judge and attorney pay increases not reflected in the adjusted base.

2. REPEAL OF AUTOMATED INFORMATION SYSTEMS APPROPRIATION [LFB Paper 896]

PR	-\$20,800
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Governor: Delete \$10,400 annually and repeal the program revenue appropriation for the Court of Appeals automated information systems. The automated information systems

appropriation for the Court of Appeals was created in 1997 Act 27 to fund information technology initiatives from program revenues from certain court fees deposited to the Circuit Court Automation Program (CCAP). Court officials indicate that program revenues are insufficient to support this appropriation and the expenditure authority is, therefore, not being used. The Court of Appeals' information technology initiatives are funded through the Court's sum sufficient GPR appropriation.

Joint Finance/Legislature: Modify the court information systems (CCAP) appropriation language to reflect the repeal of the Court of Appeals automated information systems appropriation.

[Act 9 Sections: 600 and 605]

DISTRICT ATTORNEYS

Budget Summary							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$65,052,200	\$65,553,600	\$67,221,300	\$67,473,900	\$66,018,600	\$966,400	1.5%
PR	<u>2,616,600</u>	<u>3,673,300</u>	<u>2,766,700</u>	<u>2,766,700</u>	<u>2,766,700</u>	<u>150,100</u>	5.7
TOTAL	\$67,668,800	\$69,226,900	\$69,988,000	\$70,240,600	\$68,785,300	\$1,116,500	1.6%

FTE Position Summary						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change
						Over 1998-99 Base
GPR	364.00	364.00	384.75	387.65	370.65	6.65
PR	<u>24.00</u>	<u>14.00</u>	<u>14.00</u>	<u>14.00</u>	<u>14.00</u>	<u>-10.00</u>
TOTAL	388.00	378.00	398.75	401.65	384.65	-3.35

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS [LFB Papers 375 and 377]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$196,400	-2.00	-\$348,600	0.00	-\$152,200	-2.00
PR	<u>521,800</u>	<u>-13.00</u>	<u>-906,600</u>	<u>0.00</u>	<u>-384,800</u>	<u>-13.00</u>
Total	\$718,200	-15.00	-\$1,255,200	0.00	-\$537,000	-15.00

Governor: Provide \$98,200 GPR and -2.0 GPR positions annually and \$309,100 PR and -12.0 PR positions in 1999-00 and \$212,700 PR and -13.0 PR positions in 2000-01 for the following: (a) remove non-continuing elements (-\$100,900 GPR and -2.0 GPR positions annually and -12.0 PR positions in 1999-00 and -\$96,400 PR and -13.0 PR positions in 2000-01); (b) full funding of continuing salaries and fringe benefits (\$75,500 GPR annually and \$308,800 PR annually); (c) full funding of financial services charges (\$2,300 GPR annually and \$300 PR

annually); (d) night and weekend differential (\$56,500 GPR annually); and (e) fifth week vacation as cash (\$64,600 GPR annually). The 15.0 positions removed as non-continuing elements include: (a) 2.0 GPR assistant district attorney (ADA) positions for sexually violent person commitments that terminate on June 30, 1999; (b) 2.0 PR Milwaukee County child welfare ADA positions funded by the Department of Health and Family Services (DHFS) that end on June 30, 1999; (c) 7.0 PR positions funded by the federal Violence Against Women Act (2.0 positions in Dane County, 4.0 positions in Milwaukee County and 1.0 position in Kenosha County), all of which end by June 30, 1999; (d) 2.0 PR ADA anti-drug positions funded through the Office of Justice Assistance that terminate in January, 2000; (e) 1.0 PR statutory rape ADA position funded by DHFS that terminates on June 30, 2000; and (f) 1.0 PR technical deletion.

Joint Finance/Legislature: Delete \$453,300 PR annually for full funding of salaries and fringe benefits for 7.0 PR terminating project positions. Position authority for the 7.0 positions are removed as non-continuing elements. In addition, delete \$174,300 GPR annually to reflect turnover savings.

2. ADDITIONAL PROSECUTORS [LFB Paper 378]

	Jt. Finance (Chg. to Base)		Legislature (Chg. to JFC)		Veto (Chg. To Leg.)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$1,221,000	14.50	\$252,600	2.90	-\$1,455,300	-17.00	\$18,300	0.40

Joint Finance: Provide \$523,500 in 1999-00 and \$697,500 in 2000-01 and 14.50 positions annually. The following counties would receive additional prosecutor positions: Adams (0.25), Chippewa (0.25), Columbia (0.5), Dane (0.5), Forest (0.25), Jefferson (0.25), Manitowoc (1.0), Marathon (1.0), Milwaukee (7.0), Oneida (0.5), Outagamie (0.5), Rock (0.75), Sheboygan (0.5), and Winnebago (1.25). All the positions are assistant district attorney positions, except for Forest County, whose part-time district attorney position would increase from 0.60 to 0.85. In addition, require the Department of Administration to transfer position authority from a county which, according to the weighted prosecutor caseload measurement formula, has a prosecutor workload of less than 100% of the standard full-time workload to a county with a prosecutor workload of more than 100% of the standard full-time workload, if: (a) a vacancy in an assistant district attorney position occurs in a county with a prosecutor workload of less than 100%; (b) following the transfer, the county losing the position would not reflect a prosecutor workload of more than 100% of the standard full-time workload; and (c) the recipient county requested additional resources in the biennial budget.

Assembly: Delete the following assistant district attorney (ADA) positions: (a) 0.5 position for Columbia County; and (b) 1.25 positions for Milwaukee County. Provide 1.0 ADA position to Sauk County and direct Sauk County to assign the position to serve Columbia, Marquette and Sauk Counties. Provide 0.5 ADA position for La Crosse County and 0.15 district attorney position to Forest County. Modify statutory language to make the Forest County

district attorney full-time. Delete the Joint Finance provision requiring the transfer of position authority from a county which, according to the weighted prosecutor caseload measurement formula, has a prosecutor workload of less than 100% of the standard full-time workload to a county with a prosecutor workload of more than 100% of the standard full-time workload, if certain conditions apply.

Senate: Direct the State Prosecutor's Office to reallocate 3.0 assistant district attorney (ADA) positions from Waukesha County as positions become vacant, to the following counties in following order: (a) 0.5 ADA position in Portage County; (b) 0.5 ADA position in Kenosha County; and (c) 2.0 ADA positions in Dane County.

Conference Committee/Legislature: Adopt the Assembly and Senate provisions, except delete the Senate provision that would have reallocated 3.0 assistant district attorney positions from Waukesha County. Provide \$108,300 in 1999-00 and \$144,300 in 2000-01 and 2.90 assistant district attorney positions annually. As a result, the following additional position changes would occur: (a) the Forest County district attorney position would become full-time (0.15); (b) assistant district attorney positions would be provided to LaCrosse County (0.5), Portage County (0.5), Kenosha County (0.5), Dane County (2.0) and Sauk County (1.0 position to serve Columbia, Marquette and Sauk Counties); and (c) assistant district attorney positions would be deleted from Columbia County (0.5) and Milwaukee County (1.25).

In total, AB 133 would provide the following additional prosecutor positions (totaling 17.4 positions annually): Adams (0.25), Chippewa (0.25), Dane (2.50), Forest (0.40), Jefferson (0.25), Kenosha (0.50), La Crosse (0.50), Manitowoc (1.00), Marathon (1.00), Milwaukee (5.75), Oneida (0.50), Outagamie (0.50), Portage (0.50), Rock (0.75), Sauk (1.00 position to serve Columbia, Marquette and Sauk Counties), Sheboygan (0.50), and Winnebago (1.25). All the positions would be assistant district attorney positions, except for Forest County, whose part-time district attorney position would become full-time.

Veto by Governor [D-7]: Delete \$631,800 and 17.4 positions in 1999-00 and \$823,500 and 17.0 positions in 2000-01. As a result, funding of \$18,300 and 0.40 position in 2000-01 and associated statutory language would be maintained for the Forest County district attorney to become full-time beginning January 1, 2001, with the calendar year 2000 general election.

[Act 9 Sections: 3207r and 9358(5f)]

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.475(1)(d)) and 9101(3d)]

3. FULL-TIME DISTRICT ATTORNEYS IN RICHLAND AND RUSK COUNTIES

	Funding	Positions
GPR	\$11,200	0.25

Joint Finance/Legislature: Provide \$2,200 and 0.05

position in 2000-01 for Richland County, and \$9,000 and 0.20 position in 2000-01 for Rusk County. Provide that the district attorneys for Richland and Rusk Counties be full-time, effective with the year 2000 general election.

[Act 9 Sections: 3207r and 9358(5f)]

4. PROSECUTION OF GUN VIOLATORS

	Funding Positions	
GPR	\$784,100	6.00

Joint Finance/Legislature: Provide the following for an initiative in Milwaukee County ("Project Ceasefire") to prosecute in federal court persons who illegally possess or illegally use weapons: (a) 6.0 assistant district attorney (ADA) positions for Milwaukee County at a cost of \$217,200 in 1999-00 and \$289,200 in 2000-01; (b) \$51,300 in 1999-00 and \$64,400 in 2000-01 to reimburse Milwaukee County for the costs of two clerk typist positions in the District Attorney's Office; (c) \$12,000 in 1999-00 to reimburse Milwaukee County for the costs of eight computers for the ADAs and clerk typists; and (d) \$90,000 in 1999-00 and \$60,000 in 2000-01 to provide funding to the Milwaukee board of fire and police commissioners for a media/deterrence campaign to educate the public on the consequences of and deter individuals from illegal gun use. Create an appropriation for reimbursement to Milwaukee County for the cost of the clerks and computers and for payment to the Milwaukee board of fire and police commissioners for the costs of the media campaign. Under the initiative, the ADAs would be designated as special assistant U.S. attorneys to allow them to prosecute cases in both state and federal courts.

[Act 9 Sections: 498m, 1592g, 3213c and 9101(3c)]

5. PROSECUTORS FOR SEXUALLY VIOLENT PERSON COMMITMENT CASES [LFB Paper 376]

	Funding Positions	
GPR	\$305,000	2.00

Governor/Legislature: Provide \$152,500 and 2.0 positions annually to make permanent two assistant district attorney project positions, one in Brown County and the other in Milwaukee County, which prosecute cases under the sexually violent person commitment law (Chapter 980). These positions, created in 1997 Act 27, terminate on June 30, 1999. (Funding and position authority for the project positions are deleted as noncontinuing elements under the standard budget adjustments.) Under the bill, the positions would statutorily be required to prosecute sexually violent person commitment proceedings exclusively. These positions would be authorized, by statute, to file and prosecute these cases in any county throughout the state. The bill also requires district attorneys to maintain records of the time spent on Chapter 980 prosecutions, and to submit an annual report to the Department of Administration summarizing those records. DOA would be required to maintain this information. The recordkeeping and reporting requirements would sunset on July 1, 2001.

[Act 9 Sections: 3208 thru 3211 and 9101(4)]

6. CHILD WELFARE PROSECUTOR POSITIONS

Funding Positions		
PR	\$357,800	2.00

Governor/Legislature: Provide \$178,900 and 2.0 positions annually to make permanent two assistant district attorney project positions in Milwaukee County which prosecute Termination of Parental Rights (TPR) cases and assist child welfare efforts to permanently place children in new homes. The project positions were created three years ago and terminate on June 30, 1999. (Position authority for the project positions is deleted as a noncontinuing element under the standard budget adjustments. Funding for the positions is not a part of the agency's base and therefore is not deleted as part of the standard budget adjustments.) The Department of Health and Family Services, which funds the positions, expects funding to continue through the next biennium.

7. ANTI-DRUG PROSECUTOR IN OUTAGAMIE COUNTY

Funding Positions		
PR	\$162,000	1.00

Governor/Legislature: Provide \$81,000 and 1.0 position annually to make permanent the drug prosecutor (assistant district attorney) position serving the Multijurisdictional Enforcement Group (MEG unit) of Calumet, Fond du Lac, Outagamie, and Winnebago counties. While serving all four counties, the position is assigned to Outagamie County. (Position authority for the project position is deleted as a noncontinuing element under the standard budget adjustments. Funding for the position is not part of the agency's base and therefore, is not deleted as part of the standard budget adjustments.) MEG units are funded with federal Byrne anti-drug money and state matching penalty assessment funds, administered by the Office of Justice Assistance, to develop effective anti-drug law enforcement strategies based on cooperative agreements between law enforcement jurisdictions. While the Governor's recommendation would provide a permanent position and expenditure authority, the decision to use MEG funds for this position remains with the MEG.

8. MILWAUKEE COUNTY DRUG AND VIOLENT CRIME CLERKS

PR	\$15,100
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Governor/Legislature: Provide \$5,000 in 1999-00 and \$10,100 in 2000-01 for increased reimbursement to the Milwaukee County District Attorney's office for the salary and fringe benefit costs of the 4.5 clerks who provide clerical services to prosecutors handling cases in the speedy drug courts and speedy violent crime court. In addition, increase the statutory limits on the amounts reimbursed to Milwaukee County for the cost of these clerks from \$164,600 in 1998-99 to \$169,600 in 1999-00 and \$174,700 in 2000-01. Funding for the clerks comes from a \$2 special prosecution fee assessed on forfeiture judgments and various other civil court actions in Milwaukee County.

[Act 9 Sections: 3212 and 3213]

9. CONTINUED FUNDING FOR ANTI-DRUG PROSECUTORS IN DANE AND MILWAUKEE COUNTIES

Governor/Legislature: Direct the Office of Justice Assistance to provide \$346,600 in 1999-00 and \$359,100 in 2000-01 in federal Byrne anti-drug funding and state matching penalty assessment funds to the Multijurisdictional Enforcement Groups (MEG units) in Dane and Milwaukee counties in order to continue to fund four assistant district attorney (ADA) positions which prosecute drug-related crimes. The Dane County MEG would be provided \$83,600 in 1999-00 and \$87,800 in 2000-01 to fund one position, and the Milwaukee County MEG would be provided \$263,000 in 1999-00 and \$271,300 in 2000-01 to fund three positions. These four positions are funded through non-competitive grants awarded to Milwaukee and Dane counties by the Department of Administration's Office of Justice Assistance. Funding and position authority for these positions are in the agency's base budget.

[Act 9 Sections: 9101(2) and 9101(3)]

10. INFORMATION TECHNOLOGY [LFB Paper 190]

Governor: Provide funding under the Department of Administration's Bureau of Justice Information Systems (BJIS) for district attorney information technology in all 71 district attorney offices. Since 1996-97, BJIS has provided DA offices with personal computers and related hardware, software applications and user training. Funding was also provided under 1997 Act 27 (the 1997-99 budget act) for: (a) DA access to the TIME system, WisLaw and Lexis; (b) installation of local area networks (LANs) in some counties; and (c) the initial development of a District Attorney case management system. The Governor's recommendation would: (a) complete county LANs for all remaining DA offices and provide connections between DA LANs; (b) complete the case management system development; and (c) provide funding for installation and equipment costs and ongoing support and maintenance.

Joint Finance/Legislature: Extend the LAN implementation schedule for county DA offices by one year, so that all DA offices will have LANs installed by the end of 2001-02. In addition, provide nine staff support positions in 1999-00 and 12 in 2000-01 to BJIS, and reduce contract funding for staff support. Further, reduce BJIS funding to reflect lower operating costs. Finally, specify that BJIS give priority to assisting counties that show the greatest need for additional assistant district attorney positions based on a weighted caseload measurement formula developed by the state prosecutors office in the Department of Administration, unless such a county informs BJIS that it does not want to be given such priority. [See "Administration -- Bureau of Justice Information Systems."]

Veto by Governor [D-8]: Delete the provision which would have required BJIS to give priority to counties that show the greatest need for ADA positions.

[Act 9 Vetoed Section: 115]

11. GRANTING CREDITABLE SERVICE UNDER THE WISCONSIN RETIREMENT SYSTEM TO CERTAIN DISTRICT ATTORNEY EMPLOYEES IN MILWAUKEE COUNTY

Joint Finance/Legislature: Provide additional creditable service under the Wisconsin Retirement System (WRS) to certain assistant district attorneys in Milwaukee County who meet all of the following criteria: (a) they were prosecutors in the Milwaukee District Attorney's Office on December 31, 1989, and transferred to state service on January 1, 1990; (b) they were participants in the Milwaukee County Employees' Retirement System, created by Chapter 201, Laws of 1937, but were not vested on December 31, 1989, for the purpose of qualifying for an annuity under that System; (c) they exercised their option to become a WRS participant on January 1, 1990; and (d) they are state employes on the general effective date of the biennial budget act. Stipulate that the amount of additional creditable WRS service granted to each state employe meeting all the above criteria would be equal to the amount of creditable service accumulated as of December 31, 1989, under the Milwaukee County Employees' Retirement System, created by Chapter 201, Laws of 1937, for which the employe did not have vested pension rights. In addition, require the Department of Employee Trust Funds to determine the amount of unfunded prior service liability for the WRS due to the additional creditable service granted to state employes meeting all the above criteria, and direct that the total amount of the additional unfunded prior service liability be added to the current unfunded prior service liabilities of the Department of Administration (DOA). Further, specify that commencing in the 1999-00 fiscal year, DOA must annually pay to the WRS an amount sufficient to fully amortize the total amount of unfunded prior service liability for all of the additional creditable service granted under this provision, plus annual interest computed at the WRS assumed rate (currently 8%) by the end of the current amortization period for state employe unfunded liabilities (now scheduled to occur in 2026). Finally, specify that for fiscal years 1999-00 through 2003-04, \$80,000 GPR annually must be deducted from the gross annual payment amounts which otherwise would have been made to Milwaukee County for district attorney salaries and fringe benefits under s. 20.475(1)(d) of the statutes. Stipulate that these annual deductions instead be applied towards the total amount of DOA's additional unfunded prior service liability plus annual interest costs associated with the additional creditable service that would be granted under this provision. [See "Employee Trust Funds."]

[Act 9 Sections: 40r, 498d, 930t, 930v, 939t, 3211p, 3211r, 3211t and 3211v]

12. ELIMINATE REPORTING REQUIREMENT OF COUNTY CLERK TO DISTRICT ATTORNEY

Joint Finance/Legislature: Delete the statutory requirement that a county clerk must promptly notify the district attorney of every action or proceeding commenced against the county and of every appeal from the action of the county board of supervisors.

[Act 9 Section: 1575t]

13. DEPUTY DISTRICT ATTORNEY INCREASE IN MILWAUKEE COUNTY

Conference Committee/Legislature: Authorize the district attorney of a prosecutorial unit having a population of 500,000 or more to appoint five rather than four deputy district attorneys.

[Act 9 Section: 3207t]

EDUCATIONAL COMMUNICATIONS BOARD

Budget Summary							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$14,148,800	\$14,240,900	\$14,342,400	\$14,342,400	\$14,342,400	\$193,600	1.4%
FED	943,600	943,600	2,293,600	943,600	943,600	0	0.0
PR	<u>13,770,000</u>	<u>13,852,800</u>	<u>13,852,800</u>	<u>13,852,800</u>	<u>13,852,800</u>	<u>82,800</u>	0.6
TOTAL	\$28,862,400	\$29,037,300	\$30,488,800	\$29,138,800	\$29,138,800	\$276,400	1.0%
BR		\$304,000	\$16,013,700	\$304,000	\$304,000		

FTE Position Summary						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change Over 1998-99 Base
PR	<u>25.75</u>	<u>25.75</u>	<u>25.75</u>	<u>25.75</u>	<u>25.75</u>	<u>0.00</u>
TOTAL	87.50	87.50	87.50	87.50	87.50	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$254,500
PR	<u>82,800</u>
Total	\$337,300

Governor/Legislature: Adjust the base budget for: (a) full funding of continuing salaries and fringe benefits (\$1,000 GPR and \$22,100 PR annually); (b) full funding of financial services charges (\$2,100 GPR and \$1,500 PR annually); (c) reclassifications (\$23,400 GPR and \$3,100 PR annually); (d) overtime (\$68,400 GPR and \$10,000 PR annually); (e) night and weekend differential (\$7,300 GPR annually); and (f) fifth week of vacation as cash (\$24,400 GPR and \$3,500 PR in 1999-00 and \$25,700 GPR and \$5,900 PR in 2000-01).

2. DEBT SERVICE REESTIMATE

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$112,400	\$51,500	-\$60,900

Governor: Reestimate debt service costs by \$41,700 in 1999-00 and -\$154,100 in 2000-01 from the base level of \$978,900.

Joint Finance/Legislature: Increase funding for debt service by \$38,800 in 1999-00 and \$12,700 in 2000-01.

3. RESTRUCTURING PUBLIC BROADCASTING AND FUNDING DIGITAL TELEVISION TRANSITION [LFB Papers 390 and 391]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR*	-\$50,000	\$50,000	\$0	\$0
FED	0	1,350,000	-1,350,000	0
Total	-\$50,000	\$1,400,000	-\$1,350,000	\$0
BR	\$304,000	\$16,013,700	-\$15,709,700	\$304,000

*The GPR totals exclude \$100,000 provided under the Governor for a proposed Educational Broadcasting Corporation and \$50,000 provided under Joint Finance for a proposed Public Broadcasting Transitional Board, which are not reflected in the agency summary table for ECB.

Governor: Restructure public broadcasting in the State of Wisconsin as follows:

Creation of a Nonstock Educational Broadcasting Corporation. Provide that the Secretary of the Department of Administration (DOA), the President of the University of Wisconsin (UW) System and one individual chosen by the Governor would be required to draft and file articles of incorporation for a nonstock corporation with the Department of Financial Institutions under state law, and would be required to take all actions necessary to exempt the corporation from federal taxation as a nonprofit organization under section 501(c)(3) of the Internal Revenue Code.

State Aid for Initial Costs. Provide \$50,000 annually for the initial administrative costs of the proposed Corporation in an annual, GPR appropriation created for this purpose. Provide that the proposed Educational Broadcasting Corporation may receive state aid for initial costs if all of the following conditions would be satisfied:

1. The articles of incorporation state that the purpose of the Corporation would be to provide educational broadcasting to this state and that, if the Corporation would dissolve or discontinue educational broadcasting in this state, the Corporation would be required in good

faith to take all reasonable measures to transfer or assign the Corporation's assets, licenses and rights to an entity whose purpose is to advance educational broadcasting in this state.

2. The articles of incorporation would name as initial directors of the Corporation: (a) the Secretary of DOA; (b) two members of the Assembly and two Senators chosen as are the members of standing committees in their respective houses; (c) a member of the Board of Regents of the University of Wisconsin System; and (d) three individuals selected by the Governor.

3. No earlier than 30 days nor later than 45 days after the operational plan described below, the initial Board of Directors of the Corporation would submit an application to the Federal Communications Commission (FCC) to transfer all broadcasting licenses held by the Educational Communications Board (ECB) and the Board of Regents of the University of Wisconsin to the Corporation.

Provide that if the Secretary of DOA determines that the FCC has approved the transfer of all broadcasting licenses held by the ECB and the UW Board of Regents to the Corporation, the Secretary would be required to immediately notify the Revisor of Statutes in writing of the effective date of the last license transferred.

State Aid for Operational Costs. Create an annual, GPR appropriation for the operational costs of the Corporation. No funding would be provided for this purpose in 1999-01. Provide that the proposed Corporation may receive state aid for operational costs if all of the following conditions would be satisfied:

1. The FCC would approve the application for the transfer of all broadcasting licenses, as determined by the Secretary of DOA;
2. The Board of Directors of the Corporation would offer employment beginning on the effect date of the last broadcasting licensed transferred, as determined by the Secretary of DOA, to those individuals designated in the operational plan described below;
3. The Board of Directors of the Corporation would honor affiliation agreements for broadcasting purposes entered into by the ECB and the UW Board of Regents;
4. The Board of Directors of the Corporation would negotiate with the UW Board of Regents and the Secretary of DOA for the use of state-owned equipment and space necessary for the operations of educational radio and television networks;
5. The Secretary of DOA would approve any amendment to the Corporation's articles of incorporation or bylaws;
6. The Corporation would permit public inspection and copying of any record of the Corporation to the same extent as required of, and subject to the same terms and enforcement provisions that apply to an authority, as defined under state law;

7. The Corporation would provide public access to its meetings to the same extent as is required of, and subject to the same terms and enforcement provisions that apply to a governmental body, as defined under state law; and

8. The Corporation would provide employees of the Legislative Audit Bureau with access to all of the Corporation's records.

The Secretary of DOA would be required to pay aid for operational costs in installments, as determined by the Secretary of DOA.

Operational Plan. Provide that the Secretary of DOA, the President of the UW System and one individual chosen by the Governor would be required to prepare an operational plan for the proposed Corporation, which would be required to include all of the following:

1. A list of those individuals employed by the UW Board of Regents and the ECB who would be best-suited to provide educational broadcasting services for the Corporation;

2. The number of authorized FTE positions for the UW Board of Regents that would be eliminated if all broadcasting licenses held by the ECB and the UW Board of Regents would be transferred to the Corporation;

3. An estimate of the funding necessary to cover the annual operating expenses of the Corporation;

4. An estimate of the amount of money necessary to fund the appropriations that would be created for educational programming under DPI and the UW; and

5. A recommendation about whether DOA should undertake the construction and operation of National Weather Service transmitters.

Require the Secretary of DOA to submit the operational plan to the Co-Chairpersons of the Joint Committee on Finance (JFC). If the Co-Chairpersons would not notify the Secretary of DOA within 14 working days after the date of the submittal of the operational plan that the Finance Committee has scheduled a meeting to review the operational plan, the operational plan could be implemented as proposed by the Secretary of DOA. If, within 14 working days after the date of the submittal of the operational plan, the Co-Chairpersons would notify the Secretary of DOA that the Finance Committee has scheduled a meeting to review the operational plan, the operational plan could be implemented only upon approval of JFC.

Required Audit. Provide that the Legislative Audit Bureau would be required to audit the records of the Corporation at least once every five years.

Elimination of the Educational Communications Board. Provide that if the Secretary of DOA would determine that the FCC has approved the transfer of all broadcasting licenses held by the ECB and the UW Board of Regents to the proposed Corporation, on and after the effective date of the last license transferred, the ECB would be eliminated as follows:

1. The current law board composition, duties, powers, appropriations and bonding authorization of the ECB would not apply, including authority regarding the executive director position and unclassified professional staff positions;

2. The nonstock corporation, which under current law is for the exclusive purpose of raising funds for the ECB to support the activities of the Board, would be eliminated;

3. The unencumbered balances of certain ECB appropriations would be transferred to the appropriation that would be created for the proposed Corporation's operational costs. Under the bill, the total amount provided for the 11 designated appropriations is \$6,197,100 GPR, \$6,853,400 PR and \$471,800 FED in 1999-00 and \$6,198,400 GPR, \$6,855,800 PR and \$471,800 FED in 2000-01.

4. The remaining authority to contract public debt in an amount not to exceed \$8,354,100 for educational communications facilities would be transferred to DOA. Provide \$304,000 of general obligation bonding for the Wausau tower digital conversion.

Delete \$25,000 annually in 1999-01 from the ECB's general program operations; according to the executive budget documents, this funding would be eliminated for the purpose of providing funding for the initial costs of the Corporation.

Under current law, the major ECB duties include duties to: (a) plan, construct and develop a state system of radio broadcasting for the presentation of educational, informational and public service programs; (b) protect the public interest in educational television by preserving educational television channels for Wisconsin and maintaining a comprehensive plan for the operation of a statewide television system for the presentation of noncommercial instructional programs which will serve the best interests of the people of the state; (c) work with educational agencies and institutions of the state as reviewer, adviser and coordinator of joint efforts to meet the educational needs of the state through radio, television and other appropriate technologies; (d) coordinate the radio activities of the various educational and informational agencies, civic groups, and citizens having contributions to make to the public interest and welfare; (e) procure or publish instructional material related to educational broadcasting; (f) give priority to and develop instructional television programs that are specific to the state for use in schools; and (g) enter into affiliation agreements with the UW Board of Regents and other broadcast radio and television licensees for the purpose of furthering certain duties of ECB.

Elimination of the Public Broadcasting Duties of the UW Board of Regents. Provide that if the Secretary of DOA would determine that the FCC has approved the transfer of all broadcasting licenses held by the ECB and the UW Board of Regents to the proposed Corporation:

1. The current law duties of the UW Board of Regents related to public broadcasting would not apply on and after the effective date of the last license transferred;

2. All unencumbered balances appropriated to the UW Board of Regents for public broadcasting, as determined by the Secretary of DOA, would be transferred to the Corporation; and

3. The authorized full-time equivalent (FTE) positions for the UW System would be decreased by the number determined in the operational plan for the Corporation.

Create a new, annual GPR appropriation under the UW System for contracting with the Corporation for educational programming. No funds would be provided in 1999-01. Delete \$25,000 GPR annually from the UW System; according to the Executive Budget documents, this funding would be deleted from UW-Extension for the purpose of providing funding for the initial costs of the Corporation.

Under current law, the Board of Regents, as licensee, is required to manage, operate and maintain broadcasting station WHA and WHA-TV and enter into an affiliation agreement with the ECB. The agreement is required to provide that the Board of Regents will grant the ECB the part-time use of equipment and space necessary for the operations of the state educational radio and television networks, except that the Board of Regents may rent space on the Madison public broadcast transmission tower to the ECB and to other public and commercial broadcasters. In addition, the Board of Regents is required to follow certain accounting and funding procedures related to public broadcasting.

Duties of the Department of Administration. Provide that if the Secretary of DOA would determine that the FCC has approved the transfer of all broadcasting licenses held by the ECB and the UW Board of Regents to the proposed Corporation, on and after the effective date of the last license transferred, the following would occur:

Emergency Weather Warning System Operation

1. DOA would be required to operate an emergency weather warning system, which under current law is operated by the ECB;

2. An annual, program revenue appropriation would be created under DOA for the operation of the emergency weather warning system. The amounts in the schedule would be provided from funds received for the provision of state telecommunications and data processing services and sale of telecommunications and data processing inventory items primarily to state agencies. A technical correction would be necessary to achieve the intent of the bill. No funding would be provided in 1999-01; and

3. The unencumbered balance of the ECB program revenue appropriation for the operation of the emergency weather warning system would be transferred to the appropriation that would be created under DOA for the operation of this system. Under the bill, the total amount provided for this appropriation would be \$71,800 PR annually.

Debt Service and Lease Appropriations and Bonding Authorization

1. Create a continuing, program revenue appropriation under DOA for lease payments for state-owned educational broadcasting facilities and equipment that would be received from the corporation for the purpose of the payment of principal and interest costs incurred in financing the acquisition, construction, development, enlargement or improvement of facilities approved by the Building Commission for operation by the ECB. No funding estimates would be provided for 1999-01.

2. Create a sum sufficient, GPR appropriation under DOA for the payment of principal and interest costs that would not be paid through lease payments described above, and that would be incurred in financing the acquisition, construction, development, enlargement or improvement of facilities approved by the Building Commission for operation by the ECB. Provide that no moneys may be encumbered unless the Secretary of DOA first determines that the FCC has approved the transfer of all broadcasting licenses held by the ECB and the UW Board of Regents to the Corporation.

3. Authorize the issuance of general obligation bonding for DOA to acquire, construct, develop, enlarge or improve educational communications facilities. Provide that the state may contract public debt in an amount not to exceed \$8,354,100 less any amount contracted on behalf of the former ECB before the effective date of the last license transferred.

Milwaukee Area Technical College Broadcasting Licenses. Provide that if all broadcasting licenses held by the ECB and the UW Board of Regents have been transferred to the proposed Corporation and the district board governing Milwaukee Area Technical College (MATC) determines to relinquish its public broadcasting licenses, it would be required, subject to the approval of the FCC, to offer to assign the licenses to the Corporation. Under current law, if the MATC District Board determines to relinquish its public broadcasting licenses, it is required, subject to the approval of the FCC, to offer to assign the licenses to the ECB.

Department of Public Instruction Appropriation. Create a new, annual GPR appropriation under the Department of Public Instruction for contracting with the proposed Corporation for educational programming. No funding would be provided in 1999-01.

TEACH Board Membership. Provide that if the Secretary of DOA would determine that the FCC has approved the transfer of all broadcasting licenses held by the ECB and the UW Board of Regents to the proposed Corporation, on and after the effective date of the last license transferred, the ECB appointee to the TEACH Board would be eliminated and the number of at-large members of the TEACH Board appointed by the Governor would increase from four to five.

Joint Finance: Delete Governor's proposal. Instead, establish a private, nonstock broadcasting corporation, eliminate the ECB, provide funding for the conversion to digital television and restructure public broadcasting as follows:

Public Broadcasting Transitional Board. Create a 15-member transitional board that would include the following individuals: (a) Secretary of DOA, or his or her designee; (b) the State Superintendent of Public Instruction, or his or her designee; (c) the President of the University of Wisconsin System, or his or her designee; (d) the Director of the Wisconsin Technical College System (WTCS), or his or her designee; (e) the President of the Wisconsin Association of Independent Colleges and Universities, or his or her designee; (f) one legislator from the majority and minority party of each house of the Legislature, appointed as are members of standing committees; (g) two members appointed by the Governor from a list of nominees submitted by the Wisconsin Public Radio Association (WPRA); (h) one member appointed by the Governor from a list of nominees submitted by the Friends of WHA-TV and one member appointed by the Governor from a list of nominees submitted by the Friends of Channels 10/36 in Milwaukee; (i) the Director of the MATC District. If the District Board of MATC does not enter into an agreement within one year of the effective date of the budget act with the proposed broadcasting corporation as described below, the Director of the MATC District would be replaced with one at-large member appointed by the Governor; and (j) one member who is a representative of public elementary and secondary schools, appointed by the Governor.

Provide that the members of the transitional board would be subject to Senate confirmation, except for the appointment of a member who holds an office that is already subject to Senate confirmation, the State Superintendent and the four legislators. Provide that the members of the transitional board would be subject to the code of ethics for public officials and employees. Provide that this transitional board would be eliminated on the first day of the 36th month beginning after the effective date of the budget act.

Duties of Transitional Board. Provide \$50,000 GPR in 1999-00 in a new continuing GPR appropriation for the cost of carrying out the following duties:

1. Draft and file articles of incorporation for a nonstock corporation under state law and take all actions to exempt the corporation from federal taxation under 501(c)(3) of the Internal Revenue Code;
2. Draft bylaws for adoption of the corporate board of the corporation. The bylaws would be required to specify the method for designating or appointing the directors of the corporate board. No later than March 15, 2000, the transitional board would be required to submit a report that includes and describes the bylaws to the Governor and the Chief Clerk of each house of the Legislature;
3. Prepare an application for submission by the corporate board to the FCC to transfer all broadcasting licenses held by the ECB to the corporation;
4. Negotiate an agreement with the WPRA for the transfer of funds raised by the Association to the corporation;

5. Negotiate an agreement with each friends of public television group for the transfer of funds raised by each group to the corporation; and

6. Retain, if necessary, staff and legal, administrative and technical assistance from the UW and the ECB, which would be provided at no cost to the transitional board.

Transitional Plan. The Secretary of DOA would be required, after consulting with the corporate board, to prepare a plan, for submission to and approval of JFC under a 14-day passive review process, that specifies each of the following:

1. The transfer of the unencumbered balances of certain ECB appropriations to the proposed broadcasting corporation. An annual, sum certain GPR appropriation would be created under a new section of the state appropriation schedule for this purpose. A continuing, program revenue appropriation would be created under DOA for the transfer of ECB program revenue and federal funding which would be provided as a grant to the corporation;

2. The transfer of all ECB positions and incumbent employes and the unencumbered balances of certain ECB appropriations to DOA. Provide that employes would retain the same rights and status that they enjoyed at ECB, and no permanent employe would be required to serve a probationary period. An annual, sum certain GPR appropriation would be created under DOA for the salaries, fringe benefits and supplies and services funding related to these positions of these former ECB employes who would be transferred to DOA. Provide that all employes transferred to DOA would be required to provide broadcasting services to the broadcasting corporation under a contract between DOA and the corporation. The contract would be required to specify that the services provided to the corporation would be at no charge to the corporation; and

3. The transfer of assets to the broadcasting corporation, as described below.

Transfer Provisions for State Assets. If the Secretary of DOA determines that the FCC has approved the transfer of all broadcasting licenses held by ECB to the broadcasting corporation, each of the following would apply:

1. Subject to the approval of JFC, the Secretary of DOA would be required to transfer title to the state office building located at 3319 West Beltline Highway in Dane County from the state to the corporation if the corporation pays \$476,228 to the public broadcasting foundation or the foundation waives such payment;

2. The assets of the state that, as determined by the Secretary of DOA, are used by ECB for the operation of an emergency weather warning system would be transferred to DOA. DOA would be required to contract with the corporation for the operation of an emergency weather warning system. A sum certain GPR appropriation would be created under DOA for this purpose;

3. The Secretary of DOA would be required to negotiate and enter into an agreement to lease each shared asset to the corporation. Such an agreement could include an option for the corporation to purchase any shared asset. A shared asset would be defined as any asset of the state that, as determined by the Secretary of DOA, is used by ECB for the purpose of providing public broadcasting, including a tower, transmitter, transmission facility or other related structure, equipment or property, and that is also used by another state agency;

4. Subject to the approval of JFC, any other asset of the state, that is used by ECB and that, as determined by the Secretary of DOA is not a shared asset, is transferred to the broadcasting corporation on the effective date of the last license transferred;

5. Any asset transferred to the broadcasting corporation would be required to revert to the state if the asset is not used for the purpose of providing public broadcasting; and

6. The Division of Information Technology in DOA may provide such computer and telecommunications services to the broadcasting corporation as the Division can efficiently and economically provide.

Duties of Broadcasting Corporation. If the Secretary of DOA determines that the FCC has approved the transfer of all broadcasting licenses held by ECB to the proposed broadcasting corporation, the broadcasting corporation would be required to do each of the following as a condition of receiving state aid:

1. Maintain a state system of radio broadcasting for the presentation of educational, informational and public service programs, and formulate policies regulating the operation of such a state system, and coordinate the public radio activities of the various educational and informational agencies, civic groups, and citizens having contributions to make to the public interest and welfare;

2. Protect the public interest in educational television by maintaining educational television channels reserved for Wisconsin, and take such action as is necessary to preserve such channels in Wisconsin for educational use;

3. Maintain a comprehensive state plan for the orderly operation of a statewide television system for the presentation of noncommercial instructional programs which will serve the best interests of the people of the state now and in the future;

4. Work with the educational agencies and institutions of the state as a reviewer, adviser and coordinator of their joint efforts to meet the educational needs of the state through radio and television;

5. Furnish leadership in securing adequate funding for statewide joint use of radio and television for educational and cultural purposes, including funding for media programming for broadcast over the state networks;

6. Lease, purchase or construct radio and television facilities for joint use with state and local agencies, such as broadcast network and production facilities, network interconnection or relay equipment, mobile units, or other equipment available for statewide use;

7. Maintain radio and television transmission equipment in order to provide broadcast service to all areas of this state;

8. Establish and maintain a continuing evaluation of the effectiveness of the joint efforts of all participating educational institutions in terms of jointly-established goals in the area of educational radio and television;

9. Act as a central clearing house and source of information concerning educational radio and television activities in this state, including the furnishing of such information to legislators, offices of government, educational institutions and the general public; and

10. Provide educational programming for elementary and secondary schools in this state and transmit radio and television to remote and underserved areas of the state.

Requirements for State Aid. Create an annual, sum certain GPR appropriation for state aid for educational programming for elementary and secondary schools in this state and for transmission to remote and underserved areas of the state. Provide that the broadcasting corporation may receive state aid if each of the following is satisfied:

1. The articles of incorporation state the purpose of the broadcasting corporation is to provide public broadcasting to this state and that, if the broadcasting corporation dissolves or discontinues public broadcasting in this state, the corporation would be required to in good faith take all reasonable measures to transfer or assign the broadcasting corporation's assets, licenses and rights to an entity whose purpose is to advance public broadcasting in this state;

2. The corporation initially adopts the bylaws drafted by the transitional board;

3. The corporation permits public inspection and copying of any records of the corporation to the same extent as required of, and subject to the same terms and enforcement provisions that apply to an authority designated under state law;

4. The corporation provides public access to its meetings to the same extent as is required of, and subject to the same terms and enforcement provisions that apply to a governmental body;

5. The corporation provides the Secretary of DOA, or his or her designee, and the employes of the Legislative Audit Bureau and the Legislative Fiscal Bureau (LFB) with access to all of the corporation's records, except records identifying the names of private donors; and

6. The corporation carries out any obligation of the ECB under any contract entered into by the ECB that relates to the provision of public broadcasting in this state until the contract is modified or rescinded by the corporation to the extent allowed under the contract.

Broadcasting Corporation Reports. Provide that the corporation would be required to submit the following reports:

1. No later than September 15 of each even-numbered year, in the form and content prescribed by DOA, as a condition of receiving state aid, prepare and forward to DOA and LFB all of the following information regarding each program administered by the corporation for which the corporation is requesting state aid: (a) a clear statement of the purpose or goal for each program; (b) clear statements of specific objectives to be accomplished and, as appropriate, the performance measures used by the corporation to assess progress toward achievement of these objectives; (c) proposed plans to implement the objectives and the estimated resources needed to carry out the proposed plans; (d) a statement of legislation required to implement proposed programmatic and financial plans; and (e) any other fiscal or other information that the Secretary of DOA or the Governor requires on forms prescribed by DOA;

2. No later than December 1 of each year, as a condition of receiving state aid, submit to the Governor and the Chief Clerk of each house of the Legislature a report that describes each of the following: (a) any use of state aid for serving educational communities, diverse populations, and rural and remote areas of the state, including a detailed itemization of the use of state aid; (b) any progress in advancing the transition to digital television and radio, distance education and other technological innovations; (c) the status of federal funding, private donations and other fundraising and any financially beneficial partnerships; and (d) the status of efforts to satisfy the statutory duties of the corporation.

Agreement with the UW Board of Regents. If the Secretary of DOA determines that the FCC has approved the transfer of all broadcasting licenses held by ECB to the proposed corporation, provide that no later than the first day of the 12th month beginning after the effective date of the budget act, the UW Board of Regents could enter into an agreement with the broadcasting corporation that requires the Board of Regents to do each of the following:

1. Allow the corporation to operate any broadcasting station that is specified in the agreement;

2. Grant the corporation control over any facility or asset of the Board of Regents that is necessary for the operation of a broadcasting station specified in the agreement, except that the agreement could provide for joint use by the Board of Regents and the corporation of any production facility and the agreement must provide for the joint use by the Board and the corporation of one and only one television broadcasting network facility;

3. Maintain the facilities and assets that are necessary for the operation of each broadcasting station, including the broadcasting stations specified in the agreement;

4. Retain the license for each broadcasting station;
5. Provide administrative services to the corporation that are necessary for the corporation to operate the broadcasting stations specified in the agreement;
6. Provide assistance in developing and delivering elementary and secondary school programming, at no cost to private schools or public elementary and secondary schools;

Require the agreement to satisfy each of the following:

1. Remain in effect until the maturity date of any public debt issued for the UW for the cost of the conversion to digital television;
2. Ensure that the Board of Regents would have access to broadcasting facilities and air time that is equal to or greater to the access of the Board prior to the effective date of the budget act;
3. Could specify the terms, if any, for the corporation to compensate the Board of Regents or the Board of Regents to compensate the corporation for taking any action specified in the agreement. A continuing, program revenue appropriation would be created under the UW for the receipt of funding from the corporation;
4. Could not take effect without the approval of the Secretary of DOA;

Agreement with the Milwaukee Area Technical College District Board. If the Secretary of DOA determines that the FCC has approved the transfer of all broadcasting licenses held by ECB to the proposed corporation, provide that no later than the first day of the 12th month beginning after the effective date of the budget act, the MATC District Board could enter into an agreement with the broadcasting corporation that requires the MATC District Board to do each of the following:

1. Allow the corporation to operate any broadcasting station that is specified in the agreement;
2. Grant the corporation control over any facility or asset of the District Board that is necessary for the operation of a broadcasting station specified in the agreement, except that the agreement may provide for joint use by the District Board and the corporation of any production facility and the agreement is required to provide for the joint use by the Board and the corporation of one and only one television broadcasting network facility located in a first class city (Milwaukee);
3. Maintain the facilities and assets that are necessary for the operation of each broadcasting station, including the broadcasting stations specified in the agreement;
4. Retain the license for each broadcasting station;

Require the agreement to satisfy each of the following:

1. Remain in effect until the maturity date of any public debt issued for MATC for the cost of the conversion to digital television;
2. Ensure that the District Board would have access to broadcasting facilities and air time that is equal to or greater to the access of the Board prior to the effect date of the budget act;
3. Could specify the terms, if any, for the corporation to compensate the District Board or the District Board to compensate the corporation for taking any action specified in the agreement;
4. Could not take effect without the approval of the Secretary of DOA.

Digital Television Conversion -- ECB and Broadcasting Corporation. Provide \$1,350,000 FED in 1999-00 for the cost of converting ECB facilities and equipment to digital television. Provide that the Building Commission may authorize up to \$9,713,700 in general fund supported borrowing to aid in the acquisition, construction, development, enlargement or improvement of facilities and equipment related to the conversion to digital television for ECB or, if the FCC has approved to transfer of all broadcasting licenses held by ECB to the broadcasting corporation, for the corporation. Before approving any such state funding commitment, the Building Commission would be required to determine that ECB or, if the licenses have transferred, the corporation has secured additional funding at least equal to \$1,106,400 from nonstate donations for the purpose of digital television conversion. If the Building Commission authorizes a grant to the broadcasting corporation and if, for any reason, the facility or equipment that is acquired, constructed, developed, enlarged or improved with funds from the grant is not used for the purpose of public broadcasting, the corporation or, if ownership of the facility or equipment is sold or otherwise conveyed to another person, the person would be required to transfer to the state an ownership interest in the facility or equipment equal to the amount of the state's grant.

Digital Television Conversion -- University of Wisconsin. Provide that the Building Commission may authorize up to \$2,800,000 in general fund supported borrowing to aid in the acquisition, construction, development, enlargement or improvement of facilities and equipment related to the conversion to digital television for UW. Before approving any such state funding commitment, the Building Commission would be required to determine that the UW has entered into an agreement, as outlined above, with the corporation and has secured additional funding at least equal to \$280,000 from nonstate donations for the purpose of digital television conversion. Provide that if the Secretary of DOA determines that the FCC has approved the transfer of all broadcasting licenses held by ECB to the broadcasting corporation and if the UW Board of Regents has not contracted with the corporation for the operation of television stations and for the joint use of production facilities owned by the UW, the Building Commission may not authorize public debt to be contracted to aid in the acquisition,

construction, development, enlargement or improvement of facilities and equipment related to the conversion to digital television for the UW System.

Digital Television Conversion -- Milwaukee Area Technical College. Provide that the Building Commission may authorize up to \$3,500,000 in general fund supported borrowing to aid in the acquisition, construction, development, enlargement or improvement of facilities and equipment related to the conversion to digital television for MATC. Before approving any such state funding commitment, the Building Commission would be required to determine that MATC has entered into an agreement, as outlined above, with the corporation and has secured additional funding at least equal to \$350,000 from nonstate donations for the purpose of digital television conversion. A sum sufficient appropriation would be created under the Building Commission to pay the debt service for any bonds issued for MATC.

If the Building Commission authorizes a grant to MATC and if, for any reason, the facility or equipment that is acquired, constructed, developed, enlarged or improved with funds from the grant is not used for the purpose of public broadcasting, MATC or, if ownership of the facility or equipment is sold or otherwise conveyed to another person, the person would be required to transfer to the state an ownership interest in the facility or equipment equal to the amount of the state's grant. Provide that if the Secretary of DOA determines that the FCC has approved the transfer of all broadcasting licenses held by ECB to the broadcasting corporation and if the MATC District Board has not contracted with the corporation for the operation of television stations and for the joint use of production facilities owned by MATC, the Building Commission may not authorize public debt to be contracted to aid in the acquisition, construction, development, enlargement or improvement of facilities and equipment related to the conversion to digital television for MATC.

Broadcast Network and Production Facilities. Provide that the Building Commission may not authorize any general fund supported borrowing to aid in the acquisition, construction, development, enlargement or improvement of a broadcasting network facility or a production facility during the 1999-01 biennium.

Requirements, Duties and Elimination of ECB. Provide that beginning in the 2001-03 biennium, DOA would require ECB to submit budget requests for each of its appropriations, except its debt service appropriation, that are prepared using the principles of zero-based budgeting for each of its activities, units and programs. Zero-based budgeting would be defined as the compilation of a budget in which each component would be justified on the basis of cost, need and relation to the statutory responsibilities of the ECB. Provide that ECB would be permitted to contract with the broadcasting corporation to manage, operate and maintain any public broadcasting station for which ECB holds a license. Provide that if the Secretary of DOA determines that the FCC has approved the transfer of all broadcasting licenses held by ECB to the broadcasting corporation, the ECB, its duties and appropriations would be eliminated.

License Transfer Determination. Require the Secretary of DOA to determine whether the FCC has approved the transfer of all broadcasting licenses held by ECB to the broadcasting

corporation, and if such a transfer has occurred, the effective date of the transfer of the last license.

Assembly: Modify the Joint Finance provisions as follows:

Public Broadcasting Transitional Board. Create a 20-person, rather than 15-person, transitional board. Eliminate the position on this board for the Director of the WTCS, or his or her designee. Specify that for the appointment of the two members from the Wisconsin Public Radio Association (WPRA), the WPRA would be required to submit a list of four nominees for the Governor in making the appointments and that the Governor could not appoint a member unless the member's name is on the list or the member is a member of the WPRA.

Increase the number of members from friends organizations supporting Wisconsin Public Television stations from one member to three members. Specify that for the appointment of these three members, the friends groups would be required to submit a list of six nominees for the Governor in making the appointments and that the Governor could not appoint a member unless the member's name is on the list or the member is a member of the such a friends group. Increase the number of members from the friends organization supporting Milwaukee Public Television stations from one member to five members. Specify that for the appointment of these five members, the friends groups would be required to submit a list of ten nominees for the Governor in making the appointments and that the Governor could not appoint a member unless the member's name is on the list or the member is a member of the such a friends group.

Delete the requirement that if the District Board of the MATC does not enter into an agreement within one year of the effective date of the budget act with the proposed broadcasting corporation, the Director of the MATC District would be replaced with one at-large member appointed by the Governor. Provide that this board would remain in existence until the date that the Secretary of Administration determines that the articles of incorporation of the broadcasting corporation become effective.

Provide that the members of the board of directors of the proposed broadcasting corporation would be subject to the code of ethics for public officials and employees.

Duties of the Transitional Board. Modify the duties of the transitional board, as follows:

1. Retain, if necessary, staff and legal, administrative and technical assistance from the District Board of MATC, in addition to the UW and the ECB, which would be provided at no cost to the transitional board.

2. Provide that the articles of incorporation for the nonstock corporation that would be drafted and filed by the transitional board would be required to include a provision that the corporation could not have members;

3. Delete the requirement that the transitional board negotiate an agreement with the WPRA and with each friends of public television group for the transfer of funds raised by the Association to the corporation;

4. Draft bylaws for adoption by the corporation board which would be required to specify each of the following:

(a) That the members of the transitional board would be required to serve as the directors of the corporate board;

(b) That the members of the transitional board from the WPRA, the Friends of Wisconsin Public Television and the Friends of Milwaukee Public Television would be required to serve staggered three-year terms on the corporate board and vacate his or her position on the board if he or she ceases to be a member of the WPRA or friends group and that, upon expiration of the term or occurrence of a vacancy in the office of director, the remaining directors of the corporate board would be required to elect a successor who is a member of the same friends group;

(c) That the member of the transitional board who represents public elementary and secondary schools would be required to serve a three-year term on the corporate board and that, upon expiration of the term or occurrence of a vacancy in the office of director, the remaining directors of the corporate board would be required to elect a successor who is a representative of public elementary and secondary schools;

(d) That any member of the transitional board who is a member due to his or her office, would be required to vacate the office of director of the corporation if he or she would cease to hold the office which provides him or her the seat and that the remaining directors of the corporate board would be required to appoint as a successor the individual who is the successor to the office;

(e) That the term of a director who is a legislator would be required to expire on the first Monday of January in each odd-numbered year and that the remaining directors of the corporate board would be required to appoint a successor who is an individual appointed as is a member of a standing committee;

Transitional Plan. Require the corporate board to prepare a plan for submission to and approval of the Secretary of Administration under a 14-day passive review process. Delete the requirement that the Secretary to submit such a plan to the Joint Committee on Finance.

Modify the components of the plan to create an annual, sum certain appropriation under the UW, instead of DOA for the salaries, fringe benefits, and supplies and services for former ECB employees who would be transferred to the UW. Provide that if an employe would vacate any position that would be funded under this appropriation, there would be transferred to the general program operations appropriation of the corporation, an amount equal to the unused

money in the appropriation for the current fiscal biennium that was used to pay the employe's salary and fringe benefits and the cost of supplies and services for the employe.

Duties of the Broadcasting Corporation. Delete the proposed duties. Instead require the corporation to do each of the following as a condition for receiving state aid:

1. Commit to provide editorial integrity in all aspects of public broadcasting that is free from the influence of politics or special interest groups;
2. Provide educational broadcasting that enriches the cultural, civic and educational well-being of the people of this state;
3. Provide access to public broadcasting to all populations and geographic areas of this state;
4. Maintain a state system of radio broadcasting for the presentation of educational, informational and public service programs;
5. Maintain educational television channels reserved for this state and take such action as is necessary to preserve such channels in this state for educational use;
6. Furnish leadership in securing adequate funding for a statewide system of public broadcasting;
7. Lease, purchase or construct radio and television facilities for joint use with state and local agencies;
8. Maintain radio and television transmission equipment in order to provide broadcast service to all areas of this state;
9. Establish and maintain a continuing evaluation of the effectiveness of public broadcasting in this state;
10. Act as a central clearinghouse and source of information concerning educational radio and television in this state, including the furnishing of such information to legislators, offices of government, educational institutions and the general public;
11. Provide educational programming for elementary and secondary schools in this state and transmit public radio and television to remote and underserved areas of the state;
12. Hire an executive director in charge of the daily operation of the broadcasting corporation; and
13. Enter into agreements with the UW Board of Regents and the MATC District Board.

Requirements for State Aid. Modify the state appropriation structure for the corporation to create two GPR appropriations, rather than one. Create one continuing appropriation for

general program operations for public broadcasting. Create one annual appropriation for distance education for elementary and secondary schools, transmission to remote and underserved areas of the state and an emergency weather warning system.

As a condition of receiving state aid: (a) prohibit the corporation from amending the bylaws regarding election, appointment and terms of the members of the corporate board; and (b) require the corporation to maintain public television, public radio and distance education and separate operating divisions within the broadcasting corporation.

Determinations by the Secretary of Administration. The Secretary of Administration would be required to determine each of the following:

1. Whether the Federal Communications Commission has approved the transfer of all broadcasting licenses held by ECB to the corporation and the effective date of the last license transferred; and
2. The date on which the articles of incorporation of the broadcasting corporation would become effective.

Agreement with the UW Board of Regents. Modify the requirements under which the UW Board of Regents would enter into an agreement with the broadcasting corporation, as follows:

1. Require, rather than permit, the UW to enter into such an agreement;
2. Require that the agreement allow the broadcasting corporation to operate each UW broadcasting station, rather than only certain stations specified in the agreement;
3. Delete the provision that the agreement could provide for the joint use by the Board of Regents and the corporation of any production facility and must provide for the joint use by the Board and the corporation of one and only one television broadcasting network facility;
4. Permit the UW to provide assistance in developing and delivering elementary and secondary school educational programming at cost, if the corporation determines that such assistance could be provided at cost, rather than at no cost to private and public elementary and secondary schools;
5. Require the UW to provide assistance to the Wisconsin Technical College System in developing and delivering educational programming. Provide that such assistance would be provided at no cost, unless the broadcasting corporation would determine that the assistance would be provided at cost;
6. Delete the provision that the agreement could specify the terms, if any, for the corporation to compensate the Board of Regents or the Board of Regents to compensate the corporation for taking any action specified in the agreement;

7. Require the agreement to provide for transferring to the broadcasting corporation any funds raised by each friends group that is organized to raise funds for a broadcasting station for which the UW holds a license; and

8. Delete the requirement that no later than the first day of the 12th month beginning after the effective date of the budget act, the UW Board of Regents could enter into such an agreement.

Agreement with the MATC District Board. Modify the requirements under which the MATC District Board would enter into an agreement with the broadcasting corporation, as follows:

1. Require, rather than permit, MATC to enter into such an agreement;
2. Require that the agreement allow the broadcasting corporation to operate each MATC broadcasting station, rather than only certain stations specified in the agreement;
3. Delete the provision that the agreement could provide for the joint use by the District Board and the corporation of any production facility and must provide for the joint use by the Board and the corporation of one and only one television broadcasting network facility located in a first class city (Milwaukee);
4. Require MATC to provide assistance to the broadcasting corporation in developing and delivering elementary and secondary educational programming at no cost to the corporation;
5. Delete the provision that the agreement could specify the terms, if any, for the corporation to compensate the District Board or the Board to compensate the corporation for taking any action specified in the agreement;
6. Require the agreement to provide for transferring to the broadcasting corporation any funds raised by each friends group that is organized to raise funds for a broadcasting station for which MATC holds a license; and
7. Delete the requirement that no later than the first day of the 12th month beginning after the effective date of the budget act, the MATC District Board could enter into such an agreement.

Digital Television Conversion. Increase the matching requirements that ECB, and upon the creation of the broadcasting corporation, the corporation, the UW and MATC would be required to secure from nonstate donations for the purpose of digital television conversion before the Building Commission could approve any state funding for digital television. Require ECB, or the corporation, to raise \$5,531,900, rather than \$1,106,400. Require UW to raise \$1,400,000, rather than \$280,000. Require MATC to raise \$1,750,000, rather than \$350,000.

Requirements, Duties and Elimination of ECB. Delete the provision that beginning in the 2001-03 biennium, DOA would require ECB to submit budget requests that are prepared using the principles of zero-based budgeting for each of its activities, units and programs.

Senate: Delete all of the provisions that would establish a private, nonstock broadcasting corporation and eliminate the ECB. Delete \$50,000 GPR in 1999-00 that would be provided to the public broadcasting transitional board for carrying out its duties.

Modify the provision of funding for the transition to digital television. Provide \$2,221,800, rather than \$3,500,000, in general fund supported bonding as a grant to the Milwaukee Area Technical College for the acquisition, construction, development, enlargement or improvement of facilities and equipment related to the conversion to digital television. Delete the requirement that MATC secure \$350,000 from nonstate donations for this purpose and instead provide \$350,000 FED for this purpose.

Provide \$2,778,700, rather than \$2,800,000, in general fund supported bonding to the UW for the acquisition, construction, development, enlargement or improvement of facilities and equipment related to the conversion to digital television. Delete the requirement that the UW secure \$280,000 from nonstate donations for this purpose.

Provide \$12,638,700, rather than \$9,713,700, in general fund supported bonding to the ECB for the acquisition, construction, development, enlargement or improvement of facilities and equipment related to the conversion to digital television. Delete the requirement that the ECB secure \$1,106,400 from nonstate donations for this purpose. Delete \$350,000 FED for ECB for this purpose.

Conference Committee/Legislature: Delete all Joint Finance provisions related to restructuring public broadcasting and funding the digital television transition, except the \$304,000 of general obligation bonding for the Wausau tower. Delete \$50,000 GPR in 1999-00 for the transitional board duties and \$1,350,000 FED and \$15,709,700 BR for the cost of transitioning to digital television. Instead, create an eight-member committee called the Restructuring Public Broadcasting and Funding Digital Television Transition Committee, with the following members: (a) five members appointed by the Governor from lists of nominations made by the ECB, the President of the UW System, the Director of WTCS, the Friends of WHA-TV and the State Superintendent of Public Instruction, or their designees, respectively; and (b) three members appointed respectively by the Senate Majority Leader, the Speaker of the Assembly and the Governor. Provide that the Governor would appoint the chair of the Committee. Require the committee to recommend legislation for restructuring public broadcasting and funding digital television for public broadcasting to the Governor and the Legislature by January 15, 2000. Specify that the Committee would cease to exist when it submits the proposed legislation or on January 15, 2000, whichever occurs sooner.

Veto by Governor [A-2]: Delete the January 15, 2000, deadline for the submission of the proposal and the elimination of the Committee.

[Act 9 Sections: 641g and 9113(1mm)]

[Act 9 Vetoed Section: 9113(1mm)]

4. PRIVATIZATION OF PUBLIC BROADCASTING TOWERS [LFB Paper 390]

Governor: Provide that the Department of Administration (DOA), after consultation with all other state agencies, would be required to prepare a report on the privatization of state-owned or state-leased communications towers that are used for public broadcasting and any related structures, equipment and property, except for the communications tower operated by the Milwaukee Area Technical College. Require that the report would include each of the following:

- a. An inventory of all communications towers; and
- b. A plan for implementing privatization of communications towers, including any plans and specifications for the sale or sublease of communications towers to private bidders and any proposed contract terms for the state to lease back sufficient capacity on communications towers in order to meet the state's current communications needs and for providing for any construction or expansion that is necessary to meet the state's future communications needs.

Provide that DOA would be required to submit the report to the Joint Committee on Finance for its review, no later June 30, 2000. Provide that if the Co-Chairpersons of the Committee would not notify DOA within 14 working days after the date of submittal of the report that the Committee has scheduled a meeting for the purpose of reviewing the report, the plan included in the report may be implemented as proposed by DOA. Provide that if, within 14 working days after the date of submittal, the Co-Chairpersons of the Committee would notify DOA that the Committee has scheduled a meeting for the purpose of reviewing the report, the plan may be implemented only upon approval of the Committee.

Joint Finance/Legislature: Delete provision.

ELECTIONS BOARD

Budget Summary							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$1,537,800	\$2,485,900	\$1,735,900	\$1,747,900	\$1,747,900	\$210,100	13.7%
PR	105,200	84,400	84,400	84,400	84,400	- 20,800	- 19.8
SEG	<u>1,401,400</u>	<u>1,401,400</u>	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>- 601,400</u>	<u>- 42.9</u>
TOTAL	\$3,044,400	\$3,971,700	\$2,620,300	\$2,632,300	\$2,632,300	- \$412,100	- 13.5%

FTE Position Summary						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change Over 1998-99 Base
GPR	13.00	13.00	13.00	13.00	13.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide adjustments totaling \$67,400 GPR and -\$10,400 PR in 1999-00 and \$68,300 GPR and -\$10,400 PR in 2000-01 for: (a) removal of non-continuing elements from the base (-\$10,400 PR annually); (b) full funding of salary and fringe benefit costs (\$52,000 GPR annually); (c) full funding of financial services charges (\$300 GPR annually); (d) reclassifications (\$9,900 GPR annually); (e) fifth week of vacation as cash (\$3,900 GPR in 1999-00 and \$4,800 GPR in 2000-01); and (f) full funding of lease costs (\$1,300 GPR annually).

GPR	\$135,700
PR	<u>- 20,800</u>
Total	\$114,900

2. INCREASED FUNDING FOR WECF [LFB Paper 395]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$750,000	-\$750,000	\$0

Governor: Provide \$750,000 in 2000-01 to be transferred on September 1, 2000, to the legislative campaign account of Wisconsin Election Campaign Fund (WECF). A new GPR appropriation would be created for this purpose. Currently, legislative candidates, as well as candidates for statewide offices, are eligible for grants from the WECF, which is funded by monies directed through a \$1 taxpayer designation on state individual income tax returns (\$2 for joint returns) to the WECF.

Joint Finance: Delete the \$750,000 appropriation for additional WECF funding and instead include these funds under Program Supplements as a dedicated reserve in the Committee's GPR supplemental appropriation for financing increased costs associated with separate campaign finance reform legislation. [Increased funding shown under "Program Supplements."]

Assembly: Delete the Joint Finance provision which placed \$750,000 in 2000-01 in the Joint Finance Committee's GPR supplemental appropriation for financing increased WECF costs associated with separate campaign finance reform legislation. [Decreased funding shown under "Program Supplements."] Also, repeal the legislative account supplement appropriation recommended by the Governor and reference to that appropriation under the WECF.

Conference Committee/Legislature: Modify the Joint Finance provision by providing an additional \$120,000 under Program Supplements to provide a total of \$870,000, in the Joint Finance Committee's GPR supplemental appropriation in 2000-01 to finance increased WECF costs associated with separate campaign finance reform legislation. [Increased funding shown under "Program Supplements."] Also, include a technical change to delete the legislative account supplement appropriation as originally proposed by the Governor and reference to that appropriation under the WECF.

3. INFORMATION TECHNOLOGY CONTRACTUAL STAFF

GPR	\$62,400
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Governor/Legislature: Provide \$31,200 annually to fund a computer programming support contract for the Elections Board information system software which includes allowing the filing of campaign finance reports in an electronic format. The request assumes the purchase of 520 hours of contract programming support annually at \$60 per hour for technical support in the event of software failures and for future software design and access issues. Current law requires any registrant who accepts contributions or makes

distributions of \$20,000, or more, during a campaign period to file required campaign finance reports in an electronic format after June 30, 1999.

4. WECF EXPENDITURE LEVELS [LFB Paper 396]

SEG	- \$601,400
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Joint Finance/Legislature: Reduce estimated expenditures from the Wisconsin Election Campaign Fund continuing appropriation by \$600,700 in 1999-00 and by \$700 in 2000-01 to reflect estimated actual grant expenditures for eligible candidates under current law. This change results in an estimated expenditure level of \$100,000 in 1999-00 and \$700,000 in 2000-01.

5. CHALLENGING OF ELECTOR'S QUALIFICATIONS

Joint Finance/Legislature: Require the Elections Board to promulgate rules to determine the questions that election inspectors may ask regarding an elector's qualifications and delete the current specific statutory list of 18 questions that may be asked as determined appropriate by an election inspector. Under current law, an election inspector must challenge an elector's qualifications to vote if the inspector knows or suspects that the elector attempting to vote is unqualified. In doing so, the inspector may ask various questions specified in the statutes designed to aid in determining the elector's qualifications. These same statutory questions are to be used by an election inspector if another elector challenges an elector's qualifications to vote. In either case, the inspector may also ask any other questions to determine the elector's qualifications. This provision would delete the existing statutory questions and require the Elections Board to develop new questions by rule. The provision would be effective on the first day of the 6th month beginning after publication of the budget.

[Act 9 Sections: 1c, 1g, 1h, 1j and 9414(2g)]

6. WISCONSIN ELECTION CAMPAIGN FUND TAX-FILER DESIGNATIONS

Assembly: Amend current law regarding the tax-filer designations for the WECF to provide that any such designation by a tax-filer will increase the tax-filer's liability by increasing the taxes owed or reducing the tax refund due. Under current law, if a tax-filer designates \$1 (\$2 for joint returns) for the WECF, there is no impact on the tax-filer's liability and the amounts of the designations are transferred to the WECF from general tax revenues (i.e., they are tax expenditures). Under this provision, each taxpayer's liability would be increased by a designation to the WECF, but the amount of designations would continue to be transferred as a GPR appropriation to the WECF. This provision would first take effect for CY 1999 personal income taxes filed by April 15, 2000.

It is estimated that increasing tax-filers' liability will decrease the number of designations, resulting in a decrease in the estimated amount of designations to the WECF for 2000-01 from

the currently estimated \$310,000 to \$42,600. However, this change would result in a net gain to the general fund of \$310,000 in 2000-01 because, under the proposal, any designation is additional revenue to the state that would otherwise not be collected. In addition, expenditures for WECF grants would be reduced by an estimated \$229,000 SEG in 2000-01 because the estimated fewer designations would result in less funding being available for WECF grants.

Conference Committee/Legislature: Delete provision.

7. CLAIMS PAYMENT

Assembly/Legislature: Require the payment of \$2,087 GPR from the Elections Board's general program operations appropriation to Winnebago County for a claim against the state for the reimbursement of certain costs incurred by that county for ballots that the Elections Board had determined did not comply with state law. Further, provide that acceptance of this payment by the Winnebago County would release the state and its officers, employes and agents from any further liability with respect to the county's cost associated with reprinting of the defective ballots for the 1988 general election. Winnebago County incurred these costs when it had to reprint the 1998 general election ballots for the City of Neenah because the Elections Board found that the original the ballots did not conform to state law.

[Act 9 Section: 9158(9g)]

8. INCREASED PHOTOCOPIER LEASE COSTS

Senate/Legislature: Provide \$12,000 in 1999-00 for the cost of leasing a new photocopier.

GPR	\$12,000
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EMPLOYE TRUST FUNDS

Budget Summary							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$13,621,000	\$10,066,400	\$10,484,500	\$10,884,500	\$10,884,500	-\$2,736,500	- 20.1%
SEG	<u>27,406,400</u>	<u>29,507,900</u>	<u>29,372,800</u>	<u>32,089,200</u>	<u>32,089,200</u>	<u>4,682,800</u>	17.1
TOTAL	\$41,027,400	\$39,574,300	\$39,857,300	\$42,973,700	\$42,973,700	\$1,946,300	4.7%

FTE Position Summary						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change
						Over 1998-99 Base
GPR	0.00	0.00	0.00	3.50	3.50	3.50
SEG	<u>172.85</u>	<u>179.35</u>	<u>179.35</u>	<u>198.35</u>	<u>198.35</u>	<u>25.50</u>
TOTAL	172.85	179.35	179.35	201.85	201.85	29.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide \$7,800 in 1999-00 and \$13,100 in 2000-01 and -3.0 positions for standard budget adjustments for: (a) turnover reduction (-\$192,400 annually); (b) removal of noncontinuing elements from the base (-\$247,200 and -3.0 positions annually) (c) full funding of continuing salaries and fringe benefits (\$238,500 annually); (d) full funding of financial services charges (\$118,100 annually); (e) overtime (\$45,900 annually); and (f) fifth week of vacation as cash (\$44,900 in 1999-00 and \$50,200 in 2000-01).

	Funding	Positions
SEG	\$20,900	- 3.00

2. RETIRED EMPLOYEES BENEFIT SUPPLEMENT REESTIMATE [LFB Paper 400]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$3,554,600	\$418,100	-\$3,136,500

Governor: Reduce the base level funding estimate for benefit supplements for retirees who first began receiving annuities prior to October 1, 1974, by \$1,306,900 in 1999-00 and \$2,247,700 in 2000-01. These supplements were authorized primarily by Chapter 337, Laws of 1973, and 1983 Wisconsin Act 394, as further affected by the 1997 Wisconsin Supreme Court ruling on the special investment performance dividend lawsuit. The reestimate is due to a declining number of retirees eligible for these supplements due to deaths. Current base level funding for the appropriation is \$6,810,500.

Joint Finance/Legislature: Increase estimated expenditures by an additional \$168,400 in 1999-00 and \$249,700 in 2000-01 to reflect updated projections of the amount of benefit supplements to be paid to eligible annuitants.

3. ANNUITY PAYMENT SYSTEM REDESIGN [LFB Paper 401]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$805,600	2.50	-\$110,300	0.00	\$695,300	2.50

Governor: Provide \$370,400 in 1999-00 and \$435,200 in 2000-01 and authorize 2.5 two-year project positions to enable ETF to redesign its current Wisconsin Retirement System (WRS) annuity payment system. The system generates monthly retirement checks, computes withholding and deduction amounts and compiles year-end tax payment reports. The purpose of the redesign would be to: (a) enhance on-line access through ETF's participant data (WEBS) to annuity payment data; (b) improve data maintenance and updating capabilities; and (c) integrate these annuity payment functions into both the agency's electronic image and workflow system and its interactive voice response (IVR) system. The recommended funding would be used as follows: (a) one-time financing of \$296,400 in 1999-00 and \$336,500 in 2000-01 for contract programming assistance; and (b) \$74,000 in 1999-00 and \$98,700 in 2000-01 for salary, fringe benefit and support costs for the 2.5 project positions to support reassignment of in-house permanent staff to assist in project analysis, design and development activities. Existing IT staff would also be assigned to the project to assist in IT analysis and programming activities. This recommendation represents phase 1 (design, construction and testing of the new annuity payment system) of the project. Funding for phase 2 (conversion and final implementation) would be requested in the next biennium.

Joint Finance/Legislature: Delete \$50,500 in 1999-00 and \$59,800 in 2000-01 to reflect: (a) budgeting consultant services for the annuity payment system redesign project at a level based on the highest hourly rate quoted in DOA's procurement bulletins for the required services (-\$40,800 in 1999-00 and -\$46,900 in 2000-01); and (b) budgeting 2.0 FTE of the replacement staff project position (a financial specialist 4 and 5, respectively) at the financial specialist 2 level instead (-\$9,700 in 1999-00 and -\$12,900 in 2000-01).

4. CUSTOMER SERVICE CALL CENTER [LFB Paper 402]

Funding Positions		
SEG	\$773,900	2.00

Governor: Provide \$584,100 in 1999-00 and \$189,800 in 2000-01 and authorize 1.0 two-year project position, 2.0 one-year project positions (1999-00 only) and 1.0 permanent position for enhancements in the agency's ability to handle WRS participant and employer inquiries for the establishment of a customer service call center. (The Executive Budget Book references all the positions as being project positions.)

The proposed center would be designed to ultimately provide a single telecommunications unit within ETF to address the customer (WRS participants or employers) service inquiry requirements of the both the member services and employer administration bureaus within ETF. As a part of this proposal, ETF would internally reallocate 6.0 staff (five trust funds specialists and one trust funds supervisor) to this new center, in addition to the recommended additional staff. In addition to having staff dedicated solely to call center duties, the proposed center would have enhanced hardware and software for the handling of customer inquiries, including: (a) an automated call center server which would automatically route calls to appropriate accessible data bases or networks; (b) enhancements to ETF's existing IVR (interactive voice response) phone system; and (c) computer software which would serve to further automate the inquiry response process in the center. The goal of the call center would be to develop the capability to respond to 85% of WRS participants' and employers' telephone inquiries within two minutes by fiscal year 2000-01.

The recommended funding would be for: (a) one-time funding for enhancements to the agency's existing integrated voice response system, a new call center server and associated software purchases (\$365,500 in 1999-00); (b) one-time funding for contractor assistance for installation of the new system (\$80,000 annually); (c) agency administrative and staff expenses (\$104,900 in 1999-00 and \$70,500 in 2000-01); and (d) on-going maintenance and software licensing costs (\$33,700 in 1999-00 and \$39,300 in 2000-01). This funding would be for the first two phases of a proposed three phase implementation. Funds for phase three would be requested in the next biennium.

Joint Finance/Legislature: Delete the position authorization for 1.0 permanent position for the customer service call center and instead authorize 1.0 two-year project position for the initiative.

5. CREDITABLE SERVICE PROJECT

	Funding	Positions
SEG	\$210,000	3.00

Governor/Legislature: Provide \$105,000 annually and authorize the extension of 3.0 project positions for an additional two-year period to continue project staff resources for an on-going, court-ordered review of certain active participant and annuitant accounts. ETF is in the process of reviewing an estimated 37,000 files of certain active and retired teachers who may be entitled to additional years of creditable service as a result of two recent Wisconsin courts (Wisconsin Court of Appeals and Dane County Circuit Court) rulings. These decisions found that ETF had incorrectly calculated the amount of service credits granted to certain school teacher participants who had originally been members of the former State Teachers Retirement System between July 1, 1957, and September 1, 1965, but had separated from service and withdrawn their retirement contributions and then later had returned to covered service. Under the court rulings, all affected annuitants who have retired since December 13, 1984, as well as all active participants who had service during the relevant time period, must have their creditable service calculations reviewed for possible correction. ETF was provided with 3.0 two-year project positions during the 1997-99 biennium to begin these reviews. Due to delays, ETF estimates that only some 4,500 potentially affected files will have been reviewed by June 30, 1999.

6. DUTY DISABILITY WORKLOAD

	Funding	Positions
SEG	\$121,100	2.00

Governor/Legislature: Provide \$51,900 in 1999-00 and \$69,200 in 2000-01 and authorize 1.0 permanent position and 1.0 two-year project position for staff resources to continue ETF's review of s. 40.65 duty disability benefit determinations and to meet expected workload increases in the duty disability program. A recent Wisconsin Supreme Court ruling required the establishment of new procedures for determining the amount of duty disability benefits. A portion of the funding (\$25,900 in 1999-00 and \$34,600 in 2000-01) and the project position would be used to complete the agency's review of 670 existing duty disability benefit files. In June, 1998, the Joint Committee on Finance provided 2.0 one-year project positions to address backlog in current s. 40.65, duty disability benefit file reviews. The agency expects to have about half of these files reviewed by June 30, 1999. The remaining funding (\$26,000 in 1999-00 and \$34,600 in 2000-01) and the new permanent position would be used to address a growing workload of duty disability and disability benefit requests from protective and nonprotective WRS participants, respectively.

7. DOJ LEGAL SERVICES COSTS [LFB Paper 403]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$109,000	-\$84,800	\$24,200

Governor: Provide \$54,500 annually to fund the increased costs of legal services billings from the Department of Justice. Under s. 40.03(3) of the statutes, DOJ is required to furnish legal counsel to ETF to defend the agency or its boards and employes in any legal actions.

Joint Finance/Legislature: Modify the Governor's recommendation by deleting \$42,400 annually of the total amount recommended for the increased costs of legal services billings from DOJ. The \$12,100 annually of new funding that would remain following this reduction would offset the impact of DOJ billable hour rate increases that have occurred since the 1996-97 fiscal year.

8. MAILING COST INCREASES

SEG	\$61,000
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Governor/Legislature: Provide \$29,600 in 1999-00 and \$31,400 in 2000-01 to fund postage and service charge cost increases and projected volume increases associated with mailing of agency forms, bulletins, and publications.

9. FUNDING OF OUTSIDE LEGAL COUNSEL [LFB Paper 404]

Governor: Modify current law to allow ETF to charge the costs of any legal services independent contractors selected by the ETF Board directly against the investment earnings of the appropriate benefit plan or retirement trust fund receiving the services. As a result of this modification, the costs of these legal services would be paid from an off-budget appropriation account rather than from the agency's general operations appropriation where such costs must be appropriated by the Legislature. Currently, only the costs of investing the assets of the retirement system's benefit plans may be paid from this off-budget account.

Joint Finance/Legislature: Delete provision.

10. PROTECTIVE SERVICE STATUS FOR DIVISION OF STATE PATROL ADMINISTRATOR [LFB Paper 405]

Governor: Newly include, as a protective occupation participant under the WRS, any authorized unclassified position in DOT, the occupant of which is functioning as the Administrator of the Division of State Patrol provided the Administrator is certified as a law enforcement officer by the Law Enforcement Standards Board. Specify that this provision would take effect on January 1, 2000. Retitle all state patrol members who are protective occupation WRS participants as "state traffic patrol" participants and create new language specifying that a member of the state traffic patrol includes the Division Administrator participant.

Under current law, WRS participants are deemed protective occupation participants if they are involved in active law enforcement or active fire suppression and are involved in

duties that expose them to a high degree of danger or peril and require a high degree of physical conditioning. Notwithstanding these general requirements for designation as a protective participant under the WRS, the statutes also enumerate a number of specific occupations that are deemed to be protective category WRS participants. Under the Governor's recommendation, the Administrator of the Division of State Patrol would be classified as a protective occupation participant separately enumerated in this manner.

As a result of newly designating the Administrator of the Division of State Patrol as a protective category employee under the WRS, a qualified individual holding this position would be eligible for: (a) early retirement at age 50 [rather than at age 55 for other WRS participants]; (b) normal retirement at age 54, or a age 53 after twenty-five years of service [rather than age 65 for general participants or age 62 for state elected or appointed participants]; and (c) coverage under the s. 40.65 duty disability program.

Assembly: Delete provision except for language specifying that the state traffic patrol would also consist of the Division Administrator.

Senate: Delete provision in its entirety.

Conference Committee/Legislature: Restore Governor's provision.

[Act 9 Sections: 935, 936, 2031, 2032 and 9450(3)]

11. PARTICIPATION OF FAMILY CARE DISTRICT EMPLOYEES IN THE WRS

Governor/Legislature: Include employes of family care districts as participants in the WRS, including eligibility for disability coverage, and local group health insurance, deferred compensation and income continuation programs.

Assembly: Delete provision.

Senate/Legislature: Restore provision.

[Act 9 Sections: 931b and 932]

12. FUNDING FOR REQUIRED ACTUARIAL AUDIT OF THE WRS [LFB Paper 406]

SEG	\$60,000
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Joint Finance/Legislature: Provide one-time funding of \$60,000 in 2000-01 to fund the Legislative Audit Bureau's costs of contracting for a required periodic actuarial audit of the WRS. Under current law, an independent actuarial audit of the WRS must be conducted every five years. The last independent audit was undertaken in 1996.

13. AUTHORITY FOR THE GROUP INSURANCE BOARD TO OFFER LONG-TERM CARE INSURANCE COVERAGE ON A SELF-INSURED BASIS

Joint Finance: Include provision to repeal the current law limitations that prohibit the Group Insurance Board (GIB) from offering long-term care insurance, as currently authorized under s. 40.55 of the statutes, on a self-insured basis. Instead, provide that the GIB may offer long-term care insurance coverage on a self-insured basis. In addition, clarify that the GIB may contract for the actual provision of long-term care insurance coverage and that a long-term care insurance account may be maintained in the Public Employee Trust Fund for the purpose of supporting the operation of such a self-insured plan. Direct the GIB to report to the Legislature on July 1 of every odd-numbered year on participation rates in any self-insured long-term care insurance program.

Under current law, the GIB offers an optional long-term care insurance coverage program to state employees and annuitants and the spouses or parents (including spouse's parents) of such individuals. The insurance coverage provided under this program is for short-term and long-term home health care, assisted living arrangements, community-based care and nursing home care for the insured individuals. There is no state contribution to the premiums for this coverage; the enrollee pays the entire premium cost.

Currently, coverage under the program is offered through policies issued by insurers under contract with the GIB (since current law also prohibits the GIB from offering this type of insurance coverage on a self-insured basis). The policies offered by the insurers must also have been approved for offering by the Commissioner of Insurance.

Assembly/Senate/Legislature: Delete provision.

14. GRANTING WRS CREDITABLE SERVICE TO CERTAIN DISTRICT ATTORNEY EMPLOYEES IN MILWAUKEE COUNTY

Joint Finance: Authorize additional creditable service under the WRS for certain assistant district attorney employees in Milwaukee County, as follows:

Eligible Employees. Specify that additional WRS creditable service would be granted to state employees who meet all of the following criteria:

- They were prosecutors in the Milwaukee District Attorney's Office on December 31, 1989, and transferred to state service on January 1, 1990;
- They were participants in the Milwaukee County Employees Retirement System, created by Chapter 201, Laws of 1937, but were not vested on December 31, 1989, for the purpose of qualifying for an annuity under the Milwaukee County System;

- They exercised their option to become a WRS participant on January 1, 1990; and
- They are state employees on the general effective date of this biennial budget act.

Amount of Creditable Service Granted. Stipulate that the amount of additional creditable WRS service granted to each state employee meeting all the above criteria would be equal to the amount of creditable service accumulated as of December 31, 1989, under the Milwaukee County Employees Retirement System, created by Chapter 201, Laws of 1937, for which the employee did not have vested pension rights.

Unfunded Prior Service Liability Added to Liabilities of DOA. Require ETF to determine the amount of unfunded prior service liability for the WRS attributable to the additional creditable service granted to state employees meeting all the above criteria. Direct that the total amount of this additional unfunded prior service liability be added to the current unfunded prior service liabilities of DOA.

Payment Schedule to Retire the Additional DOA Prior Service Liability. Specify that commencing in the 1999-00 fiscal year, DOA shall annually pay to the WRS an amount sufficient to fully amortize the total amount of unfunded prior service liability for all of the additional creditable service granted under this provision, plus annual interest computed at the WRS assumed rate (currently 8%) by the end of the current amortization period for state employee unfunded liabilities (now scheduled to occur in 2026).

Funding. Specify that for fiscal years 1999-00 through 2003-04, \$80,000 GPR annually must be deducted from the gross annual payment amounts which otherwise would be made to Milwaukee County for district attorney salaries and fringe benefits under s. 20.475(1)(d) of the statutes. Stipulate that these annual deductions shall instead be applied as an offset against the total amount of the DOA's additional unfunded prior service liability plus annual interest costs associated with the additional creditable service granted under this provision.

Current Law. Provisions of 1989 Wisconsin Act 31 made district attorneys and other state prosecutors state employees, first effective January 1, 1990, and established an appropriation under s. 20.475(1)(d) of the statutes to reimburse counties for the costs of salaries and fringe benefits of district attorneys and other state employees in county district attorneys offices. Under 1989 Wisconsin Act 336, employees of the Milwaukee County District Attorney's office were given the option of either remaining as participants under the separate Milwaukee County Employees Retirement System or converting to retirement coverage under the WRS on January 1, 1990. For Milwaukee County prosecutors who had vested pension rights under the county retirement system (10 years of creditable service was required in order to be vested under the county system), current law allowed such employees full retirement benefit reciprocity with the WRS, and thus no benefits were lost.

However, for Milwaukee County prosecutors who had not vested in the county retirement system and who elected to become participants under the WRS, Act 336 directed that the county system remit to the WRS an amount equal to the employer-required normal contributions, plus interest earned, for each nonvested employe, thereby allowing the employe to receive creditable service under the WRS. Subsequently, the Wisconsin Supreme Court in *Association of State Prosecutors v. Milwaukee* determined this provision to be an unconstitutional taking from the county retirement system and ruled it invalid.

An estimated 36 current state employes would be affected by this provision and the total additional unfunded prior service liability is projected at \$955,700. Estimated additional unfunded liability total payments of \$107,900 GPR in 1999-00 and \$105,100 GPR in 2000-01 would be required to be paid towards this additional unfunded prior service liability created under DOA. These amounts would represent a net additional fringe benefits cost to DOA of \$27,900 GPR in 1999-00 and \$25,100 GPR in 2000-01 after deducting \$80,000 GPR annually from Milwaukee County reimbursements for the costs of state prosecutors' salaries and fringe benefits. After the 2003-04 fiscal year, the state would become liable for the full annual costs of the additional unfunded liabilities since there would be no further \$80,000 GPR annual offset.

To the extent that DOA has insufficient funds to cover these increased fringe benefits costs during each fiscal year of the 1999-01 biennium, ETF would be eligible for supplementation from the amounts included in Compensation Reserves. Because all agencies' unfunded fringe benefits costs are typically supplemented at 100% of need, whatever additional funding would be provided to DOA would result in a corresponding reduction in the amount of funds available to supplement increased GPR salary costs for all state agencies.

Assembly: Delete provision.

Senate/Legislature: Restore Joint Finance provision.

[Act 9 Sections: 40r, 498d, 930t, 930v, 939t, 3211p, 3211r, 3211t and 3211v]

15. PRIVATE EMPLOYER HEALTH CARE COVERAGE PROGRAM

	Funding Positions	
GPR	\$400,000	3.50

Assembly: Provide \$400,000 in 1999-00 and 3.50 positions, beginning in 1999-00, for ETF to create a health care coverage program, the private employer health care purchasing alliance (PEHCPA).

Private Employer Health Care Coverage Board. Create in ETF a Private Employer Health Care Coverage Board (PEHCCB), which would include: (a) the ETF Secretary or designee; (b) the DHFS Secretary or designee; (c) one member who represents health maintenance organizations; (d) one member who represents hospitals; (e) one member who represents insurance agents; (f) two members who are employes eligible to receive health care coverage

under PEHCPA and whose employer employs not more than 50 employees; (g) one member who represents insurers; (h) two members who are, or who represent, employers that employ not more than 50 employees and who are eligible to offer health care coverage under PEHCPA; (i) one member who is a physician; and (j) two members who represent the public interest. Specify that the members representing DHFS and ETF would be nonvoting members of the Board, and that the other members would be nominated by the Governor and, with the advice and consent of the Senate, appointed for staggered, three-year terms.

ETF Responsibilities. Direct ETF, in consultation with the Office of the Commissioner of Insurance (OCI), to design an actuarially-sound health care coverage program for employers that includes more than one group health care coverage plan and that provides coverage beginning not later than June 30, 2002. Prohibit ETF from implementing the program until the Board approves the plan. Direct ETF to solicit and accept bids and make every reasonable effort to enter into a contract for the administration of the health care coverage plans under the program, based on criteria established by the PEHCCB. Require ETF to maintain a toll-free telephone number to provide information on the program.

Specify that if ETF does not enter into a contract for the administration of the plans to begin before June 30, 2002, it shall submit a report to the Joint Committee on Finance specifying the Department's reasons for not entering into a contract. After submitting such a report to the Committee and after receiving PEHCCB approval, ETF would have to provide all administrative services necessary for the provision of health care coverage plans under the program, but continue to make every reasonable effort to contract for the administration of the plan. Further, if ETF does not select a plan administrator, authorize ETF to charge employers who participate in the program a fee to cover the costs incurred by ETF in designing, marketing and providing administrative services for the health care coverage program.

Funding. Provide \$200,000 in 1999-00 to support operating costs relating to PEHCPA, including support for 3.50 positions, for ETF to design and contract for administrative services for the PEHCPA in a new biennial appropriation. In addition, provide \$200,000 in 1999-00 for ETF to distribute as a grant to the plan administrator if: (a) the administrator submits a plan to ETF detailing the proposed use of the grant and the ETF Secretary approves the plan; (b) the administrator enters into a written agreement with ETF that specifies the conditions for use of the grant proceeds, including reporting and auditing requirements; and (c) the administrator agrees in writing to submit to ETF, within six months after spending the full amount of the grant, a report detailing how the grant proceeds were used. Create two biennial appropriations to support these expenses.

Create a PR appropriation to allow ETF to expend all moneys it receives from employers who elect to participate in the plan, for the costs of designing, marketing and contracting or providing administrative services for the program.

Exemption from Insurance Mandates. Specify that the plans within the PEHCPA would be subject to the same insurance statutes that apply to group health plans, except that if the

PEHCPA includes one or more plans that do not include one or more of the following coverages, a small employer insurer may offer to a small employer one or more group health benefit plans that do not include the same coverages as those not included in those plans: (a) treatment of an emergency medical condition; (b) treatment of alcoholism and nervous and mental disorders; (c) home care; (d) skilled nursing care; (e) kidney disease treatment; (f) services for newborn children; (g) services required for covered grandchildren; (h) diabetes treatment; (i) maternity services; (j) mammograms; (k) prescription medication for the treatment of HIV infection; (l) blood lead tests for children; (m) treatment for the correction of temporomandibular disorders; (n) hospital or ambulatory surgery center charges and anesthetics associated with dental care; (o) breast reconstruction incident to a mastectomy. Require small employer insurers to offer to small employers at least one health care plan that includes all of these required services and does not include any condition limitations or cost containment measures relating to optometric, chiropractic, dental, and pap and pelvic services. Specify that these provisions would first apply to group health benefit plans issued or renewed on the general effective date of the bill.

In one or more plans included in the health care coverage program, authorize ETF to limit the coverage requirements and/or impose cost containment measures with respect to coverage of the following: (a) vision care services or procedures by a licensed optometrist; (b) diagnosis and treatment of conditions by a licensed chiropractor; (c) diagnosis and treatment of conditions by a licensed dentist; and (d) papanicolau tests, pelvic examinations or associated laboratory fees performed by a licensed nurse practitioner. Require that any condition limitations or cost containment measures imposed under this provision be determined on a nondiscriminatory basis.

If the PEHCPA includes one or more plans that contain cost containment measures or condition limitations with respect to coverage of optometric, chiropractic, dental and pap and pelvic services, authorize a small employer insurer to offer to a small employer one or more group health benefit plans that contain the same cost containment measures and condition limitations as those that are included in those plans.

Prohibition on Nontherapeutic Abortion Coverage. Prohibit any health care coverage plan under the program from providing coverage of a nontherapeutic abortion except by an optional rider or supplemental coverage provision that is offered and provided on an individual basis and for which an additional, separate premium or charge is paid by the individual to be covered under the rider or supplemental coverage provision. Specify that only funds attributable to premiums or charges paid for coverage under the rider or supplemental coverage provision may be used for the payment of any claim, and related administrative expenses, that relates to a nontherapeutic abortion. Prohibit the use of such funds for the payment of any claim or administrative expenses that relate to any other type of coverage provided by the insurer under the health care coverage plan. Specify that this provision does not require an insurer or an employer to offer or provide coverage of an abortion under a health care coverage plan under the health care coverage program.

Administration Costs Charged to Employers. Authorize the administrator or ETF to charge employers who participate in the health care coverage program a fee to cover the cost of administrative services for the program. Require the administrator to reimburse ETF for the expenses it incurs in designing, marketing and contracting for administrative services for the program. Specify that if ETF has not contracted with an administrator, it would charge employers to cover these costs and credit this revenue to the PR appropriation. Prohibit ETF from selling any health care coverage under the program to an employer or enroll any employee in the program, but require ETF to make information about the program available to employers on a statewide basis.

Responsibilities of Participating Employers. Require a participating employer to: (a) offer health care coverage under one or more plans to all of its permanent employees who have a normal work week of 30 or more hours, although an employer could offer coverage under one or more plans to any of its other employees; (b) provide coverage under one or more plans to at least 50% of its permanent employees who have a normal work week of 30 or more hours and who do not otherwise receive health care coverage as a dependent under any other plan that is not offered by the employer or a percentage of such employees specified by the PEHCCB, whichever percentage is greater; (c) pay for each employee at least 50% but not more than 100% of the lowest premium rate that would be available to the employer for that employee's coverage under the program; and (d) make premium payments for the health care coverage of its employees in the manner specified by the Board.

Specify that an employer that provides health care coverage of its employees under the program that voluntarily terminates coverage under the program is not eligible to participate in the program for at least three years from the date that coverage is terminated. Specify that the health care coverage program or any health care coverage plan included in the program could not be combined with any other state health care coverage plans.

Responsibilities of Participating Insurers. Require any insurer that offers a health care coverage plan under the program to provide coverage under the plan to any employer that applies for coverage, and all the employer's employees who elect coverage under the health care coverage plan, without regard to the health condition or claims experience of any individual who would be covered under the health care coverage plan if: (a) the employer agrees to pay the premium required for coverage under the plan; and (b) the employer agrees to comply with all provisions of the health care coverage plan that apply generally to a policyholder or an insured without regard to health condition or claims experience

Specify that if the PEHCPA includes one or more plans that do not include one or more of the above coverages, a small employer insurer may offer to a small employer one or more group health benefit plans that do not include the same coverages as those not included in those plans. Require a small employer insurer to offer to a small employer at least one group health benefit plan that includes all of the coverages listed in this provision and does not include any condition limitations or cost containment measures regarding optometric, chiropractic, dental and pap and pelvic services.

Responsibilities of the Commissioner of Insurance. Require the Commissioner of Insurance to promulgate any rules necessary to ensure that: (a) if the PEHCPA includes one or more plans that do not include one or more of the specified coverages in this provision, a small employer insurer may offer to a small employer one or more group health benefit plans that do not include those same coverages; (b) if the PEHCPA includes one or more plans that contain cost containment measures or condition limitations with respect to optometric, chiropractic, dental and pap and pelvic services, a small employer insurer may offer to a small employer one or more group health benefit plans that contain those same cost containment measures or condition limitations; and (c) a small employer insurer offers to a small employer at least one group health benefit plan that includes all of the specified coverages in this provision and that does not include any condition limitations or cost containment measures relating to optometric, chiropractic, dental and pap and pelvic services.

Marketing of Coverage. Require ETF to solicit and accept bids and enter into a contract for marketing the program. Specify that health care coverage under the program could only be sold by licensed insurance agents. Prohibit an insurance agent from selling any health care coverage under the program on behalf of an insurer unless he or she is employed by the insurer or had a contract with the insurer to sell the health care coverage on behalf of the insurer. Require the PEHCCB to set, and adjust as often as semiannually, the commission rate for the sale of a policy under the program. Specify that the rate would be based on the average commission rate that insurance agents are paid in the state for the sale of comparable health insurance policies at the time that the rate is set or adjusted. Require insurers to specify on the first page of any policy sold under the program the amount of the commission paid to the insurance agent.

Annual and Final Report. Require the PEHCCB to submit an annual report to the appropriate legislative standing committees and the Governor on the operation of the program by December 31 of each year. Specify that the report include: (a) the number of employers and employees participating in the health care coverage program; (b) a calculation of the costs of the program to employers and their employees and recommendations for improving the program.

By January 1, 2008, require the PEHCCB to submit a report to the appropriate legislative standing committees and the Governor that offers recommendations as to whether ETF should continue to be involved in the design, marketing and contracting for administrative services for the program. Specify that, if the Board recommends that ETF should not be involved in the performance of these functions, it shall submit proposed legislation eliminating ETF's involvement in the performance of the functions to the appropriate legislative standing committee at the time the it submits the report.

Specify that all insurance rates for health care coverage would be published annually in a single publication that would be available to employers and employees, and that the rates could be listed by county or by any other regional factor that the PEHCCB considers appropriate. Authorize the Board to establish enrollment periods for each plan offered under the health care covered program.

Policy Sales. Direct the PEHCCB to set, and adjust as often as semiannually, the commission rate for the sale of PEHCPA policies, which would be based on the average commission rate that insurance agents are paid in the state for the sale of comparable health insurance policies at the time that the rate is set or adjusted.

Definitions. Define an "employee" as any person who receives earnings as payment for personal services rendered for the benefit of any employer, including officers of the employer. Specify that an employee is considered to have separated from the service of an employer at the end of the day on which the employee last performed services for the employer, or, if later, the day on which the employee-employer relationship is terminated because of the expiration or termination of leave without pay, sick leave, vacation or other leave of absence. Specify that a person is not considered an employee if any of the following applies: (a) the person is employed under a contract involving the furnishing of more than personal services; (b) the person is customarily engaged in an independently established trade, business or profession providing the same type of services to more than one employer and the person's services to an employer are not compensated for on a payroll of that employer; or (c) the person is a patient or inmate of a hospital, home or institution and performs services in the hospital, home or institution.

Define "dependent" as a spouse, an unmarried child under the age of 19 years, an unmarried child who is a full-time student under the age of 21 years and who is financially dependent upon the parent, or an unmarried child of any age who is medically certified as disabled and who is dependent upon the parent.

Define "employer" as any person who does business or operates an organization in the state and employs at least two, but not more than 50, employees.

Define "abortion" as the use of an instrument, medicine, drug or other substance or device with intent to terminate the pregnancy of a woman known to be pregnant or for whom there is reason to believe that she may be pregnant and with intent other than to increase the probability of a live birth, to preserve the life or health of an infant after live birth or to remove a dead fetus. Define a "nontherapeutic abortion" as an abortion that is not directly and medically necessary to prevent the death of the woman.

Legislative Audit Bureau Requirement. Require the Legislative Audit Bureau to prepare a program evaluation audit of the private employer health care coverage program by January 1, 2008.

Sunset Provisions. Repeal all statutory provisions relating to the program on January 1, 2010.

Senate: Provide \$166,700 in 1999-00 and \$203,900 in 2000-01 and 3.5 positions, beginning in 1999-00, and require ETF to create a health care coverage program for private employers with at least two employees, beginning no later than January 1, 2002.

Create an annual GPR appropriation to authorize ETF to expend the amounts appropriated for the start-up costs for designing, establishing and administering the private employer health care coverage program. Create a continuing PR appropriation to authorize ETF to collect monies from employers that participate in the health care coverage program for the costs of designing, marketing and contracting or providing administrative services for the program.

Private Employer Health Care Coverage Board. Create within ETF a Private Employer Health Care Coverage Board (PEHCCB) that would consist of: (a) the ETF Secretary or his or her designee; (b) the DHFS Secretary or his or her designee; (c) one health maintenance organization representative; (d) one hospital representative; (e) one insurance agent representative; (f) two small business (a business with not more than 50 employees) employees eligible to receive health care coverage under this provision; (g) one member who represents insurers; (h) two members who are, or who represent, employers that employ not more than 50 employees and who are eligible to offer health care coverage; (i) one physician; and (j) two public interest representatives. Specify that the members representing DHFS and ETF would be nonvoting members of the Board, and the other members would be appointed for staggered, three-year terms as follows: (a) the terms for the HMO, insurance agent and physician members would expire on May 1, 2002; (b) the terms for the hospital, insurer and public interest members would expire on May 1, 2003; and (c) the terms for the employee and employer representatives would expire on May 1, 2004.

Require the PEHCCB to: (a) set and adjust, as often as semiannually and based on the average commission rate at the time the rate is set or adjusted for comparable health insurance policies, the commission rate that Wisconsin insurance agents would be paid for the sale of a policy under the health care coverage program; (b) annually submit, on or before December 31, a report to the appropriate standing committees of the Legislature and the Governor regarding the operation of the program (require the report to specify the number of employers participating in the program, calculate the costs of the program to employers and their employees and include recommendations for improving the program); and (c) no later than January 1, 2005, submit a report to the appropriate standing committees of the Legislature and the Governor that offers recommendations as to whether ETF should continue to administer the program, or whether it should be administered by another entity. If PEHCCB recommends that another entity administer the program, it shall submit, with the report, proposed legislation concerning the alternative administration.

ETF Responsibilities. Direct ETF to, in consultation with the Office of the Commissioner of Insurance (OCI), the Departments of Commerce and Health and Family Services, design, establish and administer an actuarially-sound health care coverage program for employers that includes at least two group health care coverage plans beginning not later than January 1, 2002. Prohibit ETF from implementing the program until the PEHCCB approves the plan. Direct ETF to solicit and accept bids and to enter into contracts with insurers who are to provide health care coverage under the program.

Require ETF to charge employers who participate in the health care coverage program a fee to cover ETF's cost in designing, establishing and administering the program. Prohibit ETF from selling health care coverage to employers or enrolling any employee in the program, but allow ETF to publicize the availability of the program for employers and to contract with any person to provide services relating to the administration of the program.

Health Care Coverage Program Features. Provide that the health care coverage program: (a) may not be combined with any other health care coverage plan; (b) shall require that all insurance rates under the program be published annually in a single publication that is available to employers and employees (require the rates to be listed by county and by any other factor that DETF considers appropriate); (c) shall have an enrollment period that is established by the PEHCCB; (d) is subject to the same provisions that apply to group health benefit plans, including mandated benefits, to the same extent as any other group health benefit plan; (e) may not be combined with any health or long-term care coverage; and (f) may only be sold by licensed insurance agents. In addition, prohibit insurance agents from selling any health care coverage under the program on behalf of an insurer unless he or she is employed by the insurer or has a contract with the insurer to sell the health care coverage on behalf of the insurer.

Responsibilities of Participating Employers. Require employers who participate in the health care coverage program to do the following: (a) offer the health care coverage under one or more plans to all of its permanent employees who work 30 or more hours per week and to any of its other employees; (b) provide health care coverage under one or more plans to at least 50% (or a percentage specified by the PEHCCB, whichever is greater) of its permanent employees who work 30 or more hours per week and who do not receive health care coverage as a dependent under any other plan not offered by the employer; and (c) pay, in the manner specified by the PEHCCB, for each employee at least 50% but not more than 100% of the lowest premium rate that would be available to the employer for that employee's coverage under the plan. Prohibit participating employers that voluntarily terminate coverage under the program to participate in the program for at least three years from the date that coverage is terminated.

Responsibilities of Participating Insurers. Require insurers that offer health care coverage plans under the plan to provide coverage under the plan to any employer that applies for coverage, and to all of the employer's employees who elect coverage under the plan, without regard to the health condition or claims experience of any individual to be covered if all of the following apply: (a) the employer agrees to pay the required premium; and (b) the employer agrees to comply with all program provisions that apply generally to a policyholder or an insured without regard to health condition or claims experience. In addition, require insurers to specify on the first page of any policy sold under the program the amount of the commission paid to the insurance agent.

Definitions. Define an "employee" as any person who receives earnings as payment for personal services rendered for the benefit of any employer, including officers of the employer. Specify that an employee is considered to have separated from the service of an employer at the end of the day on which the employee last performed services for the employer, or, if later, the

day on which the employe-employer relationship is terminated because of the expiration or termination of leave without pay, sick leave, vacation or other leave of absence. Specify that a person is not considered an employe if any of the following applies: (a) the person is employed under a contract involving the furnishing of more than personal services; (b) the person is customarily engaged in an independently established trade, business or profession providing the same type of services to more than one employer and the person's services to an employer are not compensated for on a payroll of that employer; or (c) the person is a patient or inmate of a hospital, home or institution and performs services in the hospital, home or institution.

Define "dependent" as a spouse, an unmarried child under the age of 19 years, an unmarried child who is a full-time student under the age of 21 years and who is financially dependent upon the parent, or an unmarried child of any age who is medically certified as disabled and who is dependent upon the parent.

Define "employer" as any person who does business or operates an organization in the state and employs at least two employes, except that for a person operating a farm business, the person must employ at least one employe. "Employer" does not include the state, including each state agency, any county, city, village, town, school district, other governmental unit or instrumentality of two or more units of government now existing or created in the state and any federated public library system in Milwaukee County, certain local exposition districts and family care districts.

Legislative Audit Bureau Requirement. Require the Legislative Audit Bureau to prepare a program evaluation audit of the private employer health care coverage program by January 1, 2005.

Sunset Provisions. Repeal all statutory provisions relating to the program on January 1, 2007.

Conference Committee/Legislature: Provide \$400,000 in 1999-00 and 3.50 positions, beginning in 1999-00, for ETF to create a health care coverage program, the private employer health care purchasing alliance (PEHCPA).

Private Employer Health Care Coverage Board. Create in ETF a Private Employer Health Care Coverage Board (PEHCCB), which would include: (a) the ETF Secretary or designee; (b) the DHFS Secretary or designee; (c) one member who represents health maintenance organizations; (d) one member who represents hospitals; (e) one member who represents insurance agents; (f) two members who are employes eligible to receive health care coverage under PEHCPA and whose employer employs not more than 50 employes; (g) one member who represents insurers; (h) two members who are, or who represent, employers that employ not more than 50 employes and who are eligible to offer health care coverage under PEHCPA; (i) one member who is a physician; and (j) two members who represent the public interest. Specify that the members representing DHFS and ETF would be nonvoting members of the

Board, and that the other members would be nominated by the Governor and, with the advice and consent of the Senate, appointed for staggered, three-year terms.

ETF Responsibilities. Direct ETF, in consultation with the Office of the Commissioner of Insurance (OCI), to design an actuarially sound health care coverage program for employers that includes more than one group health care coverage plan and that provides coverage beginning not later than January 1, 2001. Provide that ETF may also consult with DHFS and the Department of Commerce when designing the plan. Prohibit ETF from implementing the program until the PEHCCB approves the plan. Direct ETF to solicit and accept bids and make every reasonable effort to enter into a contract for the administration of the health care coverage plans under the program, based on criteria established by the Board. Direct the administrator, or ETF (if no administrator is selected) to enter into contracts with insurers who are to provide health care coverage under the health care coverage program.

Specify that if ETF does not enter into a contract for the administration of the plans to begin before January 1, 2001, it shall submit a report to the Joint Committee on Finance specifying the Department's reasons for not entering into a contract. After submitting the report to the Committee, ETF would provide all administrative services necessary for the provision of health care coverage plans under the program, but continue to make every reasonable effort to contract for the administration of the plan. Further, if ETF does not select a plan administrator, authorize ETF to charge employers who participate in the program a fee to cover its costs incurred in designing, marketing and providing administrative services for the health care coverage program.

Funding. Provide \$200,000 in 1999-00 to support operating costs relating to PEHCPA, including support for 3.50 positions, for ETF to design and contract for administrative services for the PEHCPA. In addition, provide \$200,000 in 1999-00 for ETF to distribute as a grant to the plan administrator if: (a) the administrator submits a plan to ETF detailing the proposed use of the grant and the Secretary approves the plan; (b) the administrator enters into a written agreement with ETF that specifies the conditions for use of the grant proceeds, including reporting and auditing requirements; and (c) the administrator agrees in writing to submit to ETF, within six months after spending the full amount of the grant, a report detailing how the grant proceeds were used. Create two biennial appropriations to pay for these expenses.

Create a continuing PR appropriation for ETF to deposit all moneys it receives from employers who elect to participate in the plan, and to pay for the costs of designing, marketing and contracting or providing administrative services for the program.

Health Care Coverage Program Features. Specify that the health care coverage program or any health care coverage plan included in the program may not be combined with any other state health or long-term care coverage plans. Specify that: (a) all insurance rates for health care coverage under the program be published annually in a single publication that is made available to employers and employees and provide that the program (allow the rates to be listed by county and by any other factor that the Board considers appropriate); (b) all plans would

have an enrollment period that is established by the PEHCCB; (c) all plans would be subject to the same provisions that apply to group health benefit plans, including mandated benefits, to the same extent as any other group health benefit plan; and (d) plans may only be sold by licensed insurance agents.

Prohibition on Nontherapeutic Abortion Coverage. Prohibit any health care coverage plan under the program from providing coverage of a nontherapeutic abortion except by an optional rider or supplemental coverage provision that is offered and provided on an individual basis and for which an additional, separate premium or charge is paid by the individual to be covered under the rider or supplemental coverage provision. Specify that only funds attributable to premiums or charges paid for coverage under the rider or supplemental coverage provision may be used for the payment of any claim, and related administrative expenses, that relates to a nontherapeutic abortion. Prohibit the use of such funds for the payment of any claim or administrative expenses that relate to any other type of coverage provided by the insurer under the health care coverage plan. Specify that this provision does not require an insurer or an employer to offer or provide coverage of an abortion under a health care coverage plan under the health care coverage program.

Administration Costs Charged to Employers. Authorize the administrator or ETF to charge employers who participate in the health care coverage program a fee to cover the cost of administrative services for the program. Require the administrator to reimburse ETF for the expenses incurred by ETF in designing, marketing and contracting for administrative services for the program. Specify that if ETF has not contracted with an administrator, it could charge employers to cover these costs and credit this revenue to the PR appropriation.

Responsibilities of Participating Employers. Require a participating employer to: (a) offer health care coverage under one or more plans to all of its permanent employees who have a normal work week of 30 or more hours, although an employer could offer coverage under one or more plans to any of its other employees; (b) provide coverage under one or more plans to at least 50% of its permanent employees who have a normal work week of 30 or more hours and who do not otherwise receive health care coverage as a dependent under any other plan that is not offered by the employer or a percentage of such employees specified by the PEHCCB, whichever percentage is greater; (c) pay for each employee at least 50% but not more than 100% of the lowest premium rate that would be available to the employer for that employee's coverage under the program; and (d) make premium payments for the health care coverage of its employees in the manner specified by the Board.

Specify that an employer that provides health care coverage of its employees under the program that voluntarily terminates coverage under the program is not eligible to participate in the program for at least three years from the date that coverage is terminated.

Responsibilities of Participating Insurers. Require any insurer that offers a health care coverage plan under the program to provide coverage under the plan to any employer that applies for coverage and to all the employer's employees who elect coverage under the health

care coverage plan, without regard to the health condition or claims experience of any individual who would be covered under the health care coverage plan if: (a) the employer agrees to pay the premium required for coverage under the plan; and (b) the employer agrees to comply with all provisions of the health care coverage plan that apply generally to a policyholder or an insured without regard to health condition or claims experience

Marketing of Coverage. Require ETF to: (a) solicit and accept bids and enter into a contract for marketing the program; and (b) maintain a toll-free telephone number to provide information on the program.

Annual and Final Report. Require the PEHCCB to submit an annual report to the appropriate legislative standing committees and the Governor on the operation of the program by December 31 of each year. Specify that the report include: (a) the number of employers and employees participating in the health care coverage program; (b) a calculation of the costs of the program to employers and their employees; and (c) recommendations for improving the program.

By January 1, 2008, require the Board to submit a report to the appropriate legislative standing committees and the Governor that offers recommendations as to whether ETF should continue to be involved in the design, marketing and contracting for administrative services for the program. Specify that, if the Board recommends that ETF should not be involved in the performance of these functions, it shall submit proposed legislation eliminating ETF's involvement in the performance of the functions to the appropriate legislative standing committee at the time the Board submits the report.

Policy Sales. Direct the PEHCCB to set, and adjust as often as semiannually, the commission rate for the sale of PEHCPA policies, which would be based on the average commission rate that insurance agents are paid in the state for the sale of comparable health insurance policies at the time that the rate is set or adjusted. Prohibit ETF from selling any health care coverage under the program to an employer or enroll any employee in the program, but require the Department to make information about the program available to employers on a statewide basis. Specify that health care coverage under the program may only be sold by licensed insurance agents. Prohibit an insurance agent from selling any health care coverage under the program on behalf of an insurer unless he or she is employed by the insurer or had a contract with the insurer to sell the health care coverage on behalf of the insurer. Require insurers to specify on the first page of any policy sold under the program the amount of the commission paid to the insurance agent.

Definitions. Define an "employee" as any person who receives earnings as payment for personal services rendered for the benefit of any employer, including officers of the employer. Specify that an employee is considered to have separated from the service of an employer at the end of the day on which the employee last performed services for the employer, or, if later, the day on which the employee-employer relationship is terminated because of the expiration or termination of leave without pay, sick leave, vacation or other leave of absence. Specify that a

person is not considered an employe if any of the following applies: (a) the person is employed under a contract involving the furnishing of more than personal services; (b) the person is customarily engaged in an independently established trade, business or profession providing the same type of services to more than one employer and the person's services to an employer are not compensated for on a payroll of that employer; or (c) the person is a patient or inmate of a hospital, home or institution and performs services in the hospital, home or institution.

Define "dependent" as a spouse, an unmarried child under the age of 19 years, an unmarried child who is a full-time student under the age of 21 years and who is financially dependent upon the parent, or an unmarried child of any age who is medically certified as disabled and who is dependent upon the parent.

Define "employer" as any person who does business or operates an organization in the state and employs at least two employes, except that for a person operating a farm business, the person must employ at least one employe. "Employer" does not include the state, including each state agency, any county, city, village, town, school district, other governmental unit or instrumentality of two or more units of government now existing or created in the state and any federated public library system in Milwaukee County, certain local exposition districts and family care districts.

Define "abortion" as the use of an instrument, medicine, drug or other substance or device with intent to terminate the pregnancy of a woman known to be pregnant or for whom there is reason to believe that she may be pregnant and with intent other than to increase the probability of a live birth, to preserve the life or health of an infant after live birth or to remove a dead fetus. Define a "nontherapeutic abortion" as an abortion that is not directly and medically necessary to prevent the death of the woman.

Legislative Audit Bureau Requirement. Require the Legislative Audit Bureau to prepare a program evaluation audit of the private employer health care coverage program by January 1, 2008.

Sunset Provisions. Repeal all statutory provisions relating to the program on January 1, 2010.

[Act 9 Sections: 4m, 4r, 14p, 14r, 28fc, 28fd, 591gb, 591gd, 591gm, 591go, 591gt, 591gv, 591gx, 591gy, 930wb, 930wm, 931b, 931c, 944ym, 944yr, 9115(1g),(2)&(3) and 9415(1g)]

16. PROHIBITION OF CERTAIN INSURANCE COVERAGE FOR UNRELATED INDIVIDUALS

Assembly: Prohibit the Group Insurance Board (GIB) from promulgating an administrative rule that includes within the definition of "dependent" for group health insurance coverage purposes any adult who resides with a state employe but is not related to

additional health insurance premium contribution costs would amount to \$3,992,400 (all funds) annually.

[Act 9 Sections: 652m, 930vc, 930vq, 940c and 9315(1e)]

18. FUNDING OF COUNTY WRS LIABILITIES

Assembly/Legislature: Authorize any county to issue promissory notes for the purpose of paying its share of unfunded accrued actuarial liabilities due to the WRS, provided all the proceeds of the note are used for that purpose. Specify that this new authority would first apply to promissory notes issued on and after the general effective date of the biennial budget act. Unfunded pension system liabilities (liabilities for the cost of prior service pension benefit credits granted to employees) typically result when improvements in WRS retirement benefits are authorized by the Legislature and eligibility for those benefit improvements is granted retroactively to WRS participants for those years of service earned before the effective date of the benefit improvements. Currently, 71 Wisconsin counties have WRS unfunded liabilities totaling an estimated \$257.9 million.

[Act 9 Sections: 1647c and 9358(7mb)]

**19. RETIREMENT BENEFIT IMPROVEMENT
ADMINISTRATIVE COSTS**

Funding Positions		
SEG	\$2,159,800	19.0

Conference Committee/Legislature: Create a biennial appropriation funded at \$1,575,700 in 1999-00 and \$584,100 in 2000-01 and authorize 19.0 FTE project positions (to end on June 30, 2001) to provide increased staff and funding for the implementation of WRS benefit improvements. Specify that the new appropriation would be repealed, effective July 1, 2001.

[Act 9 Sections: 591d, 591e, 9115(1h) and 9415(1h)]

20. ADDITIONAL IMAGING PROJECT FUNDING

Conference Committee/Legislature: Provide increased funding of \$405,700 in 1999-00 and \$150,900 in 2000-01 to enable ETF to: (a) complete the optical imaging of WRS participant, employer and annuitant records (one-time funding of \$300,000 in 1999-00); and (b) convert and maintain currently imaged files from optical disk to direct disk technology (ongoing funding of \$105,700 in 1999-00 and \$150,900 in 2000-01).

SEG	\$556,600
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EMPLOYMENT RELATIONS

Budget Summary							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$11,626,200	\$11,332,200	\$11,400,400	\$11,400,400	\$11,400,400	-\$225,800	- 1.9%
PR	<u>1,443,600</u>	<u>1,891,300</u>	<u>1,259,000</u>	<u>1,478,100</u>	<u>1,478,100</u>	<u>34,500</u>	2.4
TOTAL	\$13,069,800	\$13,223,500	\$12,659,400	\$12,878,500	\$12,878,500	-\$191,300	- 1.5%

FTE Position Summary						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change
						Over 1998-99 Base
GPR	80.05	80.05	80.05	80.05	80.05	0.00
PR	<u>6.45</u>	<u>8.45</u>	<u>5.45</u>	<u>5.95</u>	<u>5.95</u>	<u>-0.50</u>
TOTAL	86.50	88.50	85.50	86.00	86.00	- 0.50

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	-\$364,800
PR	<u>3,400</u>
Total	-\$361,400

Governor/Legislature: Provide -\$169,600 GPR and \$1,700 PR in 1999-00 and -\$195,200 GPR and \$1,700 PR in 2000-01 for standard budget adjustments for: (a) turnover reduction (-\$101,700 GPR annually); (b) removal of noncontinuing elements from the base (-\$69,500 GPR in 1999-00 and -\$96,500 GPR in 2000-01); (c) full funding of continuing salaries and fringe benefits costs (-\$12,200 GPR and -\$3,200 PR annually); (d) full funding of financial service charges (\$2,100 GPR and \$700 PR annually); (e) reclassifications (\$4,200 PR annually); (f) fifth week of vacation as cash (\$7,900 GPR in 1999-00 and \$9,300 GPR in 2000-01); (g) full funding of lease costs and directed moves (\$3,800 GPR annually); and (h) minor off-setting transfers within the same appropriation.

2. RESTORATION OF COLLECTIVE BARGAINING POSITION [LFB Paper 410]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$35,800	1.00	-\$35,800	- 1.00	\$0	0.00

Governor: Provide \$35,800 in 2000-01 and 1.0 labor relations specialist position in the Division of Compensation and Labor Relations. This new position would restore funding and position authority for a vacant labor relations specialist position that the agency chose to reallocate during the 1998-99 fiscal year to provide a database administrator position to oversee the implementation of the agency's Shared Human Resource System (an integrated personnel management database). Prior to this position reallocation, the agency had 9.0 FTE labor relations specialists who were involved in biennial negotiations with 19 separate bargaining units.

Joint Finance/Legislature: Delete provision.

3. INFORMATION TECHNOLOGY FUNDING

GPR	\$139,000
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Governor/Legislature: Provide \$69,500 annually for agency information technology costs. The funding would be used during 1999-00 to complete the master lease payments on the agency's local area network and to make other unspecified system upgrades. Thereafter, the agency indicates that the funds would be used for unspecified IT maintenance and upgrade projects. During the 1997-99 biennium, \$69,500 was reallocated to provide one-time financing for the agency's IT master lease payments and other IT expenses. These funds were not provided on an on-going basis since the agency's master lease was expected to be retired in 1999. The Governor's recommendation would add \$69,500 annually of on-going IT funding to the agency's base.

4. STATE EMPLOYE RECRUITMENT POSITION FUNDING CONVERSION [LFB Paper 1110]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$104,000	- 1.00	\$104,000	1.00	\$0	0.00
PR	104,000	1.00	-104,000	- 1.00	0	0.00
Total	\$0	0.00	\$0	0.00	\$0	0.00

Governor: Shift \$52,000 annually and 1.0 state employe recruiter position from GPR to PR funding to reflect the conversion of this existing position to funding provided through the Temporary Assistance to Needy Families (TANF) block grant administered by DWD. This

position (an executive human resources specialist) is currently assigned to the Division of Merit Recruitment and Selection and functions as an affirmative action recruiter in the Milwaukee area. Establish a new PR annual appropriation under DER to which would be credited funds received from other agencies to undertake interagency projects. Modify an existing TANF block grant administration and operations appropriation under DWD to authorize the transfer of TANF funds to the new DER interagency projects appropriation account.

Joint Finance: Delete provision.

5. INCREASED TRAINING PROGRAM COSTS [LFB Paper 411]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Assembly/Leg. (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$125,900	0.00	-\$444,700	-1.00	\$219,100	0.50	-\$99,700	-0.50

Governor: Provide increased expenditure authority of \$57,000 in 1999-00 and \$68,900 in 2000-01 in the agency's employment development and training services appropriation: (a) \$50,400 in 1999-00 and \$62,300 in 2000-01 for increased costs of in-house and contractor-provided training courses; (b) \$4,100 annually for LTE clerical support; and (c) \$2,500 annually for permanent property purchases. All of these additional funds would be placed in unallotted reserve. The Executive Budget Book indicates that the release of the funds from unallotted reserve would be contingent upon DER demonstrating to DOA that the demand for training courses and the associated revenues raised would be sufficient to support the higher expenditure authority provided. The revenues to support these increased expenditures would come from fees collected for contractor-provided employee training courses and for a variety of employee recruitment, compensation and management training sessions offered by in-house staff.

Joint Finance: Repeal DER's current state employee training functions and responsibilities as they are specified under s. 230.046 of the statutes except for the Department's general authority to: (a) establish internships to encourage the employment of qualified individuals; (b) establish tuition refund programs to encourage job-related educational development; and (c) operate programs designed to encourage the employment of "Wisconsin Works" participants in state government service. In connection with this repeal, delete \$217,200 in 1999-00 and \$227,500 in 2000-01 and 1.0 position associated with supporting the agency's general training functions.

Revise the statutory purpose of the current employee development and training appropriation to provide that it would support only the current state employment options program. Under this modification, a total of \$189,800 in 1999-00 and \$191,400 in 2000-01 and 2.0 positions would remain under the appropriation to support the state employment options program.

Require state agencies to provide supervisory training to newly appointed supervisors and to also provide any other training determined to be required for any of their employees.

Assembly: Modify Joint Finance provision by restoring DER's general employment development and training appropriation and providing an additional \$106,800 in 1999-00 and \$112,300 in 2000-01 and authorizing 0.5 training officer position. Delete Joint Finance language and instead modify current law to: (a) specify that DER may provide employe development and training program relating to functions under state employment relations and state collective bargaining laws; (b) delete current law requirement for DER approval of any agency training program including basic supervisory training; and (c) repeal current authorization for DER to provide training to local units of government. Net reductions to the agency's base level funding for training activities (-\$110,400 in 1999-00 and -\$115,200 in 2000-01), would represent the elimination of DER's involvement in the provision of any vendor-provided employe training courses.

Senate: Modify Joint Finance provision by restoring \$217,200 in 1999-00 and \$227,500 in 2000-01 and 1.0 training officer position under DER and deleting Joint Finance provisions that would have repealed DER's current state employe training functions and responsibilities as they are specified under s. 230.046 of the statutes except for the Department's general authority to: (a) establish internships to encourage the employment of qualified individuals; (b) establish tuition refund programs to encourage job-related educational development; and (c) operate programs designed to encourage the employment of "Wisconsin Works" participants in state government service.

Also, delete Joint Finance provisions that would have: (a) revised the statutory purpose of the current employe development and training appropriation to provide that it would support only the current state employment options program; and (b) required state agencies to provide supervisory training to newly appointed supervisors and to also provide any other training determined to be required for any of their employees.

The effect of this provision is to retain the entire DER training function as it currently exists and to restore the Governor's original funding recommendation for DER's training program function.

Conference Committee/Legislature: Include Assembly provision.

[Act 9 Sections: 2359ti, 2359to, 2359ts, 2359tw, 2359uc, 2359uh, 2367d and 9117(1w)]

6. ACCOUNTING OF MISCELLANEOUS REVENUES FROM OTHER AGENCIES [LFB Paper 412]

PR	\$32,000
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Governor/Legislature: Create a new PR continuing appropriation account to which would be credited all monies received by DER for its providing of employment services and materials to other state agencies. Provide expenditure authority of \$16,000 annually under the

new appropriation for this purpose. The revenues credited to this appropriation account would include reimbursements for such shared activities as career fairs or conferences where other agencies have agreed to share the costs of the undertaking with DER. While the agency in the past has attempted to treat such revenues from other agencies as refunds of expenditures, state accounting procedures specify that these receipts should be recorded as revenues and the previously offset costs should be recognized as expenditures. Such expenditures would now be recorded in this new appropriation.

[Act 9 Section: 590]

7. ADDITIONAL STAFFING FOR THE WISCONSIN CITY AND COUNTY TESTING SERVICE [LFB Paper 413]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$83,600	1.00	-\$83,600	-1.00	\$0	0.00

Governor: Provide the following additional resources to the agency's Wisconsin City and County Testing Service: \$36,700 in 1999-00 and \$46,900 in 2000-00 and 1.0 human resources specialist position for staff and other support costs associated with providing additional personnel support services for local units of government. Provisions of 1997 Wisconsin Act 237 newly authorized the agency to provide any type of personnel service, rather than just testing services, to local units of government. Revenues to support these increased expenditures would come from fee-for-service charges to local units of government for such assistance as the planning of recruitment strategies, implementing affirmative action plans, developing position descriptions and conducting wage surveys.

Although the Executive Budget Book indicates that all of these additional funds have been placed in unallotted reserve pending DER's submission to DOA of a marketing and business plan supporting this program expansion, no such placement of the funds has actually been included in the bill. A technical amendment would be needed to accomplish the Governor's intent.

Joint Finance/Legislature: Delete provision.

8. ARBITRATION COST INCREASES

PR	\$30,000
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Governor/Legislature: Provide increased expenditure authority of \$15,000 annually to fund the cost of fees for additional private sector arbitrators and court reporters to hear arbitrations of grievances arising under state collective bargaining agreements. Depending on the provisions of the applicable collective bargaining agreement, the employing agency and the labor union involved either equally divide the costs assessed by DER for the

arbitrators and court reporters or the losing party pays all such costs. Base level expenditure authority for contract arbitration costs is currently \$70,000 annually.

9. INCREASED PUBLICATIONS COSTS

PR	\$68,800
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Governor/Legislature: Provide additional expenditure authority of \$27,400 in 1999-00 and \$41,400 in 2000-01 for increased publications costs relating to a greater frequency of reprinting current forms and documents, postage and mailing increases, development of an electronic documents distribution system and publications marketing activities. Revenues to support these increased expenditures would come from increased subscription and position vacancy announcement charges for the *Current Opportunities Bulletin*.

10. AGENCY REORGANIZATION

Governor/Legislature: Delete the separate numeric appropriation (accounting units below the legislative appropriation level) structure for the agency's Division of Classification and Compensation and transfer the base level funding for that Division to the numeric appropriation set up for the agency's Division of Collective Bargaining. This transfer would establish a single consolidated numeric appropriation for the newly created Division of Compensation and Labor Relations. This recommended consolidation of existing numeric appropriations reflects the merger of the two divisions as part of an agency reorganization approved by DOA on September 2, 1998. Under this reorganization, base level funding of \$1,144,000 GPR, \$15,200 PR and 19.0 GPR positions annually would be transferred to the consolidated numeric appropriation, resulting in total base level funding for the new Division of \$1,934,300 GPR, \$85,400 PR and 30.0 GPR positions annually. There would be no net change to overall agency base level funding or position authorizations as a result of this consolidation.

11. EXCESS DIVISION ADMINISTRATOR APPOINTMENT AUTHORITY [LFB Paper 414]

Joint Finance/Legislature: Modify s. 230.08(2)(e)4. of the statutes to reduce from four to three the total number of unclassified division administrators that the Secretary of DER is authorized to appoint. The agency no longer has either funding or position authority for this fourth division administrator position.

Veto by Governor [E-13]: Delete provision.

[Act 9 Vetoed Section: 2360m]

EMPLOYMENT RELATIONS COMMISSION

Budget Summary							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$5,323,600	\$5,343,500	\$5,325,200	\$5,325,200	\$5,325,200	\$1,600	< 0.1%
PR	<u>755,600</u>	<u>748,800</u>	<u>493,400</u>	<u>493,400</u>	<u>493,400</u>	<u>-262,200</u>	- 34.7
TOTAL	\$6,079,200	\$6,092,300	\$5,818,600	\$5,818,600	\$5,818,600	-\$260,600	- 4.3%

FTE Position Summary						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change Over 1998-99 Base
GPR	28.50	28.50	28.50	28.50	28.50	0.00
PR	<u>5.00</u>	<u>5.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>-2.00</u>
TOTAL	33.50	33.50	31.50	31.50	31.50	-2.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$80,800
PR	<u>-180,800</u>
Total	-\$100,000

Governor/Legislature: Provide \$40,400 GPR and -\$90,400 PR annually for standard budget adjustments for: (a) full funding of continuing salaries and fringe benefits costs (\$11,800 GPR and -\$90,500 PR annually); (b) full funding of financial services charges (\$500 GPR and \$100 PR annually); and (c) fifth week of vacation as cash (\$28,100 GPR annually).

2. REQUIRED STATE OPERATIONS FUNDING LAPSE

GPR	-\$99,600
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Governor/Legislature: Reduce base level funding by \$49,800 annually in the agency's general program operations appropriation to make permanent a 2% annual lapse requirement originally imposed by 1997 Wisconsin Act 27.

3. DATA TRANSMISSION AND DATABASE MANAGEMENT COST INCREASES
[LFB Paper 420]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$38,700	-\$18,300	\$20,400
PR	0	11,900	11,900
Total	\$38,700	-\$6,400	\$32,300

Governor: Provide \$10,200 GPR in 1999-00 and \$28,500 GPR in 2000-01 for the following data-related increased operational costs:

High Speed Data Transmission Line. Funding (\$10,200 GPR annually) for a T-1 data transmission line rental charges between the agency's new office location at 18 S. Thornton Avenue and the DOA mainframe computer.

Electronic Imaging of Commission Decisions. Funding (\$18,300 GPR in 2000-01) for the electronic imaging of the Commission's interest arbitration award file from 1971 to date and the records of Commission's labor relations rulings since 1939. This imaging project would result in a computer searchable database accessible to government and private employers and to labor unions.

Joint Finance/Legislature: Delete \$18,300 GPR in 2000-01 for the electronic imaging of Commission decisions and instead provide \$11,900 PR in 1999-01 from the agency's publications appropriation account to support these costs.

4. FEE FOR PROVIDING AD HOC GRIEVANCE ARBITRATION PANEL SERVICES
[LFB Paper 421]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR-REV	\$24,000	-\$24,000	\$0
PR	\$24,000	\$0	\$24,000

Governor: Require that the Commission assess and collect a fee each time it is requested to assemble an ad hoc panel of arbitrators to serve as an arbitrator in a grievance arbitration proceeding involving unions and employers. [WERC staff have indicated that the intent of the agency's request was to have the fee apply to situations where a list of individual arbitrators is provided to the parties by the WERC for their use in selecting a single individual to serve as an arbitrator of the grievance. A technical modification would be required to accomplish this intent.]

Provide increased expenditure authority of \$12,000 annually for support costs associated with providing these ad hoc grievance arbitration panels and the training of individuals to be included on WERC's roster of approved arbitrators. This level of expenditure authority is based on a projected arbitration panel fee of \$30 and approximately 400 panel requests annually. Require the Commission to promulgate rules establishing a schedule of fees for assembling a grievance arbitration panel. Modify the Commission's existing collective bargaining training appropriation to permit the crediting of these new fees to that appropriation account.

A grievance arbitration panel subject to this new fee assessment provision would be defined as one consisting of individuals who are neither employees nor members of the Commission and who act to resolve a dispute over the interpretation or application of a collective bargaining agreement. Under current law, the Commission assesses a \$250 filing fee from parties who request fact-finding, mediation or arbitration services, but only if these services are performed by employees or members of the Commission.

Stipulate that the new fee would be assessed against the party requesting the ad hoc arbitration panel and could be in addition to any other applicable fees assessed by the Commission. If the required fee were not paid at the time of the filing of the panel request, specify that the WERC could not act to establish the panel until the required fee had been paid. These provisions would apply to ad hoc grievance arbitration panel requests from either unions or employers under the Employment Peace Act (applicable to private sector employment), the Municipal Employment Relations Act (applicable to municipal government employment, including school district employment) or the State Employment Labor Relations Act (applicable to state government employment). Specify that the new fee would first apply to ad hoc grievance arbitration panel requests made after the general effective date of the biennial budget act.

Joint Finance/Legislature: Delete provisions authorizing a fee for providing ad hoc grievance arbitration panel services and directing that the WERC assess and collect the fee each time it is requested to assemble such a panel to be used to select an arbitrator in a grievance arbitration proceeding involving unions and employers and reduce fee revenues accordingly. Retain the increased expenditure authority of \$12,000 annually for collective bargaining training activities, but provide this additional expenditure authority for training expenses associated with continuing consensus bargaining and labor/management cooperation program course offerings. Also, convert the WERC's collective bargaining training appropriation from a continuing appropriation to an annual appropriation.

[Act 9 Section: 367m]

5. RECRUITMENT AND TRAINING OF ADDITIONAL OUTSIDE ARBITRATORS [LFB Paper 421]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$50,000	-\$11,500	\$38,500

Governor: Provide \$25,000 annually in the Commission's collective bargaining training appropriation for the costs of the recruitment and training of additional individuals who are neither employees nor members of the Commission to act as arbitrators under WERC auspices. These increased expenditures would be supported from fees that are received from the training participants.

Joint Finance/Legislature: Modify the Governor's recommendation to provide only an additional \$13,500 in 1999-00 and to delete \$25,000 in 2000-01. This would provide total expenditure authority of \$38,500 in 1999-00 only for the purpose of training additional individuals who are neither employees nor members of the Commission to act as arbitrators under WERC auspices.

6. BASE SUPPLIES AND SERVICES FUNDING [LFB Paper 422]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$100,000	0.00	-\$235,400	-2.00	-\$135,400	-2.00

Governor: Provide \$50,000 annually for general supplies and service costs incurred by WERC staff currently providing fact-finding, mediation and arbitration services on a fee-for-service basis. The increased expenditure authority would be provided under the Commission's mediation and arbitration filing fees appropriation. Revenues come from fees which WERC assesses for the filing of complaints regarding unfair labor practices and for requests for mediation or arbitration services. Currently, 5.0 FTE employees are authorized and funded under this appropriation; however, there is no base level supplies and services funding budgeted for these staff positions. The funds would be used for such costs as office space rental, telephone service and employe travel expenses.

Joint Finance/Legislature: Modify the Governor's recommendation as follows: (a) *supplies and services funding:* delete \$50,000 PR annually; (b) *PR staff positions:* reduce current base level salary and fringe benefits funding by \$67,700 annually and delete 2.0 FTE vacant attorney positions associated with the Commission's fact-finding, mediation and arbitration functions provided on a fee-for-service basis. In addition, reallocate \$34,800 annually of base level salary and fringe benefits expenditure authority to provide ongoing supplies and services resources for the 3.0 FTE employees that remain budgeted to this function.

7. PROHIBITED SUBJECTS OF BARGAINING APPLICABLE TO ALL SCHOOL DISTRICTS

Governor: Provide that no school district employer would be required to meet and confer with its represented employees for the purpose of collective bargaining concerning matters relating to: (a) any decision to contract with a private nonsectarian school or agency to provide educational programs; or (b) the impact of any such decision on the wages, hours or condition of employment of the employees who perform services for the school district employer.

Provide that these new prohibited subjects of bargaining provisions would first apply to collective bargaining agreements for which notice of commencement of contract negotiations have been filed with the WERC upon the general effective date of the biennial budget act.

Under current law, the above prohibited subjects of bargaining apply only to the Board of School Directors of the Milwaukee Public Schools. Under the proposed modifications, all school district employers (including the Milwaukee Public Schools) would be subject to these prohibitions.

Joint Finance/Legislature: Delete provision.

8. PUBLICATION SERVICES COSTS [LFB Paper 423]

PR	-\$20,400
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Joint Finance/Legislature: Delete \$10,200 annually of base level funding for agency publications expenditures to reflect reduced costs due to providing an electronic subscription service for Commission decisions and arbitration awards.

9. BARGAINING ON SCHOOL DISTRICT CALENDAR

Assembly: Provide that no school district employer would be required to bargain collectively on matters relating to the establishment of a school year calendar. Specify that this provision would not be construed to eliminate the duty of the employer to bargain collectively with its represented employees with respect to: (a) the total number of days of work and the number of those days which are allocated to different purposes such as the days on which school is taught, in-service days, staff preparation days, convention days, paid holidays and parent-teacher conference days; and (b) the impact of the school calendar on wages, hours and conditions of employment. Repeal a duplicative current law school district governance provision establishing a school board duty to bargain collectively over any calendaring proposal which is primarily related to wages, hours and conditions of employment. Specify that these provisions would first apply to collective bargaining agreements that expire or are extended or are modified or renewed on and after the general effective date of the biennial budget act.

Under current law, a school district employer is required to bargain collectively in good faith with its represented employees concerning the wages, hours and conditions of employment. In 1976, the Wisconsin Employment Relations Commission determined that among the subjects that are mandatory subjects of collective bargaining is any school calendaring proposal that is primarily related to wages, hours and conditions of employment.

Senate/Conference Committee: Delete provision.

10. MODIFICATIONS TO QUALIFIED ECONOMIC OFFER PROVISIONS

Senate: Modify current law qualified economic offer (QEO) provisions applicable to school district employers, as follows:

Maintenance of the Existing Fringe Benefits Package and Employer Fringe Benefits Offer Provisions. Retain the current law requirement that a school district employer must maintain both the existing employee fringe benefits package and the employer's percentage contribution level to that fringe benefits package, based on the fringe benefits package in place 90 days prior to the expiration of the previous collective bargaining agreement between the parties.

Modify the current requirement that the employer must provide an aggregate annual increased funding commitment of at least 1.7% of total existing compensation and fringe benefit costs for the maintenance of the employer's fringe benefits package by providing instead that the school district employer must, in addition to maintaining the existing fringe benefits package and the employer's contribution effort to that package, provide new funding up to 1.7% of total compensation and fringe benefits to support costs associated with the costs of certain newly enumerated fringe benefits items.

Enumerate the fringe benefits subject to this treatment under a new definition of "qualified economic offer issues." Specify that these QEO items would consist of all the following: salary, extra duty pay, health insurance, major medical insurance, dental insurance, life insurance, disability insurance, vision insurance, long-term care insurance, worker's compensation payments, unemployment compensation payments, social security payments, retirement contributions and supplemental retirement benefits. Repeal the current law definition of "economic issues" used in connection with defining those matters included within the scope of a QEO.

Repeal the following current law fringe benefits offer provisions: (a) the requirement that where the annual cost to continue an employer's fringe benefits package and to maintain the employer's fringe benefits contribution effort requires less than a 1.7% funding increase, the employer must add any such difference (deemed "fringe benefit savings") to the employer's salary offer component of the QEO; (b) the ability of the employer to reduce the salary component of the QEO by the amount which the maintenance of the fringe benefits package and the employer's contribution effort requires a new funding commitment of between 1.7% and 3.8%; and (c) the ability of the employer to reduce average base salaries by amounts

sufficient to fund the continuation and maintenance of fringe benefits costs in excess of the 3.8% new funding commitment level.

Salary Offer Provisions. Repeal current law provisions which specify that: (a) subject to funding offsets or additions attributable to fringe benefit costs, the employer must provide an aggregate annual increased funding commitment for salaries of at least 2.1% of total existing compensation and fringe benefit costs for the full-time equivalent professional teaching employes in the bargaining unit; (b) the employer must provide, as the first draws against the additional salary dollars offered a full or a prorated seniority-based salary "step" and then any "lane progression" increases; and (c) from any remaining salary offer amounts remaining after providing both the required step and lane progression adjustments, the employer must then provide a general salary increase for all eligible employes in the bargaining unit.

Provide instead that the school district employer would have to offer one of the following two types of annual salary adjustments: (a) for collective bargaining units where school district professional employes are assigned to salary ranges with steps that determine annual progression through the range, a QEO would have to provide for an annual increase to the minimum and maximum amounts of the steps within the salary range equal to 2.1% for each 12-month period covered by the agreement; or (b) for collective bargaining units where school district professional employes are not assigned to salary ranges with steps that determine annual progression through a range, a QEO would have to provide for an increase in salaries equal to 2.1% of the employe's salary for each 12-month period covered by the agreement.

New QEO Component: Maintenance of All Conditions of Employment. In order for a school district employer's offer to be deemed "qualified," newly require the employer to maintain all conditions of employment as those conditions existed 90 days prior to the expiration of any previous collective bargaining agreement between the employer and its represented employes, or 90 days prior to the commencement of negotiations, if there was no previous collective bargaining agreement.

New QEO Component: Maintenance of Any Provisions Relating to Permissive Subjects of Bargaining. In order for a school district employer's offer to be deemed "qualified," newly require the employer to maintain any provisions relating to permissive subjects of bargaining which existed in the previous collective bargaining agreement between the employer and its represented employes or which existed 90 days prior to the expiration of any previous collective bargaining agreement between the parties in any written agreement executed by the parties. Specify that the impact of any change in any provision that existed in the previous collective bargaining agreement between the parties on which the municipal employer was not required to bargain would be deemed a mandatory subject of bargaining.

Binding Arbitration Authorized if Employer's Offer is Not "Qualified." Specify that if an investigator from the Employment Relations Commission determines, as a part of an investigation of whether a bargaining impasse exists between the parties, that the employer has not submitted a QEO, either the labor organization representing the school district professional

employees or the school district employer would be authorized to petition for compulsory, final and binding arbitration, and the QEO provisions described above whereby the employer could avoid such arbitration procedures would not apply. Require the Commission to prescribe by rule the methodology to be used to determine whether a proposal submitted by a school district employer constitutes a QEO.

Initial Applicability. Provide that these revised QEO provisions would first apply to petitions for arbitration relating to collective bargaining agreements covering contract periods beginning after June 30, 1999.

Potential Fiscal Impact. It is estimated that these provisions would result in the following likely range of annual costs increases for school district employers:

<u>QEO Cost Components</u>	<u>Percentage Increase</u>
Salary Schedule Minimums/Maximums	2.1%
Seniority-Based Step Advancement	1.0
Full Funding of Fringe Benefits at 1.7%	<u>1.7</u>
Total	4.8%

Thus, for the school teacher contract period commencing July 1, 1999, the provision would be estimated to require a new funding commitment by a school district employer under a QEO of 4.8% compared to 3.8% under current law, representing an estimated cost increase of 1.0% of compensation and fringe benefits annually.

Based on school teacher salary and fringe benefits cost projections for the 1998-99 school year, as reported by school districts to DPI on the third Friday of September, 1998, total expenditures of \$3,214,492,100 are estimated for these purposes. These projected total school teacher salary and fringe benefits amounts approximate the costs on which QEOs for the 1999-00 school year will be based. Assuming that under this provision school district employers, in the aggregate, would incur additional expenditures of 1.0% of total salary and fringe benefits costs to meet the proposal's revised QEO provisions, an additional cost of \$32.1 million annually would be projected statewide.

If the provision is enacted and these additional salary and fringe benefits costs were incurred by school district employers, the school districts would have to take one or more of the following actions: (a) reallocate the required additional sums to fund the QEO from elsewhere in the district's base budget; (b) generate revenues to fund these increased costs from the property tax levy, to the extent allowed under the district's revenue limit, in which case such costs would be included as shared costs in the following year's calculation of equalized aids; or (c) go to referendum to seek voter approval to exceed the revenue limits, in which case such

costs would also be included as shared costs in the following year's calculation of equalized aids.

Conference Committee/Legislature: Delete provision.

11. EXCLUSION OF LANE MOVEMENT COSTS FROM A QUALIFIED ECONOMIC OFFER

Conference Committee/Legislature: First effective for contracts affecting represented school teacher employees that cover periods after June 30, 2001, specify that the costs associated with salary increases due to a promotion or the attainment of increased professional qualifications [lane movements] would no longer be included under the salary costs that must be funded under a qualified economic offer (QEO). In addition, provide that, first effective for contracts affecting nonrepresented professional school district employees that cover periods after June 30, 2001, a parallel provision deleting reference to salary increases due to a promotion or the attainment of increased professional qualifications made.

This provision would eliminate the requirement that in the allocation of funds to represented school teacher employees under a QEO, the costs of lane movement be the next costs funded after the allocation of funds for the costs of seniority-based step movement on the salary schedule. The fiscal effect of this provision would be to make funding that would otherwise have been allocated to lane movement costs available instead for across-the-board salary increases to represented school teacher employees. However, since the employer would still be required to fund the costs of lane movements (if any) under the existing salary schedule, any such amounts would represent additional costs to the employer outside the QEO. The amount of such additional costs would vary by school district employer and would be based on the number of school teachers in the collective bargaining unit eligible for lane movement increases.

Under current law, contracts for nonrepresented professional school district employees are generally subject to an annual salary and fringe benefits cost increase maximum of 3.8% (unless the district's represented employees have received a higher amount, in which case the higher amount governs). The costs included under this overall limitation include those attributable to promotion or the attainment of increased professional qualifications. This provision would also eliminate these types of salary costs from the annual cost increase limitation imposed on the contracts of nonprofessional school district professionals.

[Act 9 Sections: 2035m, 2069r, 9316(1f) and 9339(8c)]

12. REVISED DEFINITION OF "ECONOMIC ISSUES" UNDER A QUALIFIED ECONOMIC OFFER

Conference Committee/Legislature: First effective for contracts affecting represented school teacher employees that cover periods after June 30, 2001, modify the current law definition of "economic issue" by deleting the phrase that specifies that an economic issue is "any issue that creates a new or increased financial liability upon the municipal employer, including". Under current law, this phrase makes the existing enumeration of the items deemed "economic issues" an illustrative list of such items rather than an exclusive list of such issues. This language change would have the effect of defining as "economic issues" only those items specifically listed in the definition.

As a part of this change, newly include in the listing of items that would be deemed "economic issues" the following elements: dental insurance, disability insurance, vision insurance, long-term care insurance, worker's compensation insurance, unemployment insurance, social security benefits and supplemental retirement benefits. In addition, delete from the current law listing of "economic issues" reference to "job security provisions" and newly specify that the current economic issue "limitations on layoffs" would apply only to limitations on layoffs "that create a new or increased financial liability on the employer."

Under these changes, the list of "economic issue" items would continue to enumerate the following elements already included under current law: salaries, overtime pay, sick leave, payments in lieu of sick leave usage, vacations, clothing allowances in excess of the actual cost of clothing, length-of-service credit, continuing education credit, shift premium pay, longevity pay, extra duty pay, performance bonuses, health insurance, life insurance, vacation pay, holiday pay, lead worker pay, temporary assignment pay, retirement contributions, severance or other separation pay, hazardous duty pay, certification or license payment and contracting or subcontracting of work that would otherwise be performed by municipal employees in the collective bargaining unit with which there is a labor dispute.

Under current law, when a school district employer makes a qualified economic offer, collective bargaining impasses relating to economic issues are no longer subject to binding arbitration. As a part of these changes, newly specify, that with respect to contracting or subcontracting of work that would otherwise be performed by municipal employees in the collective bargaining unit with which there is a labor dispute, the impact of such contracting or subcontracting on wages, hours or conditions of employment would be subject to interest arbitration regardless of whether a QEO has been made or not.

[Act 9 Sections: 2033r, 2036m and 9316(3g)]

ENVIRONMENTAL IMPROVEMENT FUND

Budget Summary							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$55,350,600	\$62,243,300	\$60,001,400	\$60,541,400	\$60,001,400	\$4,650,800	8.4%
SEG	<u>8,000,000</u>	<u>11,000,000</u>	<u>9,500,000</u>	<u>9,500,000</u>	<u>9,500,000</u>	<u>1,500,000</u>	18.8
TOTAL	\$63,350,600	\$73,243,300	\$69,501,400	\$70,041,400	\$69,501,400	\$6,150,800	9.7%
BR		\$3,870,000	\$7,970,000	\$45,880,000	\$14,080,000		

FTE Position Summary
Positions for the Environmental Improvement Fund program are provided under the Departments of Administration and Natural Resources.

Budget Change Items

1. SAFE DRINKING WATER LOAN PROGRAM [LFB Paper 430]

	Governor (Chg. To Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg.)	Net Change
BR-GO	\$3,870,000	\$10,210,000	\$0	\$14,080,000
BR-REV	\$0	\$27,700,000	-\$27,700,000	\$0
GPR	\$0	\$540,000	-\$540,000	\$0

Governor: Provide \$3,870,000 in additional general obligation bonding authority for the safe drinking water loan program, which would increase general obligation bonding for the program from \$12,130,000 to \$16,000,000. The state bonds would provide the required 20% state match of federal grant estimates. This would provide approximately \$23.4 million in project funding (the maximum amount expected to be available under the federal program in the 1999-01 biennium).

Senate/Legislature: In addition, expand the program to provide total project funding of approximately \$50 million during 1999-01 by creating a state revenue obligation program component. Authorize \$27,700,000 in revenue obligation authority for safe drinking water loans. Increase general obligation bonding authority by \$10,210,000 to provide total general obligation bonding authority for the safe drinking water loan program of \$26,210,000. Increase the safe drinking water loan program present value subsidy limit by \$7.4 million, from \$5.2 million to \$12.6 million for 1999-01, to reflect the expanded program. The subsidy limit represents the estimated state cost, in 1998 dollars, to provide 20 years of subsidy for the projects that would be funded in the 1999-01 biennium. Provide \$110,000 GPR in 1999-00 and \$430,000 GPR in 2000-01 for estimated debt service costs associated with the additional general obligation bonds authorized for the safe drinking water loan program.

Veto by Governor [B-43]: Delete the creation of the revenue obligation component of the program and the authorization of \$27.7 million in revenue obligations. Maintain a present value subsidy limit of \$12.6 million under the program, as under the enrolled bill. (While only \$5.2 million would be needed for the \$23.4 million in project funding expected under the federal program, federal and state law authorize the Governor to transfer an amount up to 33% of the federal grant received for the safe drinking water loan program from the clean water fund program.) The act retains the additional \$10,210,000 in general obligation bonding authority for the program; however, the Governor's veto message requests the Building Commission to withhold issuance of that amount of general obligation bonds. The veto would result in reestimating GPR debt service for safe drinking water general obligation bonds to decrease by \$110,000 in 1999-00 and \$430,000 in 2000-01.

[Act 9 Sections: 630, 2509, 2509p, 2509q, 2510d and 2510m]

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.320(2)(q),(r)&(u)), 303w thru 303y, 2509p, 2509q, 2510d and 2510m]

2. PRESENT VALUE SUBSIDY LIMIT [LFB Paper 430]

Governor: Provide a "present value subsidy limit" totaling \$102 million for the environmental improvement fund as follows: (a) \$87.4 million for the clean water fund program; (b) \$5.2 million for the safe drinking water loan program; and (c) \$9.4 million for the land recycling loan program (which is \$4.9 million greater than the amount authorized but unused in 1997-99 for the land recycling loan program). The subsidy limit represents the estimated state cost, in 1998 dollars, to provide 20 years of subsidy for the projects that would be funded in the 1999-01 biennium. The clean water fund program provides low-interest loans to municipalities for planning, designing, constructing or replacing a wastewater treatment facility, or for nonpoint source pollution abatement or urban stormwater runoff control projects. The safe drinking water loan program provides financial assistance to municipalities for the planning, design, construction or modification of public water systems. The land recycling loan program provides financial assistance to certain local governments for the investigation and remediation of contaminated (brownfields) properties.

Joint Finance/Legislature: Provide a present value subsidy limit for the urban storm water loan program of \$4.5 million during 1999-01 to fund project costs of approximately \$20 million. Decrease the present value subsidy limit for the clean water fund program by \$2.1 million from \$87.4 million to \$85.2 million, to reflect an associated decrease in clean water fund demand of approximately \$11 million.

[Act 9 Sections: 2507 thru 2509]

3. ENVIRONMENTAL IMPROVEMENT FUND DEBT SERVICE [LFB Paper 245]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$6,892,700	-\$2,241,900	\$4,650,800

Governor: Provide \$1,795,600 in 1999-00 and \$5,097,100 in 2000-01 for estimated increases in debt service costs of general obligation bonds. This would include: (a) \$1,463,800 in 1999-00 and \$4,765,300 in 2000-01 for clean water fund debt service, which would result in total general fund debt service of \$29.1 million in 1999-00 and \$32.4 million in 2000-01; and (b) \$331,800 annually for safe drinking water loan program debt service, which would be the total debt service amount for the biennium.

Joint Finance/Legislature: Reestimate the debt service costs of general obligation bonds as follows: (a) decrease by \$2,001,600 in 1999-00 and \$1,359,500 in 2000-01 the amount for clean water debt service, which would result in total general fund debt service of \$27.1 million in 1999-00 and \$31.1 million in 2000-01; and (b) provide \$532,800 in 1999-00 and \$586,400 in 2000-01 for safe drinking water loan program debt service, which would result in total general fund debt service of \$864,600 in 1999-00 and \$918,200 in 2000-01.

4. PRIVATE SEWAGE SYSTEM REPLACEMENT AND REHABILITATION LOAN PROGRAM [LFB Paper 431]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$3,000,000	-\$1,500,000	\$1,500,000

Governor: Create a private sewage system replacement and rehabilitation no-interest loan program within the environmental improvement fund. Specify that it may be used only in a year in which the Department of Commerce must prorate funds under the private sewage system replacement and rehabilitation grant program. Commerce is appropriated \$3,500,000 GPR annually to provide financial assistance to home and small business owners who meet certain income and eligibility criteria, to cover a portion of the cost of repairing or replacing failing private sewage systems. The owner of a failing private sewage system applies to the

county, Commerce provides grants to participating counties and the county is responsible for disbursing all grant awards to property owners (participants also include the Oneida Tribe and City of Franklin in Milwaukee County). In a year when approved applications exceed available funding, Commerce is required to prioritize funds, giving highest priority to systems which fail by discharging sewage to surface water, groundwater, drain tiles, bedrock or zones of saturated soils, and second priority to systems which fail by discharging sewage to the surface of the ground.

Under the bill, \$3,000,000 SEG in 1999-00 would be provided as a one-time annual appropriation from the environmental improvement fund. (Administration officials indicate that the intent was to provide a continuing appropriation to allow loans to be made after 1999-00. A technical correction would be required to accomplish this intent.) Revenues to the fund come from federal grants, state match to federal grants provided through general obligation bonding authority, loan repayments from clean water fund loans to municipalities to upgrade or replace wastewater treatment plants to meet state and federal requirements and investment earnings. In a year in which Commerce prorates funds under the private sewage system replacement and rehabilitation grant program, counties could apply to Commerce for a loan under the new environmental improvement fund loan program. The county could only use a loan to increase the grant amount to eligible persons to the amount which the persons would have been eligible to receive under the grant program.

A loan to a county would bear no interest. The loan amount could not exceed the difference between the amount the county would have received if Commerce had not prorated grants and the amount that the county did receive. If the amount available for loans under the program is insufficient to provide loans to all eligible counties in a year, Commerce would be required to prorate loans in the same manner as under the grant program.

A loan could be for no longer than 20 years, as determined by DOA, and be fully amortized no later than 20 years after the original date of the loan. In order to obtain a loan, a county would pledge any security required by DOA and demonstrate the financial capacity to assure sufficient revenues to repay the loan. Commerce and DOA would enter into a financial assistance agreement with an eligible county. DOA, in consultation with Commerce, could establish terms and conditions of a financial assistance agreement that relate to its financial management, including what type of municipal obligation is required for the repayment of the loan. DOA could consider relevant factors, including the type of obligation, the pledge of security and the county's creditworthiness. DOA would be responsible for disbursing the loan to the county, and, in consultation with Commerce, would establish procedures for disbursing loans.

If a county would fail to make a principal repayment when due, DOA would place on file a certified statement of all amounts due. After consulting with Commerce, DOA could collect the past amounts due by deducting those amounts from any state payments due to the county or may add a special charge to the amount of state tax apportioned to and levied upon the

county. Amounts collected would be deposited to the fund to which they are due and DOA would notify Commerce that it has done so.

Joint Finance/Legislature: Provide \$1,500,000 SEG instead of \$3,000,000 SEG for the program. Further, provide a technical modification to make the appropriation continuing, rather than annual.

[Act 9 Sections: 304, 707, 1649, 2238 and 2505]

5. LAND RECYCLING LOAN PROGRAM CHANGES [LFB Paper 432]

Governor/Legislature: Expand the definition of eligible applicant to include a redevelopment authority or a housing authority. Currently, cities, villages, towns and counties are eligible for land recycling loans. Further, eliminate the requirement that loan recipients pay interest. Currently, land recycling loans are charged an interest rate of 55% of the market interest rate, or approximately 2.64%. The bill retains the current law provision of a maximum of \$20,000,000 for land recycling loans.

[Act 9 Sections: 2513 thru 2517, 2519 and 2520]

6. STATUTORY CHANGES

Governor/Legislature: Provide for the following statutory changes to the environmental improvement fund:

a. Specify that assistance under the small loan program may not exceed the amount of subsidy that would have been provided if the loan would have been made directly under the clean water fund, the safe drinking water loan or the land recycling loan programs. The small loan program provides a payment to the Board of Commissioners of Public Lands to reduce interest payments on a loan from the Board for a project that is eligible under one of the three programs.

b. Eliminate the authority to make capital cost loans under the clean water fund program. Currently, a total of up to \$120 million in clean water funds may be loaned at the market interest rate to any of the Cities of Brookfield, Mequon, Muskego and New Berlin and the Villages of Butler, Elm Grove, Germantown, Menomonee Falls and Thiensville if all of the communities have signed an agreement with the Milwaukee Metropolitan Sewerage District under which the communities agreed to reimburse MMSD for at least \$120.0 million of MMSD's capital costs. In October, 1996, MMSD and the communities signed an agreement through which the communities paid MMSD \$140.7 million for past debts. All of the communities chose to borrow individually from private sources instead of utilizing the clean water fund.

c. Authorize a local government to issue a promissory note with a term not to exceed 20 years in connection with a safe drinking water loan program or land recycling loan

program project. Currently, the term of a promissory note issued in connection with a clean water fund project may not exceed 20 years, but otherwise a promissory note issued by a local government may generally not have a term of more than 10 years.

d. Clarify that clean water fund projects for planning and design are only eligible for clean water fund financing if the projects also include construction or replacement of treatment works that violate effluent limitations contained in an existing permit.

e. Delete obsolete language related to providing clean water fund loans for purchase or refinance of certain obligations incurred between 1985 and 1988.

f. Clarify that a loan approved under the clean water fund program, the safe drinking water loan program or the land recycling loan program shall be fully amortized not later than 20 years after the original date of the "financial assistance agreement" (rather than "note" currently).

[Act 9 Sections: 1647, 1649, 2491 thru 2495, 2496, 2497 thru 2502, 2503, 2504, 2511, 2512, 2518 and 2521]

7. URBAN STORM WATER LOAN PROGRAM

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
BR-GO	\$4,100,000	-\$4,100,000	\$0

Joint Finance/Legislature: Create an urban storm water loan program funded from the clean water fund within the environmental improvement fund to provide financial assistance for nonpoint source water pollution and urban storm water runoff projects. Currently, storm water projects are eligible under the general clean water fund program (with demand estimated at \$11 million under the Governor's recommendation). Funding for nonpoint and storm water projects would increase by \$9 million, from \$11 million to \$20 million. Provide \$4,100,00 in additional general obligation bonding authority for the clean water fund program to fund the increased subsidy and project funding under the urban storm water loan program.

Provide that urban storm water loans would have an interest rate of 55% of the market interest rate, or approximately 2.64% (instead of 65% of market, or 3.12%, currently under the clean water fund program). Provide that the funding source, types of financial assistance and program and application requirements for the clean water fund program would be used for the urban storm water loan program.

Direct that eligible activities under the urban storm water loan program would be practices that are eligible for urban cost share grants and other activities that are specified in administrative rules promulgated by DNR. Direct DNR to submit proposed rules to the Legislative Council Staff by February 1, 2000, and to promulgate final administrative rules for

the program by December 31, 2000. Municipalities could not use low-interest loans to meet municipal match requirements for state cost share grants for nonpoint source and storm water pollution abatement projects.

Veto by Governor [B-48]: Delete the separate program and the \$4,100,000 in additional general obligation bonding authority. Maintain the current law eligibility and interest rate for urban storm water loans under the existing clean water fund program.

[Act 9 Sections: 303p, 303pm, 303t, 341h, 629s, 707, 1649, 2509p, 2509q, 2510d and 2510m]

[Act 9 Vetoed Sections: 1t, 3gm, 303m thru 303u, 318g, 318j, 341h, 341k, 528t, 528v, 593f, 629s, 706q thru 707, 1649, 2495p, 2496m, 2502v, 2504e thru 2504r, 2506f thru 2506q, 2509m thru 2509q, 2510d, 2510m, 2511, 2511c thru 2511k, 2512e thru 2512j and 9136(7g)]

8. WISCONSIN FUND FINANCIAL ASSISTANCE (VILLAGE OF HATLEY)

Joint Finance/Legislature: Provide a \$770,000 loan at a 0% interest rate from the Wisconsin Fund to a municipality for all of the administrative, planning, design and construction costs incurred after January 1, 1997, for the replacement of a failed sequential batch reactor point source pollution abatement facility for which DNR has issued written concurrence before March 26, 1999, that the most cost effective fix requires the construction of a new wastewater treatment plant and for which the municipality has on or before March 26, 1999, committed to work with DNR towards securing reimbursement of the loan from the U.S. EPA because the failed wastewater treatment plant is expected to meet the technical requirements under 40 CFR 35.2032(c). Prohibit DNR from charging any interest on the loan or requiring the municipality to repay the loan until the municipality receives a grant from the U.S. EPA for the modification or replacement of the point source pollution abatement facility. Specify that if the project receives a grant from the U.S. EPA, the municipality shall repay the loan to the state. If the project does not receive the EPA grant, or receives a grant for less than \$770,000, DNR would be required to forgive the loan or outstanding portion of the loan.

Transfer up to \$770,000 of general obligation bonding authority from the Clean Water Fund to the Wisconsin Fund if DNR and DOA determine it is necessary to retain sufficient general obligation bonding authority for the Wisconsin Fund. (The Wisconsin Fund is expected to have sufficient funds.) It is believed that the provision would only apply to the Village of Hatley in Marathon County.

Veto by Governor [B-44]: Delete the loan forgiveness provision. Thus, if the municipality does not receive an EPA grant or receives a grant of less than \$770,000, it would have to repay the outstanding portion of the loan.

[Act 9 Sections: 629s, 633g and 2490x]

[Act 9 Vetoed Section: 2490x]

9. LAND RECYCLING LOAN FOR THE CITY OF KENOSHA

Joint Finance/Legislature: Direct DNR and DOA to provide a \$3,000,000 no-interest land recycling loan to the City of Kenosha intended to be used to explore alternative methods of administering the land recycling loan program and of repaying the financial assistance provided under the program. DNR, DOA and the City of Kenosha would be required to enter into a financial assistance agreement to specify the use of the financial assistance, the time schedule for dispersal of funds and completion of work under the demonstration project and the terms of repayment of the loan. The project would be exempt from the land recycling loan program requirements in s. 281.60 (2r) through (11). Specify that if the financial assistance agreement is not entered into by June 30, 2000, the provision would no longer apply. The Kenosha loan would be subject to current requirements regarding an annual 0.5% loan service fee and the repayment of certain state subsidy costs upon sale of the property.

Veto by Governor [B-32]: Delete the earmarking of \$3,000,000 for the loan, which would allow the loan to be more or less than \$3,000,000. Delete the exemption of the loan from certain land recycling loan program requirements. Under the act, DNR and DOA would be required to make a no-interest loan to Kenosha, for an unspecified amount, if the City meets and agrees to standard fiscal, oversight and other program requirements prior to July 1, 2000.

[Act 9 Section: 9136(4x)]

[Act 9 Vetoed Section: 9136(4x)]

10. WISCONSIN FUND FINANCIAL ASSISTANCE TO VILLAGE OF MARATHON

Assembly/Legislature: Provide a \$1,100,000 loan at a 0% interest rate from the Wisconsin Fund to the Village of Marathon for the purpose of upgrading its water treatment and purification plant. Direct DNR and the Village of Marathon to work together to seek reimbursement of the loan from the U.S. EPA. Specify that if the project receives a grant from the U.S. EPA, the municipality shall repay the loan to the state. Prohibit DNR from charging any interest on the loan or requiring the municipality to repay the loan until the Village receives a grant from the U.S. EPA for the upgrading of its water treatment and purification plant. If EPA denies a grant or a portion of a grant, the Village of Marathon would be required to repay the amount of the loan that exceeds the amount of the grant.

[Act 9 Sections: 633g and 2490z]

ETHICS BOARD

Budget Summary							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$416,800	\$472,800	\$453,400	\$453,400	\$453,400	\$36,600	8.8%
PR	<u>586,800</u>	<u>625,800</u>	<u>602,000</u>	<u>602,000</u>	<u>602,000</u>	<u>15,200</u>	2.6
TOTAL	\$1,003,600	\$1,098,600	\$1,055,400	\$1,055,400	\$1,055,400	\$51,800	5.2%

FTE Position Summary						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change
						Over 1998-99 Base
GPR	3.00	3.00	3.00	3.00	3.00	0.00
PR	<u>3.50</u>	<u>3.50</u>	<u>3.50</u>	<u>3.50</u>	<u>3.50</u>	<u>0.00</u>
TOTAL	6.50	6.50	6.50	6.50	6.50	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Adjust the agency's base budget by \$14,500 GPR and \$3,000 PR annually for: (a) full funding of salaries and fringe benefits (\$11,700 GPR and -\$500 PR); (b) full funding of financial service charge-backs (\$100 GPR and \$200 PR); and (c) reclassification of positions (\$2,700 GPR and \$3,300 PR).

GPR	\$29,000
PR	<u>6,000</u>
Total	\$35,000

2. INFORMATION TECHNOLOGY COSTS [LFB Paper 440]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$27,000	-\$19,400	\$7,600
PR	<u>33,000</u>	<u>-23,800</u>	<u>9,200</u>
Total	\$60,000	-\$43,200	\$16,800

Governor: Provide \$13,500 GPR and \$16,500 PR annually for information technology costs. The funds would be used as follows: (a) *website maintenance*: \$20,000 annually (\$9,000 GPR and \$11,000 PR) would be used to employ outside IT staff to maintain and upgrade the Ethics Board internet website (including the lobbyists-on-line information system), based on 200 hours of staff time annually at \$100 per hour; and (b) *permanent property replacements*: \$10,000 annually (\$4,500 GPR and \$5,500 PR) as a general increase in base budget funding for unspecified permanent property replacements (primarily IT hardware and software and copying equipment).

Joint Finance/Legislature: Modify Governor's recommendation as follows: (a) *website maintenance*: reduce funding by \$5,200 GPR and \$6,400 PR annually to reflect lower hourly rates for contract computer consulting costs; and (b) *permanent property replacements*: reduce funding by \$4,500 GPR and \$5,500 PR annually to reflect already existing base resources for IT-related equipment costs.

3. LOBBYING LAW REQUIREMENTS

Joint Finance/Legislature: Require that if a principal engages a lobbyist to make a lobbying communication where the lobbying does not relate to either a legislative proposal or a proposed administrative rule that has been numbered, the principal must report to the Ethics Board each topic of a lobbying communication made by or intended to be made by the principal no later than 15 days after the first communication on a topic, as defined under the statute, is made. Provide that if a topic of a lobbying communication accounts for 10% or more of a principal's time spent on lobbying during a reporting period, the principal must report a reasonable estimate of the time spent on lobbying with respect to that topic. Require the Ethics Board to promulgate rules for administration of this new requirement to provide a definition of what constitutes a topic. Direct DOA to provide information technology support to the Ethics Board to implement these changes. Lastly, provide that these changes would be first effective with respect to lobbying communications made on or after July 1, 2000.

[Act 9 Sections: 3k, 3m, 3mi, 3n, 3o, 3p, 3q, 9101(18ag), 9318(1gg)&(1gh)]

FINANCIAL INSTITUTIONS

Budget Summary							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled Amount	Percent
PR	\$26,408,200	\$27,130,900	\$27,093,000	\$27,333,000	\$27,333,000	\$924,800	3.5%

FTE Position Summary						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change Over 1998-99 Base
PR	168.50	168.50	168.50	168.50	168.50	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	-\$232,000
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Governor/Legislature: Adjust the agency's base budget for: (a) turnover reductions (-\$178,700 annually); (b) nonrecurring costs (-\$282,300 annually); (c) full funding of salaries and fringe benefits (\$281,500 annually); (d) financial services charge-backs (\$4,300 annually); (e) reclassifications (\$6,100 in 1999-00 and \$7,600 in 2000-01); (f) fifth week of vacation as cash (\$44,300 in 1999-00 and \$46,800 in 2000-01); and (g) full funding of leases and directed move costs (\$6,800 annually).

2. ADDITIONAL TECHNOLOGY INITIATIVES [LFB Paper 445]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	\$0	\$37,900	\$37,900
PR	\$378,700	-\$37,900	\$340,800

Governor: Provide \$186,500 in 1999-01 and \$192,200 in 2000-01 for technology initiatives. The recommendation would provide one-time financing to: (a) implement the statewide electronic forms initiative of the Department of Administration (\$76,900 in 1999-00 and \$79,800 in 2000-01); and (b) develop a shared system to provide administrative functions needed throughout the agency (\$87,600 in 1999-00 and \$48,800 in 2000-01). In addition, the recommendation would enable the Office of Credit Unions (OCU) to acquire computer equipment for OCU examination staff through the state's master lease program (\$22,000 in 1999-00 and \$63,600 in 2000-01).

Joint Finance/Legislature: Reduce the funding for the electronic forms initiative by \$15,300 in 1999-00 and \$22,600 in 2000-01. This would provide total funding of \$171,200 in 1999-00 and \$169,600 in 2000-01 for these activities. Unexpended program revenues in DFI lapse to the general fund at the end of the fiscal year. Therefore, this modification would also increase the estimated lapse to the general fund by \$15,300 in 1999-00 and by \$22,600 in 2000-01.

3. CREDIT UNION INDIRECT COSTS

PR	\$296,000
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Governor/Legislature: Provide \$148,000 annually to cover indirect costs of the Office of Credit Unions for administrative, information technology and other services from the Department's Administrative Services Division.

4. OPTICAL IMAGING PROJECT

PR	\$280,000
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Governor/Legislature: Provide one-time financing of \$173,500 in 1999-00 and \$106,500 in 2000-01 to continue the optical imaging project started in the Division of Banking and expand it to the Mortgage Banking Unit, the Licensed Financial Services Unit and the Division of Savings Institutions. Optical imaging electronically scans and stores documents, which allows each document to be retrieved more quickly and viewed simultaneously by multiple users. Funding includes \$21,000 in 1999-00 for portable scanning stations and \$15,000 in 2000-01 for network scanners. Other costs include \$152,500 in 1999-00 and \$91,500 in 2000-01 for training, software, monitors and other equipment.

5. FINANCIAL EDUCATION PROGRAM

GPR-REV	-\$240,000
PR	\$240,000

Senate/Legislature: Provide \$120,000 annually to expand a program to educate the public about their rights and responsibilities in financial matters. This provision would fund an expanded speakers bureau program, the printing of additional educational material for the public and improvement of the Department's education areas in the Madison and Milwaukee offices. This provision would also reduce the estimated lapse to the general fund by \$120,000 annually.

6. CONVERSION OF PROJECT POSITION

Governor/Legislature: Convert the policy initiatives advisor position from project to permanent status. There is no fiscal effect of this provision, as the position authority and permanent funding are currently in the agency's base. However, this provision would adjust the Personnel Management Information System to match the agency's base, correcting a previous error.

7. ACCESS FEES FOR COMPUTER DATABASES [LFB Paper 446]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	\$0	\$450,000	\$450,000
PR-REV	0	450,000	450,000

Governor: Authorize the Department to charge members of the public a fee for accessing or using the Department's databases or computer systems.

The Department of Financial Institutions is modernizing its Uniform Commercial Code (UCC) lien filing system, which is a system to maintain a statewide database of all UCC filings. The UCC lien filing system contains filings of financial statements submitted by banks, credit unions, small businesses, service companies and other lending institutions. The Department anticipates increased interest on the part of such institutions in filing forms electronically. In addition, DFI expects growing interest by members of the public in accessing the Department's databases. This provision would authorize the Department to charge fees when providing such services to members of the public.

The administration did not include an estimate of the fiscal impact of this provision in the bill, as the specific fees and the costs of the services to be provided in conjunction with such fees have not been determined. However, DFI has estimated that additional program revenue from such fees could amount to \$250,000 annually.

Joint Finance: Require that the new fees be established through the promulgation of administrative rules. Stipulate that the fees be based on the reasonable costs of the services, including a reasonable share of the costs of associated development and infrastructure.

In addition, specify that an individual may go to a county Register of Deeds office and search the records of the UCC Lien System free of charge. Require each Register of Deeds office to provide one of the following means for an individual to perform a records search of the UCC Lien System: (a) a computer terminal; or (b) a copy of a list containing all of the information on every statement stored in the UCC Lien System. Require that, at the request of a Register of

Deeds office, the Department of Financial Institutions provide a copy of this list and that it be kept as current as is practicable.

These provisions would generate additional program revenue of an estimated \$200,000 in 1999-00 and \$250,000 in 2000-01. In addition, the lapse to the general fund would increase by an estimated \$200,000 in 1999-00 and \$250,000 in 2000-01.

Senate/Legislature: Delete the Joint Finance Committee provisions that would do the following:

1. Specify that an individual may go to a county Register of Deeds office and search the records of the UCC lien filing system free of charge.

2. Require each Register of Deeds office to provide one of the following means for an individual to perform a records search of the UCC Lien System: (a) a computer terminal; or (b) a copy of a list containing all of the information on every statement stored in the UCC Lien System.

3. Require that, at the request of a Register of Deeds office, DFI provide a copy of this list and that it be kept as current as is practicable.

Veto by Governor [F-11]: Delete the requirement that the new fees be established through the promulgation of administrative rules.

[Act 9 Sections: 2351 thru 2353]

[Act 9 Vetoed Section: 2353]

**8. GENERAL PROGRAM OPERATIONS APPROPRIATION
BALANCE [LFB Paper 447]**

GPR-REV \$1,284,600

Joint Finance/Legislature: Require that the entire balance under DFI's general program operations appropriation for supervision of financial institutions, securities regulation and other functions be lapsed to the general fund at the close of the fiscal year. This provision would eliminate the closing balance in the appropriation of 10% of the prior year's expenditures that is provided under current law. The lapse to the general fund would increase by an estimated \$1,250,000 in 1999-00 and \$34,600 in 2000-01.

Under current law, 88% of most of the program revenue received by DFI is credited to the general program operations appropriation for supervision of financial institutions, securities regulation and other functions. Such program revenue is generated from fees charged for the filing of documents, license and examination fees and annual assessments of financial institutions. The remaining 12% is credited to the general fund as GPR-earned.

In addition, any balance in the appropriation at the close of a fiscal year exceeding 10% of the previous fiscal year's expenditures under this appropriation lapses to the general fund. Annually, \$200,000 of the amounts received under the appropriation is transferred to the Secretary of State.

[Act 9 Section: 222]

9. NAME CHANGE FOR DIVISION OF SAVINGS AND LOAN

Governor: Change the name of the Division of Savings and Loan in the Department of Financial Institutions to the Division of Savings Institutions. Provide that any action taken by the Division of Savings and Loan between July 1, 1996, and the bill's general effective date under the name of the Division of Savings Institutions would have the same force and effect in all respects as if the action had been taken under the name of the Division of Savings and Loan.

Joint Finance: Delete provision as non-fiscal policy.

Assembly/Legislature: Restore provision.

[Act 9 Sections: 30a, 222, 645a, 884a, 885a, 2166t thru 2169a, 2308r, 2337a thru 2341a, 2344a thru 2350a, 2357a thru 2359a, 2927a, 3088a and 3243a]

10. INSURANCE PREMIUM FINANCE COMPANY LICENSES

Governor: Provide the Division of Banking in the Department of Financial Institutions, rather than the Commissioner of Insurance, with the authority to revoke or suspend the license of an insurance premium finance company under the conditions specified in the statutes.

Currently, the Division of Banking is responsible for issuing licenses for insurance finance premium companies and for enforcing all state regulations relating to insurance premium finance companies, except that the Commissioner of Insurance is authorized to revoke or suspend the license of such a company. This provision would make the Division responsible for revoking or suspending the license of an insurance premium finance company, under the conditions specified in the statutes, thereby maintaining consistency in the authority of the Division with respect to regulation of such companies.

Joint Finance: Delete provision as non-fiscal policy.

Assembly/Legislature: Restore provision.

[Act 9 Section: 2170h]

11. INTEREST RATE ON HOME MORTGAGE ESCROW ACCOUNTS

Governor: Clarify that the Division of Banking (DOB) must report information to the Division of Savings and Loan [whose name would change to the Division of Savings Institutions (DSI) under the bill] to be used in calculating the interest rate that must be paid on residential mortgage escrow accounts. Under current law, DSI calculates the interest rate for escrow accounts based on information regarding interest rates paid on passbook accounts provided by the Office of Credit Unions (OCU) and the Division of Banking. However, the current statutes do not specifically require DOB to provide this information to DSI.

Joint Finance: Delete provision as non-fiscal policy.

Assembly/Legislature: Restore provision.

[Act 9 Section: 2167a]

12. CHANGES TO NOTICE AND SHAREHOLDER PROXY REQUIREMENTS FOR A BUSINESS CORPORATION

Assembly/Legislature: Modify the "Wisconsin Business Corporation Law" related to providing various notices and to appointing shareholder proxies as follows:

Definitions

Create the following definitions for the statutes regulating business corporations:

1. "Deliver" or "delivery" means any method of delivery used in conventional commercial practice, including delivery by hand, mail, commercial delivery and electronic transmission.

2. "Electronic transmission" or "electronically transmitted" means: (a) Internet transmission; (b) telephonic transmission; (c) electronic mail transmission; (d) transmission of a telegram, cablegram or datagram; or (e) any other form or process of communication that does not directly involve the physical transfer of paper and that is suitable for the retention, retrieval and reproduction of information by the recipient.

Modify the definition of "signed" or "signature" to include any manual, facsimile, conformed or electronic signature or any symbol executed or adopted by a party with present intention to authenticate a writing or electronic transmission. Under current law, "signed" does not include facsimile, conformed or electronic signatures or electronic transmissions.

Providing Notice

Specify that, with certain exceptions, when notice is required under these provisions, notice may be communicated in the following ways: (a) in person; (b) by any method of delivery used in conventional commercial practice, including delivery by hand, mail, commercial delivery and electronic transmission; (c) by telephone, including voice mail, answering machine or answering service; or (d) by any other electronic means. Currently, notice may be communicated in person, by telephone, telegraph, teletype, facsimile or other form of wire or wireless communication or by mail or private carrier.

Provide that written notice by a domestic corporation or foreign corporation to its shareholder is effective under any of the following conditions: (a) when mailed, but only if mailed postpaid and addressed to the shareholder's address shown in the corporation's current record of shareholders; or (b) when electronically transmitted to the shareholder in a manner authorized by the shareholder. Under present law, notice is effective when mailed and may be addressed to the shareholder's address shown in the corporation's current record of shareholders.

Shareholder Proxies

Under current law, a shareholder may appoint a proxy to vote or otherwise act for the shareholder by signing an appointment form, either personally or by his or her attorney-in-fact. These provisions would be deleted. Instead, the statutes would specify the following provisions on proxies for shareholders of business corporations:

1. Provide that a shareholder entitled to vote at a meeting of shareholders, or to express consent or dissent in writing to any corporate action without a meeting of shareholders, may authorize another person to act for the shareholder by appointing the person as proxy. An appointment of a proxy may be in durable form as provided under the Uniform Durable Power of Attorney Act.

2. Provide that, in addition to appointing a proxy using a durable form, a shareholder or its authorized officer, director, employe, agent or attorney-in-fact may use the following means to make a proxy appointment: (a) appointment in writing by signing or causing the shareholder's signature to be affixed to an appointment form by any reasonable means, including, but not limited to, by facsimile signature; and (b) appointment by transmitting or authorizing the transmission of an electronic transmission of the appointment to the person who will be appointed as proxy or to a proxy solicitation firm, proxy support service organization or like agent authorized to receive the transmission by the person who will be appointed as proxy. Specify that every electronic transmission shall contain, or be accompanied by, information that can be used to reasonably determine that the shareholder transmitted or authorized the transmission of the electronic transmission. Require any person charged with determining whether a shareholder transmitted or authorized the transmission of the electronic transmission to specify the information upon which the determination is made.

3. Specify that any copy, facsimile telecommunication or other reliable reproduction of the information in the appointment form under 2(a) above or the electronic transmission under 2(b) above may be substituted or used in lieu of the original appointment form or electronic transmission for any purpose for which the original could be used, but only if the reproduction is a complete reproduction of the information in the original appointment form or transmission.

In addition, amend the statutes on shareholder proxies to specify the following:

1. An appointment of a proxy is effective when a signed appointment form or an electronic transmission of the appointment is received by the inspector of election or the officer or agent of the corporation authorized to tabulate votes. Under current law, an appointment of a proxy is effective when received by the secretary or other officer or agent of the corporation authorized to tabulate votes.

2. A proxy appointment is revocable unless the appointment form or electronic transmission states that it is irrevocable and the appointment is coupled with an interest. Currently, an appointment of proxy is revocable by the shareholder unless the appointment form conspicuously states that it is irrevocable and the appointment is coupled with an interest.

3. A corporation may accept the proxy's vote or other action as that of the shareholder making the appointment subject to certain requirements for acceptance of instruments showing shareholder action and to any express limitation on the proxy's authority stated in the appointment form or electronic transmission. Under present law, the express limitation on the proxy's authority must appear on the face of the appointment form.

4. Notwithstanding provisions on revoking a proxy, a proxy appointed in connection with a shareholder vote under certain control share voting restrictions may be revoked at any time by openly stating the revocation at a shareholder meeting or appointing a new proxy under the provisions described above [items 2(a) and (b) under "Shareholder Proxies"]. Currently, the appointment of a new proxy must be in writing.

Acceptance of Instruments Showing Shareholder Action

Specify that a corporation and its officer or agent who accepts or rejects a vote, consent, waiver or proxy appointment in good faith and in accordance with these provisions (including the methods of appointing a proxy) are not liable in damages to the shareholder for the consequences of the acceptance or rejection.

In addition, provide that corporate action based on the acceptance or rejection of a vote, consent, waiver or proxy appointment under these provisions is valid unless a court of competent jurisdiction determines otherwise. These provisions exist under current law, but would be modified to reflect the new provisions regarding proxy appointments.

[Act 9 Sections: 2304c thru 2304jm]

13. REGULATION OF NONDEPOSITORY SMALL BUSINESS LENDERS

Senate: Modify Wisconsin statutes to authorize DFI to conduct safety and soundness examinations of entities operating pursuant to certain sections of the federal Small Business Act as follows:

Amend certain sections of the statutes related to public assistance, banking and the Tax Appeals Commission of the Department of Revenue (DOR) to include a license for a nondepository small business lender (created under these provisions) with other types of similar licenses referred to in such sections of the statutes.

Create the following provisions related to nondepository small business lenders:

Definitions

1. "Division" means the Division of Banking.
2. "In control" means any of the following: (a) owning 10% or more of the outstanding voting stock of a nondepository lender; or (b) possessing, directly or indirectly, alone or in concert with others, the power to control or vote 10% or more of the outstanding voting stock of a nondepository lender or to elect or control the election of a majority of the board of directors of a nondepository lender.
3. "Licensee" means a lender licensed under these provisions.
4. "Nondepository lender" means a lender that, in the ordinary course of business, provides loans that are guaranteed by the U.S. Small Business Administration in the United States Code under the provision on Commerce and Trade related to small businesses. "Nondepository lender" does not include a bank, credit union, savings and loan association or savings bank.

License Requirement and License Applications

Specify that no person may engage in business as a nondepository lender in this state without a license issued under these provisions. Provide that an application for such a license must: (a) be made to the Division in writing on a form to be prescribed by the Division; (b) state the full name and business address of the applicant and each officer, director and person in control of the applicant; (c) contain the applicant's federal employer identification number; and (d) contain the applicant's business plan, three years of detailed financial projections and other relevant information, all as prescribed by the Division.

Specify that the Division may not disclose an applicant's federal employer identification number received under these provisions, except that the Division may disclose the information

as follows: (a) to DOR for the sole purpose of requesting certification under certain statutes related to the Tax Appeals Commission; and (b) to the Department of Workforce Development in accordance with a memorandum of understanding related to public assistance and administrative enforcement of support.

License Approval

Authorize the Division to approve an application for a license after: (a) a review of information regarding the directors, officers and controlling persons of the applicant for a license; and (b) a review of the applicant's business plan, including at least three years of detailed financial projections and other information considered relevant by the Division, if it determines that all of the following conditions are met:

- a. The applicant has at least \$500,000 in capital and the amount of capital is adequate for the applicant to transact business as a nondepository lender.
- b. Each director, officer and person in control of the applicant is of good character and sound financial standing; the directors and officers of the applicant are competent to perform their functions with respect to the applicant and the directors and officers of the applicant are collectively adequate to manage the business of the applicant as a nondepository lender.
- c. The business plan of the applicant will be honestly and efficiently conducted in accordance with the intent and purpose of these provisions.
- d. The proposed activity of the applicant possesses a reasonable prospect for success.
- e. The applicant has paid the application fee prescribed by the Division, together with the actual cost incurred by the Division in investigating the application.

Expiration of License

Provide that a license issued under these provisions generally expires on the June 30 following the date on which the license was issued. However, a change in the identity or number of individuals that are in control of a licensee terminates the license, unless the licensee applies to the Division for and receives a renewal of the license no later than 15 days after the change in control.

Renewal of License

Specify that, except for in the case of a change in the identity of the individuals in control of a licensee as described above, a licensee must renew its license by submitting the prescribed renewal application and the renewal fee to the Division not less than 60 days before the date on

which the license expires. A renewal application is subject to the same criteria as the criteria for approval of an original license.

Mandatory Denial of License

Require the Division to deny an application for issuance or renewal of a license if any of the following applies:

- a. The applicant has failed to provide its federal employer identification number.
- b. DOR has certified that the applicant is liable for delinquent taxes. An applicant whose application for issuance or renewal of a license is denied under these provisions is entitled to a notice and a hearing through DOR but is not entitled to a notice or hearing under these provisions.
- c. The applicant is an individual who has failed to comply, after appropriate notice, with a subpoena or warrant issued by the Department of Workforce Development or a county child support agency under certain statutes related to paternity or child support proceedings.
- d. The applicant is an individual who is delinquent in making court-ordered payments of child or family support, maintenance, birth expenses, medical expenses or other expenses related to the support of a child or former spouse, as provided in a required memorandum of understanding.

Specify that an applicant whose application for issuance or renewal of a license is denied under these provisions is entitled to a notice and a hearing under certain statutes related to public assistance and administrative enforcement of support but is not entitled to a notice or hearing under these provisions.

Discretionary Denial or Disciplinary Action

Authorize the Division to deny an application for issuance or renewal of a license or to revoke, suspend or limit a license issued under these provisions if the Division finds that the applicant or nondepository lender did any of the following: (a) made a material misstatement in an application for issuance or renewal of a license issued under these provisions or in information provided to the Division; (b) demonstrated a lack of competency to act as a nondepository lender; or (c) violated any of these provisions or any rule of the Division.

In addition, authorize the Division to issue general or special orders necessary to prevent or correct actions by a nondepository lender that constitute cause for revoking, suspending or limiting a license.

Provide that a person whose application for issuance or renewal of a license has been denied or whose license has been revoked, suspended may request a hearing with the Division

of Hearings and Appeals in the Department of Administration within 30 days after the date of denial, revocation, suspension or limitation. Specify that failure of a person to request a hearing within the time provided is a waiver of the person's right to a hearing on the matter.

Required Loan Loss Reserve

Require each licensee to provide for a loan loss reserve sufficient to cover projected loan losses that are not guaranteed by the U.S. government or any agency of the U.S. government.

Division Review of Nondepository Lender Operations

Authorize the Division at any reasonable time to examine the books of account, records, condition and affairs of a nondepository lender licensed under these provisions. Require the Division to examine the books of account, records, condition and affairs of every licensed nondepository lender at least once during every 12-month period. In addition, require the Division to prepare a report of each examination conducted under this section. Provide that, as part of an examination or as part of the preparation of an examination report, the Division may examine under oath any person in control, officer, director, agent, employe or customer of the nondepository lender. Authorize the Division to require a nondepository lender that is examined under this section to pay a reasonable fee for the costs of conducting the examination.

Powers of Licensee

Specify that a licensee may do any of the following: (a) participate in the loan guaranty program under the United States Code related to the Small Business Act; and (b) participate in any other government program for which the licensee is eligible and which has as its function the provision or facilitation of financing or management assistance to business firms.

Required Records and Reports

Require a licensee to do the following: (a) keep books, accounts, and other records in such a form and manner as required by rule of the Division; and (b) keep the records at a location and for a length of time as prescribed by rule of the Division.

In addition, require every licensee to file a report with the Division not more than 90 days after the close of a licensee's fiscal year or upon request of the Division containing all of the following: (a) financial statements, including the balance sheet, the statement of income or loss, the statement of changes in capital accounts and the statement of changes in financial position of the licensee; and (b) other relevant information requested by the Division. Require the licensee to ensure that the financial statements have been audited by an independent certified public accountant and prepared in accordance with generally accepted accounting principles.

Rulemaking and Effective Date

Authorize the Division to promulgate rules for the efficient administration of these provisions. Specify that the creation of these provisions on nondepository small business lenders first applies to such lenders on the effective date of these provisions, which would take effect on the first day of the sixth month beginning after publication of the bill.

Conference Committee/Legislature: Adopt the Senate provision with the following modifications:

- a. Eliminate the definition of "nondepository lender" in the Senate provision;
- b. Provide that a "nondepository lender" means a commercial small business lender that participates in the loan guaranty program of the U.S. Small Business Administration described in 13 Code of Federal Regulations 120.2 (a) and that provides financial assistance to small businesses that qualify for financial assistance under 15 United States Code 636 (a) concerning aids to small businesses through the U.S. Department of Commerce and Trade; and
- c. Specify that "nondepository lender" does not include a bank, credit union, savings and loan association or savings bank.

These modifications would narrow the definition of "nondepository lender" to prevent the inclusion of entities that are not intended to be regulated under these provisions.

[Act 9 Sections: 1488m, 1798u, 2343d, 2353h, 9319(1g) and 9419(2g)]

14. UNIVERSAL BANKING

Governor: Authorize the Division of Banking within the Department of Financial Institutions to certify savings banks, saving and loan associations and state banks as "universal banks" under the procedures and with the powers outlined below. Provide that a universal bank would be one of the regulated entities under the powers of supervision and control of DOB. The provisions relating to universal banks would be created in a new chapter of the statutes, and could be cited as the "Wisconsin universal bank law" (UB Law).

General Provisions

Under current law, the Division of Savings and Loan [whose name would change to the Division of Savings Institutions (DSI) under the bill] regulates savings banks and savings and loan associations. DOB regulates state banks. The powers and regulation of these financial institutions are specified in the statutes and vary by type of institution. The UB Law would allow such financial institutions organized under state statutes to apply to DOB to be certified as a universal bank. Certification as a universal bank would provide expanded powers when compared to those currently held by the individual financial institutions. Financial institutions

certified as universal banks would remain subject to existing requirements, duties and liabilities and would retain their powers as savings banks, savings and loan associations or state banks, except that, in the event of a conflict between the UB Law and such requirements, duties, liabilities or powers, the UB Law would control.

The Division of Banking would be required to administer the UB Law for all universal banks and to establish such fees as it determined were appropriate for documents filed with the Division and for services provided by the Division. DOB would also be authorized to promulgate rules to carry out the UB Law and to establish additional limits or requirements on universal banks if it determined that the limits or requirements were necessary for the protection of depositors, members, investors or the public.

Certification

A state-chartered savings bank, savings and loan association or bank would be allowed to apply to become certified as a universal bank by filing a written application with DOB including such information as the Division required and on such forms and in accordance with such procedures as DOB prescribed. DOB would be required to approve or disapprove the application in writing within 60 days after its submission to the Division. However, DOB and the financial institution could mutually agree to extend the application period for an additional 60 days.

DOB would be required to approve an application for certification as a universal bank if the applying financial institution met all of the following requirements:

- a. It was chartered or organized, and regulated, as a savings bank, savings and loan association or state bank under Wisconsin statutes and had been in existence and continuous operation for a minimum of three years prior to the date of the application.
- b. It was "well-capitalized" or "adequately capitalized" as defined by federal law related to banks and banking.
- c. It did not exhibit a combination of financial, managerial, operational and compliance weaknesses that were moderately severe or unsatisfactory, as determined by the Division based upon the Division's assessment of the financial institution's capital adequacy, asset quality, management capability, earnings quantity and quality, adequacy of liquidity and sensitivity to market risk.
- d. During the 12-month period prior to the application, it had not been the subject of an enforcement action and had no enforcement action pending against it by any state or federal financial institution regulatory agency, including DOB.

For any period during which a universal bank failed to meet such requirements, the Division would be authorized to order limits or restrictions to the exercise of the powers of the universal bank under the UB Law.

DOB would be required to issue to an applicant approved for certification as a universal bank a certificate of authority stating that the financial institution was so certified.

A financial institution certified as a universal bank would be authorized to terminate its certification upon 60 days' prior written notice to the Division and written approval of the Division. As a condition to the termination, the financial institution would be required to terminate its exercise of all powers granted under the UB Law prior to the termination of the certification. Written approval of the termination by DOB would be void if the financial institution failed to satisfy this precondition to termination.

Organization

Articles of Incorporation and Bylaws. A universal bank would continue to operate under its articles of incorporation and bylaws as in effect prior to certification as a universal bank or as such articles or bylaws were subsequently amended in accordance with the provisions of the statutes under which the universal bank was organized or chartered.

Name of a Universal Bank. Under current law and with certain exceptions, an institution organized as a state savings bank is required to adopt a name that identifies it as such and that includes the term "savings." With certain exceptions, an institution organized as a mutual savings and loan association or as a capital stock savings and loan association is required to include the words "savings and loan association" or "savings association" in its name. Such an institution is required to include the word "savings" in its name if its name includes the word "bank."

Subject to certain provisions on distinguishability and use of the same name, as described below, the UB Law would allow a state savings bank, state mutual savings and loan association or state capital stock savings and loan association that had been certified as a universal bank to use the word "bank" in its name, without having to include the word "savings." In addition, subject to the same provisions on distinguishability and use of the same name, the UB Law would specify that a universal bank organized as a savings and loan association that used the word "bank" in its name in accordance with the UB Law need not include the words "savings and loan association" or "savings association" in its name.

The UB Law would require that, with certain exceptions, the name of the universal bank be distinguishable upon the records of DOB from the following: (a) the name of any other financial institution organized under the laws of this state; and (b) the name of a national bank or foreign bank authorized to transact business in this state.

However, a universal bank would be allowed to apply to the Division for authority to use a name that did not meet such requirements as to a distinguishable name. DOB could authorize the use of the name if either of the following conditions were met: (a) the other bank consented to the use in writing and submitted an undertaking, in a form satisfactory to DOB, to change its name to a name that was distinguishable upon the records of the Division from the name of the applicant; or (b) the applicant delivered to DOB a certified copy of the final judgement of a court of competent jurisdiction establishing the applicant's right to use the name applied for in this state. Such exceptions to the distinguishable name requirements are consistent with current law for state banks.

In addition, a universal bank would be able to use a name that was used in this state by another financial institution, or by an institution authorized to transact business in this state, if the universal bank had done any of the following: (a) merged with the other institution; (b) been formed by reorganization of the other institution; or (c) acquired all or substantially all of the assets, including the name, of the other institution.

Capital Requirements

Current law provides differing requirements related to capital, net worth and capital stock for the various types of financial institutions. For a savings bank, the statutes specify that such an institution may be organized to exercise the powers conferred by the relevant statutes with minimum capital, surplus and reserves for operating expenses as determined by the Division of Savings Institutions. Additional specifications are made in such areas as evidence and maintenance of capital, dividends and the nature of capital stock, capital stock loans and retirement or reduction of capital stock.

The statutes on savings and loan associations provide that such institutions must maintain net worth at an amount not less than the minimum amount established by DSI and authorize DSI to take appropriate action if an association fails to maintain the minimum net worth required.

Under current law, DOB determines the required capital of a state bank, subject to review by the Banking Review Board. The statutes also specify that a contingent fund and paid-in surplus each in an amount equal to at least 25% of the aggregate amount of the capital stock must be subscribed at the time the subscription list of shareholders is prepared by the incorporators.

Notwithstanding such provisions, the UB Law would authorize DOB to determine the minimum capital requirements of a savings bank, savings and loan association and state bank certified as a universal bank.

The UB Law would define capital for a universal bank organized as a stock organization as the sum of the following, less the amount of intangible assets that were not considered to be

qualifying capital by a deposit insurance corporation or the Division: (a) capital stock; (b) preferred stock; (c) undivided profits; (d) surplus; (e) outstanding notes and debentures approved by DOB; (f) other forms of capital designated as capital by the Division; and (g) other forms of capital considered to be qualifying capital of the universal bank by a deposit insurance corporation. For a universal bank organized as a mutual organization, the same definition would apply except that net worth would be substituted for capital and preferred stock. "Deposit insurance corporation" would mean the Federal Deposit Insurance Corporation or other instrumentality of, or corporation chartered by, the United States that insures deposits of financial institutions and that is supported by the full faith and credit of the U.S. government as stated in a congressional resolution.

Under current law, a state savings bank is required to achieve and maintain status as an Internal Revenue Service qualified thrift lender. Such status requires meeting either the 60% asset test of the section of the Internal Revenue Code (IRC) on domestic building and loan associations, or an asset test prescribed by rule of DSI that is not less than the percentage prescribed by such section of the IRC. The UB Law would specify that this requirement does not apply to universal banks.

Acquisitions, Mergers and Asset Purchases

The UB Law would authorize a universal bank, with the approval of DOB, to purchase the assets of, merge with, acquire or be acquired by any other financial institution, universal bank, national bank, federally chartered savings bank or savings and loan association, or by a holding company of any of these entities. An application for approval of such acquisitions, mergers and asset purchases would have to be submitted on a form prescribed by DOB and accompanied by a fee determined by the Division. Notwithstanding other provisions of state law, DSI approval would not be required for acquisitions or mergers involving a state savings bank or savings and loan association.

In processing and acting on applications for approval of acquisitions, mergers and asset purchases involving a universal bank, DOB would be required to apply the standards specified in the statutes governing the type of financial institution under which the universal bank had been organized or chartered.

Federal Financial Institution Powers.

Subject to the limitations outlined below, the UB Law would authorize universal banks to exercise all powers that may be exercised, directly or indirectly through a subsidiary, by a federally chartered savings bank, a federally chartered savings and loan association, a federally chartered national bank or by an affiliate of such an institution. A universal bank would be required to provide 60 days' prior written notice to DOB of the universal bank's intention to exercise a power under these provisions. The UB Law would specify that DOB could require

that certain powers exercisable by universal banks be exercised through a subsidiary of the universal bank with appropriate safeguards to limit the risk exposure of the universal bank.

Loan Powers

General Provisions. The UB Law would permit a universal bank to make, sell, purchase, arrange, participate in, invest in or otherwise deal in loans or extensions of credit for any purpose. With the exceptions described below, the total liabilities of any person, other than a municipal corporation, to a universal bank for a loan or extension of credit could not exceed 20% of the capital of the universal bank at any time. In determining compliance with this restriction, liabilities of a partnership would include the liabilities of the general partners, computed individually as to each general partner on the basis of his or her direct liability.

However, the UB Law would provide that the percentage limitation described above would be 50% of the universal bank's capital if the borrower's debts were limited to certain types of liabilities. The first type includes a liability secured by warehouse receipts issued by warehouse keepers who are licensed and bonded under state law or under the federal Bonded Warehouse Act or who hold a registration certificate under Wisconsin law referred to as the Warehouse Keepers and Grain Dealers Security Act, if: (a) the receipts cover readily marketable nonperishable staples; (b) the staples are insured, if it is customary to insure the staples; and (c) the market value of the staples is not, at any time, less than 140% of the face amount of the obligation.

The second type of liability for which the percentage limitation described above would be 50% of the universal bank's capital is a liability in the form of a note or bond that met any of the following qualifications: (a) the note or bond is secured by not less than a like amount of bonds or notes of the United States issued since April 24, 1917, or certificates of indebtedness of the United States; (b) the note or bond is secured or covered by guarantees or by commitments or agreements to take over, or to purchase, the bonds or notes, and the guarantee, commitment or agreement was made by a federal reserve bank, the federal Small Business Administration, the federal Department of Defense or the federal Maritime Commission; or (c) the note or bond is secured by mortgages or trust deeds insured by the federal Housing Administration.

Local Governmental Units. The UB Law would specify that liabilities of a local governmental unit could not exceed 25% of a universal bank's capital. However, if the local governmental unit's liabilities were in the form of general obligations, the limit would be extended to 50%. If the liabilities included both revenue and general obligations, the limit would be 25% for the revenue obligations and a total of 50% for the combination of revenue and general obligations.

In addition, the total amount of temporary borrowings of any local governmental unit maturing within one year after the date of issue could not exceed 60% of the capital of the universal bank. Temporary borrowings and longer-term general obligation borrowings of a

single local governmental unit could be considered separately in determining compliance with this provision.

Foreign National Government Bonds. A universal bank would be authorized to purchase general obligation bonds issued by any foreign national government if the bonds were payable in United States funds. The aggregate investment in these foreign bonds would not be permitted to exceed 3% of the capital of the universal bank, except that this limitation would not apply to bonds of the Canadian government and Canadian provinces that were payable in United States funds.

Other Foreign Bonds. The UB Law would authorize a universal bank to purchase bonds offered for sale by the International Bank for Reconstruction and Development and the Inter-American Development Bank or such other foreign bonds as were approved under rules established by DOB. The UB Law would specify that at no time could the aggregate investment in any of these bonds issued by a single issuer exceed 10% of the capital of the universal bank.

Limits Established by the Board of Directors. The UB Law would provide that the board of directors of a universal bank could establish an aggregate total level above which a universal bank could not make or renew a loan or loans without being supported by a signed financial statement of the borrower, unless the loan was secured by collateral having a value in excess of the amount of the loan. A signed financial statement furnished by the borrower to a universal bank in compliance with this provision would have to be renewed annually as long as the loan or any renewal of the loan remained unpaid and was subject to this provision. A loan or a renewal of a loan made by a universal bank in compliance with the level established by the board of directors of the universal bank, without a signed financial statement, could be treated by the universal bank as entirely independent of any secured loan made to the same borrower if the loan did not exceed the limitations provided under the UB Law related to loan powers.

Exceptions to Loan Powers of Universal Banks. The limits on individual liabilities would not apply to the following:

a. Liabilities secured by certain short-term federal obligations. A liability that was secured by not less than a like amount of direct obligations of the United States which would mature not more than 18 months after the date on which such liabilities to the universal bank were entered into;

b. Certain federal and state obligations or guaranteed obligations. A liability that was a direct obligation of the United States or this state, or an obligation of any governmental agency of the United States or this state, that was fully and unconditionally guaranteed by the United States or this state;

c. Commodity Credit Corporation liabilities. A liability in the form of a note, debenture or certificate of interest of the Commodity Credit Corporation;

d. Discounting bills of exchange or business or commercial paper. A liability created by the discounting of bills of exchange drawn in good faith against actually existing values or the discounting of commercial or business paper actually owned by the person negotiating the same; and

e. Certain other federal or federally guaranteed obligations. In obligations of, or obligations that were fully guaranteed by, the United States and in obligations of any federal reserve bank, federal home loan bank, the Student Loan Marketing Association, the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Export-Import Bank of Washington or the Federal Deposit Insurance Corporation.

Additional Loan Authority. Under current law for state banks, debts due a bank on which interest is past due and unpaid for a period of 12 months generally must be considered bad debts. Such bad debts must be charged off to the profit and loss account at the expiration of one year from the date on which the debt became past due, unless the debts are well secured or in the process of collections.

The UB Law would permit a universal bank to lend, to all borrowers, up to 20% of its capital, which would not be subject to classification as bad debts or losses for a period of three years. A universal bank or its subsidiary would be permitted to take an equity position or other form of interest as security in a project funded under this additional loan authority. Every transaction by a universal bank or its subsidiary under these provisions would require prior approval by the governing board of the universal bank or its subsidiary, respectively. Such loans could be dispersed directly or through a subsidiary. However, neither a universal bank nor any subsidiary of the universal bank could lend to any individual borrower an amount that would result in an aggregate amount for all loans to that borrower to exceed 20% of the universal bank's capital. As outlined below, DOB could suspend this additional loan authority.

Suspension of Additional Loan Authority. DOB could suspend the additional loan authority and, in such case, specify how an outstanding loan would be treated by the universal bank or its subsidiary. Among the factors that the Division could consider in suspending authority under this provision are the universal bank's capital adequacy, asset quality, earnings quantity, earnings quality, adequacy of liquidity and sensitivity to market risk and the ability of the universal bank's management.

Investment Powers

Investment Securities. With certain exceptions described below, a universal bank would be authorized to purchase, sell, underwrite and hold investment securities, consistent with safe and sound banking practices, up to 100% of the universal bank's capital. A universal bank would not be permitted to invest greater than 20% of its capital in the investment securities of

one obligor or issuer. For purposes of this provision, "investment securities" would include commercial paper, banker's acceptances, marketable securities in the form of bonds, notes, debentures and similar instruments that are regarded as investment securities.

Equity Securities. Subject to the same exceptions, a universal bank would also be authorized to purchase, sell, underwrite and hold equity securities, consistent with safe and sound banking practices, up to 20% of capital or, if approved by the Division in writing, a greater percentage of capital.

Exceptions to Securities Investment Powers. The UB Law would specify the following exceptions to the general powers of a universal bank to invest in investment and equity securities.

a. Housing Activities. With the prior written consent of DOB, a universal bank would be permitted to invest in the initial purchase and development, or the purchase or commitment to purchase after completion, of home sites and housing for sale or rental, including projects for the reconstruction, rehabilitation or rebuilding of residential properties to meet the minimum standards of health and occupancy prescribed for a local governmental unit, the provision of accommodations for retail stores, shops and other community services that were reasonably incident to that housing, or in the stock of a corporation that owned one or more of those projects and that was wholly owned by one or more financial institutions. The total investment in any one project could not exceed 15% of the universal bank's capital, nor could the aggregate investment under these provisions exceed 50% of capital. Under these provisions, a universal bank could not make an investment unless it was in compliance with the capital requirements set by DOB under the UB Law and with the capital maintenance requirements of its deposit insurance corporation.

b. Profit-Participation Projects. The UB Law would specify that a universal bank could take equity positions in profit-participation projects, including projects funded through loans from the universal bank, in an aggregate amount not to exceed 20% of capital. However, DOB could suspend the investment authority under this provision. If the Division suspended the investment authority, the Division could specify how outstanding investments in such projects would be treated by the universal bank or its subsidiary. Among the factors that the Division could consider in suspending authority under this provision are the universal bank's capital adequacy, asset quality, earnings quantity, earnings quality, adequacy of liquidity and sensitivity to market risk and the ability of the universal bank's management. These provisions would not authorize a universal bank, directly or indirectly through a subsidiary, to engage in the business of underwriting insurance.

c. Debt Investments. In general, the UB Law would authorize a universal bank to invest in bonds, notes, obligations and liabilities as described under the UB Law with respect to loan powers, subject to the limitations under those provisions. However, the limits outlined in the section on loan powers would not apply to the following liabilities: (a) liabilities secured by

certain short-term federal obligations; (b) certain federal and state obligations or guaranteed obligations; (c) Commodity Credit Corporation liabilities; (d) liabilities created by discounting bills of exchange or business or commercial paper; (e) certain other federal or federally guaranteed obligations. Such liabilities are described in greater detail under the preceding provisions on loan powers.

Additional Investments. The UB Law would provide that a universal bank could invest without limitation in any of the following:

- a. Stocks or obligations of a corporation organized for business development by this state or by the United States or by an agency of this state or the United States.
- b. Obligations of an urban renewal investment corporation organized under the laws of this state or of the United States.
- c. An equity interest in an insurance company or an insurance holding company organized to provide insurance for universal banks and for persons affiliated with universal banks, solely to the extent that this ownership was a prerequisite to obtaining directors' and officers' insurance or blanket bond insurance for the universal bank through the company.
- d. Shares of stock, whether purchased or otherwise acquired, in a corporation acquiring, placing and operating remote service units of a savings banks or savings and loan association or for bank communications terminals.
- e. Equity or debt securities or instruments of a service corporation subsidiary of the universal bank.
- f. Advances of federal funds.
- g. With the prior written approval of the Division, financial futures transactions, financial options transactions, forward commitments or other financial products for the purpose of reducing, hedging or otherwise managing its interest rate risk exposure.
- h. A subsidiary organized to exercise corporate fiduciary powers under state law.
- i. An agricultural credit corporation. Unless a universal bank owned at least 80% of the stock of the agricultural credit corporation, a universal bank could not invest more than 20% of the universal bank's capital in the agricultural credit corporation.
- j. Deposit accounts or insured obligations of any financial institution, the accounts of which are insured by a deposit insurance corporation.

k. Obligations of, or obligations that are fully guaranteed by, the United States and stocks or obligations of any federal reserve bank, federal home loan bank, the Student Loan Marketing Association, the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Federal Deposit Insurance Corporation.

l. Any other investment authorized by DOB.

In addition to the authority granted under the UB Law on acquisitions, mergers and asset purchases and on stock in bank-owned banks, and subject to the provisions of the UB Law with respect to equity securities, a universal bank would be authorized to invest in other financial institutions.

A universal bank would be permitted to make investments under the provisions outlined above, directly or indirectly through a subsidiary, unless DOB determined that an investment should be made through a subsidiary with appropriate safeguards to limit the risk exposure of the universal bank.

Universal Bank Purchase of its Own Stock

With certain exceptions, a universal bank could hold or purchase not more than 10% of its own capital stock, notes or debentures. However, a universal bank could exceed this limit if approved by DOB. In addition, a universal bank could hold or purchase more than 10% of its capital stock, notes or debentures if the purchase was necessary to prevent loss upon a debt previously contracted in good faith. Stock, notes or debentures held or purchased under this provision could not be held by the universal bank for more than six months if the securities could be sold for the amount of the claim of the universal bank against the holder of the debt previously contracted. The universal bank would be required to either sell the stock, notes or debentures within 12 months of acquisition under this provision or to cancel the stock, notes or debentures. Cancellation of the stock, notes or debentures would reduce the amount of the universal bank's capital stock, notes or debentures. If the reduction decreased the universal bank's capital below the minimum level required by DOB, the universal bank would have to increase its capital to the required amount.

A universal bank could not loan any part of its capital, surplus or deposits on its own capital stock, notes or debentures as collateral security, except that a universal bank would be allowed to make a loan secured by its own capital stock, notes or debentures to the same extent that the universal bank could make a loan secured by the capital stock, notes and debentures of a holding company for the universal bank.

Stock in Bank-Owned Banks

With the approval of DOB, a universal bank would be authorized to acquire and hold stock in one or more banks chartered under state statutes on bank-owned banks or national banks chartered under federal law or in one or more holding companies wholly owning such a bank. Aggregate investments under this provision could not exceed 10% of the universal bank's capital.

General Deposit Powers

The UB Law would provide that a universal bank could set eligibility requirements for, and establish the types and terms of, deposits that the universal bank could solicit and accept. The terms set under this provision could include minimum and maximum amounts that the universal bank would be able to accept and the frequency and computation method of paying interest.

A universal bank would be allowed to pledge its assets as security for deposits, subject to the limitations under current law applicable to banks.

With the approval of DOB, a universal bank would be permitted to securitize its assets for sale to the public. The Division could establish procedures governing the exercise of authority granted under this provision.

A universal bank would be authorized to take and receive, from any individual or corporation for safekeeping and storage, gold and silver plate, jewelry, money, stocks, securities, and other valuables or personal property. A universal bank could also rent out the use of safes or other receptacles upon its premises. A universal bank would have a lien for its charges on any property taken or received by it for safekeeping. If the lien was not paid within two years from the date the lien accrued, or if property was not called for by the person depositing the property, or by his or her representative or assignee, within two years from the date the lien accrued, the universal bank could sell the property at public auction. A universal bank would be required to provide the same notice for a sale under this provision that is required for sales of personal property on execution. After retaining from the proceeds of the sale all of the liens and charges due the bank and the reasonable expenses of the sale, the universal bank would be required to pay the balance to the person depositing the property, or to his or her representative or assignee.

Other Service and Incidental Activity Powers

Unless otherwise prohibited or limited by the UB Law, a universal bank would be authorized to exercise all powers necessary or convenient to effect the purposes for which the universal bank was organized or to further the businesses in which the universal bank was lawfully engaged.

Reasonably Related Powers. Subject to any applicable state or federal regulatory or licensing requirements, a universal bank could engage, directly or indirectly through a subsidiary, in activities reasonably related or incident to the purposes of the universal bank. Such activities would be those that are part of the business of financial institutions, or closely related to the business of financial institutions, or convenient and useful to the business of financial institutions, or reasonably related or incident to the operation of financial institutions or are financial in nature. Activities that would be considered reasonably related or incident to the purposes of a universal bank would specifically include the following:

1. Business and professional services;
2. Data processing;
3. Courier and messenger services;
4. Credit-related activities;
5. Consumer services;
6. Real estate-related services, including real estate brokerage services;
7. Insurance and related services, other than insurance underwriting;
8. Securities brokerage;
9. Investment advice;
10. Securities and bond underwriting;
11. Mutual fund activities;
12. Financial consulting;
13. Tax planning and preparation;
14. Community development and charitable activities;
15. Debt cancellation contracts;
16. Any activities reasonably related or incident to activities on the list above;
17. An activity that is authorized by statute or regulation for financial institutions to engage in as of the effective date of this provision (the first day of the third month beginning after publication of the bill); and
18. An activity permitted under the Bank Holding Company Act.

In addition, DOB would be authorized to expand the list of activities reasonably related or incident to the purposes of a universal bank. Any additional activity approved by the Division would be authorized for all universal banks.

A universal bank would be required to give 60 days' prior written notice to DOB of the universal bank's intention to engage in an activity under these provisions.

Standards for Denial. DOB would be permitted to deny the authority of a universal bank to engage in an activity under these provisions, other than the first 16 activities listed above, if the Division determined any of the following: (a) that the activity was not an activity reasonably related or incident to the purposes of a universal bank; (b) that the financial institution was not well-capitalized or adequately capitalized; (c) that the financial institution was the subject of an

enforcement action; or (d) that the financial institution did not have satisfactory management expertise for the proposed activity.

Insurance Intermediation. A universal bank, or an officer or salaried employe of a universal bank, would be permitted to obtain a license as an insurance intermediary, if otherwise qualified. A universal bank could not, directly or indirectly through a subsidiary, engage in the business of underwriting insurance.

Activities Approved by DOB. A universal bank would be authorized to engage in any other activity that was approved by rule of DOB. In addition, a universal bank could engage in activities under these provisions, directly or indirectly through a subsidiary, unless the Division determined that an activity had to be conducted through a subsidiary with appropriate safeguards to limit the risk exposure of the universal bank.

Activities Provided Through a Subsidiary. The amount of the investment in any one subsidiary that engaged in an activity under these provisions could not exceed 20% of capital or a higher percentage if approved by DOB. The aggregate investment in all subsidiaries that engaged in an activity under this provision could not exceed 50% of capital or a higher percentage authorized by the Division. A subsidiary that engaged in an activity under these provisions could be owned jointly, with one or more other financial institutions, individuals or entities.

Trust Powers

Subject to rules of DOB, a universal bank would be permitted to exercise trust powers in accordance with such authority granted by the statutes to state banks.

Rule-Making Authority

These provisions would require DOB to use the emergency rule making procedures to promulgate rules for the period before permanent rules became effective. However, DOB would not be required to provide evidence of an emergency.

Effective Date

These provisions would take effect on the first day of the third month beginning after publication of the bill.

Joint Finance: Delete provision as non-fiscal policy.

Assembly: Restore provision.

Conference Committee/Legislature: Delete provision.

15. CREDIT UNIONS

Senate: Specify that the definition of a "business" that is subject to regulation by the Department of Agriculture, Trade and Consumer Protection would not include credit unions. Currently, the definition of "business" excludes the following financial institutions: banks; savings banks; savings and loans associations; and insurance companies.

Make the following changes to the statutes related to credit unions:

Definitions

Define a "credit union" as a cooperative, nonprofit corporation, incorporated under the statutes regulating credit unions, except as specifically provided under certain provisions on interstate acquisitions and mergers of credit unions and Wisconsin offices of non-Wisconsin credit unions. Currently, a credit union is defined as a cooperative, nonprofit corporation, incorporated under the statutes regulating credit unions to encourage thrift among its members, create a source of credit at a fair and reasonable cost and provide an opportunity for its members to improve their economic and social conditions.

Delete the definition of "vicinal industries." Current law defines such industries as including employers that operate one or more facilities within a well-defined neighborhood or urban, suburban or rural community whose limits may not be determined by any arbitrary physical standard.

Credit Union Bylaws and Board Duties

Change the statutes related to credit union bylaws and board duties as follows:

- a. Specify that the bylaws must prescribe the conditions that determine eligibility for membership. Currently, the bylaws must prescribe the conditions of residence or occupation that qualify persons for membership.
- b. Repeal the current requirement that the following be prescribed in the bylaws of a credit union: (i) the conditions on which accounts may be paid in, transferred and withdrawn; and (ii) the method of receipting for money paid on accounts.
- c. Amend the current requirement that credit unions be open to residents within a well-defined neighborhood, community or rural district to require, instead, that credit unions be open to individuals that reside or are employed in neighborhoods, communities, rural districts or multicounty regions [unless the Office of Credit Unions (OCU) determines that it is impractical for a particular credit union to serve the area in which the individuals reside or are employed].

d. Amend the current requirement that credit unions be open to employes of related or vicinal industries to specify that credit unions must be open to employes of related industries or employes of industries that operate at least one facility within a neighborhood or urban, suburban or rural community whose limits are not determined by any arbitrary physical standard.

e. Provide that an organization or association of individuals in which the majority of the directors, owners or members are eligible for credit union membership may be admitted to membership in the same manner and under the same conditions as individuals. Currently, organizations or associations of individuals may be admitted to credit union membership in the same manner and under the same conditions as individuals if the majority of members of the organization or association are eligible for credit union membership.

f. Create a provision that would authorize the following organizations to be admitted to membership: (a) an organization or association that has a business location within any geographic limits of the credit union's field of membership; or (b) an organization or association that, in the ordinary course of business, provides goods and services to credit unions, credit union organizations or persons who are eligible for membership in the credit union.

g. Specify that members of the immediate family of all qualified persons are eligible for membership. Eliminate the current law definition of "members of the immediate family," which includes the wife, husband, parents, stepchildren and children of a member, whether living together in the same household or not, and any other relatives of the member or spouse of a member living together in the same household as the member. Instead, require credit union boards to establish a policy determining which individuals qualify as members of the immediate family of a qualified person (for the purpose of determining eligibility for membership in the credit union).

Investments of Credit Unions

Make the following changes to the statutes related to investments of credit unions:

a. Change all references in the statutes on investments of credit unions to a "credit union service corporation" to a "credit union service organization."

b. Specify that, unless OCU approves a higher percentage, a credit union may not invest more than 1.5% of its total assets in the capital shares or obligations of a credit union service organization that is: (a) a corporation, limited partnership, limited liability company; or (b) another entity approved by OCU that is organized to provide goods and services, in the ordinary course of business, to credit unions, credit union organizations and credit union members. Currently, a credit union is not permitted to invest more than 1.5% of its total assets in the capital shares or obligations of a credit union service corporation organized primarily to

provide goods and services to credit unions, credit union organizations and credit union members. Under current law, OCU may not approve a higher percentage.

c. Include electronic transaction services in the types of services that a credit union service organization may provide.

d. Add the following to the types of goods and services that a credit union service organization may provide: (1) management, development, sale or lease of fixed assets and sale, lease or servicing of computer hardware or software; (2) securities brokerage services; and (3) travel agency services.

e. Specify that a credit union service organization may be subject to examination (rather than audit) by OCU.

Credit Union Powers

Make the following changes to the statutes on credit union powers:

a. Provide that, with the approval of OCU, a credit union may establish branch offices inside or outside this state. Currently, a credit union may establish branch offices inside this state or no more than 25 miles outside of this state if the need and necessity exist and with the approval of OCU.

b. Provide that the current law provisions that authorize a credit union to establish limited services offices outside this state to serve any member of the credit union under specified conditions would only apply to such services established prior to the effective date of these provisions.

c. Authorize credit unions to: (a) act as trustees or custodians of member tax deferred retirement funds, individual retirement accounts, medical savings accounts or other employee benefit accounts or funds permitted by federal law to be deposited in a credit union; and (b) act as a depository for member qualified and nonqualified deferred compensation funds as permitted by federal law. Current law authorizes credit unions to act as trustees of member tax deferred funds permitted by federal law to be deposited in a credit union and to act as a depository for member-deferred compensation funds as permitted by federal law.

d. Create a provision that would authorize a credit union to accept deposits made by members for the purpose of funding burial agreements by certain trusts.

e. Create a provision that would authorize a credit union to discount or sell any of its assets and, with the prior approval of OCU, purchase assets of another lender or seller.

Federal and Other Powers

Create the following provisions related to the exercise by a Wisconsin credit union of federal and other powers:

Exercise of Federal Credit Union Powers. Provide that, subject to the limitations in these provisions, a credit union may exercise all powers that may be exercised, directly or indirectly through a credit union service organization, by a federally chartered credit union or by an affiliate of such an institution. Require a credit union to give 60 days' prior written notice to OCU of the credit union's intention to exercise a power under this subsection. Authorize OCU to require that certain powers exercisable by credit unions under these provisions be exercised through a credit union service organization with appropriate safeguards to limit the risk exposure of the credit union.

Exercise of Other Service and Incidental Activity Powers. Specify the following with respect to the exercise of other service and incidental activity powers:

a. *Necessary or Convenient Powers.* Unless otherwise prohibited or limited by these provisions, a credit union may exercise all powers necessary or convenient to effect the purposes for which the credit union is organized or to further the businesses in which the credit union is lawfully engaged.

b. *Reasonably Related Powers.* Subject to any applicable state or federal regulatory or licensing requirements, a credit union may engage, directly or indirectly through a credit union service organization, in activities reasonably related or incident to the purposes of the credit union. Activities reasonably related or incident to the purposes of the credit union include the following: (a) activities that are part of the business of credit unions; (b) activities that are closely related to the business of credit unions; (c) activities that are convenient and useful to the business of credit unions; and (d) activities that are reasonably related or incident to the operation of credit unions or are financial in nature.

c. *Notice Requirement.* A credit union must give 60 days' prior written notice to OCU of the credit union's intention to engage in an activity under this subsection.

d. *Standards for Denial.* OCU may deny the authority of a credit union to engage in an activity under this subsection if the office of credit unions determines that the activity is not an activity reasonably related or incident to the purposes of the credit union, that the credit union is not well-capitalized or adequately capitalized, that the credit union is the subject of an enforcement action or that the credit union does not have satisfactory management expertise for the proposed activity.

e. *Other Activities Approved by OCU.* A credit union may engage in any other activity that is approved by rule of OCU.

f. *Activities Provided Through a Subsidiary.* A credit union may engage in activities under these provisions, directly or indirectly through a credit union service organization, unless OCU determines that an activity must be conducted through a credit union service organization with appropriate safeguards to limit the risk exposure of the credit union.

Rule-Making Authority. Specify that OCU may promulgate rules to administer these provisions. Provide that the rules may impose limitations or conditions on the exercise of powers under these provisions related to federal and other powers if OCU determines that the limits or conditions are necessary for the protection of depositors, members, investors or the public.

Additional Credit Union Authority

Specify that the current law provisions on the scope of authority for a credit union are in addition to the provisions on federal and other powers described above.

Office of Credit Unions

Make the following changes to the statutes relating to OCU:

a. Specify that employees of OCU and members of the credit union review board must keep secret all the facts and information obtained in the course of examinations, or contained in any report provided by a credit union other than a call report, except in specified situations. Current law does not include the reference to information "contained in any report provided by a credit union other than a call report."

b. Specify that if any person mentioned in "a" discloses any information about the private account or transactions of a credit union or any fact obtained in the course of an examination of a credit union, except as provided under these provisions, that person may be required to forfeit his or her office or position and may be fined not less than \$100 nor more than \$1,000 or imprisoned for not less than 6 months nor more than 3 years or both.

c. Specify that examination reports possessed by a credit union are confidential, remain the property of OCU and must be returned to OCU immediately upon request.

d. Repeal the current law provision that provides the following: instead of an annual examination of a credit union, OCU may accept an audit report of the condition of the credit union made by a certified public accountant who is not an employe of the credit union, in accordance with rules promulgated by OCU, or may accept an examination or audit made or approved by the national board.

Sale of Insurance in Credit Unions

Require any officer or employe of a credit union, when acting as an agent for the sale of insurance on behalf of the credit union, to pay all commissions received from the sale of insurance to the credit union. Current law provides similar provisions but specifies that they apply to such commissions received from the sale of credit life insurance or credit accident and sickness insurance.

Interstate Acquisitions and Mergers of Credit Unions

Amend the statutes related to interstate acquisitions and mergers of credit unions as follows:

a. Define a "Wisconsin credit union" as a credit union having its principal office located in this state. Current law applies this definition to an "in-state credit union" rather than a "Wisconsin credit union."

b. Define an "out-of-state credit union" as a state or federal credit union that has its principal office in a state other than this state. Current law defines a "regional credit union," rather than an "out-of-state credit union," as a state or federal credit union that has its principal office located in one of the regional states (as defined below).

c. Eliminate the definition of a "regional state." Current law defines Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri and Ohio as regional states.

d. Substitute the term "Wisconsin credit union" for each reference to an "in-state credit union" under the statutes on interstate acquisitions and mergers of credit unions.

e. Substitute the term "out-of-state credit union" for each reference to a "regional credit union" under the statutes on interstate acquisitions and mergers of credit unions.

f. Repeal the current law provisions that specify applicability dates related to regional states and regional credit-unions.

Wisconsin Offices of a Non-Wisconsin Credit Union

Create the following provisions related to a Wisconsin office of a non-Wisconsin credit union:

Definitions. Define a "non-Wisconsin credit union" as a credit union organized under the laws of and with its principal office located in a state other than this state. Specify that a "Wisconsin credit union" has the meaning given above under "Interstate Acquisitions and Mergers of Credit Unions."

Approval. Provide that a non-Wisconsin credit union may open an office and conduct business as a credit union in this state if OCU finds that Wisconsin credit unions are allowed to do business in the other state under conditions similar to those contained in these provisions and that all of the following apply to the non-Wisconsin credit union: (a) it is organized under laws similar to the credit union laws of this state; (b) it is financially solvent based upon national board ratings; (c) it has member savings insured with federal share insurance; (d) it is effectively examined and supervised by the credit union authorities of the state in which it is organized; (e) it has received approval from the credit union authorities of the state in which it is organized; and (f) it has a need to place an office in this state to adequately serve its members in this state.

Requirements. Require a non-Wisconsin credit union to agree to do all of the following: (a) grant loans at rates not in excess of the rates permitted for Wisconsin credit unions; (b) comply with this state's laws; and (c) designate and maintain an agent for the service of process in this state.

Records. Specify that, as a condition of a non-Wisconsin credit union doing business in this state, OCU may require the non-Wisconsin credit union to provide copies of examination reports and other related correspondence from the state in which the non-Wisconsin credit union has its principal office.

False Statements

Create a provision that specifies that a person who knowingly publishes false reports or makes false statements about a credit union may be fined not less than \$1,000 nor more than \$5,000 or imprisoned for not less than one year nor more than 15 years or both.

Conference Committee/Legislature: Delete provision.

16. REGULATION OF RENT-TO-OWN AGREEMENTS

Assembly: Modify Wisconsin Statutes to exclude rent-to-own agreements from the coverage provided under the Uniform Commercial Code -- Secured Transactions (Chapter 409) and the Wisconsin Consumer Act (Chapters 421 to 427). Instead, create specific provisions for the regulation of rent-to-own agreements, as outlined below.

Under current law, the Wisconsin Consumer Act applies to rent-to-own agreements under a holding in *Palacios v. ABC TV and Stereo Rental*, 123 Wis. 2d 79 (Ct. App. 1985). These provisions would exempt rent-to-own agreements from coverage under the Wisconsin Consumer Act and create a new chapter of the statutes for this purpose.

Inapplicability of Other Laws

Specify that a rent-to-own agreement is not governed by the laws relating to a security interest or to a lease as these terms are defined in the statutes on general provisions and leases under the Uniform Commercial Code.

Exclusions

Specify that the chapter on rent-to-own agreements does not apply to the following:

- a. An agreement between a rental-purchase company and any person other than a lessee;
- b. A lease or bailment of personal property if the property is intended to be used primarily for business, commercial, or agricultural purposes (a bailment is the act of delivering goods or personal property to another in trust);
- c. A lease of a motor vehicle that is required to be registered as a motor vehicle in the state (except mopeds);
- d. A credit sale, as defined in the United States Code under the provisions on Commerce and Trade, which includes any sale in which the seller is a creditor; and
- e. A consumer lease, as defined in the United States Code under the provisions on Commerce and Trade. The United States Code defines a "consumer lease" as a contract in the form of a lease or bailment for the use of personal property by a natural person for a period of time exceeding four months, for a total contractual obligation not exceeding \$25,000 and primarily for personal, family, or household purposes. Such a contract is considered a consumer lease whether or not the lessee has the option to purchase or otherwise become the owner of the property at the expiration of the lease, except that a credit sale is not a consumer lease.

Definitions

Define a "rent-to-own" agreement as an agreement between a rental-purchase company and a lessee for the use of personal property if all of the following conditions are met: (a) the personal property is to be used primarily for personal, family or household purposes; (b) the agreement has an initial term of four months or less and is automatically renewable with each payment after the initial term; (c) the agreement does not obligate or require the lessee to renew the agreement beyond the initial term; and (d) the agreement permits, but does not obligate, the lessee to acquire ownership of the personal property.

"Rental-purchase company" would mean a person who regularly provides the use of property through rent-to-own agreements and to whom rental payments are initially payable under the terms of the rent-to-own agreement.

Administrative Provisions

Registration & Fees. Require a person engaging in business as a rental-purchase company in this state to file a registration statement with the Department of Financial Institutions (DFI) within 30 days after the date on which the person commences business in this state and annually thereafter no later than February 28. Specify that no person may engage in a business as a rental-purchase company in this state without a valid unsuspended registration except during the first 30 days after the date on which the person commences business in this state.

Provide that the registration statement must include the following: (a) the name of the rental-purchase company; (b) the name under which the rental-purchase company transacts business; (c) the address of the rental-purchase company's principal office; (d) the addresses of all stores or other retail locations in this state at which the rent-to-purchase company offers rent-to-own agreements to potential lessees; and (e) the address of the rental-purchase company's designated agent upon whom service of process may be made in this state. Require DFI to promulgate rules and prescribe forms for the efficient administration of the registrations.

Require a rental-purchase company in this state to pay a registration fee to DFI of \$25 per store or other retail location in the state at which the rental-purchase company offers rent-to-own agreements. Specify that the total fee will not be less than \$50 nor more than \$750.

Examination of Books and Records. Authorize DFI to examine the books and records of a rental-purchase company to determine compliance with the provisions governing rent-to-own agreements. Require a rental-purchase company to make its books and records reasonably available for inspection by DFI. Specify that, if a rental-purchase company's books and records are located outside this state, the company shall, at its option, make them available to DFI at a convenient location in this state or pay the reasonable and necessary expenses for DFI to examine them at the location where they are maintained.

Require a rental-purchase company to use generally accepted accounting principles and practices in keeping its books and records and to keep records relating to each rent-to-own agreement entered into by the company and the payments made thereunder for at least two years after the date on which the agreement is terminated.

Registration Suspension or Revocation. Authorize DFI to issue an order suspending or revoking a rental-purchase company's registration if any of the following conditions are met: (a) the company has violated any of the provisions governing rent-to-own agreements, the violation is not isolated or inadvertent and DFI determines that the violation justifies the suspension or revocation; (b) DFI becomes aware of a fact or condition that, if it had existed at the time of the original license application, would have warranted DFI's refusal to honor the registration; or (c) the rental-purchase company has failed to pay the required registration fee.

Specify the following procedures in the case of a DFI order that suspends or revokes a registration under these provisions:

a. DFI will provide the rental-purchase company with a written notice of intent to issue an order suspending or revoking the company's registration, along with the grounds for and the effective date of the proposed order;

b. The rental-purchase company will have 20 days after receiving the notice to file a written response. This response may contain a request for an administrative hearing. If the written response does not include a request for such a hearing, the right to a hearing is waived.

c. If DFI receives a written response requesting a hearing within the 20-day time limit and believes that the matter satisfies the conditions under which a hearing is to be granted, the matter is to be scheduled for a contested hearing to commence within 60 days after the date on which DFI receives the response.

d. If the rental-purchase company fails to file a written response within 20 days, or if the company files a timely written response but does not request a hearing, DFI may issue an order suspending or revoking the rental purchase company's registration. If the company files a timely response containing a request for a hearing, any order of DFI suspending or revoking the company's registration shall be stayed pending completion of the hearing.

Required Provisions of Rent-To-Own Agreements

Require a rental-purchase company to make the following disclosures, to the extent applicable, in every rent-to-own agreement:

a. *Description.* A brief description of the rented property, sufficient to identify the property to the lessee and the rental-purchase company, and a statement indicating whether the property is new or used (but a statement that incorrectly indicates that new property is used does not violate these provisions);

b. *Cash Price.* The price at which the rental-purchase company would have sold the rental property to the lessee for cash on the date on which the rent-to-own agreement is executed;

c. *Rental Payment.* The periodic rental payment for the rental property;

d. *Up-Front Payment.* The payment required of the lessee at the time that the agreement is executed or the rental property is delivered, whichever is later, including the initial rental payment, any application or processing charge, any delivery fee, any charge for a liability damage waiver or for other optional services agreed to by the lessee and the applicable tax;

e. *Payment to Acquire Ownership.* The total number, total dollar amount and due date of all rental payments necessary to acquire ownership of the rental property;

f. *Other Charges.* A statement that the total dollar amount of all rental payments necessary to acquire ownership of the rental property does not include other charges that a

lessee may incur, such as application, processing or delivery charges and late payment, reinstatement, default and pickup fees. The charges must be separately identified in the rental-purchase agreement and the amount of each charge and fee disclosed;

g. *Rental, Not Purchase.* A statement that the lessee will not own the rental property until the lessee has made the total amount of payments necessary to acquire ownership or has exercised the lessee's early purchase option;

h. *Summary of Early-Purchase Option.* A statement summarizing the terms of the lessee's option to acquire ownership of the rental property, determined according to the early-purchase option, formula or method for determining the price at which the rental property may be purchased under this option;

i. *Responsibility for Theft or Damage.* A statement that, unless otherwise agreed, the lessee is responsible for the fair market value of the property, determined according to the early-purchase option formula or method, if (and as of the time) the rental property is stolen, damaged or destroyed while in the possession of or subject to the control of the lessee;

j. *Service and Warranty.* A statement identifying the party responsible for maintaining or servicing the rental property during the term of the rent-to-own agreement, together with a description of that responsibility and a statement that, if any part of a manufacturer's express warranty covers the rental property when the lessee acquires ownership of the property, the manufacturer's express warranty will be transferred to the lessee if allowed by the terms of the warranty;

k. *Termination at Option of Lessee.* A statement that the lessee may terminate the agreement at any time without penalty by voluntarily surrendering or returning the property in good repair, along with any past due rental payments, fees and charges;

l. *Right to Reinstate.* A brief explanation of the lessee's right to reinstate a rent -to-own agreement;

m. *General Notice.* A notice reading substantially as follows: "You are renting this property. You will not own the property until you make all of the regularly scheduled rental payments necessary to acquire ownership or until you exercise your early-purchase option. If you do not make your rental payments as scheduled or exercise your early-purchase option, the lessor may repossess the property."; and

n. *Information About Rental-Purchase Company and Lessee.* The names of the rental-purchase company and the lessee, the rental-purchase company's business address and telephone number, the lessee's address and the date on which the rent-to-own agreement is executed.

General Requirements of Disclosure

Specify that the required provisions of a rent-to-own agreement are to be made in writing, clearly and conspicuously (in not less than 8-point standard type), on the face of the rent-to-own agreement above the line for the customer's signature, at or before the time the lessee becomes legally obligated under the rent-to-own agreement.

Provide that the required disclosures of a rent-to-own agreement must be accurate as of the time they are disclosed. However, specify that if a disclosure subsequently becomes inaccurate as a result of any act, occurrence or agreement by the lessee, the resulting inaccuracy is not a violation of these provisions.

Require the rental-purchase company to provide the lessee with a copy of the completed rent-to-own agreement signed by the lessee. Specify that if more than one lessee is legally obligated under the same rent-to-own agreement, delivery of a copy of the completed agreement to one of the lessees satisfies this requirement.

Prohibited Provisions

Specify that a rent-to-own agreement may not contain:

- a. *Confession.* A confession of judgment;
- b. *Security.* A provision granting the rental-purchase company a security interest in any property except rental property delivered by the rental-purchase company pursuant to the rent-to-own agreement;
- c. *Repossession.* A provision authorizing a rental-purchase company or its agent to enter the lessee's premises or to commit a breach of the peace in the repossession of rental property delivered by the company under the rent-to-own agreement;
- d. *Waiver.* A waiver of a defense or counterclaim, or a waiver of any right to assert any claim that the lessee may have against the rental-purchase company or an agent of the rental-purchase company or a waiver of any provision governing rent-to-own agreements;
- e. *Overpayment.* A provision that requires rental payments totaling more than the total dollar amount of all rental payments necessary to acquire ownership as disclosed in the rental-purchase agreement; or
- f. *Insurance.* A provision requiring the purchase of insurance from the rental-purchase company.

Late Fees and Grace Period

Late Fees. Specify that if the lessee fails to make any payment when due under the rent-to-own agreement or, at the end of any rental term, fails to either return the rental property or to renew the rent-to-own agreement for an additional term, the rental-purchase company may require a lessee to pay a late fee. This section does not apply if the lessee's failure to return the property or renew the agreement is due to the lessee's exercise of an early-purchase option or due to the lessee's making all of the payments necessary to acquire ownership of the rental property.

Grace Period. Provide the following grace periods for rental payments under a rental-purchase agreement: (a) for an agreement that is renewed on a weekly basis, no late fee may be assessed for a payment that is made within two calendar days after the date on which the scheduled payment is due; and (b) for an agreement that is renewed for a period longer than one week, no late fee may be assessed for a payment that is made within five calendar days after the date the scheduled payment is due.

Collection, Recording and Limitation of Late Fees. Provide that a late fee: (a) may not exceed \$5 per late payment; (b) may be collected only once on each rental payment due (regardless of how long the payment remains past due), and (c) may be collected at the time it accrues or at any time afterward. Specify that payments received will be applied first to the payment of any rent that is due and then to late fees and any other charges. Authorize a rental-purchase company to require payment of any outstanding late fees before transferring ownership of the property to the lessee.

Reinstatement of a Terminated Rent-To-Own Agreement

Specify that a lessee shall have the right to reinstate a terminated rent-to-own agreement without losing any rights or options previously acquired if the lessee returned or surrendered the rental property within five days after the termination of the agreement and if: (a) not more than 21 days have passed after the date that the rental property was returned to the rental-purchase company; or (b) not more than 45 days have passed since the date that the rental property was returned to the rental-purchase company if the lessee has paid two-thirds or more of the total of rental payments necessary to acquire ownership of the rental property.

Authorize the rental-purchase company to require, as a condition of reinstatement, the payment of all past-due rental charges, any applicable late fees, a reinstatement fee not to exceed \$5 and the rental payment for an additional term.

Specify that these provisions on reinstatement do not prevent a rental-purchase company from attempting to repossess rental property upon termination of a rent-to-own agreement. However, such efforts may not affect the lessee's right to reinstate as long as the rental property is voluntarily returned or surrendered within five days after the termination of the rent-to-own agreement.

Require that, upon reinstatement, the rental-purchase company shall provide the lessee with the same rental property, if the property is available and is in the same condition as when it was returned to the rental-purchase company, or with substitute property of comparable quality and condition.

Liability Waiver

Provide that a rental-purchase company may offer a liability waiver to the lessee. Specify that the terms of the waiver must be provided to the lessee in writing and the face of the writing must clearly disclose that the lessee is not required to purchase the waiver. Provide that the fee for the waiver may not exceed 10% of the periodic rental payment.

Early-Purchase Option

Require a rental-purchase company to offer an early-purchase option to every lessee who enters into a rent-to-own agreement with the company. The early-purchase option must permit the lessee to purchase the rental property for cash at any time after the initial payment. As a condition of exercising the early-purchase option, the rental-purchase company may require the lessee to be current on the lessee's rent-to-own agreement or to pay any past-due rental charges and other outstanding fees that are owed.

Referral Transactions

Specify that a rental-purchase company may not induce an individual to enter into a rent-to-own agreement by giving or offering to give a rebate or discount in return for the individual's giving the company the names of prospective lessees if the earning of the rebate or discount is contingent upon the occurrence of any event that takes place after the time that the individual enters into the rent-to-own agreement.

However, provide that a rental-purchase company may give or offer to give a rebate or discount to a lessee who already rents personal property from the company in consideration of the lessee's giving the company the names of prospective lessees. In such a case, a rebate or discount may be contingent upon the occurrence of any event that takes place after the time that the names are given to the rental-purchase company.

Receipts and Statements

Require a rental-purchase company to provide, upon the request of the lessee, a written receipt to the lessee for any payment made by the lessee.

Specify that, upon the request of a lessee, a rental-purchase company must provide a written statement showing the lessee's payment history on each rent-to-own agreement between the lessee and the company. A rental-purchase company would not be required to provide a statement covering any rent-to-own agreement that was terminated or completed more than one year prior to the date of the lessee's request. A rental-purchase company may

provide a single statement covering all rent-to-own agreements or separate statements for each rent-to-own agreement, at the company's option.

Price Cards Displayed

Require that a card or tag clearly and conspicuously stating all of the following be displayed on or next to any property displayed or offered by a rental-purchase company for rent under a rent-to-own agreement: (a) the price of the property if purchased in cash; (b) the amount of the periodic rental payment and the term over which the payment must be made; (c) the total number and total amount of rental payments that must be paid in order to acquire ownership of the property under a rent-to-own agreement; and (d) whether the property is new or used.

Specify that, if property is offered for rent under a rent-to-own agreement through a catalog or if the size of the property is such that displaying a card or tag on or next to the property would be impractical, a rental-purchase company may make the required disclosures in a catalog or list if the catalog or list is readily available to prospective lessees.

Advertising

Require that, if an advertisement for a rent-to-own agreement refers to or states the amount of a payment for any property and the right to acquire ownership of that property, the advertisement must also clearly and conspicuously state all of the following: (a) that the transaction advertised is a rent-to-own agreement; (b) the total number and total dollar amount of rental payments that must be paid to acquire ownership; (c) that the lessee does not acquire ownership of the property if the total dollar amount of payments necessary to acquire ownership is not paid.

However, specify that these provisions do not apply to any in-store display or any advertisement that is published in the yellow pages of a telephone directory or in any similar directory of businesses.

Provide that an owner or agent of the medium in which an advertisement for a rent-to-own agreement appears or through which an advertisement for a rent-to-own agreement is disseminated will not be liable for any violation of these requirements with respect to advertising.

Default and Right to Cure

Specify that a lessee is in default under a rent-to-own agreement if: (a) the lessee fails to return rental property within seven days after the date that the last rental term for which a rental payment was made expires, unless the lessee has exercised an early-purchase option or has made all payments necessary to acquire ownership of the rental property; or (b) the lessee materially breaches any other provision of the rent-to-own agreement.

Provide that no cause of action will accrue against a lessee with respect to the lessee's obligations under a rent-to-own agreement except by reason of a default. Require that, as a condition precedent to bringing an action against a lessee arising out of the lessee's default, a rental-purchase company must provide a written notice of the default and of the right to cure the default to the lessee. The notice must specify the default and the action required to cure the default. The notice must also inform the lessee that if the default is not cured within 15 days after the notice is given, the rental-purchase company will have the right to bring an action against the lessee.

However, specify that a rental-purchase company is not required to provide a notice of default and right to cure as a condition precedent to bringing an action against a lessee if each of the following occurred twice during the 12 months before the date of the current default with respect to the same rent-to-own agreement: (a) the lessee was in default; (b) the rental-purchase company gave the lessee written notice of the default and of the lessee's right to cure ; and (c) the lessee cured the default.

Specify that a rental-purchase company may request the voluntary return or surrender of rental property prior to the declaration of a default and the sending of written notice of default and right to cure. A request under this provision is subject to the rental-purchase company collection practices described below.

Rental-Purchase Company Collection Practices

Prohibit a rental-purchase company from doing any of the following in an attempt to recover possession of rental property or to collect past-due rental payments or other charges owed under a rent-to-own agreement:

a. *Use of Force.* Use or threaten to use force or violence to cause physical harm to the lessee or the lessee's dependents or property.

b. *Criminal Prosecution.* Threaten criminal prosecution (unless the rental-purchase company reasonably believes, in good faith, that the lessee has violated a law of this state and, as a result of the violation, is subject to penalties, including a fine or imprisonment or both, and the rental-purchase company intends to seek the filing of criminal charges against the lessee).

c. *Disclosure of False Information.* Disclose or threaten to disclose information adversely affecting the lessee's reputation for credit worthiness with knowledge or reason to know that the information is false.

d. *Communication with Lessee's Employer.* Initiate or threaten to initiate communication with the lessee's employer prior to obtaining final judgment against the lessee, except as permitted by statute, including specifically provisions on the assignment of earnings under the statutes governing consumer credit transactions. (However, these provisions would not prohibit a rental-purchase company from communicating with a lessee's employer solely to

verify employment status or earnings or to determine if the employer has an established debt counseling service or procedure.).

e. *Disclosure of Information Regarding a Disputed Debt.* Disclose or threaten to disclose information concerning the existence of a debt known to be reasonably disputed by the lessee without disclosing the fact that the lessee disputes the debt.

f. *Harassment.* Communicate with the lessee or a person related to the lessee with such frequency or at such unusual hours or in such a manner as can reasonably be expected to threaten or harass the lessee or engage in any other conduct which can reasonably be expected to threaten or harass the lessee or a person related to the lessee.

g. *Use of Obscene or Threatening Language.* Use obscene or threatening language in communicating with the lessee or a person related to the lessee.

h. *Use of Threat To Enforce False Right.* Threaten to enforce a right with knowledge that the right does not exist.

i. *Use of False Process.* Use a communication which simulates legal or judicial process or which gives the appearance of being authorized, issued or approved by a government, government agency or attorney-at-law when it is not.

j. *Use of Threat to Sue.* Threaten to file a civil action against the lessee unless such action is taken in the regular course of business or is intended with respect to the lessee in question.

Civil Actions and Defenses

Liability. Specify that, except for certain violations described below, a rental-purchase company that violates any of these provisions is liable to a lessee who is damaged as a result of that violation for the costs of the action and for reasonable attorney fees as determined by the court, plus an amount equal to the greater of the following: (a) the actual damages, including any incidental and consequential damages, sustained by the lessee as a result of the violation; or (b) an amount equal to 25% of the total amount of payments due in one month under the lessee's rent-to-own agreement (but not less than \$100 nor more than \$1,000).

However, specify that, if a rent-to-own agreement includes illegal provisions as described above, the lessee will be entitled to retain the rental property without obligation to pay any amount and to recover any sums paid to the rental-purchase company pursuant to the transaction.

Class Action. Provide that, in the case of a class action, a rental-purchase company that violates these provisions is liable to the members of the class in an amount determined by the court. However, specify that the total recovery for all lessees whose recovery is computed pursuant to "(b)" above may not exceed \$100,000 plus the costs of the action and reasonable

attorney fees as determined by the court. In determining the amount to award, the court must consider the following among other relevant factors: (a) the amount of actual damages sustained by members of the class; (b) the frequency and persistence of violations by the rental-purchase company; (c) the resources of the rental-purchase company; (d) the number of persons damaged by the violation; (e) the presence or absence of good faith on the part of the rental-purchase company; and (f) the extent to which the violation was intentional.

Defense; Error Notification and Correction. Specify that a rental-purchase company is not liable for a violation of these provisions resulting from an error by the rental-purchase company if, within 60 days after discovering the error, the rental-purchase company notifies the lessee of the error and makes any adjustments necessary to correct the error.

Defense; Unintentional Error. Provide that a rental-purchase company is not liable for a violation of the regulations on rental-purchase agreements if the company shows by a preponderance of the evidence that: (a) the violation was not intentional; (b) the violation resulted from a bona fide error (notwithstanding the maintenance of procedures reasonably adapted to avoid these errors); and (c) the rental-purchase company has acted to correct the error. A bona fide error would include a clerical error, an error in making calculations, an error due to computer malfunction or computer programming or a printing error.

Necessary Parties. Provide that, if more than one lessee is a party to the same rent-to-own agreement, all of the lessees that are parties to the rent-to-own agreement shall be joined as plaintiffs in any action described under "Liability" above. In this case, the lessees would be entitled to only a single recovery under "Liability."

Liability for Multiple Violations. Specify that multiple violations of these provisions in connection with the same rent-to-own agreement shall only entitle the lessee to a single recovery under "Liability." However, provide that a violation of rental-purchase company collection practices that occurs after recovery has been granted with respect to that rent-to-own agreement may entitle the lessee to an additional recovery under "Liability."

Limitation on Actions

Require that an action brought by a lessee under this chapter must be commenced within one year after the date on which the alleged violation occurred, two years after the date on which the rent-to-own agreement was entered into, or one year after the date on which the last payment was made under the rent-to-own agreement, whichever is later.

Administrative Rules and Effective Dates

Submission of Proposed Rules Governing Registration of Rental-Purchase Companies. Specify that, no later than the first day of the third month beginning after publication of the bill, DFI must submit proposed rules for governing registration of rental-purchase companies to the Legislative Council Staff.

Effective Dates. Specify that the treatment of all of these provisions would first take effect on the first day of the sixth month beginning after publication.

In addition, specify that the treatment of the provisions described above under "Registration and Fees" and "Registration Suspension and Revocation" would first apply to any person engaging in business as a rental-purchase company on the effective date of the provisions (the first day of the sixth month beginning after publication).

Specify that all other provisions would first apply to rent-to-own agreements entered into on the effective date of these provisions (the first day of the sixth month beginning after publication).

Conference Committee/Legislature: Delete provision.

17. INTERSTATE ACQUISITIONS OF BANKS AND BANK HOLDING COMPANIES

Assembly: Specify that the Division of Banking in the Department of Financial Institutions may not approve an application by an out-of-state applicant to acquire an in-state bank or the in-state bank subsidiaries of an in-state bank holding company unless the following condition is met: the in-state bank or every in-state bank subsidiary of the in-state bank holding company to be acquired has been in existence and in continuous operation for at least five years as of the proposed date of acquisition. These provisions clarify that the current statutes on the age requirement for acquisitions of in-state banks and in-state bank-holding companies apply to any applicant that is not an in-state bank or in-state bank holding company. Under current law, these provisions apply only to an out-of-state bank holding company.

In addition, clarify that the two-year divestiture requirement regarding acquisitions of an in-state bank holding company that owns one or more in-state banks that have existed for less than five years does not apply to acquisitions by in-state banks or in-state bank holding companies.

Conference Committee/Legislature: Delete provision.

18. FEES FOR THE USE OF AUTOMATED TELLER MACHINES

Senate: Prohibit the following financial institutions from charging a person a fee for the use of certain remote units [such units are commonly referred to as Automated Teller Machines (ATMs)] unless the transaction relates to or affects an account held by that person with the financial institution: (a) a state or federal credit union that owns or operates a remote terminal; (b) a state or federal savings bank that owns or operates a remote service unit; (c) a state or federal savings and loan association that owns or operates a remote service unit; and (d) a state or national bank that owns or operates a customer bank communications terminal. Current law authorizes such financial institutions to operate ATMs and does not prohibit the institutions

from charging fees associated with such use. These provisions would specify that, with the exception described above and subject to joint rules established by the Division of Credit Unions, the Division of Banking and the Division of Savings and Loans, a financial institution would be prohibited from charging a fee for the use of an ATM. These provisions would take effect on the first day of the seventh month beginning after publication of the bill.

A Legislative Reference Bureau Drafter's Note indicates that it is unclear whether and to what extent the state may regulate the fees charged by national and federal financial institutions.

Conference Committee/Legislature: Delete provision.

GENERAL PROVISIONS

Budget Change Items

1. COMPREHENSIVE PLANNING

Governor: Create a provision defining comprehensive plan as a county development plan, city, village or town master plan or regional planning commission master plan. Specify that a comprehensive plan must include the following elements: (a) issues and opportunities; (b) housing; (c) transportation; (d) utilities and community facilities; (e) agricultural, natural and cultural resources; (f) economic development; (g) intergovernmental cooperation; (h) land use; and (i) implementation. Define local governmental unit for the purpose of comprehensive plans as a city, village, town, county or regional planning commission.

a. *Issues and Opportunities Element.* Specify that this element includes background information on the local governmental unit and a statement of objectives, policies, goals and programs of the local governmental unit to guide the future growth and development of the local governmental unit over a 20-year planning period. Define background information to include population, household and employment forecasts that the local governmental unit uses in developing its plan, and demographic trends, age distribution, educational levels, income levels and employment characteristics that exist within the local governmental unit. Authorize the required statement to include similar elements related to federal and state programs and background information on nearby local governmental units that affect the local governmental unit preparing the plan.

b. *Housing Element.* Specify that this element includes a statement of objectives, policies, goals and programs of the local governmental unit to provide an adequate housing supply that meets existing and forecasted housing demand in the local governmental unit and in nearby local governmental units. Require the statement to contain a map and to assess the age, structural, value and occupancy characteristics of the local governmental unit's housing stock. Require the statement to identify specific policies and programs that promote the development of housing for residents of the local governmental unit with all income levels and with various needs. Require the statement to include policies and programs to maintain or rehabilitate the local governmental unit's existing housing stock.

c. *Transportation Element.* Specify that this element includes a map and a statement of objectives, policies, goals and programs to guide the future development of transportation infrastructure and various modes of transportation, including public transportation, transportation systems for persons with disabilities, bicycles, walking, railroads, air transportation, trucking and water transportation. Require the statement to compare the local governmental unit's objectives, policies, goals and programs to state and regional transportation

plans. Require the statement to identify highways and streets within the local governmental unit by type and identify applicable transportation plans, including transportation corridor plans, county highway functional and jurisdictional studies, urban area and rural area transportation plans, airport master plans and rail plans, that apply in the local governmental unit.

d. *Utilities and Community Facilities Element.* Specify that this element includes a map and a statement of objectives, policies, goals and programs to guide the future development of utilities and community facilities in the local governmental unit. Enumerate sanitary sewer service, stormwater management, water supply, solid waste disposal, on-site wastewater treatment technologies, recycling facilities, parks, telecommunications facilities, power-generating plants and transmission lines, cemeteries, health care facilities, child care facilities and other public facilities, such as police, fire and rescue facilities, libraries, schools and other governmental facilities as types of utilities and community facilities to be included in this element. Require the statement to describe the use and capacity of existing public utilities and community facilities that serve the local governmental unit. Require the statement to include an approximate timetable that forecasts the need in the local governmental unit to expand or rehabilitate existing utilities and facilities or to create new utilities and facilities. Require the statement to assess future needs for government services in the local governmental unit that are related to such utilities and facilities.

e. *Agricultural, Natural and Cultural Resources Element.* Specify that this element includes a map and a statement of objectives, policies, goals and programs for conserving natural resources and promoting their effective management. Enumerate groundwater, forests, productive agricultural areas, environmentally sensitive areas, threatened and endangered species, stream corridors, surface water, floodplains, wetlands, wildlife habitat, metallic and nonmetallic mineral resources, parks, open spaces, historic and cultural resources, aesthetic resources, recreational resources and other natural resources as types of natural resources to be included.

f. *Economic Development Element.* Specify that this element includes a map and a statement of objectives, policies, goals and programs to promote the stabilization, retention or expansion of the economic base and quality employment opportunities in the local governmental unit. Require the statement to include an analysis of the labor force and economic base of the local governmental unit. Require the statement to assess categories or particular types of new businesses and industries that are desired by the local governmental unit. Require the statement to assess the local governmental unit's strengths and weaknesses with respect to attracting and retaining businesses and industries, and to designate an adequate number of sites for such businesses and industries. Require the statement to evaluate and promote the use of environmentally contaminated sites for commercial or industrial uses. Require the statement to identify county, regional and state economic development programs that apply to the local governmental unit.

g. *Intergovernmental Cooperation Element.* Specify that this element includes a map and a statement of objectives, policies, goals and programs for joint planning and decision making with other jurisdictions, including school districts and adjacent local governmental units, for siting and building public facilities and sharing public services. Require the statement to analyze the relationship of the local governmental unit to school districts and adjacent local governmental units, and to the region, the state and other governmental units. Require the statement to incorporate any plans or agreements to which the local governmental unit is a party under existing boundary change, intergovernmental cooperation or regional planning provisions. Require the statement to identify existing or potential conflicts between the local governmental unit and school districts and adjacent local governmental units and describe processes to resolve such conflicts.

h. *Land-Use Element.* Specify that this element includes a map and a statement of objectives, policies, goals and programs to guide the future development and redevelopment of public and private property. Require the statement to contain a listing of the amount, type, intensity and net density of existing uses of land in the local governmental unit, such as agricultural, residential, commercial, industrial and other public and private uses. Require the statement to analyze trends in the supply, demand and price of land, opportunities for redevelopment and existing and potential land-use conflicts. Require the statement to contain projections, based on the background information specified in the issues and opportunities element, for 20 years with detailed maps, in 5-year increments, of future residential, agricultural, commercial and industrial land uses including the assumptions of net densities or other spatial assumptions upon which the projections are based. Require the statement to include a series of maps showing current and future land uses. Require these maps to indicate productive agricultural soils, natural limitations for building site development, floodplains, wetlands and other environmentally sensitive lands, the boundaries of areas to which services of public utilities and community facilities, as identified in the utilities and community facilities element, will be provided in the future, consistent with that element's timetable, and the general location of future land uses by net density or other classifications.

i. *Implementation Element.* Specify that this element includes a statement of programs and specific actions to be completed in a stated sequence. Require the statement to include proposed changes to any applicable zoning ordinances, official maps, sign regulations, erosion and stormwater control ordinances, historic preservation ordinances, site plan regulations, design review ordinances, building codes, mechanical codes, housing codes, sanitary codes or subdivision ordinances, to implement the objectives, policies, plans and programs contained in the preceding elements. Require the statement to describe how each of the elements of the comprehensive plan will be integrated and made consistent with the other elements of the comprehensive plan. Require the statement to include a mechanism to measure the local governmental unit's progress toward achieving all aspects of the comprehensive plan. Require the statement to include a process for updating the comprehensive plan and specify that comprehensive plans developed under these provisions must be updated no less often than once every 10 years.

Replace the current lists of items that may be included in county development plans, master plans developed by city, village or town plan commissions and master plans prepared by regional planning commissions with requirements that such plans contain, at a minimum, the elements enumerated for inclusion in a comprehensive plan.

Modify current law regarding the adoption of master plans by city, village or town plan commissions and regional planning commissions by replacing provisions that allow the adoption of plans in whole or by functional subdivision with provisions that allow the adoption of plans in whole or part by element, as enumerated under the provision for comprehensive plans

Modify current law provisions regarding the general responsibilities of regional planning commissions to specify that plans, and resolutions related to those plans, that are for the physical, social and economic development of the region must be consistent with the elements required for inclusion in a comprehensive plan.

These provisions would become effective upon passage of the bill, but would only apply when existing plans are amended or new plans are created.

Joint Finance: Modify the Governor's recommendation as follows:

a. Replace the definition of the issues and opportunities element with the following:

Background information on the local governmental unit and a statement of overall objectives, policies, goals and programs of the local governmental unit to guide the future development and redevelopment of the local governmental unit over a 20-year planning period. Background information shall include population, household and employment forecasts that the local governmental unit uses in developing its comprehensive plan, and demographic trends, age distribution, educational levels, income levels and employment characteristics that exist within the local governmental unit.

b. Replace the definition of the housing element with the following:

A compilation of objectives, policies, goals, maps and programs to provide an adequate housing supply that meets existing and forecasted housing demand in the local governmental unit. The element shall assess the age, structural, value and occupancy characteristics of the local governmental unit's housing stock and provide a range of housing choices, recognizing local and regional housing needs for all income levels and for all age groups and special needs. The element shall also identify specific policies and programs that promote the availability of land for the development or redevelopment of low and moderate income housing, and policies and programs to maintain or rehabilitate the local governmental unit's existing housing stock.

c. Replace the definition of the transportation element with the following:

A compilation of objectives, policies, goals, maps and programs to guide the future development of the various modes of transportation, including streets, roads and highways, transit, transportation systems for persons with disabilities, bicycles, walking, railroads, air transportation, trucking and water transportation. The element shall compare the local governmental unit's objectives, policies, goals and programs to state and regional transportation plans. The element shall identify highways and streets within the local governmental unit by function and incorporate other applicable transportation plans, including transportation corridor plans, county highway functional and jurisdictional studies, urban area or rural area transportation plans, airport master plans and rail plans, that apply to the local governmental unit.

d. Replace the definition for the utilities and community facilities element with the following:

A compilation of objectives, policies, goals, maps and programs to guide the future development of utilities and community facilities in the local governmental unit such as sanitary sewer service, stormwater management, water supply, solid waste disposal, on-site wastewater treatment technologies, recycling facilities, parks, telecommunications facilities, power-generating plants and transmission lines, cemeteries, health care facilities, child care facilities and other public facilities, such as police, fire and rescue facilities, libraries, schools and other governmental facilities. The element shall describe the location, use and capacity of existing public utilities and community facilities that serve the local governmental unit, shall include an approximate timetable that forecasts the need in the local governmental unit to expand or rehabilitate existing utilities and facilities or to create new utilities and facilities, and shall assess future needs for government services in the local governmental unit that are related to such utilities and facilities.

e. Replace the definition of the agricultural, natural and cultural resources element with the following:

A compilation of objectives, policies, goals, maps and programs for the conservation, and promotion of the effective management, of natural resources such as groundwater, forests, productive agricultural areas, environmentally sensitive areas, threatened and endangered species, stream corridors, surface water, floodplains, wetlands, wildlife habitat, metallic and nonmetallic mineral resources, parks, open spaces, historic and cultural resources, community design, recreational resources and other natural resources.

f. Replace the definition of the economic development element with the following:

A compilation of objectives, policies, goals, maps and programs to promote the stabilization, retention or expansion of the economic base and quality employment opportunities in the local governmental unit, including an analysis of the labor force and economic base of the local governmental unit. The element shall assess categories or particular

types of new businesses and industries that are desired by the local governmental unit. The element shall assess the local governmental unit's strengths and weaknesses with respect to attracting and retaining businesses and industries, and shall designate an adequate number of sites for such businesses and industries. The element shall also evaluate and promote the use of environmentally contaminated sites for commercial or industrial uses. The element shall also identify county, regional and state economic development policies and programs that apply to the local governmental unit.

g. Replace the definition of the intergovernmental cooperation element with the following:

A compilation of objectives, policies, goals, maps and programs for joint planning and decision making with other jurisdictions, including school districts and adjacent local governmental units, for siting and building public facilities and sharing public services. The element shall analyze the relationship of the local governmental unit to school districts and adjacent local governmental units, and to the region, the state and other governmental entities. The element shall incorporate any plans or agreements to which the local governmental unit is a party under s. 66.023, 66.30 or 66.945. The statement shall identify existing or potential conflicts between the local governmental unit and other governmental units that are specified in this paragraph and describe processes to resolve such conflicts.

h. Replace the definition of the land use element with the following:

A compilation of objectives, policies, goals, maps and programs to guide the future development and redevelopment of public and private property. The element shall contain a listing of the amount, type, intensity and net density of existing uses of land in the local governmental unit, such as agricultural, residential, commercial, industrial and other public and private uses. The element shall analyze trends in the supply, demand and price of land; opportunities for redevelopment; and existing and potential land-use conflicts. The element shall contain projections, based on the background information specified in par. (a), for 20 years with detailed maps, in five-year increments, of future residential, agricultural, commercial and industrial land uses including the assumptions of net densities or other spatial assumptions upon which the projections are based. The element shall also include a series of maps showing current and future land uses that indicate productive agricultural soils, natural limitations for building site development, floodplains, wetlands and other environmentally sensitive lands, the boundaries of areas to which services of public utilities and community facilities, as those terms are used in par. (d), will be provided in the future, consistent with the timetable described in par. (d), and the general location of future land uses by net density or other classifications.

i. Replace the definition of the implementation element with the following:

A statement of programs and specific actions to be completed in a stated sequence, including proposed changes to any applicable zoning ordinances, official maps, sign

regulations, erosion and stormwater control ordinances, historic preservation ordinances, site plan regulations, design review ordinances, building codes, mechanical codes, housing codes, sanitary codes or subdivision ordinances, to implement the objectives, policies, plans and programs contained in pars. (a) to (h). The element shall describe how each of the elements of the comprehensive plan will be integrated and made consistent with the other elements of the comprehensive plan, and shall include a mechanism to measure the local governmental unit's progress toward achieving all aspects of the comprehensive plan. The element shall include a process for updating the comprehensive plan. A comprehensive plan under this subsection shall be updated no less than once every 10 years.

j. Require local governments to comply with the following procedures when adopting a comprehensive plan:

1. Require the governing body of the local government to adopt written procedures designed to provide early and continuous public participation in the preparation and amendment of the comprehensive plan and any regulation relating to the implementation of such plan. Require the procedures to provide for broad dissemination of proposals and alternatives, opportunity for written comments, public meetings after effective notice, open discussion, communication programs, information services, and consideration of and response to public comments.

2. Provide that planning commissions shall recommend comprehensive plans, elements of plans, amendments to plans and additions to plans by resolution adopted by a majority of the commission's membership. Require the resolution to refer expressly to maps and other descriptive matter intended by the planning commission to form the whole or an element for the recommended plan. Require the resolution to be recorded in the official minutes of the planning commission. Require one copy of the comprehensive plan or amendment to the plan to be transmitted to: (a) each of the affected governing bodies within the jurisdiction, including, but not limited to, the local school district, sewer district and parks commission; (b) adjacent units of government; (c) the county in which the local unit of government is located; and (d) the Wisconsin Land Council, or to DOA after September 1, 2003.

3. Specify that a comprehensive plan or an amendment to the plan that has been recommended by the local planning commission must be adopted as an ordinance by the governing body of the local government to become effective. Prohibit the governing body of the local government from adopting a comprehensive plan that does not contain all of the elements specified under the comprehensive planning provisions. Require ordinances adopting a plan or amendments to a plan to be by majority vote of the entire membership. Require the local unit of government to make the comprehensive plan and related amendments available for purchase to the public at the actual cost associated with photocopying the comprehensive plan, or at a lesser amount. Require the plan to be filed with: (a) the clerk of the local unit of government; (b) the public library that serves the area in which the local government unit is located; (c) the regional

planning commission in the region where the local government is located; and (d) the clerks of any adjoining local unit of government.

4. Require the governing body of a local government to hold at least one public hearing prior to adopting a comprehensive plan or an amendment to the plan. Require the governing body to give notice by publication in a newspaper having general circulation within the local unit of government at least 30 days before the public hearing. Authorize the governing body to give notice by publication on a computer-accessible information network or by other appropriate means. Require the form of the notice to include: (a) the date, time and place of the hearing; (b) a description of the substance of the proposed plan or related amendment, including maps where appropriate; (c) a contact person from the local government from whom additional information may be obtained; (d) the time and place where the proposed plan or related amendment may be inspected by any interested person prior to the hearing; and (e) the location where copies of the proposed plan or related amendment may be obtained or purchased.

k. Require that the following programs and actions be consistent with comprehensive plans, beginning on January 1, 2010:

1. municipal incorporations;
2. annexations;
3. cooperative boundary agreements;
4. official mapping;
5. subdivision plat review and/or land division processes;
6. extraterritorial plat review;
7. county zoning ordinances;
8. city and village zoning ordinances;
9. town zoning ordinances;
10. the transportation facilities economic assistance program;
11. farmland preservation planning;
12. development impact fees;
13. land acquisition for local parks under the Stewardship Fund;
14. shoreland zoning ordinances;
15. wetland regulations;
16. stormwater management plans and regulations; and
17. all other plans and regulations affecting land use.

Assembly: Delete provision.

Conference Committee/Legislature: Modify the Joint Finance provisions as follows:

a. *Comprehensive Plan.* Modify the definitions for the housing and transportation elements within a comprehensive plan as follows:

1. **Housing Element.** Delete the requirement to identify housing policies and programs that promote the development of housing for residents of the local governmental unit with all income levels and with various needs and, instead, require that policies and programs be identified that provide a range of housing choices that meet the needs of persons of all income levels and of all age groups and persons with special needs.

2. **Transportation Element.** Specify that state and regional transportation plans be incorporated into the element, as well as other applicable transportation plans.

b. *Procedures for Adopting Comprehensive Plans and Related Regulations.* Modify the procedures for adopting comprehensive plans by deleting the requirement that the plan or amendments to it be filed with the regional planning commission for the region where the local government is located prior to its adoption by ordinance. Clarify that the plan or amendments to it be filed with the clerks of all, rather than any, of the adjacent units of government.

c. *Certain Actions to be Consistent with Comprehensive Plans.* Modify the provisions regarding local actions that must be consistent with comprehensive plans to specify that the requirement applies only to local programs and actions and to extend the requirement to all other local plans and regulations affecting land use.

d. *County Development Plans.* Change the current law provision regarding the preparation of county development plans to specify that county zoning agencies are permitted, rather than required, to prepare county development plans.

[Act 9 Sections: 1578, 1579, 1590, 1591, 1606 and 1644 through 1646]

2. STATE AGENCY ACTIONS AFFECTING LAND USE

Joint Finance: Specify that each state agency must ensure that, consistent with other laws, that actions of the agency are designed to further the following land use goals:

- Promotion of the redevelopment of lands with existing infrastructure and public services and the maintenance and rehabilitation of existing residential, commercial and industrial structures.
- Encouragement of neighborhood designs that support a range of transportation choices.
- Protection of natural areas, including wetlands, wildlife habitats, lakes and woodlands, open spaces and groundwater resources.
- Protection of economically productive areas, including farmland and forests.
- Encouragement of land uses, densities and regulations that promote efficient development patterns and relatively low municipal, state government and utility costs.

- Preservation of cultural, historic and archaeological sites.
- Encouragement of coordination and cooperation among nearby units of government.
- Building of community identity by maintaining physical separation between urban areas, revitalizing main streets and enforcing design standards.
- Providing an adequate supply of affordable housing for all income levels throughout each community.
- Providing adequate infrastructure and public services and supply of developable land to meet existing and future market demand for residential, commercial and industrial uses.
- Promoting the expansion or stabilization of the current economic base and the creation of a range of employment opportunities.
- Balancing individual property rights with community interests and goals.
- Planning and development of land uses that create or preserve varied and unique urban and rural communities.

Stipulate that each state agency would be required to ensure that, consistent with other laws, whenever it administers a law under which a local government unit prepares a land use plan, the actions of the local governmental unit under the plan are designed to further the above goals, to the extent applicable.

Assembly: Delete provision.

Conference Committee/Legislature: Modify the Joint Finance provisions as follows:

- a. Delete the provision that directs each state agency to ensure that, consistent with other laws, that the actions of the agency are designed to further the enumerated state land use goals, and, instead, specify that each state agency, where applicable and consistent with other laws, is encouraged to design its rules, programs, policies, infrastructure and investments to strike a balance between the enumerated local comprehensive planning goals and the overall mission of the agency.
- b. Modify the enumerated local comprehensive planning goals as follows:
 1. Delete the reference to "maintaining physical separation between urban areas" from the goal relating to the "building of community identity;"

2. Clarify that the goal regarding the creation of employment opportunities extends to the state, regional and local levels; and

3. Create an additional goal relating to providing an integrated, efficient and economical transportation system that provides mobility, convenience and safety and which meets the needs of all citizens, including transit-dependent and disabled.

[Act 9 Sections: 1b and 2355m]

3. APPROVAL OF FINAL PLATS

Joint Finance: Modify the process for the approval of plats as follows:

a. Repeal the current law provision specifying that no approving authority or agency having the power to approve or object to plats shall condition the approval or base the objection on any requirement other than the provisions of Chapter 236 of the statutes, a local ordinance, a local master plan or rules of the Department of Commerce (relating to certain sewer service connections) and the Department of Transportation (relating to highway entrances). Provide instead that if a preliminary or final plat meets the requirements of s. 236.13 of the statutes, all approving authorities must approve the plat and agencies having the power to approve or object to plats shall approve, or certify non-objection to, the plat within the appropriate time frames provided in Chapter 236 of the statutes.

b. Repeal current law provisions that require the approval or review of a plat to be based on consistency with any plan adopted under s. 236.46 or an official map under s. 62.23 and, instead, require the approval or review to be based on consistency with a comprehensive plan or a master plan, if the community does not have a comprehensive plan, effective January 1, 2000.

Assembly: Delete provision.

Conference Committee/Legislature: Delete the Joint Finance provision described under "a."

[Act 9 Sections: 2398g, 9358(5zv) and 9458(2zo)]

4. ADOPTION OF TRADITIONAL NEIGHBORHOOD DEVELOPMENT ORDINANCE

Joint Finance: Require each town, village and city with a population of at least 5,000 to adopt an ordinance for traditional neighborhood development by January 1, 2002, that is substantially similar to the model ordinance to be developed by the University of Wisconsin-Extension. Provide that the ordinance is not required to be mapped. (See the related entry in this document under the section for "University of Wisconsin System.")

Assembly: Delete provision.

Conference Committee/Legislature: Change the population requirement relating to adoption of a traditional neighborhood development ordinance from 5,000 to 12,500. Specify that the requirement does not become effective until the model ordinance developed by the University of Wisconsin-Extension has been approved by the appropriate standing committees of the Legislature.

Veto by Governor [B-27]: Delete the word "substantially" from the requirement that municipalities adopt a traditional neighborhood development ordinance, thereby requiring that the ordinance be similar, rather than substantially similar, to the model ordinance to be developed by the University of Wisconsin-Extension.

[Act 9 Section: 1606m]

[Act 9 Vetoed Section: 1606m]

5. PLAN COMMISSION MEMBERSHIPS

Joint Finance: Modify current law provisions regarding membership on town, village or city plan commissions to permit, rather than require, local officials to serve on such a commission.

Assembly: Delete provision.

Conference Committee/Legislature: Include Joint Finance provision.

[Act 9 Sections: 1582s, 1582t, 1582u, 1589s, 1589t, 1589u, 1589v and 9158(8zo)]

6. DISSOLUTION OF REGIONAL PLANNING COMMISSIONS

Assembly: Clarify that, in determining whether a majority of the local units in the region have adopted resolutions recommending dissolution, the county need not be included in the majority recommending dissolution. Specify that all towns, villages, cities and counties within the boundaries of a regional planning commission are authorized to adopt a resolution recommending the dissolution of the regional planning commission, even if the local government has withdrawn from the commission's jurisdiction. Under current law, the Governor is directed to dissolve a regional planning commission if a majority of the local governments in the region adopt resolutions recommending dissolution and if the Governor finds that all outstanding indebtedness of the commission has been paid and all unexpended funds have been disposed, as required by law.

Conference Committee/Legislature: Delete provision.

7. DANE COUNTY REGIONAL PLANNING COMMISSION

Governor: Specify that the commission members of the Dane County Regional Planning Commission who are in office on the 30th day after the bill's general effective date cannot remain in office beyond that date unless they are reappointed by the Governor. Provide that, beginning 31 days after the bill's general effective date, the Dane County Regional Planning Commission shall consist of 11 members appointed by the Governor. Specify that the Governor's appointments to the commission must be made either from lists of individuals submitted by local government officials and associations or from a list of five individuals with experience in land use planning, selected by the Governor. Establish the Commission's membership as follows, except that members can be appointed from the Governor's list of five individuals for any of these categories:

a. Two members appointed from a list of at least four individuals submitted by an association representing towns that was in existence on January 1, 1999, provided that one member must be a town resident in eastern Dane County and one member must be a town resident in western Dane County;

b. Two members appointed from a list of at least four individuals submitted jointly by an association representing villages and an association representing third and fourth class cities, both of which were in existence on January 1, 1999;

c. Two members appointed from a list of at least four individuals submitted by the mayor of the City of Madison; and

d. Five members from a list of at least eight Dane County board supervisors submitted by the Dane County executive, provided that at least two of these members must represent towns and no more than two of these members may represent districts that are wholly or partially in the City of Madison, and provided that at least two of these members must represent districts in eastern Dane County and at least two of these members must represent districts in western Dane County.

Require the Secretary of DOA to determine the border between the eastern and western halves of Dane County for the purposes of implementing this provision.

Provide that the Dane County Regional Planning Commission shall be dissolved on December 31, 2001. Require the Commission's unexpended funds be used to retire the Commission's outstanding debt, if any, and specify that any remaining funds be returned to the municipalities or county that supplied them. Provide that any remaining debt shall become an obligation of Dane County.

Require the Dane County Board and the board of any county that is adjacent to Dane County and that is not in a regional planning commission to vote by July 1, 2001, on whether to participate in a newly-organized regional planning commission. Require the new regional

planning commission to be created on January 1, 2002, if two-thirds of the designated county boards vote to participate.

Specify that any regional planning commission created after December 31, 2001, that contains a second class city (this includes the City of Madison) must consist of:

- a. One member appointed by the county board of each participating county;
- b. Two members, appointed by the Governor, from each participating county; and
- c. The Secretary of the Department of Commerce, or a designee, who shall serve as a nonvoting member.

Prohibit the creation of any regional planning commission that consists of a single county after December 31, 2001.

Joint Finance: Delete provision as non-fiscal policy.

Conference Committee/Legislature: Specify that, beginning on the 31st day after the budget bill's general effective date, the Dane County Regional Planning Commission shall consist of the following 13 members:

- a. Four members who are appointed by the mayor of the City of Madison;
- b. Three members, appointed by the Governor, from a list of names submitted by an association representing towns that was in existence on January 1, 1999;
- c. Three members, appointed by the Governor, from a list of names submitted jointly by associations representing villages and third- and fourth-class cities that were in existence on January 1, 1999; and
- d. Three members appointed by the County Executive, one of whom is a resident of the City of Madison, one of whom is a resident of another Dane County city or village and one of whom is a resident of a Dane County town.

Specify that no more than three of the members may be members of the Dane County Board. Specify that eight votes are required to change urban service area boundaries or the County's land use and transportation plan. Specify that the Commission shall be dissolved on October 1, 2002. Create a task force consisting of 15 members appointed by the Governor to study and make recommendations regarding the creation of a multi-county regional planning commission to replace the Dane County Regional Planning Commission.

Veto by Governor [B-29]: Delete the language that implies there are two separate associations representing villages and cities, thereby clarifying that there is a single association, which shall submit a list of names for appointment.

[Act 9 Sections: 9121(1w) and 9158(8w)]

[Act 9 Vetoed Section: 9158(8w)(b)]

8. LOCAL ZONING VARIANCES

Joint Finance: Define unnecessary hardship for purposes of granting variances to local zoning ordinances as a condition where compliance with the strict letter of the zoning restrictions would unreasonably prevent the owner from using the property for a permitted purpose or would render conformity with such restrictions unnecessarily burdensome. Specify that this definition of unnecessary hardship does not apply to requests for variances relating to shoreland, wetland and conservancy zoning ordinances.

Senate/Legislature: Delete provision.

9. ZONING VARIANCE FOR PROPERTY IN KENOSHA COUNTY

Senate: Exclude certain property, whose owner proposes to subdivide the property, from any town, village, city or county zoning ordinance that would otherwise require that an improved road be created to subdivide a parcel of property. Extend the exclusion to property that: (a) is located in a county that was created in 1850 and borders one of the Great Lakes; (b) is not more than five miles from the border of another state; (c) borders a lake; and (d) is owned by a person who files with the appropriate zoning authorities, before January 1, 2000, a plan of subdivision that provides for the addition of one additional home to the parcel.

Conference Committee/Legislature: Delete provision.

10. MODIFY PENALTIES FOR POSSESSION, OPERATION AND COMMERCIAL TRANSFER OF A VIDEO GAMBLING MACHINE

Assembly/Senate/Legislature: Modify the penalty for a person convicted of intentionally engaging in commercial gambling by possessing, operating, setting up, collecting the proceeds of, participating in earnings or maintenance of, or acting as the custodian of anything of value bet or offered to be bet on, not more than five video gambling machines from a Class E felony (subject to a fine not to exceed \$10,000 or imprisonment not to exceed two years, or both) to a misdemeanor offense punishable by a maximum forfeiture of \$500 per video gambling machine, if the offense occurs on the premises for which a Class "B" or "Class B" license has been issued (retail sales of beer or intoxicating beverages for consumption on the premises).

Modify the penalty for a person convicted of permitting premises to be used for commercial gambling involving the set up or use of not more than five video gambling

machines from a Class A misdemeanor (subject to a fine not to exceed \$10,000 or imprisonment not to exceed nine months, or both) to a misdemeanor offense punishable by a maximum forfeiture of \$500 per video gambling machine, if the offense occurs on the premises for which a Class "B" or "Class B" license has been issued.

Modify the penalty for a person who transfers commercially a video gambling machine or possesses a video gambling machine with the intent to transfer commercially from a Class E felony to a Class C forfeiture (a forfeiture not to exceed \$500).

Exclude the offenses which would be converted from felony to forfeiture penalties from the definition of racketeering activity.

Prohibit the commencement of a proceeding to revoke a Class "B" or "Class B" license or permit to a person solely because a person knowingly permits five or fewer video gambling machines to be set up, kept, used or conducted on the licensed premises. Provide that an arrest or conviction for intentionally engaging in commercial gambling involving not more than five video gambling machines or permitting premises to be used for commercial gambling involving the set up or use of not more than five video gambling machines, or dealing in gambling devices involving the commercial transfer or possession of a video gambling machine may not be considered in any action to revoke, suspend or refuse to renew a Class "B" or "Class B" license or permit.

[Act 9 Sections: 2164r, 2164s, 3191bd thru 3191bn, 3191bp, 3196m and 9358(6d)&(6e)]

11. MUNICIPAL CABLE TELEVISION SYSTEMS

Senate: Modify the current law provision authorizing municipalities to own and operate cable television systems by specifying that such systems must be operated on a competitively neutral and nondiscriminatory basis.

Conference Committee/Legislature: Delete provision.

12. FISCAL ESTIMATES FOR CRIMINAL PENALTY BILLS

Senate: Delete the statutory provision that exempts penalty bills from fiscal estimate requirements. Under current law, any bill that makes an appropriation and any bill that increases or decreases existing appropriations or state or general local government fiscal liability or revenues must incorporate a reliable estimate of the anticipated change in appropriation authority or state or general local government fiscal liability or revenues under the bill, including, to the extent possible, a projection of such changes in future biennia.

Create statutory language requiring the preparation of a correctional fiscal estimate for all bills introduced in either house of the Legislature that do any of the following:

- a. Create a criminal offense for which a sentence to a state prison or disposition to a juvenile correctional institution may be imposed.
- b. Increase the maximum period of imprisonment in a state prison or placement in a juvenile correctional facility for an existing criminal offense.
- c. Require that a person be sentenced to imprisonment in a state prison or that a juvenile be placed in a juvenile correctional facility.
- d. Otherwise affect a penalty provision that increases the statewide probation, parole or extended supervision population.

Specify that the correctional fiscal estimate must be incorporated into such a bill: (a) before any vote is taken on the bill by either house of the Legislature, if the bill is not referred to a standing committee; (b) before any public hearing is held before a standing committee; or (c) if no public hearing is held, before any vote is taken by the standing committee. Require that the correctional fiscal estimate must estimate the anticipated state fiscal liability for correctional capital and operational costs under the bill, including a projection of such costs for the fiscal year in which the bill becomes effective and the nine succeeding fiscal years.

Require the Legislative Reference Bureau (LRB) to determine whether a bill draft requires a correctional fiscal estimate and to note that on the bill draft's jacket. When such a bill is introduced, specify that the LRB must submit a copy to the Legislative Fiscal Bureau (LFB) and to the Department of Administration.

Provide that correctional fiscal estimates must be prepared as follows:

- a. The departments or agencies required to prepare the correctional fiscal estimate must submit the following to the LFB within five working days after the departments or agencies receive a copy of the bill:

- (1) Projections of the impact on statewide probationer, prisoner, parolee, extended supervision and juvenile corrections populations.

- (2) An estimate of the fiscal impact of such population changes on state expenditures.

- (3) A statement of the methodologies and assumptions used in making the population projections and estimates of fiscal impact.

If a specific estimate cannot be determined, require the departments or agencies to provide an estimated cost range.

- b. Require the LFB to review the information submitted by the departments or agencies. Provide that the LFB must consult with the departments or agencies and that the departments or agencies must provide the LFB with information necessary to complete its

review, as requested by the LFB. Specify that this review must be completed within five working days from the date the LFB receives the information from the departments or agencies.

c. Specify that the departments or agencies must then prepare a correctional fiscal estimate and submit it to the LRB and the LFB within three working days after the date the LFB's review period ends. Provide that, if the department or agency cannot make a specific estimate, the department or agency must establish assumptions, including population estimates, that allow a projection to be made and provide an estimated cost range.

d. Specify that the LFB must prepare a statement of its review of the correctional fiscal estimate within two working days after receiving the correctional fiscal estimate.

Require the Legislature to reproduce and distribute correctional fiscal estimates and the statements prepared by the LFB in the same manner as amendments are reproduced and distributed.

Create a GPR appropriation for the corrections special reserve fund. Require the Joint Committee on Finance, before recommending a bill for passage, to recommend adoption of an amendment to the bill to increase the GPR appropriation to the corrections special reserve fund. Require that monies placed in the GPR appropriation be transferred to the segregated "Corrections Special Reserve Fund" identified below. Specify that the increase provided must be in an amount equal to the amount of the corrections capital and operating costs for the fiscal year in which those costs are estimated to be the highest, multiplied by two. Further specify that the requirement for appropriations to the special reserve fund does not apply if the Joint Committee on Finance determines that the bill does not increase state liability for corrections capital and operational costs or if the bill already increases the appropriation to the corrections special reserve fund in an amount equal to the fiscal year in which those costs are estimated to be the highest, multiplied by two. Require that if the Joint Committee on Finance determines that the requirement does not apply, the Committee's recommendation must be accompanied by a statement to that effect.

Specify that neither house of the Legislature may vote on a bill that requires a correctional fiscal estimate unless the bill increases the appropriation to the corrections special reserve fund or an amendment has been adopted to increase the appropriation, as described above. Specify that the requirement does not apply to a bill for which the Joint Committee on Finance has prepared a statement that the bill does not increase corrections capital or operational costs or already contains a sufficient appropriation to the corrections special reserve fund.

Specify that neither house of the Legislature may vote on an amendment to the executive budget bill that meets the criteria of a bill that requires a correctional fiscal estimate unless the only provisions in the amendment are identical to the provisions of an introduced bill for which a corrections fiscal estimate has been prepared and in which an appropriation to the corrections special reserve fund has been made, as described above.

Create a segregated corrections special reserve fund, consisting of moneys appropriated by the Legislature in certain criminal penalty bills, as described above, and earnings from that money. Specify that the principal in the fund may only be used for the following purposes:

- a. Debt payments relating to adult and juvenile correctional institutions for the Department of Corrections.
- b. Operational costs for Corrections.
- c. Community corrections programs.

Require that the principal in the fund must first be used for the payment of principal and interest costs incurred in financing the acquisition, construction, development, enlargement or improvement of adult and juvenile correctional facilities and to make full payments of the amounts determined by the Building Commission that are attributable to the proceeds of obligations incurred in financing those facilities. After all those costs have been paid, allow the money to be used for operating costs of Corrections and community corrections programs.

Create SEG appropriations in Corrections for debt repayment, operational costs and community corrections.

Specify that all interest earnings on the money in the fund must be used for the purpose of funding child abuse prevention efforts. Create an appropriation in the Department of Health and Family Services and specify that this money is appropriated to fund child abuse prevention efforts and may not be used to supplant or divert other sources of funding for child abuse prevention efforts.

Conference Committee/Legislature: Adopt the Senate provision, as modified to delete all provisions related to the creation of a segregated corrections special reserve fund and the creation of appropriations. As a result, the following provisions remain: (a) the deletion of the current law provision that exempts penalty bills from fiscal estimate requirements; (b) the requirement for the preparation of a correctional fiscal estimate for certain bills and the procedures under which correctional fiscal estimates are prepared; (c) the requirement that neither house of the Legislature nor a standing committee may vote on a bill that requires a correctional fiscal note unless a correctional fiscal note has been prepared; and (d) the requirement that neither house of the Legislature may vote on an amendment to the executive budget bill that meets the criteria of a bill that requires a correctional fiscal estimate unless the only provisions in the amendment are identical to the provisions of an introduced bill for which a corrections fiscal estimate has been prepared.

Veto by Governor [D-6]: Delete provision.

[Act 9 Vetoed Sections: 1js, 1jt and 1ju]

13. LOCAL PUBLIC WORKS CONTRACTS

Assembly: Competitive Bids. Increase the minimum contract amount for a county, city, town, village, sewerage district, technical college or federated public library public work contract that would require a competitive bidding process to \$30,000. The current minimum amounts for these contracts range from \$7,500 to \$20,000. Specify that this competitive bid requirement would not apply to any contract entered into by a local unit of government using a design-build construction process. Further, specify that competitive bidding process would not apply to public work contracts entered into by towns, villages, cities, sewerage districts, technical colleges and federated public libraries if the materials for the project are donated or if the labor for the project is provided by volunteers.

Design-Build Process. Allow any county, town, village, city, sewerage district, technical college or federated public library with a public work contract that has an estimated cost that exceeds \$500,000 to use a design-build construction and procurement process under which engineering, design and construction services are provided by a single entity.

Establish the following design-build process for a local public work project :

a. the local governmental unit would be required to issue a request for proposal from design-build teams, by publishing a class 1 notice that includes a statement that describes the project space needs and design goals, detailed submission requirements, selection procedures, site information, an outline of specifications for the project, a project budget and schedule, the composition of the selection panel and the approximate amount of the bond required to guarantee completion of the work;

b. following receipt of contractor proposals, the local unit of government would be required to select five or less design-build teams to participate in the final stage of the selection process;

c. the selection of design-build teams would be based on factors that include the background, experience and qualifications of team members, the financial strength and surety capacity of the team, the quality of the initial proposal and the past performance and current workload of the teams;

d. the local unit of government's selection panel could include design and construction professionals who work for the local unit of government or are hired by the local unit of government to assist in the selection, members of the applicable governing board and representatives from the entity that will use the facility that is to be constructed under the selection process;

e. the final selection could be made following interviews and presentations from the finalists based on the criteria that are published as a class 1 notice that states the weight given to each criterion;

f. the criteria to be used in making a final selection could include the quality of the proposed design, the construction approach, and the extent to which the proposal demonstrates compliance with the project statement, the proposed management plan, the estimated cost of the project and a guaranteed maximum project price;

g. the local governmental unit could make a final selection from among the teams selected if it determines that at least one of the teams selected as a finalist will be able to construct the public work project in a way that is satisfactory to the local unit of government; and

h. if the local governmental unit selects a design-build team and enters into a contract for construction of the project, the team would be required to obtain bonding in an amount specified by the local unit of government to guarantee completion of the project in accordance with the terms of the contract.

Conference Committee/Legislature: Modify the Assembly provisions related to increasing the minimum contract amount requiring a competitive bidding process as follows: (a) increase the minimum contract amount to \$25,000 for counties; (b) increase the minimum contract amount to \$20,000 for a sewerage district in a first class city; and (c) increase the minimum contract amount to \$15,000 for towns, villages cities, technical colleges and federated public libraries. Further, specify that these provisions would not apply, or would be optional, for county, town, village, city, technical college and federated public library public works projects for which the materials for the project are donated or the labor for the project is provided by volunteers.

Delete the Assembly provisions related to providing counties, towns, villages, cities, sewerage districts, technical colleges and federated public libraries the authority to use a design build construction and procurement process on local public works contracts.

[Act 9 Sections: 897s, 945dd, 1577p, 1580n, 1580nc, 1580ni, 1585m, 1588c and 1641m]

14. LOCAL PUBLIC WORKS – DESIGN-BUILD CONTRACTS FOR MILWAUKEE COUNTY

Senate: *Design-Build Process.* Specify that the current law competitive bid requirements on public works contracts would not apply to contracts entered into by eligible local units of government that use a design-build construction process. Establish a design-build construction and procurement process under which engineering, design and construction services are provided by a single entity. Specify that the design-build process would be allowed for any public work contract that has an estimated cost that exceeds \$3,000,000 entered into by the following entities: (a) any county with a population of at least 500,000 or federated public library whose territory lies within a single county with a population of at least 500,000; (b) any first class city, technical college district or school district that includes a first class city; or (c) any sewerage district commission with a public work contract. Specify that an owner of sewerage

facility, other than an owner that is a town or the state, that is contracting for a system, plant or extension under the design-build process would be allowed to submit to DNR the performance objectives and preliminary designs in a form that is satisfactory to DNR rather than the complete plans.

Establish the following design-build process for eligible local public work projects:

a. The local governmental unit would be required to issue a request for proposal from design-build teams, by publishing a class 1 notice that includes a statement that describes the project space needs and design goals, detailed submission requirements, selection procedures, site information, an outline of specifications for the project, a project budget and schedule, the composition of the selection panel and the approximate amount of the bond required to guarantee completion of the work and the amount of any stipend that would be offered to unsuccessful design-build teams;

b. Following receipt of contractor proposals, the local unit of government would be required to select five or less design-build teams to participate in the final stage of the selection process;

c. The selection of design-build teams would be based on factors that include the background, experience and qualifications of team members, the financial strength and surety capacity of the team, the quality of the initial proposal and the past performance and current workload of the teams;

d. The local unit of government's selection panel could include design and construction professionals who work for the local unit of government or are hired by the local unit of government to assist in the selection, members of the applicable governing board and representatives from the entity that will use the facility that is to be constructed under the selection process;

e. The final selection could be made following interviews and presentations from the finalists based on the criteria that are published as a class 1 notice that states the weight given to each criterion;

f. The criteria to be used in making a final selection could include the quality of the proposed design, the construction approach, and the extent to which the proposal demonstrates compliance with the project statement, the proposed management plan, the estimated cost of the project and a guaranteed maximum project price;

g. The local governmental unit could make a final selection from among the teams selected if it determines that at least one of the teams selected as a finalist will be able to construct the public work project in a way that is satisfactory to the local unit of government; and

h. If the local governmental unit selects a design-build team and enters into a contract for construction of the project, the team would be required to obtain bonding in an amount specified by the local unit of government to guarantee completion of the project in accordance with the terms of the contract.

Minority Contracting Requirements on Design-Build Projects. Specify that the design-build contracts would be subject to the following minority business contracting requirements:

a. Apply the current law definition of a minority business and minority group to design build contracts and specify that a women's business for these contracting purposes would mean a sole proprietorship, partnership, joint venture or corporation that is at least 51% owned, controlled and actively managed by women;

b. If the contract is for the construction of any part of baseball park facilities, the local governing board would be required to ensure that contractors for construction work and professional services under design-build contracts, as a condition of receiving the contract, would have to agree that their goal would be to ensure that at least 25% of the employees hired under the contract would be minority group members and at least 5% of the employees would be women;

c. Require that it would be the goal of the local governing board to ensure that at least 25% of the aggregate dollar value of professional services contracts and construction contracts under a design-build contract would be awarded to minority businesses and at least 5% of the aggregate amount would be awarded to women's businesses;

d. Specify the local governing board would be required to ensure that as a condition receiving a design-build contract for a baseball park facility, a contractor that is unable to meet the minority contracting goals would have to make a good faith effort to contract with the technical college district board, within the technical college district that contract is being carried out, to develop appropriate training programs designed to increase the pool of minority group members and women who are qualified to perform the construction work or professional services;

e. If the local governing board would be unable to meet the minority business goals under construction or professional services contracts under a design build construction process, the board shall make a good faith effort to contract with the technical college district board, within the technical college district in which the contract is being carried out, to develop appropriate training programs designed to increase the pool of minority group members and women who are qualified to perform construction work or professional services;

f. Require the local governing board to hire an independent person, with prior experience of working with minority group members, to monitor that board's compliance with the minority contracting goals and to provide the board with regular reports on compliance with these goals; and

g. If the local governing board is unable to meet the minority contracting goals, the person hired to assess compliance with those goals must determine if the local governing board or contractor made a good faith effort to meet those goals by considering the following related to minority and women's business contractors; (1) the supply of such contractors in the area that have the financial and technical capacity and previous experience; (2) the competing demands for services provided by such contractors in the area; and (3) the extent to which local governing board or contractors advertised for and aggressively solicited bids from such contractors and the extent to which such contractors submitted bids.

Conference Committee/Legislature: Provide that the Senate provisions related to the design-build process and minority contracting requirements would only apply to public work projects undertaken by a sewerage district in a first class city and a county sheriff's department project in a county that contains a first class city. Further specify that the design-build process would only apply to the following sewerage district projects: (a) central metropolitan interceptor sewer projects; (b) any projects that are required to implement the Department of Natural Resources approved 2010 facility plan; and (c) watercourse flood control projects for the Kinnickinnic, Menomonee and Root Rivers and Lincoln Creek.

Veto by Governor [E-12]: Delete the provisions that would have established a design-build construction process and the minority contracting provisions that would have applied to design-build contracts. Further, delete the provision that would have allowed the Milwaukee Metropolitan Sewerage District to use a design-build construction process. However, as vetoed, Act 9 authorizes, the Milwaukee County Sheriff's Department to let a contract for the construction of a training academy using a design-build construction process that is not further defined in the statutes.

[Act 9 Sections: 1580m and 1641m]

[Act 9 Vetoed Sections: 1580m, 1641m, 1641no and 1641q]

15. STATE AND LOCAL CONSTRUCTION PROJECT BID AND CONTRACT REQUIREMENTS

Assembly: Require that state or local construction project bid and contract specifications shall not do any of the following: (a) require any bidder, contractor or subcontractor to enter into or adhere to an agreement with any labor organization concerning services to be performed for the project; (b) discriminate against any bidder, contractor or subcontractor for refusing to enter into or continue to adhere to an agreement with any labor organization concerning services to be performed for the project; (c) require any bidder, contractor or subcontractor to enter into, continue to adhere to, or enforce any agreement that requires its employees, as a condition of employment, to become members of or become affiliated with a labor organization; and (d) require any bidder, contractor or subcontractor to enter into, continue to adhere to, or enforce any agreement that requires its employees to make payments to a labor

organization without the authorization of the employees, exceeding the employees' proportional share of the cost of collective bargaining, contract administration, and grievance adjustment.

These provisions would apply to all construction projects undertaken by DOA, DOT, counties, towns, villages, cities, metropolitan sewerage commission, all school boards, local exposition districts, and local professional baseball park districts. The provision would also apply to any Building Commission projects using innovative design and construction processes where the Building Commission may otherwise waive construction contract requirements.

Provide that any taxpayer of this state or any other person who enters into contracts or subcontracts for building construction services may bring an action to require compliance with these new provisions. Specify that if that person prevails in his or her action, the court shall award to that person reasonable actual attorney fees and allowable court costs and fees.

These provisions would first apply to bids and contracts that are let, entered into, extended, or modified or renewed on the effective date of the budget bill.

Conference Committee/Legislature: Delete provision.

16. ACCESS TO CABLE TV SERVICE

Assembly/Legislature: Modify current municipal law regarding access to cable TV service to prohibit an owner or manager of a mobile home park from preventing or interfering with, a cable operator providing cable services to a resident of a mobile home park. Currently, owners or managers of a multiunit dwelling under common ownership, control or management and the boards of directors of condominiums are similarly prohibited from interfering with the provision of cable services to residents in these types of dwellings.

[Act 9 Section: 1608p]

17. DISPOSAL OF RECORDS CONTAINING PERSONAL INFORMATION

Senate: Provide that a financial institution, medical business or tax preparation business may not dispose of a record containing personal information unless the financial institution, medical business, tax preparation business or other person under contract with the financial institution, medical business or tax preparation business does any of the following: (a) shreds the record before disposing of the record; (b) erases the personal information contained in the record before disposing of the record; (c) modifies the record to make the personal information unreadable before disposing of the record; or (d) takes actions that it reasonably believes will ensure that no unauthorized person will have access to the personal information contained in the record for the period between the record's disposal and the record's destruction.

Specify that financial institutions, medical businesses or tax preparation businesses are liable to a person whose personal information is improperly disposed of for the amount of damages resulting from the violation.

Define "personally identifiable" to mean capable of being associated with a particular individual through one or more identifiers or other information or circumstances and "record" to mean any material on which written, drawn, printed, spoken, visual or electromagnetic information is recorded or preserved, regardless of physical form or characteristics.

Define personal information to include all of the following: (a) personally identifiable data about an individual's medical condition, if the data is not generally considered to be public knowledge; (b) personally identifiable data that contains an individual's account or customer number, account balance, balance owing, credit balance or credit limit, if the data relates to an individual's account or transaction with a financial institution; (c) personally identifiable data provided by an individual to a financial institution upon opening an account or applying for a loan or credit; (d) personally identifiable data about an individual's insurance, if the insurance is related to a transaction with a financial institution; or (e) personally identifiable data about an individual's federal, state or local tax filings.

Specify that these provisions that effect on the first day of fourth month after the effective date of the budget bill.

Conference Committee/Legislature: Include the Senate provisions with the following changes:

a. Include a definition of the term "dispose" that specifies that the sale of a record or the transfer of a record for value would not be considered a record disposal subject to this provision.

b. Remove from the definition of personal information subject to this provision personally identifiable data about an individual's insurance, if the insurance is related to a transaction with a financial institution.

c. Modify the definition of a tax preparation business to specify that tax preparation businesses included under the record disposal requirements are only those that charge a fee for the service.

d. Add a provision for a civil penalty to be imposed against any person who, for any purpose, uses personal information contained in a record that is disposed of by a financial institution, medical business or tax preparation business. Specify that the penalty would be in the amount of damages resulting from the person's use of the information, and could be paid to the individual who is the subject of the record and to the financial institution, medical business or tax preparation business that disposed of the record. Specify that the penalty would not apply to a person who uses personal information with the consent or authorization of the individual who is the subject of the personal information.

e. Add a provision for a civil penalty of not more than \$1,000 to be imposed on a financial institution, medical business or tax preparation business that improperly disposes of a record. Specify that acts arising out of the same incident or occurrence are to be treated as a single violation.

f. Add a provision for a criminal penalty of not more than 90 days imprisonment and/or a fine of not more than \$1,000 to be imposed for any person who: (1) possesses a record that was disposed of by a financial institution, medical business or tax preparation business; and (2) intends to use, for any purpose, the personal information contained in the record. Specifically exclude from the penalty a person who possesses a record with the authorization or consent of the individual whose personal information is contained in the record.

[Act 9 Sections: 3113n and 9458(5g)]

18. PUBLICATION OF LEGAL NOTICES IN NEWSPAPERS

Conference Committee/Legislature: Eliminate the current law requirement that a 4th class city, town or village can only designate as its official newspaper a newspaper that existed at least two of the five years immediately before the date of the notice publication in order to receive compensation. In addition, reduce the number of required subscribers that a newspaper must have to be an official newspaper from 300 copies to 150 copies for 4th class cities, villages and towns.

Under current law, a publisher of any newspaper may not be awarded or be entitled to any compensation or fee for the publishing of any legal notice unless, for at least two of the five years immediately before the date of the notice publication, the newspaper has been published regularly and continuously in the city, village or town where published, and has had a bona fide paid circulation: (a) that has constituted 50% or more of its circulation; and (b) that has had actual subscribers at each publication of not less than 1,000 copies in 1st and 2nd class cities, or 300 copies if in 3rd and 4th class cities, villages or towns.

Veto by Governor [E-16]: Delete provision.

[Act 9 Vetoed Sections: 3242g, 3242i and 3234m]

19. PROHIBITING SOCIAL SECURITY NUMBERS ON CERTAIN STATE DOCUMENTS

Senate/Legislature: Specify that the following document issuing authorities would have to ensure that an individual's social security number does not appear on any of the following forms or documents issued or used by the indicated authority: (a) for the ETF Secretary, any WRS participant's annual statement of account and any participant's statement of account under the deferred compensation program; and (b) for the DER Secretary, any form on which a state agency requires its employees to record their number of hours worked during any part of a pay

period. Stipulate that these provisions would first apply to the affected documents or forms issued or used by the state on the first day of the seventh month following the general effective date of the biennial budget act.

Veto by Governor [C-30]: Delete provision.

[Act 9 Vetoed Sections: 936t, 944w, 2359tb, 9315(1p)&(2p) and 9317(3p)]

20. CONTRACTS FOR THE DISPLAY OF FREE NEWSPAPERS

Senate/Legislature: Stipulate that a contract for the display of a newspaper that is distributed free of charge to the public in a place of public accommodation may not prohibit the person distributing the newspaper from distributing or displaying any other newspaper that is distributed free of charge to the public. Specify that a provision in a contract that violates this requirement would be unenforceable (but would not adversely affect the enforceability of the remaining provisions of the contract).

Define a "newspaper" as a publication printed on newsprint that is published, printed and distributed periodically at daily, weekly or other short intervals for the dissemination of current news and information of a general character and a general interest to the public. Define a "place of public accommodation" as a business, accommodation, refreshment, entertainment, recreation or transportation facility where goods, services, facilities, privileges, advantages or accommodations are offered, sold or otherwise made available to the public. Specify that these provisions would first apply to contracts entered into or renewed on and after the general effective date of the biennial budget act.

[Act 9 Sections: 2165mg and 9358(7g)]

21. TERMINATION OF PARENTAL RIGHTS FOR SOLICITATION TO COMMIT HOMICIDE OF A PARENT

Senate/Legislature: Expand the grounds upon which a court or jury can make a finding for the termination of parental rights to include the solicitation to commit homicide of a parent of a child. This provision would first apply to petitions for termination parental rights filed on the effective date of the bill, but would not preclude consideration of a conviction obtained before the effective date.

Under current law, there are eleven situations that can serve as a basis for a finding for the termination of parental rights, including abandonment, continuing need of protection or services, continuing parental disability, continuing denial of periods of physical placement or visitation, child abuse, failure to assume parental responsibility, incestuous parenthood, intentional or reckless homicide of parent, parenthood as a result of sexual assault, commission

of a serious felony against one or the person's children and prior involuntary termination of parental rights to another child.

[Act 9 Sections: 1131n and 9109(2g)]

22. PLACEMENT OR VISITATION WITH A CHILD

Senate/Legislature: Prohibit a court from placing a child with, or providing visitation rights to, a parent, guardian, relative or other person, as applicable, who has been convicted of first-degree intentional homicide or second-degree intentional homicide of a parent of the child and the conviction has not been reversed, set aside or vacated. Further, require a court to modify an order for placement or visitation that provides such placement or visitation to an individual that is convicted of one of these crimes and the verdict is not reversed, set aside or vacated. Specify that placement or visitation orders could be provided if the court determines by clear and convincing evidence that the visitation would be in the best interests of the child and that the court must consider the wishes of the child in making the determination.

These provisions first apply to orders granted or modified on the bill's general effective date, regardless of when the conviction of first-degree or second-degree intentional homicide occurred.

[Act 9 Sections: 1130n, 1130no, 1131h thru 1131ir, 1131p thru 1131pp, 1192p, 1192r, 3054dem thru 3054det, 3064cjm, 3111g thru 3111p, 3130p, 3130r, 3153p, 3153r, 3163k, 3163m, 3165k and 9309(4t)]

23. MANDATORY JAIL PENALTY FOR REPEAT VIOLATIONS OF DOMESTIC ABUSE TEMPORARY RESTRAINING ORDERS AND INJUNCTIONS

Assembly: Create a five-day, minimum jail penalty for persons who knowingly violate a domestic abuse temporary restraining order or injunction if the individual had previously been convicted of knowingly violating a temporary restraining order or injunction. Such a person would also be subject to the current penalties applicable to first or subsequent violations (imprisonment for up to nine months and a fine of up to \$1,000). Specify that this provision would apply whether the person previously violated the same or a different temporary restraining order or injunction. This provision would first apply to violations of domestic abuse temporary restraining orders or injunctions that occur on the effective date of the bill, but would not preclude counting violations that occurred before the effective date of the bill for purposes of determining whether the person has previously been convicted of violation of a domestic abuse temporary restraining order or injunction.

Under current law, the penalty for a violation of a domestic abuse temporary restraining order or injunction is a fine of not more than \$1,000 or imprisonment for not more than nine months, or both. There is no mandatory jail penalty for second or subsequent offenses.

Conference Committee/Legislature: Delete provision.

24. POSSESSION AND TRANSFER OF GAMBLING DEVICES FOR EDUCATIONAL PURPOSES

Senate/Legislature: Provide that a person who manufactures, transfers commercially or possesses with intent to transfer commercially, gambling devices to a nonprofit or public educational institution that provides an educational program for which it awards a bachelor's degree or higher degree for the use in a casino gambling management class would be exempt from a current law provision that specifies that a person making such transfers of gambling devices is guilty of a Class E felony.

[Act 9 Sections: 3191bn and 3191bo]

25. STATUS OF COMMISSION FORMED BY INTERGOVERNMENTAL COOPERATION CONTRACT

Senate/Legislature: Provide that current law governing municipal liability for motor vehicle accidents would apply to a commission formed by a contract between one or more municipalities for the receipt or furnishing of services or the joint exercise of any power or duty required or authorized by law.

[Act 9 Section: 2751m]

26. LIKENESS OF CONSTITUTIONAL OFFICERS ON BILLBOARDS

Assembly: Prohibit a constitutional officer, other than the Governor, from placing his or her name or any picture or other likeness of himself or herself on a billboard or on any other outdoor sign that is used for the purpose of advertising or providing information to the public, except if the placement is done as part of a lawful campaign expenditure or activity. In addition, prohibit a constitutional officer, other than the Governor, from authorizing or in any way causing another person to place the constitutional officer's name or any picture or other likeness of himself or herself on a billboard or on any other outdoor sign that is used for the purpose of advertising or providing information to the public, except if the placement is done as part of a lawful campaign expenditure or activity. Specify that this provision would first apply on the general effective date of the bill. Require a constitutional officer to take appropriate action to ensure, no later than 30 days after the general effective date of the bill, that his or her name or any picture or likeness of himself or herself on a billboard or any other outdoor sign is removed or obstructed in such a manner that his or her name or any picture or other likeness of himself or herself is not visible, unless the placement is done as part of a lawful campaign expenditure or activity.

Conference Committee/Legislature: Delete provision.

27. PRESUMPTION EXEMPTION FOR MUNICIPAL FIRE FIGHTERS WHO USE TOBACCO PRODUCTS

Assembly/Legislature: Exempt municipal fire fighters that smoke cigarettes or use tobacco products after January 1, 2001, from the presumption that the cancers caused by smoking or tobacco product use was caused by the fire fighter's employment.

Currently, in any proceeding involving an application by a municipal fire fighter or his or her beneficiary for duty disability or death benefits under s. 40.65 of the statutes, where at the time of death or filing of an application for duty disability benefits the deceased or disabled municipal fire fighter had served a total of 10 years as a municipal fire fighter and a qualifying medical examination given prior to the time of his or her joining the department showed no evidence of cancer, and where the disability or death is found to be caused by cancer, the finding is presumptive evidence that the cancer was caused by the fire fighter's employment. This presumption is limited to cancers affecting the skin, breasts, central nervous system or lymphatic, digestive, hematological, urinary, skeletal or reproductive systems.

This provision would create an exemption from this presumption for fire fighters that smoke or use tobacco products after January 1, 2001.

[Act 9 Section: 3111r]

GOVERNOR

Budget Summary							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$6,154,600	\$6,148,600	\$6,411,100	\$6,553,500	\$6,553,500	\$398,900	6.5%
PR	<u>131,800</u>	<u>350,600</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-31,800</u>	-24.1
TOTAL	\$6,286,400	\$6,499,200	\$6,511,100	\$6,653,500	\$6,653,500	\$367,100	5.8%

FTE Position Summary						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change Over 1998-99 Base
GPR	46.05	45.75	45.75	47.75	47.75	1.70
PR	<u>0.00</u>	<u>2.30</u>	<u>0.30</u>	<u>0.30</u>	<u>0.30</u>	<u>0.30</u>
TOTAL	46.05	48.05	46.05	48.05	48.05	2.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide \$ 22,000 GPR and -\$65,900 PR annually for standard budget adjustments for: (a) removal of noncontinuing elements from the base (-\$65,900 PR); (b) full funding of continuing salaries and fringe benefits (\$21,300 GPR); (c) full funding of financial services charges (\$700 GPR); and (d) minor off-setting transfers within the same appropriation.

GPR	\$44,000
PR	<u>-131,800</u>
Total	<u>-\$87,800</u>

2. **AUTHORITY TO ENTER INTO COOPERATIVE ARRANGEMENTS WITH STATE AGENCIES** [LFB Paper 465]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$250,600	2.00	-\$250,600	-2.00	\$0	0.00

Governor: Authorize the Governor to enter into cooperative arrangements with any state agency under which the agency would assist the Governor in carrying out his or her responsibilities. State agencies to which this provision would apply are any office, department or independent agency in the executive branch, the Legislature and the courts. Establish a new, program revenue continuing appropriation under the Office into which state agencies could transfer funds under such cooperative arrangements for expenditure by the Governor's Office.

Provide expenditure authority of \$105,000 in 1999-00 and \$145,600 in 2000-00 and authorize 2.0 unclassified positions to staff unspecified special projects to be undertaken by the Governor through cooperative interagency agreements. The source of revenues for these expenditures is not identified. Although the Executive Budget Book indicates that the intent is that the new positions be authorized for a four-year period, under the budget the funding and associated position authority are provided on a permanent position basis.

Joint Finance: Modify the provision by: (a) deleting legislative and judicial branch agencies from the list of state agencies subject to entering into cooperative arrangements with the Office of the Governor; (b) repealing, effective January 6, 2003, the authority of the Governor to enter into these cooperative agreements with state agencies and the program revenue appropriation under the Office for the receipt of transferred funds under the cooperative arrangements; and (c) deleting expenditure authority of \$105,000 PR in 1999-00 and \$145,600 PR in 2000-01 and 2.0 PR unclassified positions to staff the special projects to be undertaken by the Governor through cooperative interagency agreements. The Governor's Office could submit a request under ss. 16.515/16.505(2) of the statutes for funding and position authority once the specifics of the individual projects, the staffing needs for such projects and the funding sources for such activities have been determined.

Senate/Legislature: Delete provision, as modified by Joint Finance, that would authorize the Governor to enter into cooperative arrangements with any executive branch agency under which the agency would assist the Governor in carrying out his or her responsibilities with the following modification. Retain the Governor's authority to enter into an agreement solely with the Department of Workforce Development for the purpose of supporting a portion of the Governors Office literacy initiatives that will be supported from TANF funds.

[Act 9 Sections: 11, 11ac, 474, 474ac, 593, 593ac and 9421(1x)]

3. LITERACY INITIATIVES [LFB Paper 1104]

GPR	- \$50,000
PR	100,000
Total	\$50,000

Governor: *Partial Funding Conversion of Literacy Advocate Position.* Shift \$25,000 annually and 0.3 unclassified position from GPR to PR funding to reflect the partial funding conversion of the Office's existing literacy advocate position. The PR funding would derive from the Temporary Assistance for Needy Families (TANF) block grant through a cooperative agreement between the Governor's Office and the Department of Workforce Development under which the literacy advocate would undertake literacy program activities targeted to TANF-eligible families. The PR funds are included in the new appropriation created under Item #2.

Literacy Aids to Libraries. Provide expenditure authority of \$25,000 PR annually to support literacy aids to libraries. The PR funding would derive from the TANF block grant referenced above. Although this use of TANF funds by the Office of the Governor is not explicitly stated in the Executive Budget book, the State Budget Office indicates that this was the Governor's intent. The PR funds are included in the new appropriation created under Item #2.

Joint Finance/Legislature: Modify the Governor's recommendation with respect to the literacy aids to libraries provision by: (a) establishing a separate TANF-funded annual aids for literacy services appropriation; (b) shifting \$25,000 PR annually from the Office's assistance from state agencies appropriation to this new appropriation; and (c) referencing this new appropriation under DWD's federal block grant appropriation for TANF.

[Act 9 Sections: 11g, 474 and 593d]

4. AUTHORITY TO ACCEPT GIFTS AND GRANTS

Governor/Legislature: Authorize the Governor to accept gifts, grants and bequests and to expend such monies to carry out the purposes for which the funds are received. Modify the expenditure purposes of an existing PR continuing gifts and grants appropriation for the Office to authorize the use of such monies to carry out any purpose for which the funds are received. Under current law, the Governor may accept gifts, grants and bequests only to fund advocacy activities concerning problems of members of ethnic minority groups, women and the family, including family literacy advocacy. No increased expenditures are budgeted in this appropriation as a result of the proposed change.

[Act 9 Sections: 8 and 592]

5. COMPUTER-RELATED SUPPLIES AND SERVICES EXPENSES
[LFB Paper 466]

GPR	\$250,000
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Joint Finance/Legislature: Delete \$125,000 annually from DOA's s. 20.505(1)(a) general program operations appropriation and increase the Office of the Governor's s. 20.525(1)(a)

general program operations appropriation by an equal amount annually to reflect the transfer to the Office of base level funds currently budgeted under DOA for computer-related costs incurred by the Executive Office.

6. **DUES PAYMENTS TO NATIONAL ASSOCIATIONS** [LFB

GPR	\$12,500
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Paper 467]

Joint Finance/Legislature: Reestimate the amounts required for dues payments for membership in the National Governors Association and the Midwestern Governors Conference by \$4,100 in 1999-00 and \$8,400 in 2000-01.

7. **INCREASED STAFF**

Conference Committee/Legislature: Provide \$47,500 in 1999-00 and \$94,900 in 2000-01 and authorize 2.0 FTE unclassified positions in the Office of the Governor, effective January 1, 2000.

Funding Positions		
GPR	\$142,400	2.00

[Act 9 Section: 9121(1c)]

HEALTH AND FAMILY SERVICES

Budget Summary							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$3,198,882,600	\$3,358,322,200	\$3,414,713,800	\$3,439,973,100	\$3,439,387,900	\$240,505,300	7.5%
FED	4,121,160,400	4,598,852,300	4,489,596,200	4,495,020,200	4,489,847,300	368,686,900	8.9
PR	753,439,800	812,271,000	769,163,400	770,400,100	768,984,100	15,544,300	2.1
SEG	<u>819,400</u>	<u>947,400</u>	<u>104,101,000</u>	<u>101,609,000</u>	<u>101,609,000</u>	<u>100,789,600</u>	12,300.4
TOTAL	\$8,074,302,200	\$8,770,392,900	\$8,777,574,400	\$8,807,002,400	\$8,799,829,300	\$725,526,100	9.0%

Note: The amounts shown for the 1999-01 biennium under Act 9 do not include \$21,495,300 GPR placed in the Joint Committee on Finance supplemental appropriation for possible release to support Milwaukee child welfare services (\$16,489,600) and community aids (\$5,005,700). If these amounts are included, the GPR change to base is \$262,000,600 GPR (8.2%). Including monies placed in the supplemental appropriations for these items would result in a total change to base of \$747,021,400 (9.3%).

FTE Position Summary						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change Over 1998-99 Base
GPR	1,865.23	2,310.17	2,302.27	2,302.77	2,302.77	437.54
FED	1,034.38	955.13	975.87	973.37	973.37	- 61.01
PR	3,564.97	3,395.64	3,415.39	3,420.89	3,420.89	- 144.08
SEG	<u>5.00</u>	<u>6.00</u>	<u>10.00</u>	<u>8.00</u>	<u>8.00</u>	<u>3.00</u>
TOTAL	6,469.58	6,666.94	6,703.53	6,705.03	6,705.03	235.45

Budget Change Items

Departmentwide and Management and Technology

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide -\$169,000 GPR and -2.90 GPR positions, -\$1,539,100 FED and -12.30 FED positions, -\$6,254,900 PR and -4.90 PR positions and \$24,000 SEG in 1999-00 and -\$280,400 GPR and -2.90 GPR positions, -\$2,110,700 FED

Funding Positions		
GPR	- \$449,400	- 2.90
FED	- 3,649,900	- 52.30
PR	- 12,610,800	- 6.90
SEG	<u>48,000</u>	<u>0.00</u>
Total	- \$16,662,100	- 62.10

and -52.30 FED positions, -\$6,355,900 PR and -6.90 PR positions and \$24,000 SEG in 2000-01 to adjust the Department's base budget for: (a) turnover reduction (-\$1,745,900 GPR, -\$885,600 FED and -\$2,575,100 PR annually); (b) removal of noncontinuing items (-\$1,681,400 GPR and -2.90 GPR positions, -\$3,171,500 FED and -12.30 FED positions, -\$7,322,800 PR and -4.90 PR positions and -\$400 SEG in 1999-2000 and -\$1,690,900 GPR and -2.90 GPR positions, -\$3,749,100 FED and -52.30 FED positions, -\$7,424,200 PR and -6.90 PR positions and -\$400 SEG in 2000-01); (c) full funding of salaries and fringe benefits (\$1,143,800 GPR, \$2,371,500 FED, -\$1,7867,800 PR and \$23,200 SEG in 1999-00 and \$1,021,700 GPR, \$2,371,500 FED, -\$1,768,600 PR and \$23,200 SEG in 2000-01); (d) full funding of financial services charges (\$18,700 GPR, \$30,300 FED, \$31,800 PR and \$1,200 SEG annually); (e) overtime (\$1,095,700 GPR and \$2,905,800 PR annually); (f) night and weekend salary differentials (\$908,700 GPR, \$8,000 FED and \$2,431,900 PR annually); (g) fifth vacation week as cash for certain long-term employees (\$52,100 GPR, \$31,700 FED and \$41,300 PR in 1999-00 and \$53,500 GPR, \$32,800 FED and \$42,500 PR in 2000-01); and (h) full funding of lease costs and increases in space rentals due to relocations required by DOA (\$39,300 GPR and \$76,400 FED in 1999-00 and \$58,100 GPR and \$81,400 FED in 2000-01).

In addition, transfer funds within various DHFS appropriations such that the (all funds) net effect would be to: (a) reduce permanent position salaries by \$1,000 in 1999-00 and \$40,300 in 2000-01; (b) increase project position salaries by \$39,200 in 2000-01; (c) increase supplies and services funding by \$14,600 in 1999-00 and \$14,700 in 2000-01; and (d) reduce permanent position salaries by \$13,600 annually.

2. DEBT SERVICE REESTIMATE [LFB Paper 245]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$1,886,300	-\$285,400	\$1,600,900

Governor: Provide \$492,600 in 1999-00 and \$1,393,700 in 2000-01 to reflect anticipated changes in debt service costs associated with facilities operated by the Division of Care and Treatment Facilities (\$493,100 in 1999-00 and \$1,395,300 in 2000-01) and the workshop for the blind (-\$500 in 1999-00 and -\$1,600 in 2000-01).

Joint Finance/Legislature: Provide \$32,300 in 1999-00 and reduce funding by \$317,700 in 2000-01 to reflect a reestimate of debt service costs.

3. GPR STATE OPERATIONS REDUCTIONS [LFB Paper 469]

Governor: Provide -\$1,290,500 GPR and -5.61 GPR positions, \$110,600 FED and 1.00 FED position and \$268,300 PR and 2.61 PR positions annually to make permanent GPR state

	Funding	Positions
GPR	-\$2,581,000	-5.61
FED	221,200	1.00
PR	536,600	2.61
Total	-\$1,823,200	-2.00

operations funding reductions required under 1997 Wisconsin Act 27. The Governor recommends that these annual funding reductions be allocated as follows:

Division of Public Health. Delete 0.50 GPR position (-\$75,700 GPR and -0.50 GPR position).

Division of Health Care Financing. Reduce funding for the administration of the medical assistance (MA) program by \$402,200 GPR to reflect: (a) the completion of work needed to prepare the long-term care redesign proposal in 1998-99 (-\$261,800 GPR); (b) reduced costs of the peer review contract (-\$75,000 GPR); (c) a reduction in funding required to support incentives for counties to report health insurance coverage of MA recipients (-\$50,000 GPR); and (d) reduced costs to reimburse insurers for production of insurance files (-\$15,400 GPR).

Division of Children and Family Services. Reduce funding by \$81,600 GPR to reflect savings associated with consolidating the state adoption center contract into the state adoption information exchange contract (-\$25,000 GPR and \$25,000 FED), assessing a new fee for sending out start-up materials for new family or group child care providers (-\$20,000 GPR and \$20,000 PR), substituting drug abuse program improvement surcharge revenues for GPR to support substance abuse activities in the Bureau of Community and Family Development (-\$12,000 GPR and \$12,000 PR) and reducing funding for supplies and services (-\$24,600 GPR).

Division of Supportive Living. Provide \$75,000 PR from TANF funds transferred from DWD and \$47,600 FED in MA administration funds and reduce funding by \$355,000 GPR to reduce support for the administration of the SSI caretaker supplement, to reflect that the SSI caretaker supplement is funded primarily with TANF funds and to claim federal MA costs for determining eligibility for state-only SSI recipients.

In addition, transfer support for: (a) 1.61 GPR surveyor positions in the Bureau of Quality Assurance from GPR to health facility license fee revenue (-\$95,600 GPR and \$95,600 PR); and (b) 1.0 GPR position in the Bureau of Substance Abuse Services from GPR to drug abuse improvement surcharge revenue (-\$65,700 GPR and \$65,700 PR). Finally, reduce funding by \$27,300 GPR and delete 0.50 GPR position.

Departmentwide Services. Reduce funding for DHFS general administration by \$187,400 GPR and increase funding by \$38,000 FED to: (a) delete 1.0 equal opportunity officer position (-\$47,500 GPR and -1.0 GPR position); (b) reduce supplies and services funding for the Division of Management and Technology (-\$80,900 GPR); (c) transfer support for a position in the billings and collections unit from 100% GPR to 40% GPR (-\$13,500 GPR); (d) convert two 0.5 GPR positions from GPR to FED (-\$38,000 GPR and -1.0 GPR position and \$38,000 FED and 1.0 FED position); and (e) reduce supplies and services funding for the Office of Program Review and Audit (-\$7,500 GPR).

Joint Finance: Reduce the appropriation for the state adoption information exchange and state adoption center by \$25,000 GPR annually and increase the Division of Children and

Family Services state operations appropriation by \$25,000 GPR annually to allocate the GPR state operations reduction to the correct appropriation.

Conference Committee/Legislature: Require DHFS, by March 1, 2000, to submit a request to the Joint Committee on Finance under s. 13.10 of the statutes, to transfer \$232,400 GPR annually to the DHFS SSI administration appropriation from any DHFS appropriation, other than a sum sufficient appropriation, in order to maintain the current level of administrative support provided to SSI recipients.

[Act 9 Section: 9123(13e)]

4. CAREGIVER BACKGROUND CHECKS [LFB Paper 470]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR-REV	\$355,400		-\$35,400		\$320,000	
GPR	\$143,300	1.71	-\$140,300	-1.71	\$0	0.00
FED	125,100	1.06	-125,100	-1.06	0	0.00
PR	<u>899,000</u>	<u>3.82</u>	<u>-123,400</u>	<u>-1.82</u>	<u>775,600</u>	<u>2.00</u>
Total	\$1,167,400	6.59	-\$388,800	-4.59	\$775,600	2.00

Governor: Provide \$62,300 GPR, \$55,800 FED and \$509,800 PR in 1999-00 and \$81,000 GPR, \$69,300 FED and \$389,200 PR in 2000-01 and 1.71 GPR positions, 1.06 FED positions and 3.82 PR positions, beginning in 1999-00, to implement caregiver background check requirements established in 1997 Wisconsin Act 27.

1997 Wisconsin Act 27 expanded required background checks for child care and health care providers for the licensing of the providers, hiring of their employees or contractors and the residency of non-clients in their facilities. These expanded requirements became effective October 1, 1998, for new hires, new licensees and new non-client residents, and will apply to previous licensees, employees, and non-client residents beginning October 1, 1999.

Act 27 requires DHFS to perform the required background checks on the child care and health providers that DHFS licenses or regulates, while the providers, in turn, must perform the checks on their employees. DHFS is also responsible for performing the background checks on the non-client residents in the facilities regulated by DHFS. The background check must include checks of the Department of Justice criminal history database, the DHFS abuse registry and licensing databases, and the Department of Regulation and Licensing databases of professional licenses. An integrated system has been developed to perform these checks in an automated procedure; however, if a "hit" is found on the DOJ criminal database, administrative rules may require a "look behind" to investigate the facts and circumstances of the conviction.

Act 27 requires that a person who is found to have an abuse or neglect finding or a conviction for a "serious crime" be denied licensure, employment or residency. Individuals who are subject to these sanctions can apply to DHFS for waivers of the sanctions upon proof of rehabilitation. The statutes specify convictions for five offenses for which rehabilitation cannot be sought and the Department by rule can and has established additional convictions for which an individual cannot demonstrate rehabilitation. For some less serious crimes, DHFS and providers have discretion in hiring the employe without the need of a formal rehabilitation review.

The requested funding would support: (a) processing background checks for new child care and health care providers licensed by DHFS and non-client residents of the facility, if any; (b) conducting rehabilitation reviews and appeals when a person contests a license denial or employment bar as a result of a negative finding from a background check; and (c) ongoing maintenance costs and enhancements for the linked computer system that searches state databases to conduct background checks. DHFS would establish an electronic reporting system to accept information from counties on foster care license denials and day care certification denials and maintain a data base of that information (\$121,600 all funds).

Program revenue funds would include: (a) \$126,900 in 1999-00 and \$47,000 in 2000-01 from the current annual bed fees assessed to nursing homes and hospitals; and (b) revenue from new fees for background checks and rehabilitation reviews created in the bill.

Statutory Changes. Authorize DHFS to charge facilities a fee for any requested background check for an employe or contractor which would be paid in addition to the current fee of \$2 to \$13 charged by DOJ for checking state criminal records. Authorize DHFS to charge a fee for persons who request a rehabilitation review. Specify that these fees could not exceed the reasonable cost of obtaining the information. DHFS plans to charge a fee of \$2.50 for each background check and \$50 for each rehabilitation review. DHFS estimates that revenue from the proposed fees would generate an estimated \$189,000 in 1999-00 and \$166,400 in 2000-01. Finally, specify that all revenue from background checks would be credited to the Division of Supportive Living's licensing and support services appropriation.

Modify provisions for the application of the required background checks related to employes and contractors by only requiring background checks for those persons that would provide direct care to clients that is more intensive than negligible care in quantity or quality or in the amount of time required to provide the care. Under current law, any employe or contractor that would have access to clients would be subject to the background checks. This change would not affect the current law requirement that any non-client resident with access to the entity's clients would be subject to the background check requirements. This change for employes and contractors applies both to children's facilities and health care facilities.

Joint Finance: Delete \$62,300 GPR, \$55,800 FED and \$48,400 PR in 1999-00 and \$81,000 GPR, \$69,300 FED and \$75,000 PR in 2000-01 and delete 1.71 GPR positions, 1.06 FED positions,

and 1.82 PR positions, beginning in 1999-00, to reflect a lower projected workload than anticipated under the Governor's recommendation. The net effect would be to provide the Department funding for: (a) ongoing maintenance costs for the linked computer system (\$98,800 PR and \$109,200 PR in 2000-01); (b) IT costs to implement the system enhancement to allow electronic recording of information from counties on foster care license denials and day care certification denials (\$91,200 PR in 1999-00); and (c) the support of 1.0 attorney and 1.0 administrative assistant position to conduct rehabilitation reviews and appeals, beginning in 1999-00 (\$81,400 PR in 1999-00 and \$95,800 in 2000-01). In addition, the substitute amendment would provide \$190,000 PR in 1999-00 and \$109,200 PR in 2000-01 to reflect the transfer of funds from the Division of Supportive Living to the Division of Management and Technology for the information technology items.

Delete the provision that would authorize DHFS to impose a fee for rehabilitation reviews. Further, delete the provision that would limit background checks to persons that provide direct care, rather than persons who have access to clients. The effect of eliminating the rehabilitation review fee and a reestimate of the revenue that would be generated by the background check fee is to reduce projected fee revenues by \$29,000 in 1999-00 and \$6,400 in 2000-01.

Assembly: Modify current requirements for caregiver backgrounds checks in health care and child care facilities as follows.

Exclude EMTs. Exempt emergency medical technicians from the required background check provisions.

Direct, Regular Contact Necessary to Require Checks. Require a background check for those employes, contractors, and non-client residents who have "regular, direct contact" with a client, rather than those with access to a client. Define "direct contact" as face-to-face physical proximity to a client that affords the opportunity to commit abuse or neglect of a client, or to misappropriate the property of a client.

Include BOALTC Ombudsman Staff. Specify that the background check requirements would apply to the Board of Aging and Long-Term Care ombudsman staff who have direct, regular contact with clients.

Include Temporary Employment Agencies. Expand the type of entities that are subject to the background check requirements to include temporary employment agencies that provide caregivers to other entities, and specify that the covered employes of these temporary employment agencies would include any employes who have regular, direct contact with clients.

Include Implied Contractors. Expand the requirements for performing background checks to include implied contractors, as well as contractors. An implied contractor is someone who provides services on a regular basis, but a formal contract has not been executed and compensation may be in a form other than monetary compensation, such as an exchange of services.

Specify All Crimes Prohibiting Employment in Statute. Delete the current provision that requires DHFS to define by rule the crimes that would be considered "serious crimes," and instead, specify in statute all the crimes and other findings that would prohibit employment, licensing, or residency without a finding of rehabilitation. The following crimes and findings would be listed in statute:

**Crimes and Findings That Would Prohibit Employment (Unless Rehabilitated)
All Entities Covered By Chapters 50 & 48**

<u>Statutory Section</u>	<u>Crime or Finding</u>
940.01	1 st degree intentional homicide
940.02	1 st degree reckless homicide
940.03	Felony murder
940.05	2 nd degree intentional homicide
940.12	Assisting suicide
940.19 (2) - (6)	Battery (felony)
940.22 (2)	Sexual exploitation by therapist – sexual contact
940.22 (3)	Sexual exploitation by therapist – duty to report
940.225 (1)	1 st degree sexual assault
940.225 (2)	2 nd degree sexual assault
940.225 (3)	3 rd degree sexual assault
940.285 (2) (b).	Abuse of vulnerable adults (felony or misdemeanor)
940.29	Abuse of residents of a penal facility
940.295	Abuse or neglect of patients and residents (felony or misdemeanor)
948.02 (1)	1 st degree sexual assault of a child
948.025	Repeated acts of sexual assault of same child
948.03 (2) (a)	Physical abuse of a child—intentional—cause great bodily harm
---	Substantiated reports of abuse or neglect of a client or of misappropriation of a clients property based on information maintained by DHFS.
---	Determinations made under s. 48.981 (3) (c) that the person has abused or neglected a child.

**Crimes That Would Prohibit Employment (Unless Rehabilitated)
Applying Only to Entities Serving Minors**

<u>Statutory Section</u>	<u>Crime or Finding</u>
948.02 (2)	2 nd degree sexual assault of a child
948.03 (2) (b) or (c)	Physical abuse of a child - intentional – cause bodily harm
948.05	Sexual exploitation of a child
948.055	Causing a child to view or listen to sexual activity
948.06	Incest with a child
948.07	Child enticement
948.08	Soliciting a child for prostitution
948.11 (2) (a) or (am)	Exposing child to harmful material or harmful descriptions or narrations (felony)
948.12	Possession of child pornography
948.13	Child sex offender working with children
948.21 (1)	Neglect of a child – resulting in death (felony)
948.30	Abduction of another’s child; constructive custody

Reduce Permanent Bars. Reduce the number of crimes that can permanently bar a person from employment, licensing or residency to two crimes and crimes required by federal law. Specify that a person who has been convicted of first-degree sexual assault under s. 940.225(1) or first degree sexual assault of a child under s. 948.02(1) would not be permitted to show rehabilitation for purposes of first becoming a caregiver on or after the effective date of this bill.

Authority for Tribal Rehabilitation Reviews. Authorize tribes to conduct the required rehabilitation reviews for entities located on reservations. Specify that the tribal rehabilitation review plan must be reviewed and approved by DHFS. Specify that the tribe must submit a copy of its rehabilitation review plan to DHFS. If DHFS does not disapprove the plan within 90 days, the plan would be considered approved. If DHFS disapproves the plan, DHFS must provide notice of that disapproval to the tribe in writing, together with the reasons for the disapproval. DHFS may not disapprove a plan unless DHFS finds that the plan is not rationally related to the protection of clients. If a plan is disapproved, the tribe has 30 days in which to request that the DHFS Secretary or his or her designee review the disapproval. A decision by the DHFS Secretary would not be subject to further review under Chapter 227 of the statutes.

Specify that the plan submitted by the tribe to DHFS must include all of the following: (a) the criteria to be used to determine if a person has been rehabilitated; (b) the title of the person or body designated by the tribe with whom a request for review must be filed and the title of the person or body designated by the tribe to conduct the rehabilitation review and determine if the person has been rehabilitated; (c) the title of the person or body, designated by the tribe, to whom a person may appeal an adverse decision and whether the tribe provides any further rights to appeal; (d) how the tribe will submit information to DHFS so that DHFS may submit the required annual report to the Legislature about the rehabilitation review program; and (e) a

copy of the form used to request a review and a copy of the form on which the written decision is made regarding whether a person has been rehabilitated.

Eliminate Category of Crimes with Lesser Sanctions. Delete the requirement that DHFS specify by rule the types of misconduct for which intermediate sanctions would be allowed.

Allow Third Party Retention of Records. Allow covered health care and child care entities to maintain background check information on file or, pursuant to a contract with a school, temporary agency, corporate parent or affiliate, or third party vendor with whom the entity contracts to conduct and maintain the background checks, to have it readily available for inspection by authorized persons.

When "Look Behind" Is Required. Require DHFS, the county, school board, or provider, as is appropriate, to obtain the final disposition of any serious offense whose disposition is incomplete or unclear on the DOJ criminal history report and to take reasonable steps to contact the appropriate county Clerk of Courts for a judgment of conviction and criminal complaint relating to any crime that is disclosed on a background information disclosure form but that does not appear on the DOJ criminal history report. When a covered employe, contractor, non-client resident or licensee has been convicted of disorderly conduct, battery, harassment, reckless endangerment, or invasion of privacy within five years of seeking employment, a contract, non-client residency, or licensure, require DHFS, the county, school board, or employer, as is appropriate, to take reasonable steps to contact the appropriate county Clerk of Courts for a judgment of conviction and criminal complaint.

Exclude Pending Criminal Charges as a Basis to Prohibit Employment. Exclude pending criminal charges as a basis to prohibit employment, contract, licensure or residency under Chapters 48 and 50.

Authorize Use of NCIC Checks. Authorize DHFS, counties, school boards and providers, as is appropriate, to require, at their discretion, the person whose background is being checked to be fingerprinted on two fingerprint cards, each bearing a complete set of the person's fingerprints, and specify that the Department of Justice may provide for the submission of the fingerprint cards to the Federal Bureau of Investigation for the purposes of verifying the identity of the person fingerprinted and obtaining records of his or her criminal arrests and convictions.

Allow Checks in Other United States Jurisdictions. Specify that out-of-state background checks include other United States jurisdictions other than "states" in order to provide for checks with federal, military, and tribal courts.

Study by DOC and UW. Require the Department of Corrections, in conjunction with the University of Wisconsin, to prepare a report by June 30, 2001, on the correlation between prior convictions and the propensity to commit future acts of abuse, neglect or misappropriation.

Delay Effective Date for Existing Employees. Specify that the effective date of the background check provisions for persons hired before October 1, 1998, or for persons hired after October 1, 1998, but before February 1, 2000, who incur a serious offense after their date of hire would be February 1, 2000, rather than October 1, 1999, as required under current law.

Conference Committee/Legislature: Include Assembly provisions. In addition, eliminate the remaining two crimes (first-degree sexual assault and first-degree sexual assault of a child) that would permanently bar someone from employment, licensing or residency. In addition, clarify that: (a) agencies and providers would be required to contact the court clerk if the background information form shows either a conviction or a charge of a crime and the computer searches do not indicate such a crime; and (b) agencies and providers would be required to contact the court clerk if convictions of listed lesser crimes are indicated either by the computer database searches or the background information form, rather than just the background information form.

Veto by Governor [C-26]: Delete the requirement that the Department of Corrections participate in the preparation of the report on the correlation between prior convictions and the propensity to commit future acts of abuse, neglect or misappropriation, the June 30, 2001, deadline for the completion of the report and the requirement that the report be submitted to the Legislature. As a result, the University of Wisconsin would be the sole party responsible for preparing the required report and would not be subject to any specific deadline or procedure for submitting the report.

[Act 9 Sections: 445, 1151d, 1159d thru 1159r, 1160e thru 1160f, 1160gm thru 1181, 1189r, 1521b thru 1521d, 1521e thru 1522, 2124vm, 3171m, 3261dfb, 3261dfc, 3262g, 9111(4xx) and 9423(12xx)]

[Act 9 Vetoed Section: 9111(4xx)]

5. SOCIAL SERVICES BLOCK GRANT REDUCTIONS -- STATE OPERATIONS

Governor/Legislature: Provide -\$3,000 GPR, -\$1,624,200 FED and -32.10 FED positions and \$1,600,000 PR and 32.10 PR positions in 1999-00 and -\$11,400 GPR, -0.11 GPR position, -\$2,037,400 FED and -34.49 FED positions and \$1,664,100 PR and 33.10 PR position in 2000-01 to reflect reductions in the amount of federal social services block grant (SSBG) budgeted for state operations. These changes are based on a 17% reduction in the SSBG effective in federal fiscal year 1998-99 and an anticipated 10.5% reduction in federal fiscal year 2000-01. PR funding would be available from federal TANF block grant funds transferred from DWD.

	Funding	Positions
GPR	-\$14,400	- 0.11
FED	- 3,661,600	- 34.49
PR	<u>3,264,100</u>	<u>33.10</u>
Total	-\$411,900	- 1.50

Day Care Licensing Positions. Provide -\$3,000 GPR, -\$1,631,300 FED and \$1,600,000 PR in 1999-00 to convert 32.10 FED positions to PR positions supported by TANF funds transferred

from DWD. These positions are currently funded from GPR, the SSBG and childcare licensing fees.

Supplies and Services Reduction. Increase supplies and services funding in the Division of Children and Family Services (DCFS), the Division of Supportive Living (DSL) and the Division of Management and Technology (DMT) by \$80,700 FED in 1999-00 and reduce funding for this purpose by \$171,400 FED in 2000-01.

Staff Vacancies. Reduce salary funding for DCFS, DSL and DMT by \$73,600 FED in 1999-00 and \$102,400 FED in 2000-01. Divisions would absorb these reductions by keeping positions vacant as they occur.

Miscellaneous Position Changes. Provide -\$8,400 GPR and -0.11 GPR position, -\$132,300 FED and -2.39 FED positions and \$64,100 PR and 1.0 PR position in 2000-01 for DCFS. These changes include funding 1.0 position in the Bureau of Milwaukee Child Welfare with TANF funds transferred from DWD and claiming federal Title IV-E funds for 1.0 position that is currently funded entirely with GPR funds and using the GPR from this position to support a portion of the costs of another position currently funded with SSBG funds.

6. INFORMATION TECHNOLOGY -- COMPLIANCE WITH HIPPA HEALTH DATA STANDARDS

FED	\$4,583,800
PR	1,322,600
Total	\$5,906,400

Governor/Legislature: Provide \$930,200 FED and \$305,600 PR in 1999-00 and \$3,653,600 FED and \$1,017,000 PR in 2000-01 to implement changes in DHFS computer systems to comply with new standards for the electronic transmission of health data for certain administrative and financial transactions published by the U.S. Department of Health and Human Services (DHHS), as required under the Health Insurance Portability and Accountability Act of 1996 (HIPPA).

Under HIPPA, all health plans, health care clearinghouses and health care providers that conduct specified transactions electronically must comply with standards published by DHHS within two years (or, for small health plans, within three years) of their adoption. DHHS has published standards for: (a) certain standardized uniform transactions and data elements; (b) unique identifiers for health providers; and (c) code sets and classification systems for data elements of specified transactions. DHHS will publish additional standards for data security, procedures for the electronic transmission and authentication of signatures relating to specified transactions and unique identifiers for individuals, employers and health plans. This funding would be used to modify computer systems to comply with the three sets of published standards.

The following table identifies how this funding would be allocated within DHFS and the sources of funding that would be used to support modifications to DHFS computer systems.

<u>Appropriation and Revenue Source</u>	<u>1999-00</u>		<u>2000-01</u>	
	<u>FED</u>	<u>PR</u>	<u>FED</u>	<u>PR</u>
Centers for the Developmentally Disabled (medical assistance)	\$0	\$25,000	\$0	\$90,000
Mental Health Institutes (county funds, MA and other third-party payers)	0	50,000	0	160,000
MA contracts administration (federal MA matching funds)	637,200	0	2,533,300	0
Health care information (assessments to health care providers)	0	17,500	0	52,600
Health facilities plan review (nursing home and hospital plan review fees)	0	28,800	0	94,300
MA administration (federal MA matching funds)	25,900	0	90,800	0
MA survey and certification operations (federal MA matching funds)	28,800	0	94,300	0
DHFS information systems (PR-S funds transferred from other DHFS programs)	0	184,300	0	620,100
Income augmentation services (Title IV-E funds)	238,300	0	935,200	0
Total	\$930,200	\$305,600	\$3,653,600	\$1,017,000

7. DELETE VACANT POSITIONS

Governor/Legislature: Reduce funding by \$207,800 (\$136,600 GPR, \$28,700 FED and \$42,500 PR) annually and delete 2.80 positions (1.22 GPR positions, 1.00 FED position and 0.58 PR position) beginning in 1999-00. These positions have been vacant for more than 15 months.

	Funding	Positions
GPR	-\$273,200	- 1.22
FED	- 57,400	- 1.00
PR	- 85,000	- 0.58
Total	-\$415,600	- 2.80

8. PARTNERSHIP PROGRAM POSITIONS

Governor/Legislature: Provide \$96,500 GPR, \$96,500 FED and -\$34,300 PR in 1999-00 and \$129,000 GPR, \$129,000 FED and -\$4,200 PR in 2000-01 to support 2.0 GPR two-year project positions and 2.0 FED two-year project positions, beginning in 1999-00, which will no longer be funded from a Robert Wood Johnson grant after September 1, 1999. These project positions, which would terminate on September 1, 2001, would be funded with MA administration funds on a 50% GPR/50% FED basis. The four positions currently administer the partnership program, a managed care program that integrates all acute, primary and long-term care services for persons with significant and chronic illness or disability. These positions would continue to monitor contracts, implement fully capitated MA/Medicare service contracts and collect cost and utilization data. In addition, the bill would transfer support for these positions from the Division of Supportive Living to the DHFS Office of Strategic Finance.

	Funding	Positions
GPR	\$225,500	2.00
FED	225,500	2.00
PR	- 38,500	0.00
Total	\$412,500	4.00

9. FEDERAL REVENUE REESTIMATES

FED	\$2,799,800
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Governor/Legislature: Provide \$962,700 in 1999-00 and \$1,837,100 in 2000-01 to reflect reestimates of the amount of federal funding that will be available to support selected federally-funded state operations, aids and local assistance program in the next biennium. This item includes: (a) \$138,600 in 1999-00 and \$191,200 in 2000-01 for MA administration; (b) -\$79,100 in 1999-00 and \$768,300 in 2000-01 for federal projects operations; (c) -\$124,300 in 1999-00 and -\$370,700 in 2000-01 for local assistance programs administered by the Division of Children and Family Services; (d) \$105,600 in 1999-00 and \$104,700 in 2000-01 for state foster care and adoption assistance operations; (e) \$296,700 in 2000-01 for disability determinations operations; (f) \$850,900 annually for community mental health block grant assistance to counties; (g) \$75,000 in 1999-00 from Title IV-E income augmentation revenues to support a fatherhood initiative administered by DWD; and (h) -\$4,000 annually from the social services block grant for the displaced homemakers program.

10. PROGRAM REVENUE REESTIMATES

Funding Positions		
PR	-\$28,076,900	- 0.50

Governor/Legislature: Reduce funding by \$13,091,900 in 1999-00 and \$14,985,000 in 2000-01 and delete 0.50 position, beginning in 2000-01, to reflect reestimates of program revenue required to support certain programs administered by DHFS. The following table identifies the components of this item.

	1999-00		2000-01	
	Funding	Positions	Funding	Positions
Radiation Protection	\$0	0.00	-\$16,500	-0.50
Care and Treatment Facilities -- Activity Therapy	55,000	0.00	55,000	0.00
Care and Treatment Facilities -- Gifts and Grants	50,000	0.00	50,000	0.00
Care and Treatment Facilities -- Institutional Services	143,000	0.00	143,000	0.00
Health Facilities Review Fees	-63,500	0.00	-63,500	0.00
Nursing Facility Resident Protection	150,000	0.00	150,000	0.00
Severely Emotionally Disturbed Children	-5,043,600	0.00	-5,043,600	0.00
SSI Caretaker Supplement	-9,235,100	0.00	-10,590,100	0.00
Administration and Support	-47,700	0.00	-69,300	0.00
DHFS Information Systems	900,000	0.00	400,000	0.00
Total	-\$13,091,900	0.00	-\$14,985,000	-0.50

Several of the most significant items are described below.

Caretaker Supplement. Reduce funding by \$9,235,100 in 1999-00 and \$10,590,100 in 2000-01 to reflect reestimates of the amount of TANF funding transferred from DWD that will be required to support SSI caretaker supplement payments in the 1999-01 biennium, based on the current \$100 per child per month benefit level. DHFS provides SSI recipients with dependent children a caretaker supplement payment to support the costs of care for these children. DHFS base funding for these payments (\$13,472,400) was provided in 1998-99 under the assumption

that the supplement would be supported entirely with TANF funds. However, the federal Social Security Administration has permitted the state to partially support SSI caretaker supplement payments with GPR funds budgeted for the state SSI supplement and count these GPR funds in meeting the state's maintenance-of-effort requirement. Consequently, base TANF funding can be deleted to reflect the availability of these GPR funds.

Services for Emotionally Disturbed Children. Reduce funding by \$5,043,600 annually to reflect a reestimate of the amount of funding that would be transferred from the MA benefits appropriation to the Division of Supportive Living (DSL) to fund community-based mental health services for children with severe emotional disturbances. This item reflects that service providers in Milwaukee County now receive capitated payments directly from the MA benefits appropriation, rather than MA funds transferred to DSL. Under the bill, \$1,242,300 would be budgeted annually to fund services for children in other counties that wish to participate in the program.

DHFS Information Systems. Increase funding by \$900,000 in 1999-00 and \$900,000 in 2000-01 to reflect: (a) an increase in the amount of funding transferred to the Division of Management and Technology (DMT) from other divisions to support information technology services purchased by DMT (\$2,500,000 annually); and (b) a decrease in funding to support services for DMT (-\$1,600,000 in 1999-00 and -\$2,100,000 in 2000-01).

Nursing Home Quality Improvement. Provide \$150,000 annually for the Bureau of Quality Assurance to fund grants of up to \$1,500 each for projects that proactively protect the health or property of nursing home residents and for DHFS to monitor or operate facilities in the event of a closure or termination. Funding would be provided from revenue DHFS receives from civil monetary penalties against federally certified nursing homes for violations of federal quality standards.

11. EXTEND AND CONVERT PROJECT POSITIONS

Governor/Legislature: Provide \$86,000 (\$57,300 GPR, \$18,400 FED and \$10,300 PR) in 1999-00 and \$98,200 (\$63,400 GPR, \$24,500 FED and \$10,300 PR) in 2000-01 to extend 1.0 project position and convert 1.0 project position to permanent status. First, extend the termination date for 1.0 project accountant position from June 30, 1999 to June 30, 2001. This position, which is supported on a 79% GPR/21% PR basis, would continue to work on financial matters relating to administering the child welfare system in Milwaukee County. Second, convert 1.0 program and planning analyst position which is scheduled to terminate on October 1, 1999, to a permanent position. This position, which is supported on a 50% GPR/50% FED basis, would continue to assist school districts in claiming MA funds.

	Funding Positions	
GPR	\$120,700	1.29
FED	42,900	0.50
PR	<u>20,600</u>	<u>0.21</u>
Total	\$184,200	2.00

12. POSITION CONVERSION AND BILLING AND COLLECTIONS TRAINING

	Funding Positions	
GPR	-\$43,000	- 1.00
PR	<u>104,000</u>	<u>1.00</u>
Total	\$61,000	0.00

Governor/Legislature: Delete \$21,500 GPR and provide \$52,000 PR annually and convert 1.0 GPR position to 1.0 PR position, beginning in 1999-00 to: (a) reflect the availability of federal MA matching funds to support a position that is currently supported entirely with GPR; and (b) support training for third-party collection activities.

Position Conversion. Delete \$31,900 GPR and provide \$52,000 PR annually to convert 1.0 financial specialist position from GPR to PR, beginning in 1999-00. This item reflects that \$20,100 GPR would be retained in the DHFS budget as the state match for federal MA funds to support the position.

Billing and Collections Training. Provide \$10,400 GPR annually to fund training for staff in the billing and collections unit. These staff collect and report third-party liability information from a variety of sources (MA, Medicare, counties and private insurance) for DCTF facilities.

13. APPROPRIATION AND POSITION RESTRUCTURING
[LFB Paper 471]

	Funding Positions	
GPR	\$0	3.15
FED	4,400	5.25
PR	<u>-2,192,600</u>	<u>-7.28</u>
Total	-\$2,188,200	1.12

Governor: Modify funding by -\$1,094,100 (\$2,200 FED and -\$1,096,300 PR) annually and provide 1.12 positions (3.15 GPR positions, 5.25 FED positions and -7.28 PR positions) beginning in 1999-00, to reflect: (a) the recent creation of the Division of Health Care Financing from the former Division of Health, which has been renamed the Division of Public Health; (b) appropriation consolidation; and (c) corrections to transfers of positions and funding in 1997 Wisconsin Act 27. The fiscal effect of these changes by DHFS program is identified in the following table.

1999-00

Program	GPR		FED		PR		SEG	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
Public Health - state operations	-\$22,826,400	-118.17	-\$48,058,200	-366.75	-\$6,152,700	-66.14	-\$102,700	-1.50
Public Health - aids and local assistance	-950,150,700	0.00	-1,686,254,300	0.00	-14,502,700	0.00	0	0.00
Care and Treatment Facilities	-21,600	-0.30	0	0.00	0	-0.70	0	0.00
Children and Family Services	755,300	-2.00	-82,200	-0.72	-14,800	0.22	0	0.00
Health Care Financing	972,777,600	117.68	1,734,276,500	370.85	18,807,900	52.39	102,700	1.50
Supportive Living	-783,000	1.14	40,800	0.37	-32,400	-0.50	0	0.00
Management and Technology	248,800	4.80	79,600	1.50	798,400	7.45	0	0.00
Total	\$0	3.15	\$2,200	5.25	-\$1,096,300	-7.28	\$0	0.00

2000-01

Program	GPR		FED		PR		SEG	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
Public Health - state operations	-\$22,826,400	-118.17	-\$47,628,400	-326.70	-\$6,153,800	-66.14	-\$102,700	-1.50
Public Health - aids and local assistance	-950,150,700	0.00	-1,686,254,300	0.00	-14,502,700	0.00	0	0.00
Care and Treatment Facilities	-21,600	-0.30	0	0.00	0	-0.70	0	0.00
Children and Family Services	755,300	-2.00	-82,200	-0.72	-14,800	0.22	0	0.00
Health Care Financing	972,777,600	117.68	1,733,846,700	330.85	18,809,000	52.39	102,700	1.50
Supportive Living	-738,000	1.14	40,800	0.37	-32,400	-0.50	0	0.00
Management and Technology	248,800	4.80	79,600	1.50	798,400	7.45	0	0.00
Total	\$0	3.15	\$2,200	5.25	-\$1,096,300	-7.28	\$0	0.00

Transfer appropriations currently budgeted in the health services planning, regulation and delivery; state operations program and the health services planning, regulation and delivery; aids and local assistance program to a new health services planning, regulation and delivery; health care financing program and create new appropriations within this program to reflect the creation of a Division of Health Care Financing. Change statutory references to the renumbered appropriations. Rename the "health" programs as the "public health" program to reflect the Department's reorganization.

Division of Public Health -- Operations. Repeal the emergency medical services operations appropriation. Repeal the appropriation used to support certain vital statistics functions, health data analysis, radiation monitoring of nuclear power plants and the purchase of supplies and services and instead fund these activities from a modified appropriation for licensing review, certification and supplies and services. Repeal the appropriation for internal services provided within the Division and transfer funding and positions to other appropriations to reflect that these services would be supported directly, rather than on a program revenue-service basis.

Division of Public Health -- Aids and Local Assistance. Repeal separate appropriations that support relief block grants to Milwaukee County and other counties and transfer funding from

these appropriations to a modified appropriation to support all grants distributed under the program. Repeal three separate appropriations that support pregnancy counseling, pregnancy outreach and infant health and family planning and transfer funding from these appropriations to a modified appropriation to support women's health services.

Division of Children and Family Services. Create an appropriation to fund grants for children's community programs and transfer funding currently budgeted for foster placement continuation, Police Athletic League recreational activities and grants for court-appointed special advocates currently budgeted in the Division of Supportive Living to the new appropriation. Create an appropriation to fund local assistance expenditures from federal block grant funds. Transfer \$150,000 GPR annually from the Division of Supportive Living to the Division of Children and Family Services for administrative costs for the temporary emergency food assistance program.

Division of Supportive Living. Repeal the appropriation that supports the benefit specialist program and transfer funding to a modified appropriation to support programs for senior citizens, elder abuse services and the benefit specialist program. Repeal the appropriation that supports the Council on Physical Disabilities and transfer funding to the Division's general program operations appropriation. Delete the appropriation that supports capacity building for treatment programs.

Modify all statutory cross-references to reflect appropriation renumbering.

Joint Finance/Legislature: Delete provisions that would repeal three separate appropriations that support pregnancy counseling, pregnancy outreach and infant health and family planning and transfer funding from these appropriations to a modified appropriation to support women's health services.

[Act 9 Sections: 372 thru 386b, 390, 398, 400, 401, 403, 405, 407 thru 415, 416 thru 418c, 419 thru 423, 426, 434, 435 thru 441, 445, 448 thru 450, 454, 1054, 1056 thru 1058, 1061 thru 1063, 1065, 1083, 1093, 1095, 1097, 1099, 1100, 1101, 1111, 1112, 1117, 1203, 1205, 1206, 1362, 1371, 1375, 1381, 1389, 1402, 1404, 1405, 1407, 1408, 1411 thru 1415, 1418, 1419, 1426, 1441, 1461, 1482, 1483, 1524, 2254, 2255, 2262b thru 2263bn, 2265b, 2267r, 2280, 2281, 2282, 2283 and 3111]

14. PROGRAM REVENUE -- SERVICE STAFF COSTS

PR	\$700,600
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Governor/Legislature: Provide \$175,400 in 1999-00 and \$525,200 in 2000-01 to fund projected increases in pay plan costs for positions in the Division of Management and Technology (DMT) that are supported by funds contributed by other DHFS divisions on a charge-back basis. This funding would be transferred from the Division of Care and Treatment Facilities to DMT to support fiscal services, information management and personnel services provided by DMT.

15. TIME REPORTING

	Funding	Positions
PR	\$86,000	1.00

Governor/Legislature: Provide \$39,600 in 1999-00 and \$46,400 in 2000-01 to support 1.0 two-year project position, terminating October 30, 2001, to manually review time reports for the purpose of claiming federal reimbursement for certain activities for which federal funds can be claimed. This position would be supported by funds transferred from other divisions to the Division of Management Technology.

16. ELECTRONIC BENEFITS TRANSFER POSITION

PR	-\$10,600
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Governor/Legislature: Transfer \$99,100 annually and 1.0 position from an appropriation for DHFS information systems to an interagency and intra-agency programs appropriation and delete \$5,300 annually that is not needed to support the activities of this position. The transferred position would continued to work on EBT tasks related to various programs, including the women, infants and children (WIC) supplemental food program.

17. OFFICE OF LEGAL COUNSEL POSITION TRANSFER

FED	-\$200
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Governor/Legislature: Reduce funding by \$100 FED annually and transfer \$244,100 GPR and 3.37 GPR attorney positions and \$182,300 FED and 2.48 FED attorney positions annually from the Division of Public Health, the Division of Children and Family Services and the Division of Supportive Living to the Office of Legal Counsel in the DHFS Secretary's Office. Further, delete the PR appropriation for legal services collections in the Division of Management and Technology.

[Act 9 Section: 456]

18. RENT AND RENT DEBT SERVICE

FED	-\$1,017,800
PR	153,400
Total	-\$864,400

Governor/Legislature: Modify funding by -\$445,800 (-\$519,300 FED and \$73,500 PR) in 1999-00 and -\$418,600 (-\$498,500 FED and \$79,900 PR) in 2000-01 to reflect reestimates of space rental and lease costs.

19. EXCESS FEDERAL FUNDING

Governor/Legislature: Create a federal appropriation that would authorize DHFS to expend specified federal revenues for the purpose of paying federal disallowances, federal sanctions or penalties and the costs of any corrective action affecting DHFS. Credit this appropriation with all federal funds DHFS receives (other than MA targeted case management funds, federal income augmentation funds, certain supplemental MA hospital payments and

funds described under MA violations provisions) that are intended to reimburse the state for expenditures in previous fiscal years from GPR appropriations whose purpose includes a requirement to match or secure federal funds and that exceeded in those fiscal years the estimates reflected in the intentions of the Legislature, the Governor, as express by them in their budget determinations, and estimates approved for expenditure by DOA. Specify that at the end of the fiscal year, an amount determined by DOA would lapse to the general fund. Under current practice, DHFS submits an annual plan for the use of these funds for the review by the Joint Committee on Finance. A similar provision is summarized under "Department of Workforce Development -- Economic Support and Child Care."

[Act 9 Section: 457]

20. INCOME AUGMENTATION REVENUES [LFB Paper 472]

GPR-Lapse	\$15,686,200
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Joint Finance: Require DHFS to lapse \$12,013,200 no later than 30 days after the effective date of the bill and \$6,100,000 in 2000-01 to the general fund from federal income augmentation revenue. Further, require DHFS to submit to DOA by September 1 of each year, a proposal to allocate income augmentation revenues received in the previous fiscal year. Require DOA to submit the plan as approved by DOA, to the Joint Committee on Finance by the following October 1 of each year.

The general fund condition state assumes that DHFS would lapse a total of \$2,427,000 in income augmentation revenue to the general fund in 1999-00. This provision would increase the lapse amount by \$15,686,200 in the 1999-01 biennium.

Senate/Legislature: Require DHFS to perform activities to augment federal reimbursement of costs under foster care, Medicaid and Medicare. Specify that DHFS must perform these activities itself and may not contract with any person to perform these activities. Currently, DHFS contracts with Maximus, Inc. to perform income augmentation activities. This contract expires October, 1999. Under this provision, DHFS would not be authorized to renew the contract with Maximus or any other entity.

Veto by Governor [C-27]: Delete the provision that would have required DHFS to perform income augmentation activities and would have prohibited DHFS from contracting with any person to perform these activities.

[Act 9 Sections: 1091m and 9223(2g)]

[Act 9 Vetoed Sections: 456r, 1091k and 9323(13f)]

Medical Assistance

1. OVERVIEW OF MEDICAL ASSISTANCE BENEFITS

Governor: Increase total MA benefits funding by \$37,633,400 GPR and \$187,925,600 FED in 1999-00 and \$72,041,800 GPR and \$268,248,800 FED in 2000-01 to the cost to continue, and various changes to the MA program and use of MA funding for BadgerCare and Family Care.

The largest part of the GPR increase is attributable to the base reestimate, which represents the change in the amount of funding required to support the current program in the 1999-01 biennium (\$27.8 million GPR in FY 2000 and \$52.1 million in FY 2001). Other significant increases in GPR costs are due to: (a) BadgerCare (\$6.3 million in 1999-00 and \$11.2 million in 2000-01); and (b) nursing home rate increases (\$6.2 million in 1999-00 and \$9.8 million in 2000-01). Significant reductions in GPR reflect the Governor's proposals to generate savings in pharmacy services (-\$3.2 million in 1999-00 and -\$4.3 million in 2000-01) and eliminate certain hospital graduate medical education (GME) payments (-\$1.5 million in 1999-00 and -\$2.1 million in 2000-01).

In total, the bill would provide \$967,221,300 GPR and \$1,828,615,400 FED in 1999-00 and \$1,001,629,700 GPR and \$1,908,938,600 FED in 2000-01 to support benefits in the 1999-01 biennium, including benefits that would be provided under the BadgerCare and Family Care programs.

Joint Finance: Increase funding for MA benefits by \$4,206,100 GPR and delete \$64,023,400 FED in 1999-00 and delete \$19,475,500 GPR and \$64,403,000 FED in 2000-01 to reflect modifications to the Governor's recommendations.

Assembly: Reduce MA benefits funding by \$91,900 GPR and increase MA benefits funding by \$939,100 FED in 1999-00 and increase MA benefits funding by \$59,000 GPR and \$1,173,800 FED in 2000-01 to reflect modifications to the funding provided by the Joint Committee on Finance. In addition, provide \$750,000 PR annually from the WisconCare appropriation as the state match for indirect graduate medical education payments to hospitals.

Senate: Reduce MA benefits funding by \$602,900 GPR and \$886,700 FED in 1999-00 and provide \$3,445,400 GPR and \$6,961,300 FED in 2000-01 to reflect modifications to the funding provided by the Joint Committee on Finance.

Conference Committee/Legislature: Increase MA benefits funding by \$814,900 GPR and \$1,843,700 FED in 1999-00 and \$4,343,200 GPR and \$8,047,300 FED in 2000-01 to reflect modifications to the funding provided by the Joint Committee on Finance. In addition, provide \$750,000 PR annually from the WisconCare appropriation as the state match for indirect graduate medical education payments to hospitals.

Veto by Governor [C-1, C-8 and C-12]: Reduce funding for MA benefits by \$1,722,500 GPR and \$2,094,600 FED in 1999-00 and \$2,462,700 GPR and \$3,078,300 FED in 2000-01 to reflect: (a) the deletion of the 3.5% nursing home wage pass-through for dieticians, food workers and housekeeping and laundry workers (-\$1,722,500 GPR and -\$2,094,600 FED in 1999-00 and -\$2,277,500 GPR and -\$2,811,900 FED in 2000-01); (b) the deletion of 1.0 ombudsman position for the Board on Aging and Long-Term Care that would have been provided in 2000-01 (-\$5,300 GPR and -\$5,300 FED in 2000-01); and (c) the deletion of 50 CIP IB slots that would have been created in 2000-01 (-\$179,900 GPR and -\$261,100 FED in 2000-01). The Governor's partial vetoes reduce the GPR MA benefits appropriations in 2000-01 by \$185,200 in 2000-01 to reflect the partial vetoes relating to the ombudsman position and the CIP IB slots. The Governor's partial veto of the nursing home wage pass-through is achieved by placing the GPR funds budgeted in the MA benefits appropriation in unallotted reserve to lapse to the general fund.

The following table summarizes all of the changes to MA base funding under Act 9.

	1999-00			2000-01		
	GPR	FED	Total	GPR	FED	Total
Base Level Funding	\$929,587,900	\$1,640,689,800	\$2,570,277,700	\$929,587,900	\$1,640,689,800	\$2,570,277,700
Base Reestimate	26,994,800	106,197,800	133,192,600	31,755,500	163,419,700	195,175,200
Subtotal -- MA Costs Under Current Law	\$956,582,700	\$1,746,887,600	\$2,703,470,300	\$961,343,400	\$1,804,109,500	\$2,765,452,900
Changes to Provider Reimbursement						
Nursing homes	\$15,247,000	\$14,141,100	\$29,388,100	\$21,941,400	\$22,094,600	\$44,036,000
Drugs	-3,971,400	-5,667,300	-9,638,700	-5,800,300	-8,295,200	-14,095,500
Dental services	1,143,500	1,631,700	2,775,200	2,059,500	2,988,200	5,047,700
Noninstitutional providers -general	0	0	0	1,453,800	2,131,300	3,585,100
Personal care services	1,346,500	1,921,500	3,268,000	2,328,000	3,377,800	5,705,800
Independent practice nurses	184,300	261,000	445,300	230,700	326,700	557,400
Supplemental hospital payments	0	0	0	1,000,000	1,451,000	2,451,000
Outpatient hospital rates	0	0	0	172,500	250,300	422,800
Graduate medical education payments	-1,139,200	-555,400	-1,694,600	-1,521,200	-1,119,000	-2,640,200
Funding for DCTF, BOALTC	1,031,700	1,472,100	2,503,800	1,542,300	2,805,600	4,347,900
DCTF standard budget adjustments	-66,000	0	-66,000	-66,300	0	-66,300
Changes in Services						
Prior authorization for dental cleanings	21,400	30,600	52,000	21,500	30,500	52,000
New CIP IB slots	181,700	259,300	441,000	359,900	522,100	882,000
New COP slots	0	0	0	0	1,158,000	1,158,000
Irrevocable burial trusts	0	0	0	159,100	230,900	390,000
Changes in Program Administration						
Estate recovery	-452,300	-645,400	-1,097,700	-455,900	-648,700	-1,104,600
Volume purchasing	-155,900	-222,100	-378,000	-156,200	-221,800	-378,000
IMD transfer	-473,000	0	-473,000	-473,000	0	-473,000
Other Items Affecting MA Benefits						
Tuberculosis services	26,700	38,100	64,800	26,800	38,100	64,900
Family Care & MA Purchase Plan	-13,120,900	-17,959,500	-31,080,400	-61,596,700	-88,740,100	-150,336,800
Gaming revenues for FQHCs	-825,000	0	-825,000	-825,000	0	-825,000
Hospital payment keying error	0	-28,100	-28,100	0	0	0
Total MA Benefits Funding in Act 9	\$955,561,800	\$1,741,565,200	\$2,697,127,000	\$921,744,300	\$1,742,489,800	\$2,664,234,100
Other Program Benefits Budgeted in MA						
Family Care	\$14,958,000	\$22,775,900	\$37,733,900	\$62,290,400	\$107,014,800	\$169,305,200
Total Funding Authorized for Expenditure	\$970,519,800	\$1,764,341,100	\$2,734,860,900	\$984,034,700	\$1,849,504,600	\$2,833,539,300
Excess GPR and FED Resulting from Governor's Vetoes	\$1,722,500	\$2,094,600	\$3,817,100	\$2,277,500	\$3,078,300	\$5,355,800
GRAND TOTAL --Ch. 20 Appropriation	\$972,242,300	\$1,766,435,700	\$2,738,678,000	\$986,312,200	\$1,852,582,900	\$2,838,895,100
Changes to Base -Reflects Vetoes	\$42,654,400	\$125,745,900	\$168,400,300	\$56,724,300	\$211,893,100	\$268,617,400

2. MA BASE REESTIMATE [LFB Paper 475]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$79,934,900	-\$21,184,600	\$58,750,300
FED	<u>319,301,300</u>	<u>-49,683,800</u>	<u>269,617,500</u>
Total	\$399,236,200	-\$70,868,400	\$328,367,800

Governor: Increase MA benefits funding by \$27,790,000 GPR and \$134,698,200 FED in 1999-00 and \$52,144,900 GPR and \$184,603,100 FED in 2000-01 to reflect reestimates of the projected costs for MA benefits in the 1999-01 biennium under current law. This base reestimate incorporates the following major adjustments: (a) increased GPR funding and decreased FED funding to reflect a projected decrease in the federal MA matching rate; (b) decreased GPR funding and increased FED funding to reflect revised estimates of federal matching funds available under the intergovernmental transfer program; and (c) adjustments to reflect projected changes in caseload and average costs per MA-eligible. There is insufficient information to identify the components of this reestimate, including the administration's assumptions regarding projected changes in MA caseload and service utilization.

Joint Finance/Legislature: Delete \$795,200 GPR and \$28,500,400 FED in 1999-00 and \$20,389,400 GPR and \$21,183,400 FED in 2000-01 to reflect reestimates of the cost to continue the current MA program in the 1999-01 biennium. The reestimate is based on the following caseload and intensity projections.

Reestimates of MA Caseload

Category	Actual 1997-98	Projected			Percent Change From Previous Year		
		1998-99	1999-00	2000-01	1998-99	1999-00	2000-01
Aged	47,759	46,307	44,899	43,534	-3.0%	-3.0%	-3.0%
Disabled	99,630	99,002	99,002	99,002	-0.6	0.0	0.0
AFDC	153,713	145,822	148,365	151,361	-5.1	1.7	2.0
Other	<u>102,665</u>	<u>106,067</u>	<u>108,914</u>	<u>111,960</u>	<u>3.3</u>	<u>2.7</u>	<u>2.8</u>
TOTAL	403,767	397,198	401,180	405,857	-1.6%	1.0%	1.2%

MA Intensity -- Projected Annual Changes

<u>Service</u>	<u>1999-00</u>	<u>2000-01</u>
Dental	6.9%	8.2%
Durable Medical Equipment and Supplies	-3.5	-1.0
Drugs	11.9	7.9
Transportation -- Emergency	1.3	2.8
Family Planning	-0.3	-4.5
Home Health Services	2.6	2.9
Inpatient Hospital Services	2.2	1.6
Laboratory and X-rays	-1.0	-0.4
Medicare Crossovers - Part A	3.9	2.1
Medicare Crossovers - Part B	4.7	5.2
Mental Health	4.8	13.5
Transportation -- Nonemergency	5.4	3.0
Outpatient Hospital	1.1	1.5
Outpatient Hospital -- Psychiatric	-3.0	-3.9
Personal Care	10.3	12.1
Physicians	0.2	-0.7
Therapies	5.0	5.3
Other	3.9	3.2

The caseload estimates for the "AFDC" and "Other" MA eligibility categories assume a greater increase than the past trend would indicate because it is anticipated that the implementation of the BadgerCare program, beginning July 1, 1999, will increase MA enrollment. It is assumed that BadgerCare will increase MA enrollment by additional 6,800 MA-eligibles by the end of 1999-00 and a cumulative total of 11,300 persons by the end of the biennium. The 11,300 figure would represent a 5.2% increase for the AFDC-related and healthy start groups.

The current estimates also reflect a recently released preliminary projection for the state's federal participation rate (FFP) for MA for 2000-01. The preliminary projection indicates that the 2000-01 FFP rate will be higher than the rate assumed in previous MA estimates. In recent years, Wisconsin's FFP rate has been declining, but the preliminary projection indicates the FFP rate will increase from 58.78% for federal fiscal year 1999-00 to 59.34% for federal fiscal year 2000-01. The new FFP rate would reduce state GPR expenditures for 2000-01 by an estimated \$14 million.

3. BADGERCARE [LFB Paper 476]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$32,818,700	\$23,756,100	\$56,574,800
FED	68,479,200	- 43,639,100	24,840,100
PR	<u>8,453,800</u>	<u>- 5,594,300</u>	<u>2,859,500</u>
Total	\$109,751,700	-\$25,477,300	\$84,274,400

Governor: Provide \$38,437,900 (\$11,486,300 GPR, \$23,861,900 FED and \$3,089,700 PR) in 1999-00 and \$71,313,800 (\$21,332,400 GPR, \$44,617,300 FED and \$5,364,100 PR) in 2000-01 to support the costs of BadgerCare, a health program for low-income, uninsured families.

Funding Allocations between BadgerCare and MA. Of the funding that would be provided, allocate \$17,195,900 (\$6,256,600 GPR and \$10,939,300 FED) in 1999-00 and \$30,946,600 (\$11,248,000 GPR and \$19,698,600 FED) in 2000-01 for MA benefits. Allocate the remaining funding (\$5,229,700 GPR, \$12,922,600 FED and \$3,089,700 PR in 1999-00 and \$10,084,400 GPR, \$24,918,700 FED and \$5,364,100 PR in 2000-01) to support benefits under BadgerCare.

Authorize DHFS to Modify Income Eligibility. Authorize DHFS to establish a lower maximum income level for initial BadgerCare eligibility through a state plan amendment if DHFS determines that funding provided in the continuing GPR, FED and PR appropriations for BadgerCare is insufficient to accommodate projected enrollment levels. Specify that the adjustment may not be greater than necessary to ensure sufficient funding. Individuals who were already enrolled in BadgerCare would continue to remain eligible unless their income exceeded 200% of the federal poverty level (FPL). Require DHFS to raise the income limit once it has been lowered from 185% of the FPL, to a level not to exceed 185% of the FPL, if its projections indicate that funding under the continuing GPR, FED and PR appropriations are sufficient to raise the level. Define "state plan" as the state child health plan defined in Title XXI of the Social Security Act. Currently, families with income below 185% of the FPL are eligible for BadgerCare. Families that begin participating in the program when the family's income is below 185% of the FPL remain eligible for the program until the family's income exceeds 200% of the FPL.

Eligibility for Children Who Do Not Reside with a Parent. Specify that a child who does not reside with his or her parent is eligible for BadgerCare if the child meets all of the following requirements: (a) the child's income does not exceed 185% of the FPL, or 200% of the FPL if the child is already enrolled in the program; (b) the child does not have access to employer-subsidized health care coverage; (c) the child has not had access to health care coverage within the time period established by DHFS by rule, unless DHFS establishes exceptions; and (d) the child meets all other eligibility requirements established by DHFS by rule. In establishing other eligibility criteria, DHFS would be prohibited from including any health condition requirements. Specify that children who do not reside with his or her parent would be subject to the same premium requirements as other families enrolled in BadgerCare. Authorize DHFS to purchase family health coverage offered by an employer of a member of a child's household, in addition to a member of an eligible family, as provided under current law.

Under current law, children who do not reside with a parent are not eligible for coverage under BadgerCare.

Definitions of Families and Parents. For the purpose of determining eligibility, define a "family" as a unit consisting of at least one child and his or her parent or parents, who reside in the same household. A family would also include the spouse of an individual who is a parent if the spouse resides in the same household as the individual. Define a "parent" as any of the

following: (a) a biological parent; (b) a person who has consented to the artificial insemination of his wife; (c) a parent by adoption; and (d) a man determined in a judicial proceeding to be the biological father of a child if the child is a nonmarital child who is not adopted or whose parents have not subsequently intermarried. Under current law, BadgerCare eligibility provisions define a "family" as a unit that consists of at least one dependent child and his or her custodial parent and the spouse of that parent if they reside in the same household.

Replace current references to "families" with references to "persons" as they relate to: (a) the Department's authority to provide benefits under BadgerCare; (b) entitlement to benefits; and (c) denial of coverage due to health conditions.

Income Threshold for Premiums. Prohibit DHFS from requiring a family or child who does not reside with his or her parents to contribute to the cost of providing BadgerCare coverage if the family or child has income below 150% of the FPL, rather than 143% of the FPL, as provided in current law.

Technical Corrections. Under current law, DHFS is not authorized to expend funds from the MA benefits appropriation to purchase health care services for individuals enrolled in BadgerCare. A technical correction is required to either: (a) authorize DHFS to expend BadgerCare funds budgeted in the MA appropriation to purchase services for individuals enrolled in BadgerCare; or (b) transfer GPR and FED BadgerCare funds budgeted in the MA appropriation to the GPR and FED BadgerCare appropriations.

Technical corrections are required to reflect the Governor's intent with respect to the federal BadgerCare benefits appropriation. First, this appropriation is mislabeled in the Chapter 20 schedule as the federal MA contracts appropriation and the federal MA contracts appropriation appears in the Chapter 20 schedule as the federal BadgerCare benefits appropriation. Second, the Governor's recommendation does not reflect base funding currently budgeted for federal BadgerCare benefits. Consequently, the DHFS base budget for federal BadgerCare benefits should be reduced by \$38,475,800 FED annually.

Joint Finance: Modify the Governor's recommendations as follows.

Funding. Provide \$10,870,200 GPR, \$16,171,700 FED and -\$1,890,400 PR in 1999-00 and \$12,885,900 GPR, \$17,140,800 FED and -\$3,703,900 PR in 2000-01 to reflect reestimates of the costs of funding BadgerCare in the 1999-01 biennium. In addition: (a) reduce funding by \$38,475,800 FED annually to reflect base funding for BadgerCare that was not reflected in the bill; (b) transfer GPR and FED funding for BadgerCare benefits from the MA appropriation to the BadgerCare benefits appropriations; (c) correct a title error in the Chapter 20 schedule relating to federal BadgerCare benefits; and (d) delete references to a state plan amendment as it relates to the Department's authority to reduce the income limit for BadgerCare eligibility. Specify that DHFS may not reduce the maximum income eligibility standard for BadgerCare before it receives approval from the Joint Committee on Finance under a 14-day passive review process.

Outreach. Direct DHFS to coordinate with DPI a BadgerCare outreach mailing targeted to children enrolled in the national school lunch program and to complete this mailing by October 1, 1999.

COBRA Coverage. Specify that an individual is not ineligible for BadgerCare solely because the individual had continuation coverage under the federal Consolidated Omnibus Budget Reconciliation Act (P.L. 99-272, commonly referred to as "COBRA coverage") at any time prior to applying to BadgerCare. Under COBRA, employees who terminate employment for any reason other than gross misconduct, those whose hours are reduced and dependents of these employees may continue to receive group coverage for up to 18 months. Dependents may continue coverage for up to 36 months if they lose coverage for any of the following reasons: death of the employee, divorce from the employee, the dependent has reached the maximum age under the policy or the employee becomes eligible for Medicare. Disabled employees can continue coverage for up to 29 months.

Under current law, a family is ineligible for BadgerCare if the family had access to employer-subsidized health care coverage within the time period established by DHFS by rule, not to exceed 18 months, immediately preceding application for BadgerCare. Under the approved federal waiver for BadgerCare, individuals who are covered or were covered during the three months prior to BadgerCare application under an employer-sponsored family health insurance plan that meets the definition of group coverage under the Health Insurance Portability and Accountability Act (HIPAA) are ineligible for BadgerCare.

Assembly: Delete the provision that would specify that an individual is not ineligible for BadgerCare solely because the individual had COBRA continuation coverage.

Senate: Convert the GPR BadgerCare appropriation from a continuing appropriation to a sum sufficient appropriation. The change would specify that funding for BadgerCare is not limited to the amounts budgeted in the appropriation. The effect of this change is to remove the Department's ability to activate the enrollment trigger that would have allowed DHFS to lower the income threshold for BadgerCare if funding budgeted for the program was insufficient.

Expand BadgerCare eligibility, beginning July 1, 2001, to child care workers. Specify that a child care worker would be eligible for BadgerCare if he or she: (a) is employed by a child care provider as a child care worker for at least 30 hours per week; (b) the individual does not have income, as defined by rule, in excess of 185% of the federal poverty level (FPL) for initial eligibility (individuals would remain eligible for the program until their income exceeded 200% of the FPL); (c) the individual does not have access to employer-subsidized health care coverage within the time period established by the Department by rule, but not to exceed 18 months, immediately preceding application for BadgerCare; and (d) the individual meets all other requirements established by the Department by rule. Prohibit DHFS from requiring a child care worker to be a parent as a condition of eligibility. Authorize DHFS to define exceptions to the provisions relating to access to employer-subsidized health care coverage.

For the purposes of these provisions, define "employer-subsidized health care coverage" as coverage under a group health insurance plan offered by the eligible individual's employer, or by the employer of a family member of the eligible individual for which the eligible individual qualifies and for which the employer pays at least 80% of the cost, excluding any deductibles or copayments that may be required under the plan.

Conference Committee/Legislature: Include Assembly provision. In addition, modify the Joint Finance provision relating to outreach to specify that DHFS would implement this activity beginning October 1, 1999, or the general effective date of the bill, whichever is later.

Veto by Governor [C-17]: Delete the provision that would have required to DHFS to coordinate with DPI a BadgerCare outreach mailing targeted to children enrolled in the national school lunch program.

[Act 9 Sections: 1465 through 1476]

[Act 9 Vetoed Section: 1476f]

4. MA ADMINISTRATION [LFB Paper 477]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$3,000,000	0.25	\$2,060,900	0.00	\$5,060,900	0.25
FED	3,442,700	0.75	4,955,700	0.00	8,398,400	0.75
PR	800,000	0.00	0	0.00	800,000	0.00
Total	\$7,242,700	1.00	\$7,016,600	0.00	\$14,259,300	1.00

Governor: Provide \$2,000,000 GPR, \$1,969,700 FED and \$100,000 PR in 1999-00 and \$1,000,000 GPR, \$1,473,000 FED and \$700,000 PR in 2000-01 and 1.0 position (0.25 GPR and 0.75 FED position), beginning in 2000-01, to increase funding for the following MA administration activities.

MA Contracts. Provide \$1,930,800 GPR and \$1,450,600 FED in 1999-00 and \$726,800 GPR, \$724,100 FED and \$600,000 PR in 2000-01 to fund projected increases in the costs of contracted services in the 1999-01 biennium. Under the bill, \$300,000 in 2000-01 from health care licensing fees would be used to match federal MA funds; \$300,000 is provided in 2000-01 to reflect the transfer of these funds from the Division of Supportive Living to the Division of Health Care Financing.

Fiscal Agent Procurement Consultant. Provide \$450,000 FED and \$100,000 PR annually to hire a consultant to assist with the procurement of a new fiscal agent for the MA program. The current fiscal agent contract with Electronic Data Systems expires December 31, 2001. The consultant would assist DHFS staff in all phases of the procurement process, including preparing the request for proposal, developing criteria for evaluating proposals and assisting in

writing the final contract language relating to performance, deliverables, contract monitoring, incentives and liquidated damages.

Funding for this purpose is available on a 90% FED/10% state cost-sharing basis. Under the bill, \$50,000 PR annually from health care facilities licensing fees would be used to match federal MA funds; \$50,000 PR is provided annually to reflect the transfer of these funds from DSL to DHCF.

Federal MA Managed Care Requirements. Provide \$69,200 GPR and \$69,100 FED in 1999-00 and \$273,200 GPR and \$298,900 FED in 2000-01 and provide 1.0 position (0.25 GPR position and 0.75 FED position), beginning in 2000-01, to address workload relating to new federal MA managed care requirements. The position would perform data management functions to comply with the new requirements. Funding is also provided for: (a) expansion of the Automated Health Systems, Inc. contract to include support for new behavioral health screenings; and (b) expansion of the ombudsman program.

Joint Finance/Legislature: Increase funding by \$521,500 GPR and \$1,969,000 FED in 1999-00 and \$1,539,400 GPR and \$2,986,700 FED in 2000-01 to fund projected costs of MA contracts and agreements in the 1999-01 biennium. This amount includes \$475,800 GPR and \$556,400 FED in 1999-00 and \$486,800 GPR and \$567,300 FED in 2000-01 to support administrative information and technology costs associated with implementing BadgerCare.

5. NURSING HOME REIMBURSEMENT [LFB Paper 478]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Veto (Chg. to Leg.)	Net Change
GPR-Lapse	\$0	\$0	\$0	\$4,000,000	\$4,000,000
GPR	\$15,952,500	\$21,235,900	\$4,000,000	\$0	\$41,188,400
FED	<u>22,724,600</u>	<u>13,511,100</u>	<u>4,906,500</u>	<u>- 4,906,500</u>	<u>36,235,700</u>
Total	\$38,677,100	\$34,747,000	\$8,906,500	- \$4,906,500	\$77,424,100

Governor: Provide \$6,180,400 GPR and \$8,819,700 FED in 1999-00 and \$9,772,100 GPR and \$13,904,900 FED in 2000-01 to increase payments to nursing homes for services provided to MA recipients. The total increase of \$15.0 million (all funds) in the first year would represent an increase in funding of approximately 1.77% over projected MA nursing home expenditures in 1998-99, while the increase of \$23.7 million (all funds) in the second year would represent an increase of 1.00% over projected 1999-00 expenditures. A technical change is required to correct an unintended transfer of \$1,529,800 GPR and \$2,170,200 FED in 2000-01 from the MA benefits appropriation to the nursing home appeals appropriation.

Modify requirements governing the reimbursement formula for nursing home providers for care provided to MA recipients as follows.

Cost Centers. Repeal the requirement that DHFS establish one or more standards for the payment of costs for direct care, support services, fuel and utilities and administration and general costs that are not less than the median of these costs for a sample of all facilities within the state. Instead, require DHFS to establish standards for the payment of these costs that take into account these types of costs for a sample of all facilities within the state.

Property Taxes. Limit payment for net property taxes or municipal services to the amount actually paid in the previous calendar year, subject to a maximum limit as determined by DHFS. Under current law, payment for these costs are required to range from a minimum that is equal to the actual amount paid in the prior calendar year to a maximum limit determined by the Department.

Capital Costs. Repeal a provision that prohibits DHFS from reducing final capital payment of a facility by more than \$3.50 per patient day.

Obsolete References. Repeal references to payment methodologies used by DHFS to make payments in the 1997-99 biennium.

Joint Finance: Provide \$9,066,600 GPR and \$5,321,400 FED in 1999-00 and \$12,169,300 GPR and \$8,189,700 FED in 2000-01 to provide: (a) a funding increase of 2.5% in 1999-00 and 2.0% in 2000-01 for regular per diem rates; (b) a wage pass-through of 5% for nurse's assistants that would be effective October 1, 1999; and (c) a lower additional supplement for county-owned nursing homes of \$2.0 million in 1999-00 and \$4.0 million in 2000-01, rather than \$2.4 million and \$8.9 million, respectively, as provided by the Governor. In addition, retain the requirement that nursing home payments be based on the most recent cost reports so that 1999-00 payments would be based on 1998 cost reports and 2000-01 payments would be based on 1999 cost reports. Correct an unintended transfer of \$1,529,800 GPR and \$2,170,200 FED in 2000-01 from the MA appropriation to the nursing home appeals appropriation.

Require DHFS to examine currently required cost reports for the period in which the facility received a wage pass-through supplement to determine whether the facility's nurse's assistants wage, salary and fringe costs per patient day have increased over the prior year by a percentage at least equal to the wage pass-through supplement. Authorize DHFS to recoup payments if it determines that the facility did not meet this requirement to increase compensation spending. Require DHFS to adjust the required percentage increase in compensation per patient day for all of the following factors: (a) the regular rate increase or decrease; (b) the fact that the funding increase was based only on wages and salaries while the cost comparison includes fringe benefits; (c) an increase or decrease in purchased services; (d) a change in the acuity level of patients; (e) the reporting period being different than the payment period for the wage pass-through; and (f) any other factor determined by DHFS to be relevant and that is readily available in the Department's database. Limit the total supplemental payment to \$8,309,000 in 1999-00 and \$11,078,600 in 2000-01.

Senate: Specify that the 5% wage pass-through in the substitute amendment could only be used only for wage, fringe and staff increases that occur on or after July 1, 1999. Require DHFS to prepare a supplemental application that would require nursing homes applying for the wage

pass-through to provide additional cost information for specified accounting periods so that the Department can determine that wages and fringe benefits were increased after June 30, 1999, by the required amount.

Conference Committee/Legislature: Include the Senate provision. In addition, provide \$1,722,500 GPR and \$2,094,600 FED in 1999-00 and \$2,277,500 GPR and \$2,811,900 FED in 2000-01 to fund a 3.5% wage pass-through for dieticians, food workers and housekeeping and laundry workers that would be effective October 1, 1999. Limit the total supplemental payments to \$3,562,300 in 1999-00 and \$4,749,800 in 2000-01. Specify that a nursing home must apply for this supplement and would be subject to the same application procedures, supplemental cost reporting and expenditure review requirements that would apply for the nurse aide wage pass-through. Require the Department to reduce or increase the 3.5% supplement, up to the specified limit, if estimated expenditures would exceed or not fully utilize the amount appropriated for this supplement.

Veto by Governor [C-12]: Delete the 3.5% wage pass-through for dieticians, food workers and housekeeping and laundry workers. Although the partial veto does not reduce the MA benefits appropriation, in his veto message, the Governor requests the DOA Secretary to place \$1,722,500 GPR in 1999-00 and \$2,277,500 GPR in 2000-01 in unallotted reserve under the MA benefits appropriation to lapse to the General Fund. It is estimated that federal MA matching funds would decrease by \$2,094,600 FED in 1999-00 and \$2,811,900 FED in 2000-01.

[Act 9 Sections: 419, 1390b thru 1401, 1406 and 9123(9m)]

[Act 9 Vetoed Section: 9123(9m)]

6. DRUG REIMBURSEMENT [LFB Paper 479]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$7,538,700	-\$2,233,000	-\$9,771,700
FED	<u>-10,740,300</u>	<u>-3,177,200</u>	<u>-13,917,500</u>
Total	-\$18,279,000	-\$5,410,200	-\$23,689,200

Governor: Decrease MA benefits funding by \$3,227,800 GPR and \$4,606,200 FED in 1999-00 and \$4,310,900 GPR and \$6,134,100 FED in 2000-01 to reflect projected drug savings.

Joint Finance/Legislature: Reduce MA benefits funding by \$743,600 GPR and \$1,016,100 FED in 1999-00 and \$1,489,400 GPR and \$2,161,100 FED in 2000-01 to reflect reestimated projected drug savings. Prohibit DHFS from discounting the average wholesale price for drugs provided to MA recipients by more than 10%, if DHFS reimburses pharmacies for those drugs using a formula that takes into account the average wholesale price of the drug and prohibit DHFS from reducing pharmacy dispensing fees in the 1999-01 biennium.

[Act 9 Section: 9123(9n)]

7. DENTAL RATE INCREASE [LFB Paper 480]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	\$3,937,800	- \$542,800	- \$192,000	\$3,203,000
FED	5,608,400	- 712,000	- 276,500	4,619,900
Total	\$9,546,200	- \$1,254,800	- \$468,500	\$7,822,900

Governor: Provide \$2,973,900 (\$1,225,300 GPR and \$1,748,600 FED) in 1999-00 and \$6,572,300 (\$2,712,500 GPR and \$3,859,800 FED) in 2000-01 to increase MA rates paid to dentists.

In 1999-00, fee-for-service dental rates would be increased by the lessor of: (a) 10% above the amounts paid for dental services in 1998-99; or (b) \$1,225,300. In 2000-01, the rate increase would be the lessor of: (a) 10% above the amounts paid for dental services in 2000-01; (b) \$1,504,200; or (c) the percentage over the amount paid for dental services in 2000-01 that equals the percentage increase in MA recipients receiving fee-for-service dental services in 2000-01 as compared to 1999-00. DHFS would be required to determine this percentage by September 1, 2000.

Specify that calculation of these payments would exclude estimated changes in total payments attributable to changes in recipient utilization of fee-for-service dental services as expressed by the Joint Committee on Finance, Legislature and Governor as part of the budget determinations. The effect of this provision is ensure that the proposed limits on MA dental rate increases would not limit increases in total payments for dental services resulting from increased utilization. Technical changes are required to meet the Governor's intent.

Joint Finance: Modify the provisions as follows.

Rates. Reduce funding by \$81,800 GPR and \$116,900 FED in 1999-00 and by \$653,000 GPR and \$871,600 FED in 2000-01 to reflect the estimated cost of increasing reimbursement rates for services provided to adults to 65% of calendar year 1998 usual and customary charges and increasing reimbursement rates for services provided to children to 69% of calendar year 1998 usual and customary charges. Delete the statutory changes relating to MA dental reimbursement recommended by the Governor.

Services Provided Through HMOs. Provide \$91,900 GPR and \$131,200 FED in 1999-00 and \$100,100 GPR and \$145,300 FED in 2000-01 to fund fee-for-service rate increases for dental services that are currently provided through MA HMOs. Further, direct DHFS to provide dental services for all MA recipients on a fee-for-service basis, beginning January 1, 2000, except those recipients who are eligible to participate in the dental managed care pilot program created in 1997 Wisconsin Act 27.

Dental Outreach and Education Plan. Direct DHFS to develop a dental outreach and education plan for MA recipients and dentists that would address MA patient compliance issues. Direct DHFS to develop this plan in consultation with representatives of various

stakeholders, including the Department of Public Instruction, the Department of Workforce Development, the Wisconsin Dental Association, state dental and dental hygiene schools, community health care providers, MA recipients and other health care advocates. Require DHFS to submit this plan to the Governor and the appropriate legislative standing committees by January 1, 2000. Specify that DHFS would include a fiscal estimate for implementing the plan on a statewide basis and information regarding components of the plan that would be eligible for TANF funding or federal MA administrative matching funds as part of the proposal.

Eligibility Verification. Specify that if DHFS requires dentists to use specified equipment for provider eligibility verification to receive MA reimbursement, DHFS would pursue available federal MA administrative funds to support these costs. Direct DHFS to reimburse dentists for the portion of the cost of the equipment that is reimbursed by the federal government.

Assembly/Legislature: Reduce MA benefits funding by \$91,900 GPR and \$131,200 FED in 1999-00 and \$100,100 GPR and \$145,300 FED in 2000-01 that was added by the Joint Committee on Finance to support fee-for-service dental rate increases for services currently provided through MA HMOs. Delete the provision in the substitute amendment that would require DHFS to provide dental services for MA HMO enrollees on a fee-for-service basis. Consequently, funding budgeted for rate increases would be based on services that are currently provided on a fee-for-service basis.

[Act 9 Sections: 1376m and 9123(9q)]

8. PRIOR AUTHORIZATION FOR DENTAL CLEANINGS

Governor/Legislature: Provide \$21,400 GPR and \$30,600 FED in 1999-00 and \$21,500 GPR and \$30,500 FED in 2000-01 to support the cost of eliminating the prior authorization requirement for second dental cleanings for children between the ages of 13 and 20. Currently, prior authorization is required for a second dental cleaning within a 12-month period for children between the ages of 13 and 20, but not for children under the age of 13.

GPR	\$42,900
FED	<u>61,100</u>
Total	\$104,000

9. NON-INSTITUTIONAL RATE INCREASES [LFB Paper 481]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	\$1,549,400	\$2,802,900	\$1,191,000	\$5,543,300
FED	<u>4,495,200</u>	<u>1,809,500</u>	<u>1,713,600</u>	<u>8,018,300</u>
Total	\$6,044,600	\$4,612,400	\$2,904,600	\$13,561,600

Governor: Provide \$1,549,400 GPR and \$4,495,200 FED to support a 1% rate increase for selected non-institutional MA providers in 2000-01. The following MA benefits and services would receive a rate increase: (a) ambulance transportation; (b) certified nurse anesthetist; (c)

chiropractic; (d) dental; (e) durable medical equipment and disposable medical supplies; (f) end-stage renal disease; (g) family planning; (h) federally qualified health centers; (i) HealthCheck; (j) hearing aids; (k) home health; (l) hospice; (m) lab and x-ray; (n) outpatient hospital psychology and mental health; (o) personal care; (p) physicians and clinics; (q) podiatrists; (r) prenatal care coordination; (s) rural health clinic; (t) transportation by specialized medical vehicles; (u) therapies; and (v) vision.

Joint Finance: Reduce funding by \$95,600 GPR and \$2,363,900 FED in 2000-01 to reflect a reestimate of the funding required to increase MA rates for non-institutional services as recommended by the Governor, except FQHCs and dental services.

Personal Care Services. Provide \$1,346,500 GPR and \$1,921,500 FED in 1999-00 and \$1,552,000 GPR and \$2,251,900 FED in 2000-01 to increase the reimbursement rate for personal care services by \$0.50 per hour.

Senate: Modify MA rates for personal care services and independent practice nursing services as follows.

Personal Care Services. Provide \$1,551,900 GPR and \$2,251,800 FED in 2000-01 to increase rates for MA personal care services by \$0.50 per hour above the rate increase that would be provided under the substitute amendment. Consequently, rates would increase from the current level of \$11.50 to \$12.00 per hour in 1999-00 and from \$12.00 to \$12.50 per hour in 2000-01.

Independent Practice Nursing Services. Provide \$184,300 GPR and \$261,000 FED in 1999-00 and \$230,700 GPR and \$326,700 FED in 2000-01 to increase MA reimbursement rates for services provided to children by nurses in independent practice to the same level as MA reimbursement rates for private duty nursing services provided to children by home health agencies.

Under current law, nurses in independent practice are paid \$17.86 per hour for services provided by licensed practical nurses (LPNs) and \$21.54 per hour for services provided by registered nurses (RNs). Home health agencies are reimbursed \$20.81 per hour for services provided to children by LPNs and \$31.21 per hour for services provided to children by RNs. Nurses in independent practice and home health agencies are paid the same rate for services provided to adults. These rates are equivalent to the rates paid to nurses in independent practice for services provided to children.

Conference Committee/Legislature: Provide \$184,300 GPR and \$261,000 FED in 1999-00 and \$1,006,700 GPR and \$1,452,600 FED in 2000-01 to: (a) include the Senate provision to increase rates for services provided to children by nurses in independent practice to the same level as rates for private duty nursing services provided to children by home health agencies (\$184,300 GPR and \$261,000 FED in 1999-00 and \$230,700 GPR and \$326,700 FED in 2000-01); and (b) increase MA personal care rates by \$0.25 per hour to \$12.25 in 2000-01 (\$776,000 GPR and \$1,125,900 FED in 2000-01).

10. SUPPLEMENTAL HOSPITAL PAYMENTS [LFB Paper 482]

GPR	\$1,000,000
FED	1,422,900
Total	\$2,422,900

Governor: Provide \$1,000,000 GPR and \$1,422,900 FED in 2000-01 to support a supplemental outpatient hospital payment for acute care hospitals that have higher than average MA-related losses and the 12 hospitals that are located in the Milwaukee metropolitan wage area. The bill contains no statutory provisions relating to these payments.

Joint Finance: Modify the Governor's recommendation as follows: (a) provide the supplemental payments on a one-time basis in 1999-00, rather than in 2000-01; (b) specify that all hospitals in the state with at least a 25% increase in uncompensated care between calendar years 1997 and 1998 would be eligible for a supplemental payment; and (c) direct DHFS to divide the total uncompensated care for each qualifying hospital by the total uncompensated care for all qualifying hospitals in order to calculate each qualifying hospital's uncompensated care as a percent of the total. This percentage would be applied to the total amount available for the supplemental payments in order to calculate each qualifying hospital's supplemental payment.

Senate: Provide \$1,000,000 GPR and \$1,451,000 FED in 2000-01, rather than in 1999-00. Specify that the MA supplemental payment for hospitals would be provided annually, beginning in 2000-01. In addition, specify that hospitals with at least a 25% increase in uncompensated care between calendar years 1996 and 1997 would be eligible for a supplemental payment.

Conference Committee/Legislature: Modify the Joint Finance provisions relating to the MA supplemental hospital payments as follows.

Ongoing Funding, Beginning in 2000-01. Adopt the Senate provision that would provide \$1,000,000 GPR and \$1,451,000 FED in 2000-01, rather than in 1999-00, and specify that DHFS would distribute a total of \$2,451,000 annually, beginning in the 2000-01, rather than on a one-time basis. (As part of this funding transfer between fiscal years, the bill erroneously reduces estimated federal MA benefits funding by \$28,100 FED in 1999-00.)

Qualifying Criteria. Specify that any hospital would qualify for the supplemental payment if MA payments to the hospital were equal to at least 8% of the hospital's total revenues in the most recent fiscal year prior to the year of payment.

Distribution Methodology. Direct DHFS to calculate a qualifying hospital's supplemental payment amount by multiplying the total amount of MA revenues of all qualifying hospitals in the most recent prior state fiscal year by the percentage obtained by dividing the hospital's total MA revenues in the most recent prior state fiscal year by the total amount of MA revenues for all qualifying hospitals for that period.

Veto by Governor [C-13]: Modify the provisions by deleting the provision that directs DHFS to distribute these funds annually. Consequently, funding for the supplemental payment would be provided on a one-time basis in 2000-01. In addition, the Governor's partial veto: (a) deletes references to each hospital's fiscal year as the basis for calculating eligibility for, and the amount of the payment; and (b) corrects the allocation methodology for qualifying hospitals so that DHFS would calculate each qualifying hospital's supplemental payment amount by multiplying the total amount of the supplement (\$2,451,000) by the percentage obtained by dividing the hospital's total MA revenues in the most recent prior year by the total amount of MA revenues for all qualifying hospitals for that period.

[Act 9 Section: 1384g]

[Act 9 Vetoed Section: 1384g]

11. OUTPATIENT HOSPITAL RATES [LFB Paper 483]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$236,000	-\$63,500	\$172,500
FED	<u>335,700</u>	<u>-85,400</u>	<u>250,300</u>
Total	\$571,700	-\$148,900	\$422,800

Governor: Provide \$236,000 GPR and \$335,700 FED to increase rates paid for outpatient hospital services by 1% in 2000-01. Outpatient hospital services include medically necessary preventive, diagnostic, rehabilitative or palliative items or services provided by certified hospitals. Under the MA program, reimbursement for outpatient services is the lesser of: (a) customary charges; (b) the rate per outpatient visit multiplied by the number of outpatient visits plus any rural hospital adjustments; or (c) the sum of interim clinical diagnostic laboratory reimbursement plus the lower of: (1) total outpatient charges for other services; or (2) total audited outpatient costs for other services. All covered outpatient services provided during a calendar day are included in a single outpatient visit. Each hospital is assigned a hospital-specific per visit rate, ranging from \$55.80 to \$222.00 per visit.

Joint Finance/Legislature: Reduce MA benefits funding by \$63,500 GPR and \$85,400 FED in 2000-01 to reflect reestimates of the cost of increasing reimbursement rates for outpatient hospitals by 1% in 2000-01.

12. GRADUATE MEDICAL EDUCATION HOSPITAL PAYMENTS [LFB Paper 483]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	-\$3,629,700	\$969,300	\$0	-\$2,660,400
FED	- 5,161,300	1,328,400	2,158,500	- 1,674,400
PR	0	0	1,500,000	1,500,000
Total	-\$8,791,000	\$2,297,700	\$3,658,500	-\$2,834,800

Governor: Decrease MA benefits funding by \$1,488,100 GPR and \$2,120,300 FED in 1999-00 and \$2,141,600 GPR and \$3,041,000 FED in 2000-01 to eliminate direct and indirect graduate medical education (GME) payments to out-of-state hospitals and reduce the indirect GME payment rate for hospitals located in Wisconsin.

Under current law, DHFS makes the following payments to reimburse providers for GME costs: (a) direct payments to teaching hospitals; (b) indirect payments to teaching hospitals; and (c) payments to HMOs as part of the HMO capitation rate. DHFS makes direct and indirect GME payments to approximately 15 teaching hospitals in Minnesota that serve Wisconsin MA recipients.

The 1997 federal Balanced Budget Act reduced payment rates for Medicare indirect GME over a four-year period, beginning October 1, 1997. Currently, Wisconsin MA GME payments equal the Medicare rate that was paid prior to October 1, 1997. Under the bill, DHFS would reduce GME payments for hospitals in Wisconsin to equal the Medicare rate and eliminate direct and indirect GME payments for out-of-state hospitals.

Joint Finance: Provide \$348,900 GPR and \$494,600 FED in 1999-00 and \$620,400 GPR and \$833,800 FED to reflect reestimates of the savings that would be realized from eliminating out-of-state GME payments and reducing indirect GME payments to Wisconsin hospitals to equal the Medicare rate.

Assembly: Provide \$1,070,300 FED and \$750,000 PR in 1999-00 and \$1,088,200 FED and \$750,000 PR in 2000-01 to restore funding for indirect GME payments. PR funding would be derived from assessments on hospitals that are currently used to support the WisconCare program. Modify the WisconCare appropriation to specify that, of the \$1,500,000 that is currently assessed to hospitals to support the program, 50% would be used to support WisconCare and 50% would be used as the state match for federal MA funds to support indirect GME payments.

Request the Legislative Council to conduct a study to explore alternative funding sources to assessments imposed on hospitals to support the training of providers that serve MA recipients or practice in areas of that state that have a shortage of health care providers. Specify that, if the Legislative Council conducts the study, it would report its findings, conclusions and recommendations to the Legislature by January 1, 2001.

Senate: Request the Legislative Council to conduct a study to explore the feasibility of establishing a trust fund for GME that would be a broad-based funding source for GME. Specify that the trust fund could be comprised of state, federal and private funds.

Conference Committee/Legislature: Include the Assembly provision, but modify the scope of the Legislative Council study to include the feasibility of establishing a trust fund for GME, as specified in the Senate provision.

[Act 9 Sections: 377d and 9131(4c)]

13. MA FUNDING ADJUSTMENTS [LFB Papers 473, 521, 525, 527 and 560]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg.)	Net Change
GPR	\$1,558,000	\$1,355,900	- \$5,300	\$2,908,600
FED	<u>2,826,600</u>	<u>1,791,000</u>	<u>- 5,300</u>	<u>4,612,300</u>
Total	\$4,384,600	\$3,146,900	- \$10,600	\$7,520,900

Governor: Increase MA benefits funding by \$526,500 GPR and \$751,300 FED in 1999-00 and \$1,031,500 GPR and \$2,075,300 FED in 2000-01 to reflect recommended increases relating to the operation of the three State Centers for the Developmentally Disabled that are not included in the Governor's MA base reestimate. The recommendations relating to the State Centers are summarized under "Care and Treatment Facilities."

Joint Finance/Legislature: Provide \$665,800 GPR and \$881,400 FED in 1999-00 and \$690,100 GPR and \$909,600 FED in 2000-01 to reflect the MA impact of changes in the PR expenditure authority to the State Centers for the Developmentally Disabled, the Mental Health Institutes and the Board on Aging and Long-Term Care. Because these institutions serve MA recipients, any changes to their expenditure authority affect MA expenditures. The Board on Aging and Long-Term Care does not currently receive MA support for ombudsman services, but will begin claiming MA administrative funding to partially fund these services.

Veto by Governor [C-1]: Delete \$5,300 GPR in 2000-01 from the MA benefits appropriation to reflect elimination of one of the new regional ombudsman for the Board on Aging and Long-Term Care. The GPR reduction will result in an estimated decrease of \$5,300 FED in 2000-01 of federal matching funds.

[Act 9 Vetoed Section: 172 (as it relates to s. 20.435(4)(b))]

14. TARGETED CASE MANAGEMENT [LFB Paper 543]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$26,926,000	- \$26,926,000	\$0

Governor: Increase MA benefits funding by \$13,472,900 in 1999-00 and \$13,453,100 in 2000-01 to reflect estimates of the increased federal MA funds the state would receive as a result of counties claiming costs for case management services provided to MA-eligible children in out-of-home-care under MA, rather than under Title IV-E. The administration assumes that administrative costs claimed under Title IV-E, which are subject to 50% federal reimbursement, could be claimed as targeted care management under MA, which are subject to 59% federal reimbursement. DHFS would transfer these funds from the Division of Health Care Financing to the Division of Children and Family Services to support community aids.

Joint Finance/Legislature: Delete provision. Federal authorities have notified DHFS that the state is unlikely to receive federal approval to claim case management services for children in out-of-home care under MA, rather than Title IV-E, as provided under current law.

15. ESTATE RECOVERY

GPR	- \$908,200
FED	- 1,294,100
Total	- \$2,202,300

Governor/Legislature: Reduce MA benefits funding by \$452,300 GPR and \$645,400 FED in 1999-00 and \$455,900 GPR and \$648,700 FED in 2000-01 to reflect projected savings of expanding the estate recovery program applicable to persons who receive services under MA, the disease aids program and the community options program as follows.

Personal Care Services. Include personal care services provided to MA recipients over the age of 55 as a service for which DHFS can recover funds under the MA estate recovery provisions. Specify that estate recovery would only apply to personal care services provided on or after the bill's general effective date. Under current law, the MA services subject to estate recovery include: (1) nursing services; (2) inpatient services in a medical institution for which the person was required to contribute to the cost of care; and (3) the following services provided to persons 55 years of age and older -- home health care services, community-based waiver services, and hospital and drug services provided a to a participant of the community-based waiver program.

Hospitalized Person. Expand the Department's authority to obtain a lien on a MA recipient's home to include a recipient residing in a hospital who is required to contribute to the cost of care and cannot reasonably be expected to be discharged from the hospital and return home. Specify that the same restrictions on obtaining a lien that apply to residents of nursing homes would apply to residents of hospitals. These changes would first apply with respect to an individual who receives MA on the bill's general effective date. Currently, DHFS may obtain a lien on a recipient's home if the recipient resides in a nursing home and cannot reasonably be expected to be discharged from the nursing home and return home.

Permit Recovery of All Eligible MA Benefits. Expand the amount of the lien that can be placed on a MA recipient's home while residing in a nursing home or hospital to include all MA benefits that are recoverable (previous community-based, long-term care services provided to

the person after the person reached the age of 55). Under current law, the amount of the lien is limited to the value of MA services the recipient received while residing in a nursing home or hospital.

Summary Orders. Require a probate court, subject to a summary settlement for small estates and involving an estate recovery claim for COP, MA or disease aides that is not allowable due to surviving child or a surviving spouse, to assign the interest in the home subject to a lien in favor of DHFS for the amount of the estate recovery claim. Require the petitioner for summary settlement or summary assignment of the estate to record the lien in the office of the register of deeds for the county. This requirement currently applies to settlement of estates that are not allowed an abbreviated settlement process.

Increase Exemption. Increase the amount of personal property that is exempted from estate recovery claims by the state for COP, MA and disease aids from the current limit of \$3,000 to \$5,000 for all personal property and from \$1,000 to \$3,000 for tangible personal property not used in business other than wearing apparel and jewelry held for personal use and household furniture, furnishings and appliances. This change would adjust the exemption levels to be consistent with the exemption levels allowed under state probate laws.

Recovery of Claims of Surviving Spouses. Delete the Department's authority to pursue an estate recovery claim against the estate of the surviving spouse of an MA recipient.

Attorney Services. Authorize DHFS, without approval of the Governor, to contract with or employ an attorney to probate estates to recover the cost of care provided under COP, MA or disease aids. Under current law, no state agency may employ any attorney until the Governor has approved such employment.

[Act 9 Sections: 653, 1049 thru 1053, 1444 thru 1460, 1477 thru 1481 and 9323(11)]

16. VOLUME PURCHASING

GPR	- \$312,100
FED	- <u>443,900</u>
Total	- \$756,000

Governor: Decrease MA benefits funding by \$155,900 GPR and \$222,100 FED in 1999-00 and \$156,200 GPR and \$221,800 FED in 2000-01 to reflect the projected costs savings of implementing a volume purchasing program for incontinence products. Under the volume purchasing program, incontinence products would be purchased from a single supplier and shipped directly to MA recipients statewide. Currently, MA recipients obtain incontinence products from durable medical equipment (DME) providers.

Senate: Delete provision.

Conference Committee/Legislature: Restore provision.

17. GENERAL ASSISTANCE MEDICAL PROGRAM -- INTERGOVERNMENTAL TRANSFER

PR	\$5,000,000
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Governor/Legislature: Provide \$2,500,000 annually to support supplemental payments to eligible health care providers that contract with Milwaukee County to provide health care services funded with county relief block grant (CRBG) funds. Create an annual, PR appropriation to support the costs of these supplemental payments. Milwaukee County would transfer funds to the state to be credited to this appropriation. Funds expended from this appropriation could be matched with federal MA dollars. This type of funding mechanism is referred to as an intergovernmental transfer (IGT).

Supplemental payments would be provided to hospitals that enter into a CRBG contract with Milwaukee County to support the costs of hospital services that are not in excess of the hospital's customary charges for the services. Specify that DHFS would not need to promulgate rules to enumerate the procedures, methods of distribution and criteria for distribution of these funds. Amounts transferred to the new PR appropriation by Milwaukee County and any federal funds received as a match for funds expended from the appropriation, would be counted toward Milwaukee's County's required match for the CRBG program.

[Act 9 Sections: 406, 1204, 1416 and 1417]

18. PROVIDER FRAUD AND ABUSE

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$85,600	\$85,600	\$0
FED	- 121,900	121,900	0
Total	- \$207,500	\$207,500	\$0

Governor: Decrease MA benefits funding by \$85,600 GPR and \$121,900 FED in 2000-01 to reflect the projected cost savings of reducing MA provider fraud and abuse that would result by enacting the following statutory changes.

Provider Recoveries. Delete the requirement that DHFS provide reasonable notice and an opportunity for a hearing to providers before recovering money improperly or erroneously paid to providers. Instead, require DHFS to promptly afford the provider an opportunity to present information and argument regarding a recovery, but specify that DHFS need not stay recovery pending that opportunity. Require DHFS to establish a deadline for payment of these recoveries and require providers to pay interest on any delinquent amount at the rate of 1% per month or fraction of a month from the date of the overpayment.

Require DHFS to estimate, at least annually, the amount of recoveries it would receive and to report this information to DOR. Require DHFS to inform the person from whom a recovery is due that it will certify to DOR the amount that is owed so that it could be setoff from

any state tax refund that might be owed to the person. Authorize DOR to setoff these recoveries from state tax refunds.

Provider Decertification. Authorize DHFS to decertify, or restrict a provider's participation in the MA program, if after giving reasonable notice and opportunity for hearing, DHFS finds that the provider violated a federal or state law, rule, statute or regulation or a state statute or administrative rule and the violation is, by state or federal law or rule, grounds for decertification or restriction. Require DHFS to suspend the provider pending a hearing if in its decertification notice DHFS concludes that the provider's continued participation in the program pending a hearing would: (a) likely lead to the irretrievable loss of public funds; and (b) not be necessary to provide adequate access to services for recipients. Require DHFS to issue a written decision as soon after the hearing as practicable. Specify that these provisions would first apply to violations of federal and state law and rules committed on the bill's general effective date. Under current law, DHFS may decertify or suspend providers, after reasonable notice and a hearing, if the provider violated a federal or state law or rule that is grounds for decertification or suspension.

Repeal provisions that require DHFS to assure due process by providing written notice, a fair hearing and a written decision when DHFS does either of the following: (a) notify the medical examining board (MEB), or any affiliated credentialing board of the decertification or suspension of a person who is licensed by the MEB or affiliated credentialing board if the basis of the decertification or suspension includes fraud or a quality of care issue; or (b) imposes additional sanctions for noncompliance with provider agreements for participation in the program or certification criteria for the program.

These provisions would first apply to violations of federal and state law or rules committed on or after the bill's general effective date.

Provider Certification. Authorize DHFS to establish criteria for provider certification that would limit the number of providers for a particular service or limit the amount of resources, including employees and equipment, that providers would use to provide services to recipients, if DHFS determined the following: (a) existing certified providers and resources provide services in adequate quantities and amounts to meet the need of recipients; and (b) the potential for fraud or abuse exists if additional providers are certified or additional resources are used.

Authorize DHFS to require providers to file a surety bond issued by a surety company licensed to do business in this state with DHFS as a condition of certification for certain MA services. Providers subject to this provision would be those providing specified MA services who have demonstrated a significant potential to violate a number of provisions relating to specified prohibited acts, such as submission of false claims. The surety bond would be payable to DHFS in an amount that would pay the costs to pursue and investigate alleged violations and the amount of the recovery.

Require DHFS to promulgate rules that specify all of the following: (a) MA services for which providers have demonstrated significant potential to violate specified MA statutes,

require recovery of improper or erroneous payments or require sanctions for noncompliance with provider agreements; (b) the amount(s) of the surety bonds; and (c) terms of the surety bonds, including amounts, if any, that would be refunded to the provider without interest upon withdrawal or decertification for the program.

Authorize DHFS to impose sanctions for noncompliance with requirements relating to the limitation of MA providers or resources for particular services and requirements relating to surety bonds. Specify that these provisions would first apply to instances of noncompliance that occur on the effective date of the bill.

Provider Audits. Permit the DHFS Secretary to authorize, rather than appoint, personnel to audit or investigate and report to DHFS on issues relating to violations or alleged violations of MA statutes and regulations. Authorize personnel who are conducting audits or investigations to have immediate access to provider's personnel, records, books, documents or other necessary information. Under current law, authorized personnel have access to records, books, patient health care records and other documents and information. Make minor modifications relating to access to information for the purposes of audits and investigations.

Repeal provisions authorizing the DHFS Secretary to issue subpoenas to individuals who are required to provide specified information for the purposes of an audit, investigation, examination, analysis, review or other authorized functions relating to the program and provisions relating to the issuance and enforcement of such subpoenas. Specify that failure or refusal to provide authorized personnel access to provider personnel, records, books, patient health care records, documents or other information would constitute grounds for decertification or suspension from the program.

Financial Reports. Specify that providers who would be assessed a forfeiture for failure to submit a cost or financial report would be allowed to contest the forfeiture by submitting a written request for a hearing within 10 days of receipt of notice of the forfeiture. Make other minor modifications to provisions relating to financial reports.

Transfer of Business Ownership. Specify that before a provider sells or transfers ownership of his or her business or transfers all or substantially all assets of his or her business, all of the following must occur: (a) the provider would notify DHFS of the proposed sale or transfer; (b) after notification of a proposed sale or transfer, DHFS would notify the provider of any liability for repayment of improper or erroneous payments; (c) if DHFS notifies the provider of liability, the provider would inform the prospective buyer or transferee; (d) if the provider informs the prospective buyer or transferee, the provider and prospective buyer or transferee would have joint and several liability for the repayment and the sale or transfer would be conditioned on repayment; (e) if the provider does not notify the prospective buyer or transferee, the prospective buyer or transferee would not be liable for repayment; and (f) the provider and prospective buyer or transferee, if applicable, would repay the amount of the improper or erroneous payment and would be liable.

Specify that if a sale or transfer occurs and improper or erroneous payments have not been repaid the sale or transfer would be void. Specify that DHFS could bring an action to compel payment or could decertify or suspend the provider. Under current law, the provider is given notice and 30 days to make repayment before the sale or transfer is void and is given notice and 90 days before DHFS would take an action to compel payment or suspend or decertify the provider.

These provisions would apply to sales and transfers completed on or after the bill's general effective date.

Prohibition of False Claims or Statements. Define: (a) "claim" as a request submitted by a provider for payment of services or other items supplied by the provider; and (b) "statement" as a representation, certification, affirmation, document, record or accounting or bookkeeping entry made related to a claim or payment of a claim.

Prohibit providers from submitting claims or causing a claim to be submitted if the provider knows or should know all of the following: (a) the claim is false; (b) the claim includes or is supported by a written document that states a material fact that is false; and (c) the claim includes or is supported by a written statement that omits a material fact that the provider is obligated to include and because of the omission the statement is false.

Prohibit providers from making or causing to be made a written statement that contains or is accompanied by an explicit certification or affirmation of the truthfulness and accuracy of the statement, if the provider knows or should know any of the following: (a) the statement asserts a material fact that is false; or (b) the statement omits a material fact that the provider has a duty to include and, by reason of the omission, is false.

Specify that, for the purposes of prohibiting false claims or statements all of the following would apply: (a) each claim form would be considered a separate claim; (b) each representation, certification, affirmation, document, record or accounting or bookkeeping entry would be considered a separate statement; (c) claims that were not actually paid would still be subject to the prohibitions; (d) a claim would be made when it was received by the MA fiscal agent; (e) statements would be made when they are received by the MA fiscal agent; (f) a statement that is not submitted to the fiscal agent and is retained by the provider to support a claim would be made when it is entered into the provider's books, files or other records.

Specify that any person who violates prohibitions against the submission of false claims and statements could be required to pay a forfeiture of not more than \$5,000 for each offense. In addition to the forfeiture, DHFS could impose a false claim surcharge that would not exceed 200% of the amount of the claim that was the subject of the violation. Authorize DHFS to directly assess forfeitures. If DHFS determined that a forfeiture should be assessed, it would be required to send a notice of assessment to the alleged violator. The notice would specify the amount of the forfeiture, the violation and the statute that was allegedly violated. The notice would inform the alleged violator of their right to a hearing.

Specify that an alleged violator could contest a forfeiture by sending a written request for a hearing to the Division of Hearing and Appeals within 30 days after receipt of the notice of forfeiture. The Administrator of the Division of Hearing and Appeals could designate a hearing examiner to preside over the case who would recommend a decision to the Administrator. The decision of the Administrator would be the final administrative decision. Require the hearing to commence within 30 days after receipt of the request for hearing and a final decision to be issued within 15 days after the close of the hearing. Specify that a "rule," as it relates to administrative procedure and review (Chapter 227) excludes an action or inaction of an agency that prescribes conditions of participation and terms of reimbursement of MA providers.

Require forfeitures to be paid to DHFS within 10 days of receipt of the notice of assessment. If the forfeiture is contested, payment would be required within 10 days of a final decision after exhaustion of administrative review, unless the final decision is appealed. Require DHFS to submit all forfeitures to the State Treasurer for deposit in the school fund. All false claims surcharges would be credited to the DHFS appropriation for intra- and inter-agency programs.

Authorize the Attorney General to bring an action on behalf of the state to collect any forfeiture or false claim surcharge if the forfeiture or surcharge has not been paid following the exhaustion of all administrative and judicial reviews. Specify that the only issue to be contested in such an action is the failure to pay the forfeiture or surcharge.

These provisions would first apply to false claims or statements submitted on or after the general effective date of the budget bill.

Miscellaneous. Require DHFS to prescribe conditions of participation and terms of reimbursement under the MA program, rather than set forth conditions of participation and reimbursement in a contract with MA providers. Make minor statutory modifications to provisions relating to provider certification, licensure of care and service residential facilities and contractor records.

Joint Finance/Legislature: Delete provision.

19. MA PURCHASE PLAN FOR THE WORKING DISABLED [LFB Paper 484]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$192,100	-\$2,539,400	-\$2,731,500
FED	<u>13,724,300</u>	<u>-3,642,500</u>	<u>10,081,800</u>
Total	\$13,532,200	-\$6,181,900	\$7,350,300

Governor: Provide -\$376,600 GPR and \$2,995,200 FED in 1999-00 and \$184,500 GPR and \$10,729,100 FED in 2000-01 and authorize DHFS to implement a new option provided under federal MA law to extend MA coverage to certain working, disabled persons. This program would be called the MA purchase plan.

Waiver Request and Amendments. Require DHFS to submit an MA state plan amendment and a request for any necessary waivers to the federal Department of Health and Human Services to permit DHFS to expand MA eligibility under the plan. Direct DHFS to implement the program no later than January 1, 2000, or within three months after receiving federal approvals, whichever is later.

Funding. Although the program would increase MA benefits expenditures, the administration anticipates that most of the GPR costs will be offset by savings in other areas or transfers from other programs whose costs would be reduced due to the availability of the MA purchase plan. For example, under the plan, DHFS would fund services for approximately 700 COP participants with MA funds (41% GPR/59% FED), rather than with GPR funds, exclusively. The table below reflects the various cost savings and funding transfers anticipated under the program. It should be noted that the intention was to transfer funding from the HIRSP program but the budget bill does not have implementation language, and so that intended transfer is not reflected in the table.

	1999-00			2000-01		
	GPR	FED	Total	GPR	FED	Total
Program Costs						
MA Benefit Costs	\$1,672,100	\$2,382,400	\$4,054,500	\$6,921,100	\$9,826,300	\$16,747,400
Administrative Costs	617,400	617,400	1,234,800	720,600	720,600	1,441,200
Pathways Services	<u>230,000</u>	<u>230,000</u>	<u>460,000</u>	<u>955,000</u>	<u>955,000</u>	<u>1,910,000</u>
Total	\$2,519,500	\$3,229,800	\$5,749,300	\$8,596,700	\$11,501,900	\$20,098,600
Revenue						
Premiums	\$90,500	\$129,000	\$219,500	\$424,200	\$602,200	\$1,026,400
COP-R	2,564,000	0	2,564,000	6,957,800	0	6,957,800
HIV/AIDS	23,500	0	23,500	109,600	0	109,600
Community Aids	<u>112,500</u>	<u>0</u>	<u>112,500</u>	<u>750,000</u>	<u>0</u>	<u>750,000</u>
Total	\$2,790,500	\$129,000	\$2,919,500	\$8,241,600	\$602,200	\$8,843,800
Net Costs	-\$271,000	\$3,100,800	\$2,829,800	\$355,100	\$10,899,700	\$11,254,800
Less Funding in DWD	<u>- 105,600</u>	<u>- 105,600</u>	<u>- 211,200</u>	<u>- 170,600</u>	<u>- 170,600</u>	<u>- 341,200</u>
Funding in DHFS	-\$376,600	\$2,995,200	\$2,618,600	\$184,500	\$10,729,100	\$10,913,600

Eligibility. Specify that a person would be eligible to participate in the MA purchase plan if all of the following conditions are met:

1. The individual's net income, including income that would be deemed to the individual under federal rules and excluding income that is excluded under federal SSI rules, is less than 250% of the federal poverty level. Major income disregards include the first \$65 of earned income plus one-half of earned income over \$65, \$20 disregard of any type of income, health insurance premiums and other out-of-pocket medical expenses.

2. The individual's countable assets do not exceed \$20,000. Countable assets would not include assets that are excluded under MA financial eligibility rules (such as home, car with

a value up to \$4,500, household goods and personal effects, and property used in a business or trade) or assets accumulated in an independence account. Specify that DHFS may exclude, in whole or in part, the value of a vehicle used by the individual for transportation to paid employment.

3. The individual would be eligible for SSI for purposes of receiving MA but for evidence of work, attainment of the substantial gainful activity level, earned income in excess of the limit established under federal rules and unearned income that is disregarded under MA purchase plan rules.

4. The individual is not a minor under state employment rules.

5. The individual maintains premium payments unless the individual is exempted from premium payments.

6. The individual is engaged in gainful employment or is participating in a program that is certified by DHFS to provide health and employment services that are aimed at helping the individual achieve employment goals.

7. The individual meets all other requirements established by DHFS rule.

Monthly Premiums. Require participants to pay a sliding scale premium, as determined by DHFS by rule under the following guidelines:

1. The premium for any individual could not exceed the sum of 3.5% of an individual's earned income and 100% of an individual's non-exempt unearned income. Unearned income would be exempted from countable income and would include all of the following: (a) a maintenance allowance established by DHFS rule that would not be less than the sum of \$20, the federal SSI payment level and the state supplemental SSI payment; and (b) medical and remedial expenses and impairment-related work expenses;

2. DHFS may reduce the premium by 25% for an individual who is covered by private health insurance;

3. DHFS may waive monthly premiums that are calculated to be below \$10;

4. DHFS must assess a one-time entry premium based on a sliding scale established by DHFS rule and according to a person's gross income. Authorize DHFS to treat earned and unearned income differently for calculating an individual's gross income and to waive all or part of the entry premium or extend the time period for payment of the entry premium, for an individual if DHFS determines that: (a) assessment of the premium would impose an undue hardship and would fail to remove barriers to employment for the individual or would fail to increase access to health care for the individual; or (b) assessment of the premium would reduce the cost-effectiveness of the MA purchase plan.

Independence Accounts. Define an independence account as a savings account approved by DHFS that consists solely of savings, and dividends or other gains derived from those savings, from income earned from paid employment after the initial date that an individual began participating in the MA purchase plan. An individual would be permitted to exclude assets accumulated in an independence account for the purpose of determining eligibility for the MA purchase plan.

COP Participants. Require DHFS to pay the one-time entry premium for a person who is a participant in the regular COP program (COP-R), and permit DHFS to pay both the one-time entry premium and the monthly premium for a person who is a participant in the COP waiver (COP-W) program. In addition, specify that a COP-W participant could not be required to pay both the monthly premium and the cost-share required under the COP-W program.

As a result of the current law "waiver mandate," COP-R participants who are not participating in a MA waiver program and are eligible for the MA purchase plan would be required to participate in the MA insurance plan and to transfer to the MA waiver program. However, COP-R recipients who are required to transfer to COP-W and the MA purchase plan would not have to pay any premium above their current cost share.

Insured Persons. Authorize DHFS to use funds from the GPR-funded MA benefits appropriation for participants of the MA purchase plan, to pay premiums for or purchase individual coverage offered by the individual's employer if DHFS determines that such payments would be cost effective. Authorize DHFS to use funds from the GPR-funded MA benefits appropriation, if federal financial participation is available, to pay Medicare Part A and Part B premiums for individuals who are eligible for Medicare, as well as the MA purchase plan.

HIRSP. Require DHFS to evaluate how to coordinate the health insurance risk-sharing plan and the MA purchase plan. Specify that if it is necessary, DHFS would be required to develop proposed legislation that coordinates the programs and that addresses the provision of health care coverage for individuals who are eligible for both programs.

Department Duties. Require DHFS to determine eligibility or contract with a county department or with a tribal governing body to determine eligibility for the MA purchase plan. Require DHFS, to the extent practicable, to provide continuity of care for a person who participates in the MA purchase plan who is engaged in paid employment, or is enrolled in a MA community-based waiver program, and who becomes ineligible for MA.

Joint Finance/Legislature: Reduce funding by \$181,400 GPR and \$490,200 FED in 1999-00 and by \$2,358,000 GPR and \$3,152,300 FED in 2000-01 to reflect: (a) a reestimate of the cost of implementing the MA purchase plan; (b) eliminating the entry premium; (c) exempting families below 150% of the federal poverty level from any monthly premium; (d) permitting any allowable deductions in excess of unearned income to be applied against earned income before the monthly premium is calculated; (e) reducing the asset exclusion to \$15,000 from \$20,000; and

(f) eliminating any reductions to the HIRSP appropriation due to individuals transferring from HIRSP to the MA purchase plan.

Require that recipients of long-term care services under the community options program who are between the ages of 18 and 65 either be engaged in gainful employment or participate in a program that is certified by DHFS to provide health and employment services that are aimed at helping the individual achieve employment goals. Authorize DHFS to waive this requirement if it would cause undue hardship or if the individual's disabilities are so severe that any kind of employment is not feasible. Authorize DHFS to expend up to \$2,279,000 in 1999-00 and up to \$6,958,300 in 2000-01 from the COP appropriation to fund the state's share of MA benefits for individuals who convert from the COP-R program to the MA purchase plan.

In addition, modify the bill to reflect federal requirements. First, change the definition of net income used for the 250% of FPL test to allow all appropriate SSI disregards and exemptions. Second, modify the eligibility provision that requires the person be eligible for SSI except for earned income to also exclude all unearned income. Finally, require that persons enrolled in both an MA waiver program and the MA purchase plan would only pay the MA purchase plan premium, rather than only pay the MA waiver cost-sharing amount. The table below reflects the costs and savings under the MA purchase plan after the above changes.

	1999-00			2000-01		
	GPR	FED	Total	GPR	FED	Total
Program Costs						
MA Benefit Costs	\$1,357,700	\$1,937,500	\$3,295,200	\$4,587,600	\$6,656,600	\$11,244,200
Administrative Costs	359,000	466,500	825,500	290,700	329,300	620,000
Pathways Services	230,000	230,000	460,000	955,000	955,000	1,910,000
Total	\$1,946,700	\$2,634,000	\$4,580,700	\$5,833,300	\$7,940,900	\$13,774,200
Revenue						
Premiums	\$57,100	\$81,600	\$138,700	\$222,400	\$322,800	\$545,200
COP-R	2,279,000	0	2,279,000	6,958,300	0	6,958,300
HIV/AIDS	8,700	0	8,700	34,800	0	34,800
Community Aids	112,500	0	112,500	750,000	0	750,000
Total	\$2,457,300	\$81,600	\$2,538,900	\$7,965,500	\$322,800	\$8,288,300
Net Costs	-\$510,600	\$2,552,400	\$2,041,800	-\$2,132,200	\$7,618,100	\$5,485,900
Less Funding in DWD	-47,400	-47,400	-94,800	-41,300	-41,300	-82,600
DHFS Funding	-\$558,000	\$2,505,000	\$1,947,000	-\$2,173,500	\$7,576,800	\$5,403,300

[Act 9 Sections: 1041m, 1042, 1361, 1440, 9123(2) and 9223(1w)]

20. CIP IA RATE FOR NEW PLACEMENTS

Governor: Increase the maximum reimbursement rate for new relocations from one of the State Centers for the Developmentally Disabled to the community under the CIP IA program from the current rate \$184 per day to \$190 per day, effective July 1, 2000. Additional funding is not required because the budget reduction rate at the Centers would be increased to be

equivalent with the new CIP IA rate of \$190 per day, beginning July 1, 2000. Thus, the additional costs for community placements would be offset by lower costs at the State Centers.

Under current law, CIP IA placements are supported at three different rates. For placements made prior to July 1, 1995, the rate is \$125 per day while for placements made on or after July 1, 1995, and before July 1, 1997, the rate is \$153 per day. For placements made on or after July 1, 1997, the rate is \$184 per day.

Senate: Provide \$56,900 GPR and \$81,200 FED in 1999-00 and \$140,400 GPR and \$203,700 FED in 2000-01 to increase from \$184 to \$200 in 1999-00 the CIP IA daily rates for services provided to individuals who are relocated from the three State Centers for the Developmentally Disabled after July 1, 1999. Specify that the budget reduction rate applied to the State Centers would not be changed from the amount specified under the Governor's recommendation.

Conference Committee/Legislature: Delete Senate provision.

[Act 9 Section: 1385 thru 1388]

21. SUPPLEMENTAL FUNDS FOR CRITICAL ACCESS HOSPITALS

Governor/Legislature: Authorize DHFS to make supplemental MA payments to critical access hospitals. Currently, DHFS may provide supplemental payments totaling up to \$2,256,000 in each fiscal year to rural hospitals that, as determined by DHFS, have high utilization of inpatient services by patients whose care is provided from governmental sources. This provision would make critical access hospitals eligible for these MA supplemental payments, in addition to eligible rural hospitals.

A critical access hospital is a facility that DHFS determines meets specific federal MA requirements and has specific federal certification. Under federal law, a critical access hospital must: (a) be located more than a 35 mile drive from another hospital (or, in the case of mountainous terrain or in areas with only secondary roads available, a 15-mile drive from another hospital); (b) have 24-hour emergency care; and (c) have no more than 15 acute care inpatient beds with a 96-hour length of stay limitation, with some exceptions.

[Act 9 Sections: 1382 thru 1384]

22. AODA RESIDENTIAL TREATMENT SERVICES

Governor/Legislature: Expand the scope of covered MA services to include alcohol or other drug abuse (AODA) residential treatment services if a county, city, town or village elects to become a certified provider of such services or contracts with a certified provider. Specify that these services could only be provided in facilities with fewer than 16 beds and that treatment services would be limited to a maximum of 45 days per treatment episode. Local

governments that elect this option would be required to pay the state share of the total MA costs of providing these services. These provisions would not apply after July 1, 2003. Under current law, the MA program does not provide coverage for AODA residential treatment services.

[Act 9 Sections: 1428 and 1437]

23. ENHANCED CIP IB RATE FOR RELOCATIONS AND INCREASE CIP IB SLOTS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg.)	Net Change
GPR	\$0	\$721,500	-\$179,900	\$541,600
FED	0	1,042,500	-261,100	781,400
Total	\$0	\$1,764,000	-\$441,000	\$1,323,000

Governor: Authorize DHFS to provide an enhanced CIP IB rate for relocations from intermediate care facilities for the mentally retarded (ICFs-MR) or a distinct part thereof, that has a plan of closure approved by DHFS and that intends to close within 12 months. Currently, the enhanced rate is only available to free-standing ICFs-MR that are closing. No funding is provided to support this enhanced rate because there would be a corresponding reduction in payments made to ICFs-MR that close beds.

Joint Finance/Legislature: Provide \$181,700 GPR and \$259,300 FED in 1999-00 and \$539,800 GPR and \$783,200 FED in 2000-01 to fund 50 additional CIP IB slots in 1999-00 and an additional 50 slots (a total of 100 slots) in 2000-01. In addition, expand the application of the enhanced CIP IB rate to persons relocated from an intermediate care facility for the mentally retarded (ICF-MR) if the ICF-MR files a DHFS-approved plan for significant downsizing or closure within a five-year period. Specify that the enhanced rate under this provision would be 90% of the enhanced rate that would have been provided to an ICF-MR that closed all of its beds.

Veto by Governor [C-8]: Delete \$179,900 GPR in 2000-01 to reflect the elimination of the 50 additional slots in 2000-01 while retaining the funding necessary to support the 50 slots created in 1999-00. This reduction in GPR funding is estimated to decrease federal matching funds by \$261,100 FED in 2000-01.

[Act 9 Sections: 1066, 1067, 1067b and 1067c]

[Act 9 Vetoed Section: 172 (as it relates to s. 20.435(4)(b))]

24. AIDS/HIV WAIVER

Governor: Require DHFS to request a waiver from the Secretary of the federal Department of Health and Human Services that would allow DHFS to provide clinical

evaluation services for people with HIV. If a waiver is granted and in effect, DHFS would provide clinical evaluation services up to \$500 per person per year to individuals who qualify under the terms of the waiver.

Joint Finance: Delete the provision limiting clinical evaluating services under the waiver to \$500 per person per year.

Senate/Legislature: Specify that individual who would qualify for MA under the waiver would be eligible for all MA benefits, rather than for clinical evaluation services, exclusively.

[Act 9 Section: 1434]

25. MANAGED CARE FOR FOSTER CHILDREN [LFB Paper 485]

	Governor (Chg. to Base)		Legislature (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$0	0.00	\$48,000	0.50	\$48,000	0.50
FED	0	0.00	48,200	0.50	48,200	0.50
Total	\$0	0.00	\$96,200	1.00	\$96,200	1.00

Governor: Authorize DHFS to request a waiver from the Secretary of the federal Department of Health and Human Services that would allow the Department to require children in foster care to enroll in a managed care plan as a condition of receiving benefits under the MA program. Specify that if the waiver is granted and in effect, DHFS may require a child in foster care to enroll in a managed care plan as a condition of receiving MA.

Under current state and federal law, DHFS may require individuals who qualify for MA under AFDC- and healthy start-related criteria to enroll in a managed care plan. Federal law prohibits states from requiring children in foster care to enroll in managed care plans.

Joint Finance: Delete provision.

Assembly/Legislature: Provide \$45,100 (\$22,500 GPR and \$22,600 FED) in 1999-00 and \$51,100 (\$25,500 GPR and \$25,600 FED) in 2000-01 and authorize .5 GPR and .5 FED project position, expiring June 30, 2001, to support activities related to the development of a managed care pilot program that integrates the social, behavioral and physical health needs of children in out-of-home care in Milwaukee.

Require DHFS to request a waiver from the Secretary of the federal Department of Health and Human Services, by January 1, 2001, that would allow the Department to require children in foster care who live in Milwaukee County to enroll in a managed care plan as condition of receiving benefits under the MA program. Specify that if the waiver is granted and in effect, DHFS may require a child in foster care to enroll in a managed care plan as a condition of receiving MA.

[Act 9 Section: 9123(13c)]

26. EXPANDED DIVESTMENT RESTRICTIONS [LFB Paper 486]

Governor: Modify MA divestment restrictions to include the transfer of assets by promissory note or similar instrument in an amount that exceeds the expected value of the benefit as a type of transfer that constitutes a transfer of assets for less than fair market value. Currently, this provision applies only to the transfer of assets to an irrevocable annuity. One implication of this requirement is that the repayment schedule must be concluded within the life expectancy of the asset owner.

Specify that a transfer to an annuity or transfer by promissory note or similar instrument is not in excess of the expected value only if: (a) the periodic payments back to the transferor include principal and interest that, at the time that the transfer is made, is at least at the prime lending rate, as reported by the Federal Reserve Board in federal statistical release H.15; and (b) the terms of the instrument provide for a payment schedule that includes equal periodic payments, except that the payments may be unequal if the interest payments are tied to the prime lending rate, as reported by the Federal Reserve Board in federal statistical release H. 15 and the inequality is caused exclusively by fluctuations in the rate.

Joint Finance: Modify the bill by: (a) substituting the Applicable Federal Rate required under section 1274(d) of the IRS code as the required interest rate for annuities, promissory notes and similar instruments; (b) imposing a lower minimum interest rate for fixed annuities with a guaranteed life payment that is equal to the appropriate average of the AFR rates, depending on the expected length of the annuity, less 1.5%; and (c) exempting variable annuities that are tied to a mutual fund registered with the U.S. Securities and Exchange Commission from the minimum interest rate requirement. In addition, require that divestment calculations for annuities, promissory notes and similar instruments discount future payments by the appropriate applicable federal rate that applied on the date the annuity or other instrument was established.

Senate/Legislature: Specify that changes in the substitute amendment relating to expanded divestment restrictions for annuities, promissory notes and similar instruments first apply to transactions occurring on or after the effective date of the bill. Annuities, promissory notes and similar instruments that were established prior to the effective date of the bill and that met divestment provisions existing at the time of the transaction, would not be subject to any divestment penalty under the medical assistance program.

[Act 9 Sections: 1430 thru 1433 and 9323(12t)]

27. MA SUBROGATION

Governor: Specify that if DHFS is joined as a plaintiff in a personal injury lawsuit because the injured party received MA benefits, DHFS need not sign a waiver of the right to participate in order to have its interests represented by the party. Regardless of whether DHFS participates in prosecuting the claim, if the plaintiff prevails, the portion of the proceeds of the claim that represent benefits paid under MA as a result of the occurrence of injury, sickness or death for which the claims arose must be paid to DHFS.

Specify that DHFS and counties could not be held liable for the costs of litigation incurred by a defendant in an MA subrogation case, if they are joined as a plaintiff. Under current law, DHFS and counties cannot be held liable for these costs if they are: (a) joined as a plaintiff in the lawsuit; or (b) have waived the right to participate in the litigation and have chosen to have their interests represented by the defendant.

Require a person against whom a subrogated claim is made, or that person's attorney or insurer to provide notice by certified mail to DHFS of any claim, award or settlement, if that person, or that person's attorney or insurer knows or could reasonably determine that the person is a recipient or former recipient of MA benefits. If the person is deceased, the person's estate would be required to notify DHFS.

Specify that MA subrogation constitutes a lien, equal to the amount of the medical assistance provided as a result of the injury, sickness or death that gave rise to the claim. The lien would be applied to any lump sum payment resulting from a judgement or settlement that may be due. This lien would continue until it is released and discharged by DHFS.

These changes would first apply to actions or claims commenced on the bill's general effective date.

Joint Finance/Legislature: Delete provisions that would allow DHFS to receive a portion of the claims resulting from the occurrence of an injury, sickness or death, that represent benefits paid under MA, regardless of whether DHFS joins in prosecuting the claim. In addition, modify provisions contained in the bill that specify that lien could be placed on any lump sum payment to instead specify that the lien would be on any payment.

[Act 9 Sections: 1489, 1490, 3086, 3087, 3089 and 9309(1)]

28. ELIMINATE MEDICARE UPPER LIMIT CONSULTANT

Governor/Legislature: Repeal the requirement that DOA hire a consultant to determine and make a nonbinding recommendation to DHFS of the amount of the "medicare upper limit" for nursing home payments under the MA program. The Medicare upper limit refers to a limit imposed under federal law that restricts total MA nursing home payments, in the aggregate, to the amount that the state estimates would have been paid under the payment principles of the federal Medicare program.

[Act 9 Section: 42]

29. SCHOOL-BASED SERVICES [LFB Paper 488]

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
GPR-REV	\$890,000	-\$464,600	\$425,400

Joint Finance: Increase estimated general fund revenues by \$445,000 annually to reflect reestimates of MA reimbursement for school based services. It is estimated that the state's share of the federal reimbursement for these services will be \$6,445,000 annually. In addition, specify that the Wisconsin School for the Visually Handicapped and the Wisconsin School for the Deaf would be eligible to claim MA reimbursement for school-based services.

MA school based services are defined as health care services provided in a school to children who are eligible for MA. These services must be appropriate to a school setting and may include: (a) speech, language, audiology and hearing services; (b) occupational and physical therapy services; (c) psychological or counseling services; (d) nursing services; (e) durable medical equipment; and (f) special transport services.

If a school district or cooperative educational service agency elects to provide school-based services and if it meets all certification and reporting requirements, it is reimbursed for 60% of the federal share of allowable charges for school-based services. The remaining 40% of the federal share is credited to the general fund as GPR-earned.

Assembly: Specify that school districts, cooperative educational service agencies (CESAs), the Wisconsin School for the Visually Handicapped and the Wisconsin School for the Deaf would be reimbursed for 90% of the federal share of allowable school-based services administrative costs and that the remaining 10% of the federal reimbursement would be deposited to the general fund. Reduce estimated GPR revenues by \$232,300 annually.

Direct DHFS to reimburse for school-based services administrative costs on a quarterly basis, using time studies, beginning in the first quarter of the 1999-00 fiscal year. Direct DHFS

to allow school districts and CESAs to submit claims for administrative costs for up to two years prior to the date of the claim, if allowable under federal law.

Require DHFS to allow claiming for common carrier transportation as an MA school-based services unless it receives notification from the federal Department of Health and Human Services, Health Care Financing Administration (HCFA) that, under a change in federal policy, such claiming is not allowed. If HCFA disallows common carrier transportation as an MA school-based service, DHFS would be required to allow claims for common carrier transportation costs submitted after the disallowance for services provided prior to the disallowance.

Senate: Direct DHFS to reimburse school districts and CESAs for 90% of all federal funding received for school-based services in excess of \$16.1 million annually, in the 1999-01 biennium. Each school's share of the total payment would be based on that school's proportion of school-based services claims for that year. Direct DHFS to submit, as part of its 2001-03 budget request, a proposal to increase the percentage of federal school-based services funding provided to schools in future years to reflect the total percentage school districts received in the 1999-00 fiscal year.

Direct DHFS to reimburse for school-based services administrative costs on a quarterly basis, using time studies, beginning in the first quarter of the 1999-00 fiscal year. Direct DHFS to allow school districts and CESAs to submit claims for administrative costs for up to two years prior to the date of the claim, if allowable under federal law.

Direct DHFS to allow claiming for common carrier transportation as an MA school-based services unless it receives notification from the federal Department of Health and Human Services, Health Care Financing Administration (HCFA) that such claiming is not allowed. If HCFA disallows common carrier transportation as an MA school-based service, DHFS would be required to allow claims for common carrier transportation costs submitted after the disallowance for services provided prior to the disallowance.

Conference Committee/Legislature: Include the Assembly provision. In addition, adopt the Senate provision that would direct DHFS to reimburse school districts and CESAs for 90% of all federal funding received for school-based services in excess of \$16.1 million annually, in the 1999-01 biennium.

Veto by Governor [C-16]: Delete the provisions that would have required DHFS to: (a) provide reimbursement for administrative costs on a quarterly basis, beginning in the first quarter of 1999-00; and (b) submit, as part of its 2001-03 budget request, a proposal to increase the percentage of the federal share received by school districts, CESAs and DPI in future years to reflect the total percentage of costs for which these entities were reimbursed in the 1999-00 fiscal year.

[Act 9 Sections: 1427g through 1427j and 9123(13d)]

[Act 9 Vetoed Sections: 1427j and 9123(13d)]

30. MEDICAID ELIGIBILITY [LFB Paper 487]

Joint Finance/Legislature: Eliminate the asset test for AFDC-related MA eligibility. Under current law, the AFDC-related MA asset limit is \$1,000 of cash assets and \$1,500 of car equity value. There is no asset test for healthy start-related MA and BadgerCare eligibility.

Veto by Governor [C-14]: Delete provision.

[Act 9 Vetoed Sections: 1433t thru 1433u, 1437m thru 1437q, 1439g and 1439q]

31. MA ELIGIBILITY DETERMINATIONS

Joint Finance/Legislature: Require DHFS and DWD to develop a plan that would modify the client assistance for reemployment and economic support (CARES) system such that individuals that apply for more than one public assistance program can have their eligibility determined for each program independent of their eligibility determination for the other programs. Require DHFS and DWD to submit this plan to the Joint Committee on Finance by November 1, 1999. In addition, require counties to provide outstationed MA eligibility workers the necessary security clearance to review and update information on existing records in the CARES system that have been assigned to other caseworkers.

Veto by Governor [C-50 and C-51]: Delete provision.

[Act 9 Vetoed Sections: 1361v and 9123(7w)]

32. MA HMO CONTRACT

Joint Finance: Require DHFS to include a lead screening performance standard with financial penalties in the MA HMO contract that begins January 1, 2000. Specify that MA HMOs would be required to provide at least one lead blood test annually to 65% of children between the ages of one and five who are enrolled in the HMO. Specify that the standard would only

apply to children who have been enrolled in the HMO for at least six months of the applicable year.

Assembly: Delete provision.

Senate: Delete provision. Instead, require DHFS to identify MA recipients between the ages of two and six who are at risk for lead poisoning and who have not received a lead screening test from their MA HMO. Specify that DHFS would report the percentage of MA recipients under the age of two who have received a lead screening test from MA HMOs in each year to the appropriate standing committees of the Legislature. This report would include information on the Department's annual goal for the provision of lead screening tests by HMOs for children under the age of two.

Conference Committee/Legislature: Adopt the Senate provision, but require DHFS to identify MA recipients between the ages of two and six, rather than three and six, who are at risk for lead poisoning and have not received a lead screening test from their MA HMO.

[Act 9 Section: 1424m and 9323(11t)]

33. NOCTURNAL ENURESIS FEASIBILITY STUDY

Joint Finance/Legislature: Direct DHFS to conduct a study on the efficacy of urine alarms in conjunction with behavioral modification therapy and case management, including bimonthly visits with a specialist as a treatment for nocturnal enuresis (commonly referred to as bedwetting). Direct DHFS to include an estimate of the costs of providing this treatment as an MA benefit in its report. Require DHFS to submit its report to the appropriate standing committees of the Legislature by January 1, 2000.

Veto by Governor [C-18]: Delete provision.

[Act 9 Vetoed Section: 9123(7t)]

34. TREATMENT OF IRREVOCABLE BURIAL TRUSTS UNDER MA

GPR	\$159,100
FED	<u>230,900</u>
Total	\$390,000

Assembly/Legislature: Increase MA benefits funding by \$159,100 GPR and \$230,900 FED in 2000-01 to reflect the projected costs of increasing the maximum amount of an irrevocable burial trust that may be excluded from an MA applicant's countable assets from \$2,000 to \$2,500 on January 1, 2001, and to \$3,000 on July 1, 2001. In addition, require an individual who is otherwise eligible for MA and who has set aside funds in an irrevocable burial trust, as a condition of MA eligibility, to specify the state as the secondary beneficiary of the trust with respect to all funds in the trust that exceed the burial costs but do not exceed the amount of MA paid on behalf of the individual.

Under current law, persons who are 65 years of age or older, blind or disabled may qualify for MA if their resources and income do not exceed specified limits. In determining whether an applicant meets the resource criteria, certain types of assets are excluded. One such excluded asset is an irrevocable trust used to fund a burial agreement with a value up to \$2,000. If an applicant has an irrevocable trust with a value that exceeds \$2,000, only the value of the trust that exceeds \$2,000 is considered a countable asset. MA law and regulations also exempt other burial assets from countable assets, such as a burial plot of any value and funeral insurance.

Veto by Governor [C-15]: Delete the second increase in the limit for an irrevocable burial trust from \$2,500 to \$3,000 on July 1, 2001, but retain the increase to \$2,500 on January 1, 2001. There would be no decrease in MA expenditures in the 1999-01 biennium, since the increase to \$3,000 would not have occurred until the next biennium.

[Act 9 Sections: 1439m, 2923mm and 9442(2c)]

[Act 9 Vetoed Sections: 2923mn and 9442(2c)]

35. PERSONAL NEEDS ALLOWANCE FOR NURSING HOME RECIPIENTS

Senate: Provide \$366,200 GPR and \$531,300 FED in 2000-01 to support the costs of increasing the personal needs allowance for institutionalized MA recipients from \$40 per month to \$45 per month, beginning January 1, 2001.

The personal needs allowance is the amount of the institutionalized MA recipient's income that can be retained by the individual for clothing and other personal needs, and is not required to be used as the patient's share of the cost of institutionalized care. Federal regulations require that the personal needs allowance be at least \$30 per month for an aged, blind or disabled individual. In Wisconsin, the personal needs allowance is currently set at \$40 per month or, if applicable, the amount of any veterans pension, whichever is greater.

Conference Committee/Legislature: Include Senate provision, but specify that the increase in the personal needs allowance would first take effect on July 1, 2001, which would eliminate any fiscal effect of this provision in the 1999-01 biennium.

[Act 9 Sections: 1418m and 9423(13t)]

36. MA COP WAIVER -- FEDERAL FUNDING

FED	\$1,158,000
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Senate: Increase MA benefits funding by \$1,975,000 FED in 2000-01 to match the additional state funding for the COP waiver program provided by the Senate.

Conference Committee/Legislature: Delete Senate provision and instead provide \$1,158,000 FED in 2000-01 to match state funding for the COP waiver program provided by the Legislature.

Public Health

1. HEALTH INSURANCE RISK-SHARING PLAN (HIRSP) [LFB Paper 510]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$4,000,000	0.00	\$2,000,000	0.00	-\$2,000,000	0.00
PR	0	0.00	81,000	0.50	81,000	0.50
SEG	0	0.00	100,741,600	3.00	100,741,600	3.00
Total	-\$4,000,000	0.00	\$102,822,600	3.50	\$98,822,600	3.50

Governor: Decrease GPR support for HIRSP by \$2,000,000 annually so that \$9,900,000 GPR annually would be available to partially support HIRSP in the 1999-01 biennium, excluding amounts budgeted for premium subsidies to low-income enrollees (\$780,000 GPR annually). The program is also supported with: (a) premiums paid by program participants; (b) assessments of health insurance companies that do business in Wisconsin; and (c) a pro rata reduction in the billed charges of health care providers.

In addition, make the following statutory changes to the program.

Eligibility. Specify that individuals who have HIRSP coverage on the date they turn 65 years old would maintain eligibility for the program. This provision would first apply to individuals who turn 65 years old on or after the bill's general effective date. Under current law, an individual who is age 65 and older is not eligible for HIRSP, unless the individual meets the definition of an "eligible individual." In addition, specify that individuals participating in the AIDS drug reimbursement program would not be prohibited from purchasing coverage under HIRSP if they met all other eligibility criteria. Under current law, with certain exceptions, individuals for whom premiums, deductibles or coinsurance amounts are paid by a governmental agency are not eligible for HIRSP.

Dental Care. Require HIRSP to cover all dental services that are mandated under state law for disability insurance policies, which currently includes coverage for the diagnosis and treatment of temporomandibular disorders. Under current law, HIRSP does not cover dental services other than specified oral surgery procedures.

Choice of Coverage. Modify provisions relating to choice of coverage to specify that only persons who are eligible for HIRSP but not eligible for Medicare would be eligible for choice of coverage. Under current law, all HIRSP eligible individuals are eligible for choice of coverage.

Specify that the annual deductible would be \$2,500 for individuals electing choice of coverage. Expenses counted toward the deductible in the last 90 days of the calendar year would also be applied to the deductible for the subsequent calendar year. Specify that HIRSP would pay at least 80% of any additional costs incurred after an individual or family's deductible had been met. HIRSP enrollees would pay the remaining 20% until maximum annual out-of-pocket costs had been incurred. At that time, HIRSP would pay 100% of the covered costs. The maximum out-of-pocket cost would be \$3,500 for an individual and \$7,000 for a family.

Authorize DHFS to establish different deductible and cost-sharing amounts for choice of coverage to conform to any cost containment provisions established by DHFS.

Board Responsibilities. Specify that the Board would advise DHFS on all of the following: (a) establishing grievance procedures; (b) collecting assessments from insurers; (c) developing and implementing a program to advertise the plan and its eligibility requirements; (d) establishing payment rates for covered services. The Board would also continue to advise DHFS on the choice of coverage under the plan. Delete the HIRSP Board's authority to adjust provider payment rates. DHFS would retain its authority to reduce provider payments rates from providers' usual and customary charge. Finally, add a title for HIRSP statutory provisions relating to preexisting conditions.

Joint Finance: Increase GPR support for HIRSP by \$2.0 million in 2000-01. In addition, provide \$46,668,500 SEG annually to support HIRSP benefits and \$3,702,300 SEG annually to support HIRSP administration. Provide 2.5 SEG positions, beginning in 1999-00, and 1.0 SEG project position that would expire June 30, 2001.

Convert 0.5 SEG position to 0.5 PR position, beginning in 1999-00 and provide \$40,500 PR annually to reflect the transfer of SEG funds from the HIRSP administration appropriation to the DHFS general administration and support services appropriation. This 0.5 PR position would be an accountant for the HIRSP program.

In addition, make the following statutory changes to the program.

HIRSP Fund. Repeal the existing HIRSP fund and create a new HIRSP fund that would be comprised of all monies received from: (a) insurance assessments; (b) premiums received from policyholders; and (c) the GPR appropriations for HIRSP costs and premium and deductible subsidies. Authorize the State of Wisconsin Investment Board to invest monies from the HIRSP fund.

Appropriation Changes and Position Authority. Convert the annual HIRSP administration appropriation from an annual to a biennial appropriation and create a continuing SEG appropriation to support HIRSP program benefits costs.

Repeal the HIRSP premium reduction appropriation and instead require DHFS to separately account for premium revenues, which represent the difference between the amount of premiums collected from policyholders including amounts received for premium and deductible subsidies and the amount of premiums, including amounts received for premium and deductible subsidies, that is required to support 60% of the plan costs. Specify that these monies could only be used to: (a) reduce policyholder premiums in future years, but not to reduce premiums below 150% of the standard rate for persons subject to the 150% of standard rate requirement; or (b) for other policyholder needs with majority approval by the Board. Under current law, these monies may only be used to subsidize premiums

Board Authority. Delete provisions from the bill that would have reduced the Board's authority relating to establishing grievance procedures, collecting assessments from insurers, developing and implementing a program to advertise the plan and establishing payment rates for covered services. Require the Board to establish oversight committees to address various administrative issues, such as financial management of the plan and plan administrator performance standards. Prohibit a DHFS representative from being the chairperson of any oversight committee established by the Board.

Require DHFS to obtain approval of the Board before implementing the HIRSP annual budget and the plan administrator contract. Require DHFS to obtain approval of the Board before promulgating a rule establishing cost containment procedures that would affect policyholder's access to health care services, such as the creation of new prior authorization requirements.

Delete statutory provisions relating to Board authority to advise DHFS on establishing payment rates under HIRSP that are 10% less than the charges approved by the plan administrator. This provision is obsolete due to the new mechanism for establishing provider payments under 1997 Wisconsin Act 27.

HIRSP Coverage. Authorize DHFS to establish rates for the various provider groups based on MA reimbursement rates, projected plan costs and trend factors. Require DHFS to create HIRSP-specific outpatient hospital per visit reimbursement rates and inpatient hospital rates based on diagnostic related groups using the same methodology that DHFS uses to establish MA hospital payment rates. Specify that pharmacists would receive MA reimbursement for drugs under HIRSP and that DHFS would pay physicians and other health care professionals at an enhanced MA rate. The enhanced rate would be the maximum allowable reimbursement under MA for a particular service plus an additional amount determined by DHFS. Specify that covered expenses under HIRSP would be limited to the HIRSP payment rate for a service.

Authorize DHFS to apply MA utilization and cost control procedures to HIRSP and require DHFS to establish any such procedures by rule. Specify that services and drugs related

to impotence, sterility and infertility would not be covered under HIRSP. Prohibit DHFS from applying MA copayments to HIRSP enrollees.

Pharmaceuticals. Authorize DHFS to establish copayments for prescription drug coverage and to establish the level of the copayment. Specify that prescription drug copayments would be counted toward HIRSP enrollees deductibles and total out of pocket expenditures under the plan. Require DHFS to establish the prescription drug copayment by rule after obtaining approval of the Board for the amount of the copayment.

Authorize DHFS to limit coverage of prescription drugs to those drugs for which claims are submitted directly by pharmacies to the HIRSP plan administrator. Authorize DHFS to require pharmacies and pharmacists that participate in HIRSP to bill the plan administrator directly for drug reimbursement.

Payment of Plan Costs and Annual Reconciliation Process. Require DHFS to conduct an annual reconciliation process. DHFS would base the reconciliation on calendar year data and would implement any necessary adjustments to premiums, insurance assessments and provider reimbursement rates resulting from the reconciliation in the subsequent fiscal year. Require DHFS to conduct the annual reconciliation by April 30 in each year.

Specify that, unless HIRSP expenditures exceeded or were projected to exceed available funding, the provider's share of total HIRSP costs would be calculated once annually and would consider all provider groups in the aggregate, rather than on a provider by provider basis. In addition, specify that if the Department projects a deficit under the plan, it could adjust, in equal proportions, provider payment rates and insurer assessments. Under current law, DHFS is required to make these adjustments.

Require the plan administrator to account for costs related to HIRSP separately from costs related to medical assistance.

Initial Applicability. Specify that provisions relating to policyholders would apply to policies issued or renewed on or after the general effective date of the bill. Specify that the provisions relating to Board approval of plan administrator contracts would apply to contracts entered into on or after the general effective date of the bill. Finally, specify that the provisions relating to Board approval of the HIRSP program budget would first apply to the budget for state fiscal year 2000-01.

Assembly: Include all of the Joint Finance provisions, except the provision that would require DHFS to obtain the Board's approval before promulgating a rule that establishes a cost containment provision that would have an effect on an eligible person's access to health care services, such as the creation of new prior authorization requirements. Instead, specify that DHFS would be required to consult with the Board on prior authorization policy before establishing any prior authorization requirements under the plan.

Authorize DHFS to modify the eligibility criteria for the HIRSP premium and deductible subsidy program by adjusting the annual household income that would qualify an individual for the subsidy program. Specify that, before modifying the income limits, the Board would be required to request the Joint Committee on Finance to authorize the Board or DHFS to adjust the statutory household income limits to reflect changes in the consumer price index for all urban consumers, U.S. city average, as determined by the U.S. Department of Labor.

Senate: Include all of the Joint Finance provisions. In addition, specify that premiums under HIRSP would be established at 150% of the standard rate under a policy providing substantially the same coverage and deductibles as provided under HIRSP. After deducting available GPR funding and premium revenues from HIRSP total operating costs, the remaining costs would be supported as follows: (a) 50% from adjustments to provider payment rates, excluding adjustments to those rates for premium and subsidy reduction costs; and (b) 50% from insurer assessments, excluding assessments for premium a subsidy reduction costs.

Conference Committee/Legislature: Adopt the Assembly provision that would authorize DHFS to modify the eligibility criteria for the HIRSP premium and deductible subsidy program by adjusting the annual household income that would qualify an individual for the subsidy program.

In addition, expand eligibility for the premium subsidy program by requiring DHFS to reduce HIRSP premiums for individuals in households with income equal to or greater than \$20,000 and less than \$25,000, to 130% of the rate that a standard risk would be charged under an individual policy providing substantially the same coverage and deductibles as provided under the plan. Specify that this expansion in eligibility for the premium subsidy program would first apply to premiums payable under policies issued or renewed on the bill's general effective date.

Veto by Governor: [C-25]: Delete the provision that would have required DHFS to obtain the approval of the HIRSP Board before promulgating a rule that establishes a cost containment provision that would affect an eligible person's access to health care services, such as the creation of new prior authorization requirements. In addition, delete the provision that would require DHFS or the Board to submit a request for any adjustment to the eligibility criteria for the HIRSP premium and deductible subsidy program to the Joint Committee on Finance for the Committee's approval.

[Act 9 Sections: 386b, 415g, 417c, 418c, 433d, 697d, 717d, 2255m, 2256 thru 2277c, 2277d, 2277f thru 2278c and 9323(4)&(12z)]

[Act 9 Vetoed Sections: 2277t and 2278g]

2. WOMEN'S HEALTH [LFB Paper 500]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$1,200,000	-\$1,066,000	\$134,000

Governor: Provide \$600,000 annually to support women's health activities. Of this amount, \$500,000 annually would be provided to establish a smoking prevention program for women and children. The remaining \$100,000 annually would be available to support women's health projects, such as: (a) an LTE to provide administrative support to the women's health officer; (b) women's health conference expenses; and (c) a women's health hotline.

Joint Finance/Legislature: Reduce funding by \$540,000 in 1999-00 and \$526,000 in 2000-01 to delete funding to establish a smoking prevention program for women and children (-\$500,000 annually) and reduce funding to support women's health projects (-\$40,000 in 1999-00 and -\$26,000 in 2000-01). The act would provide funding to support: (a) a half-time LTE position to provide administrative support to the women's health officer (\$14,000 in 2000-01); (b) women's health conference expenses (\$10,000 annually); and (c) a women's health hotline (\$50,000 annually).

3. HIV/AIDS PROGRAM FUNDING [LFB Paper 501]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	-\$447,900	-\$473,900	\$100,000	-\$821,800

Governor: Delete \$505,900 in 1999-00 and provide \$58,000 in 2000-01 to reflect a reestimate of the amount of funding required to support the AIDS drug reimbursement program (ADRP) and the HIV/AIDS insurance program in the 1999-01 biennium.

ADRP. Reduce funding for the ADRP by \$178,700 in 1999-00 and increase funding by \$179,500 in 2000-01 so that \$409,600 GPR in 1999-00 and \$767,800 GPR in 2000-01 would be budgeted for the program. The ADRP reimburses HIV positive individuals with income at or below 200% of the federal poverty level (FPL) for AIDS/HIV-related drug therapies. The program is also supported with federal Ryan White grant funds and rebates from drug manufacturers.

HIV/AIDS Insurance Program. Reduce funding by \$327,200 in 1999-00 and \$121,500 in 2000-01 so that \$664,300 in 1999-00 and \$783,900 in 2000-01 would be budgeted for the program. This program subsidizes continuation group and individual health insurance premiums for individuals with income up to 300% of the FPL whose HIV infections prevent them from continuing to work.

Joint Finance: Modify the Governor's recommendation by: (a) reducing funding for the ADRP by \$158,500 in 1999-00 and \$303,800 in 2000-01; and (b) reducing funding for the HIV/AIDS insurance continuation program by \$193,500 in 1999-00 and \$218,100 in 2000-01 to reflect reestimates of the amount of GPR funding required to fully fund these programs in the 1999-01 biennium.

Increase funding for AIDS life care service grants by \$100,000 annually so that a total of \$1,994,900 GPR annually would be budgeted for life care service grants, in addition to a statutory allocation of \$75,000 FED annually. In addition, provide \$100,000 annually for HIV prevention activities. Of this total, \$25,000 annually would be provided to the African American AIDS Task Force of the Black Health Coalition of Wisconsin, Inc. The remaining \$75,000 annually would be available to DHFS to increase support for HIV prevention activities to be distributed as follows: (a) 60% to AIDS service organizations; and (b) 40% to community-based organizations that are operated by minority group members.

Assembly: Modify the Joint Finance provisions by reducing funding for AIDS life care services by \$61,300 annually.

Senate: Modify the Joint Finance provisions by increasing funding for HIV prevention activities by \$100,000 annually.

Conference Committee/Legislature: Modify the Joint Finance provisions by increasing funding for HIV prevention activities by \$50,000 annually.

[Act 9 Sections: 418g and 2432g thru 2432j]

4. HEALTH POSITIONS

Governor/Legislature: Provide \$290,000 (-\$183,600 GPR, \$494,200 FED and -\$20,600 PR) in 1999-00 and 2000-01 and 4.61 positions (-4.72 GPR positions, 9.23 FED positions and 0.10 PR position), beginning in 1999-00 to: (a) convert 3.87 GPR current positions in the Division of Health Care Financing (DHCF) to 3.76 FED positions and 0.11 PR position; (b) delete 0.85 GPR position; (c) create 5.47 FED positions to provide information technology, fiscal, budget and clerical support to the newly-created DHCF and Division of Public Health; and (d) fund 0.65 positions from vital records fees, rather than interagency revenues.

	Funding Positions	
GPR	-\$367,200	- 4.72
FED	988,400	9.23
PR	<u>-41,200</u>	<u>0.10</u>
Total	\$580,000	4.61

5. DISEASE AIDS REESTIMATE AND TB DISPENSARIES [LFB Papers 502 and 503]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$236,300	\$161,700	-\$74,600
FED	<u>76,200</u>	<u>0</u>	<u>76,200</u>
Total	-\$160,100	\$161,700	\$1,600

Governor: Reduce funding by \$576,900 GPR and provide \$38,100 FED in 1999-00 and provide \$340,600 GPR and \$38,100 FED to: (a) reflect a reestimate of the amount of funding required to support program benefits in the 1999-01 biennium (-\$837,800 GPR in 1999-00 and \$79,600 GPR in 2000-01); and (b) increase reimbursement to county tuberculosis dispensaries from \$6 per service to the applicable MA rate for services (\$260,900 GPR and \$38,100 FED in 1999-00 and \$261,000 GPR and \$38,100 FED in 2000-00). Of the funding that would be provided for increasing payments for TB services, \$26,700 GPR and \$38,100 FED in 1999-00 and \$26,800 GPR and \$38,100 FED in 2000-01 would be funded under the MA program.

Create a separate appropriation in the Division of Public Health to fund county TB dispensaries so that the total (non-MA) GPR funding for these payments (\$391,900 annually) would no longer be included in the amounts budgeted for the disease aids program (\$3,956,600 GPR in 1999-00 and \$4,874,000 GPR in 2000-01).

The disease aids program supports the Wisconsin chronic disease program (WCDP) and county tuberculosis dispensaries. WCDP reimburses providers for medical services provided to individuals with chronic renal disease, adult cystic fibrosis and hemophilia.

Public Health Dispensary Certification. Delete the authority of a county with a population of more than 25,000 to establish and maintain public health dispensaries and provisions related to the administration of such dispensaries. Instead, specify that a local health department (LHD) could request certification to establish and maintain a public health dispensary from DHFS. Two or more LHDs could jointly establish, operate and maintain public health dispensaries. Delete the requirement that DHFS notify DOR of the establishment of public health dispensaries and any contracts pertaining to the dispensaries.

Authorize DHFS to establish certification requirements by rule and to withhold, suspend or revoke a certification if an LHD did not comply with DHFS rules. Require DHFS to provide reasonable notice to the LHD of a decision to withhold, revoke or suspend a certification. Require DHFS to offer the LHD an opportunity to comply with the rules and to have a fair hearing. Specify that certified LHDs could contract for public health dispensary services but that if the contracted provider did not comply with DHFS rules, DHFS could suspend or revoke the LHDs certification.

Public Health Dispensary State Reimbursement. Delete all statutory provisions relating to state reimbursement of services provided by public health dispensaries and the treatment of

these funds. Require DHFS to establish, by rule, a reimbursement rate for public health dispensary services.

Joint Finance: Modify the Governor's provisions by providing \$103,700 GPR in 1999-00 and \$58,000 GPR in 2000-01 to reflect current estimates of disease aid program benefits in the 1999-01 biennium. Rename the TB disease aids appropriation "tuberculosis services."

Assembly/Legislature: Rename the TB disease aids appropriation "public health dispensaries and drugs," rather than "tuberculosis services," as provided by Joint Finance.

[Act 9 Sections: 427, 2421 thru 2430 and 2432]

6. DIABETES CONTROL AND GUIDELINES FOR CARE AND TREATMENT OF PROSTATE CANCER [LFB Paper 504]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$189,400	\$0	\$189,400
PR	<u>50,000</u>	<u>- 50,000</u>	<u>0</u>
Total	\$239,400	- \$50,000	\$189,400

Governor: Provide \$94,700 GPR annually to match a federal comprehensive diabetes control grant and \$50,000 PR in 2000-01, supported from health facility fees, to fund an advisory committee to draft guidelines for the care and treatment of prostate cancer in Wisconsin.

Diabetes Control. DHFS received a \$732,000 grant from the Centers for Disease Control and Prevention in April, 1998, to support a comprehensive diabetes control program. The federal grant requires a 25% state match. DHFS would use the GPR funding provided under this item to support a portion of the state's match requirement; the balance of the match funding would be obtained from private sources. GPR funding would be used to support the following activities in the 1999-01 biennium: (a) \$50,000 for public awareness activities conducted under a contract with the American diabetes awareness-Wisconsin program; (b) \$114,400 to support 1.5 public health nurses that would assist HMOs in implementing diabetes control guidelines; and (c) \$25,000 to support the implementation of a CDC-developed public education campaign on influenza as a health risk for individuals with diabetes.

Prostate Cancer Guidelines. Provide \$50,000 PR in 2000-01 to establish and staff an advisory committee composed of advocates, DHFS staff and members of the medical community to determine guidelines for the care and treatment of prostate cancer in Wisconsin. These guidelines would establish protocols for prostate cancer, from initial diagnosis through secondary treatment. The estimated annual cost of supporting the advisory committee is \$100,000 (\$54,300 for staff, \$10,000 for the committee's expenses and \$35,700 for supplies, services and other administrative expenses); DHFS would solicit funds from outside sources to support the balance of these projected costs.

Joint Finance/Legislature: Delete \$50,000 PR in 2000-01 that the Governor recommended to establish a prostate cancer advisory committee.

7. ORGAN DONOR PROCUREMENT

Governor/Legislature: Provide \$60,800 (\$12,200 GPR, \$18,200 FED and \$30,400 PR) in 2000-01 to support 1.0 nurse consultant position, (0.2 GPR position, 0.3 FED position and 0.5 PR position), beginning in 2000-01, to develop and administer a donor procurement program and coordinate activities between state agencies, hospitals and the donor procurement organizations. In addition, provide \$35,000 GPR in 2000-01 to support organ donor procurement program activities, such as a media campaign, travel-related expenses and the development and distribution of educational materials. The state has two organ procurement organizations, University Hospital in the City of Madison and the Wisconsin Donor Network in the City of Milwaukee. These organizations have committed to funding a portion of the total costs of the organ donor procurement program, including a portion of the program staff costs. Federal support for the position would be provided from MA administrative funds.

	Funding Positions	
GPR	\$47,200	0.20
FED	18,200	0.30
PR	<u>30,400</u>	<u>0.50</u>
Total	\$95,800	1.00

8. INDIAN HEALTH PROGRAMS FUNDING [LFB Paper 163]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$1,840,000	-\$1,650,000	-\$3,490,000
PR	<u>1,840,000</u>	<u>2,078,700</u>	<u>3,918,700</u>
Total	\$0	\$428,700	\$428,700

Governor: Delete \$920,000 GPR annually and provide \$920,000 PR annually to transfer support for the tribal medical relief block grant program and cooperative American Indian health projects from GPR to Indian gaming receipts. Convert two annual, GPR appropriations currently used to support these programs to PR appropriations and direct the transfer of funding from the DOA Indian gaming receipts appropriation to these new appropriations in an amount equal to the amounts budgeted for tribal medical relief block grants (\$800,000 PR annually) and cooperative American Indian health projects (\$120,000 PR annually). Although the bill would delete GPR funding for these two programs beginning in 1999-00, the effective date for the change in the appropriations and the transfer of funds from DOA is July 1, 2000. Consequently, a technical change to this effective date is required to meet the Governor's intent.

In addition, direct DOA to transfer \$2,055,000 PR in 1999-00 and \$2,115,000 PR in 2000-01 from the Indian gaming receipts appropriation to the Division of Public Health to support: (a) tribal MA outreach positions (\$240,000 in 1999-00 and \$300,000 in 2000-01); (b) federally qualified health centers (\$825,000 annually); and (c) a BadgerCare premium contingency fund for Native American families (\$990,000 annually). A technical modification to the bill is

required because funding for these purposes is not included in the DHFS budget. Additional information on the Governor's proposed use of gaming revenues is summarized in "Administration -- Division of Gaming."

Joint Finance: Modify the Governor's recommendations as follows: (a) provide and additional \$183,700 PR in 1999-00 and \$245,000 PR in 2000-01 to be used as the state match to support MA-funded tribal outreach activities; (b) provide \$300,000 PR in 1999-00 and \$400,000 PR in 2000-01 in the Joint Committee on Finance supplemental appropriation as a contingency fund for BadgerCare premiums and require DHFS to submit a request for the release of these funds, under a 14-day passive review process, once DHFS receives a written decision from the federal Department of Health and Human Services on whether Native Americans would be required to pay premiums under the BadgerCare program; and (c) provide \$825,000 PR annually as the state match for MA services provided by tribal federally qualified health centers (FQHCs) and delete a corresponding amount from the GPR MA benefits appropriation. Specify that if the federal Department of Health and Human Services notifies the state that Native Americans cannot be required to pay BadgerCare premiums, DHFS could not require Native Americans to contribute to the cost of health care coverage under BadgerCare.

In addition, provide \$450,000 PR annually in the Joint Committee on Finance supplemental appropriation to support a new tribal grant program. Direct DHFS to establish criteria for distributing grants to tribal health clinics and to take into account each tribe's financial need, available resources and other demographic health status indicators in developing a distribution formula. Specify that these grants would support health care services of tribal members that are purchased or provided by the tribal health clinics. Require DHFS to submit a request for the release of this funding that specifies that distribution formula that would be used for awarding these grants, under 14-day passive review by September 1, 1999.

Conference Committee/Legislature: Extend the date by which DHFS would submit a request for the release of funds for the new tribal grant program from September 1, 1999, to the first day of the second month beginning after the general effective date of the bill.

Veto by Governor [F-19]: Delete the Joint Finance provision that would have created a new tribal grant program. Reduce funding in the Joint Committee on Finance program supplements appropriation by \$450,000 PR annually. The fiscal effect of the Governor's partial veto is summarized under "Program Supplements."

[Act 9 Sections: 402, 430, 563, 582, 583, 1207, 1476d, 2241, 9123(6tt) and 9423(7)&(8)]

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.865(4)(g)), 2241c and 9123(6tu)]

9. LEAD CERTIFICATION STAFF

Governor/Legislature: Provide \$100,000 (-\$151,300 FED and \$251,300 PR) annually and convert 3.0 FED positions to PR positions, supported with lead abatement certification fees, beginning in 1999-00, to support the lead training and certification program. Persons who conduct lead hazard reduction or lead management activities must meet specific training requirements and be certified by DHFS. The current grant agreement between the Environmental Protection Agency and DHFS requires the state to expend program revenues to fund program costs and reduce reliance on the federal grant that is currently used to support the program.

	Funding Positions	
FED	-\$302,600	- 3.00
PR	502,600	3.00
Total	\$200,000	0.00

10. REGULATION OF RADIOACTIVE MATERIAL

Governor/Legislature: Provide \$184,600 and 2.0 positions in 1999-00 and \$297,900 and 3.5 positions in 2000-01 to support a new state administered program for the regulation of radioactive materials.

	Funding Positions	
PR	\$482,500	3.50

Currently, responsibility for radioactive regulation in Wisconsin is shared between the federal Nuclear Regulatory Commission (NRC) and the state (the Department of Commerce and DHFS). The program is supported from annual NRC radioactive material license fees. The NRC regulates manufactured radioactive materials and the state regulates naturally occurring and accelerator produced radioactive materials. Under the new program, DHFS would assume regulatory oversight for all radioactive materials, establish and collect radioactive material license fees to support these activities, rather than the NRC.

Make the following statutory modifications:

Definitions. Define: (a) "by-product material" as either: (1) radioactive material (except special nuclear material) yielded in or made radioactive by exposure to the radiation resulting from the process of producing or utilizing special nuclear material; or (2) tailings or waste produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its source material content; (b) "decommissioning" as conducting of final operational activities at a nuclear facility to dismantle site structures, decontaminate site surfaces and remaining structures, stabilize and contain residual radioactive material and to carry out any other activities to prepare the site for post-operational care; (c) "general license" as a license, under requirements defined by DHFS by rule, to possess, use, transfer or acquire by-product material or devices or equipment using by-product material, without filing a license application or having confirmation of a license from DHFS; (d) "radiation generating equipment" as a system, manufactured product or device or component part of such a product or device that, during operation, is capable of generating or emitting ionizing radiation without the use of radioactive material, but not a device that emits nonionizing radiation; (e) "specific license" as a license, under requirements defined by DHFS by rule, to possess, use, manufacture,

produce, transfer or acquire radioactive material, devices or equipment utilizing radioactive material; and (f) "transuranic" as radioactive material having an atomic number greater than 92.

In addition, modify current definitions of "nuclear incident," "ionizing radiation," "radiation installation," "radioactive material," "radiation source" and "x-ray tube." Delete the current definition of "radiation machine."

DHFS Authority. Specify that DHFS would be the state radiation control agency and delete references to responsibilities of Commerce relating to radiation control. Authorize DHFS to: (a) promulgate and enforce rules, including registration and licensing, that are necessary to prevent unnecessary radiation; (b) administer radiation regulations; (c) develop policies and programs for the evaluation of radiation hazards; (d) advise, consult and cooperate with other agencies relating to radiation regulation; (e) facilitate or conduct research and demonstrations relating to radiation; (f) collect and disseminate radiation health education information; (g) review plans for and inspect radiation sources; (h) conduct a number of activities related to radon gas; and (i) when necessary, enter public or private property for radiation control investigations. Currently, DHFS and Commerce share similar responsibilities.

In addition, permit DHFS to accept and use federal and other public or private grants that would support radioactive-related activities.

Agreements with the U.S. Regulatory Commission. Authorize the Governor to enter into agreements with the U.S. Nuclear Regulatory Commission (USNRC) to discontinue certain federal licensing and regulatory authority activities with respect to by-product material, source material and special nuclear material and to assume state regulatory authority. Specify that entities possessing a USNRC issued license on the date the state assumes regulatory authority would be considered to possess a specific license or to fulfill the requirements of a general license. The specific license would expire 90 days after receipt of a notice of license expiration from DHFS or on the expiration date of the license issued by the USNRC, whichever is earlier.

State Regulatory Authority. Specify that rules promulgated by DHFS for by-product material, source material and special nuclear material would not be less stringent than federal requirements. In addition, specify that other state agencies may promulgate rules necessary to prohibit and prevent unnecessary radiation and a local government may enact an ordinance for these purposes, if the rule or ordinance is identical to such rules promulgated by DHFS, except under specified circumstances. Require DHFS to develop policies and programs for the evaluation, determination and reduction of radiation hazards that are compatible with USNRC requirements and regulations.

Require DHFS to maintain the following records: (a) files of all radiation license applications, issuances, denials, transfers, renewals, modifications, suspensions and revocations; and (b) files of all ionizing radiation installation registrations and all related administrative or judicial actions.

Authorize DHFS to assess an annual fee that is 36% of the USNRC license application fee and materials license fee for an entity in the state licensed by the USNRC. Specify that the fees would be used by DHFS for radiation-related activities. DHFS could revise the fee amounts by rule. The authority to assess an annual fee would terminate on December 31, 2002.

Ionizing Radiation Installations. Make minor changes to provisions relating to registration of ionizing radiation installations, including provisions relating to registration exemption standards. Specify that registration of ionizing radiation installations is not transferable from one premise to another or from one person to another. The provisions relating to the transfer of registration would first apply to transfers of radiation installations that are made 16 days after the general effective date of the bill.

Increase the penalty for non-renewal of license from \$10 to \$25. Specify that sites having an ionizing radiation installation serving chiropractors would be subject to the same fees as sites serving physicians and clinics, osteopaths and clinics and hospitals. Increase these fees from \$25 to \$36 per site and increase the minimum fee for each x-ray tube from \$30 to \$44. Authorize DHFS to increase these fees further by rule.

Authorize DHFS to assess new fees on sites that have generally licensed devices that are not exempted by DHFS. The fee would be at least \$100 for each site and at least \$50 for each device that contains specified amounts of cesium, cobalt, strontium or transuranic. Authorize DHFS to increase these fees by rule. The amount of revenue that would be generated by the new fees and increases to current fees is unknown.

Modify provisions relating to rule making authority to specify that DHFS would promulgate and enforce all rules relating to ionizing radiation. Renumber statutory provisions relating to standards for radon centers.

Enforcement. Provide the circuit court of Dane County jurisdiction to enforce orders of abatement by injunctive and other appropriate relief. Under current law, these orders are enforced by the Attorney General.

Penalties. Repeal current provisions relating to penalties. Specify that individuals who violate radioactive materials laws or conditions of radiation licensure would be required to pay a forfeiture of not less than \$100 and not more than \$100,000. Each day of continued violation would constitute an offense. The amount of the forfeiture would be based on the following: (a) the willfulness of the violation; (b) the individual's previous violations, if any; (c) the potential danger, potential injury or actual injury to the environment or public health caused by the violation; and (d) the actual or potential costs of the damage or injury caused by the violation. These provisions would apply to violations committed on or after the general effective date of the bill.

Authorize DHFS to directly assess forfeitures and require DHFS to send notices of assessment. The notice would specify the amount of the forfeiture and the violation and would notify the individual of their right to a hearing.

Require individuals who have been assessed a forfeiture to pay the forfeiture to DHFS within 10 days of receipt of notice or 10 days after receipt of the final administrative or judicial decision. Specify that the attorney general could bring action in the name of the state to collect any forfeiture that was assessed, but not paid. All forfeiture revenue would be deposited to the common school fund.

Hearing. Individuals who are assessed a forfeiture could contest the forfeiture by sending, within 10 days of receipt of notice, a request for a hearing to the division of hearing and appeals. The administrator of the division would designate a hearing examiner. The decision of the administrator of the division would be the final administrative decision. The hearing would commence within 30 days of receipt of request for a hearing and the final decision would be issued within 15 days of the close of the hearing.

Emergency Authority. Specify that, if DHFS finds that an emergency related to radiation regulation exists and that immediate action is required to protect the public health or safety, DHFS could issue an emergency order to mitigate the emergency without notice or hearing. Individuals who are issued emergency orders would have 30 days after receipt of the order to request a hearing. An emergency order would be in effect for 90 days, except that it could be revoked or modified based on the outcome of a hearing.

Licensing of Radioactive Material. Prohibit individuals from possessing, using, manufacturing, transporting, storing, transferring or disposing of devices, items or equipment that use radioactive materials, or operating a site that uses radioactive materials, unless one of the following applies: (a) the individual has a DHFS issued license; (b) the individual meets general license requirements; (c) the individual has a license recognized by DHFS and issued by another state or the USNRC; or (d) the individual is exempt from licensure. Sites that are under USNRC authority would not be subject to these requirements. DHFS would provide licensure forms.

Require licensees to notify DHFS within 30 days of any change to the information on a license and require DHFS to record the new information. Individuals conducting activities under a license would notify DHFS within 30 days of the termination of these activities. DHFS could require the individual to submit a plan for decommissioning of the activity to DHFS.

Require DHFS to promulgate rules for the issuance, modification, suspension, termination and revocation of licenses and for the requirements of a general license. Authorize DHFS to exempt from licensure radioactive material that DHFS finds is without undue radiation hazard. DHFS could, after conducting a hearing, refuse, suspend or revoke a license if the licensee fails to comply with laws or rules relating to licensure for radioactive material or they fail to meet a condition of the license.

Authorize DHFS to assess fees, to be determined by rule, for any of the following: (a) issuance of an initial or renewal specific license; (b) annual license maintenance; (c) issuance of a license amendment; (d) termination of a license; and (e) issuance of a recognition of an out-of-state or USNRC license. Authorize DHFS to assess a late fee that is 25% of the specific license

renewal fee if payment for the renewal fee is not received within 30 days of the license expiration date.

These provisions relating to licensing of radioactive materials would take effect on January 1, 2003.

Miscellaneous Provisions. Correct a statutory reference to the nuclear regulatory commission to refer instead to the USNRC. Correct statutory cross-references to the definition of "by-product" material.

[Act 9 Sections: 428, 2302, 2441 thru 2485, 2487, 2554, 2568, 2653, 9323(9)&(10) and 9423(10)]

11. EMERGENCY MEDICAL SERVICES [LFB Paper 505]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR-REV	\$95,000	-\$95,000	\$0
PR	\$115,000	-\$115,000	\$0

Governor: Provide \$70,000 PR in 1999-00 and \$45,000 in 2000-01 to increase funding for emergency medical services (EMS) activities. These funds would support the salary of a medical director and EMS Board operating expenses. Funding would be generated from EMS license renewal fees and late fees created in the bill. The administration estimates that \$60,000 in 1999-00 and \$35,000 in 2000-01 would be generated from these new fees.

License Renewal. Specify that, unless DHFS finds that an applicant has acted in a manner that would be grounds for suspension or revocation of a license, DHFS would renew a license if it receives: (a) a renewal application documenting qualifications for licensure; (b) a reasonable renewal fee established by DHFS by rule; and (c) if applicable, any late fees. Specify that all late fees would be credited to the DHFS PR appropriation for licensing, review and certifying activities.

Forfeitures. Require ambulance service providers who violate any EMS statute or regulation to pay a forfeiture in an amount determined by DHFS rule. Each day of violation would constitute a separate offense, except that days between the date of a hearing request and the date concluding all judicial and administrative proceedings would not be considered a violation.

Authorize DHFS to directly assess forfeitures when it determines that a forfeiture should be assessed for a particular violation or the failure to correct a violation. DHFS would send a notice of the assessment to the alleged violator. The notice would specify the alleged violation, the amount of the forfeiture and information regarding the alleged violator's right to contest the assessment.

Specify that all forfeitures would be paid to DHFS within 10 days of receipt of a notice of assessment. If the assessment is contested, the forfeiture would be paid within 10 days of the final decision, except in cases where the final decision is appealed and the decision is in favor of the appellant. Require DHFS to submit all EMS forfeitures to the State Treasurer for deposit into the school fund.

Rule Making Authority. Repeal the Department's general rule making authority for EMS services. Instead, require DHFS to promulgate rules for the following: (a) license renewal fee amounts; (b) late fee assessment amounts; and (c) forfeiture amounts. Specify that these rules must be submitted to Legislative Council staff not later than the first day of the fourth month beginning after the effective date of the bill. Authorize DHFS to promulgate these rules as emergency rules.

Under current law, DHFS licenses and regulates EMS personnel, including emergency medical technicians and ambulance service providers. DHFS is authorized to charge a reasonable fee for an EMS license or training permit.

Joint Finance/Legislature: Delete provision.

12. REGIONAL OFFICE CLERICAL SUPPORT

	Funding Positions	
PR	\$89,900	1.50

Governor/Legislature: Provide \$41,300 in 1999-00 and \$48,600 in 2000-01 to support 1.5 positions, beginning in 1999-00, to increase clerical staff at the northern and southern Division of Public Health regional offices. These positions would be supported with licensing and certification fee revenue. The regional offices provide public health consultation, technical assistance and contract administration to public health providers within each region. Public health sanitarians at the regional offices inspect and license eating and lodging establishments, public swimming pools, campgrounds and bed and breakfast establishments.

13. TRAUMA SYSTEM DEVELOPMENT [LFB Paper 506]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$0	0.00	\$80,000	1.00	\$80,000	1.00
SEG	<u>80,000</u>	<u>1.00</u>	<u>-80,000</u>	<u>-1.00</u>	<u>0</u>	<u>0.00</u>
Total	\$80,000	1.00	\$0	0.00	\$80,000	1.00

Governor: Provide \$80,000 from the transportation fund and 1.0 position, beginning in 2000-01, to develop a statewide trauma care system. Create an annual SEG appropriation to support the costs of the statewide trauma care system.

Extend the current sunset date for the Trauma Advisory Council from July 1, 2001, to July, 2002. Extend the date by which DHFS and the Council are required to submit a joint report to the Legislature on the development and implementation of a statewide trauma care system from January 1, 2000, to January 1, 2001. Extend the date by which DHFS must develop and implement a statewide trauma care system from July 1, 2000, to July 1, 2001.

Joint Finance/Legislature: Delete \$80,000 SEG and 1.0 SEG position, beginning in 2000-01, and the annual SEG appropriation recommended by the Governor. Provide \$80,000 PR and 1.0 PR position in 2000-01, to reflect that the position would be supported with funds transferred from the Department of Transportation State Patrol's appropriation to DHFS.

[Act 9 Sections: 34, 358, 1852m, 2251 and 3264]

14. X-RAY INSPECTION

Governor/Legislature: Reduce funding by \$31,900 FED and provide \$31,900 PR annually to convert 0.5 FED x-ray inspector position to 0.5 PR position supported by x-ray registration fees, beginning in 1999-00. This item reflects the discontinuation of federal Food and Drug Administration funding available to support 50% of the costs of this position. The position inspects new x-ray devices for compliance with federal x-ray device standards.

Funding Positions		
FED	-\$63,800	- 0.50
PR	63,800	0.50
Total	\$0	0.00

15. IMMUNIZATIONS [LFB Paper 1115]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$0	\$2,000,000	\$2,000,000

Governor: Authorize DHFS to expend up to \$9,000,000 GPR in each year of the 1999-01 biennium to fund immunizations and delete references to the limits established in the 1997-99 biennium for this purpose (\$8,550,800 in 1997-98 and \$8,776,400 in 1998-99). DHFS is authorized to expend an amount from this sum sufficient appropriation that is equal to the difference between the statutory limit and the amount of funding DHFS receives from the federal vaccines for children program and section 317 of the Public Health Service Act. In the 1997-99 biennium, federal funding was sufficient to purchase vaccinations and, consequently, no GPR funds were expended from this appropriation. The administration assumes that no GPR funding will be expended from this appropriation in the 1999-01 biennium.

Joint Finance/Legislature: Provide \$1,000,000 PR annually in federal TANF funds transferred from the Department of Workforce Development to DHFS to support immunization education and outreach activities. DHFS would distribute these funds under existing contracts for federal immunization outreach and administration funds.

[Act 9 Section: 425]

16. COMMUNITY HEALTH CLINICS

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
GPR	\$7,800,000	\$0	\$7,800,000
GPR-Lapse	\$0	\$2,100,000	\$2,100,000

Joint Finance: Provide a total of \$3,650,000 in 1999-00 and \$4,150,000 in 2000-01 to support the following health centers.

Community, Migrant and Homeless Health Centers. Provide \$3.5 million in 1999-00 and \$4.0 million in 2000-01 to award as grants to community, migrant and homeless health centers that are designated as federally qualified health centers. Specify that each center's grant amount would be based on that center's proportion of the total federal FQHC grant funding awarded to the qualifying health centers. As a result, if a health center received 10% of the federal FQHC grant funding awarded to qualifying health centers, its state grant would equal 10% of the available state funding.

There are currently 13 health centers that would qualify for these grants, including: (a) Beloit Area Health Community Center; (b) Bridge Community Health Clinic, Wausau; (c) Family Health Medical and Dental Center, Wautoma; (d) Milwaukee Health Services; (e) Kenosha Community Health Center; (f) Family Health Center of Marshfield; (g) North Woods Community Health Centers, Minong; (h) Northern Health Center, Lakewood; (i) Scenic Bluffs Community Health Center, Cashton; (j) Sixteenth Street Community Health Center, Milwaukee; (k) Health Care for the Homeless, Milwaukee; (L) N.E.W. Community Clinic, Green Bay; and (m) the successor of Rainbow Clinic, Milwaukee.

Milwaukee Health Centers. Provide \$50,000 annually to support a grant to the 16th Street Community Health Center and \$100,000 annually to support a grant to Mary Mahoney Health Services, Inc. to support the provision of health care services at these clinics.

The 16th Street Community Health Center is a community-based human service agency that provides primary health care, health education and social services to low-income individuals in the City of Milwaukee. Mary Mahoney Health Services, Inc. operates three nurse-managed health centers, which provide health care and health education in the City of Milwaukee, to low-income individuals.

Assembly: Reduce funding for grants by \$1,750,000 in 1999-00 and \$2,000,000 in 2000-01 so that \$1,750,000 in 1999-00 and \$2,000,000 in 2000-01 would be available for grants to FQHCs.

Conference Committee/Legislature: Include Joint Finance provision.

Veto by Governor [C-21]: By deleting statutory provisions that require distributions of \$3,500,000 in 1999-00 and \$4,000,000 in 2000-01 to FQHCs, the Department is required to award an unspecified amount to FQHCs in each fiscal year. In his veto message, the Governor indicates his intention to reduce funding for FQHCs by \$1,000,000 annually so that \$2,500,000 in 1999-00 and \$3,000,000 in 2000-01 would be available to support FQHCs. In addition, by deleting the words "in each fiscal year" with respect to funding provided for Mary Mahoney Health Services, the Governor's partial veto directs DHFS to award a grant for up to \$100,000 for this purpose. In his veto message, the Governor indicates that he is vetoing funding provided in 2000-01 for these health services. Due to the Governor's partial vetoes, \$1,000,000 in 1999-00 and \$1,100,000 in 2000-01 will lapse to the general fund.

[Act 9 Sections: 432g and 2400m]

[Act 9 Vetoed Sections: 172 (as it relates to 20.435(5)(fh)) and 2400m]

17. FUNDING FOR THE SUCCESSOR OF RAINBOW CLINIC

Joint Finance/Legislature: Provide \$1,000,000 GPR in 1999-00 on a one-time basis in the Joint Committee on Finance supplemental GPR appropriation to support a payment to the successor of Rainbow Clinic in Milwaukee. Specify that this community health center would be located in the City of Milwaukee and would emphasize the health care needs of minority group members, high-risk pregnant women, infants, children and the elderly. Require DHFS to submit a request for release of these funds under 14-day passive review process once the Department submits a report that details the amount of the proposed grant and the services that would be provided under the grant by the community health center. The fiscal effect of this item is reflected under "Program Supplements."

[Act 9 Section: 9123(9k)]

18. SUPPLEMENTAL FOOD PROGRAM FOR WOMEN, INFANTS AND CHILDREN (WIC) FUNDING [LFB Paper 1107]

GPR	-\$1,000,000
PR	<u>2,000,000</u>
Total	\$1,000,000

Joint Finance/Legislature: Provide \$1,000,000 PR annually of federal TANF funds transferred from the Department of Workforce Development (DWD) to DHFS to support WIC nutrition, education and outreach activities. Reduce state funding for WIC by \$500,000 GPR annually. DHFS would distribute this funding under existing WIC contracts. The Governor had recommended providing \$500,000 annually of federal TANF

funding in DWD to support WIC nutrition, education and outreach activities, which is summarized under "Workforce Development -- Economic Support and Child Care."

19. MINORITY HEALTH PROGRAM

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
GPR	\$600,000	- \$300,000	\$300,000

Joint Finance/Legislature: Create a minority health program that would provide \$300,000 annually to support the following activities: (a) a grant of up to \$100,000 annually for a private nonprofit corporation to conduct a public information campaign on minority health; and (b) \$200,000 annually for grants of amounts up to \$50,000 to conduct activities relating to the improvement of the health status of economically disadvantaged minority group members. Establish a 50% match requirement for the minority health status grants. Specify that the required contribution for the grant could be funding or in-kind contributions. Require DHFS to establish the application procedures for both the public information and health status grants.

In addition, require DHFS to do all of the following: (a) identify barriers to health care that prevent economically disadvantaged minority group members in this state from participating fully and equally in all aspects of life; (b) conduct statewide hearings on issues of concern to the health interests of economically disadvantaged minority group members; (c) review, monitor and advise all state agencies with respect to the impact on the health of economically disadvantaged minority group members of current and emerging state policies, procedures, practices, statutes and rules; (d) work closely with all state agencies and the Board of Regents of the University of Wisconsin System, the Technical College System Board, the University Hospital and Clinics Authority and with the private sector and with groups concerned about the health of economically disadvantaged minority group members to develop long-term solutions to health problems of minority group members; (e) disseminate information on the status of the health of economically disadvantaged minority group members in the state; (f) encourage economically disadvantaged minority group members who are students to enter into career health professions, by developing materials that are culturally sensitive and appropriate and that promote health care professions as careers for the University of Wisconsin system, the technical college system and the Medical College of Wisconsin to use in recruiting the students; and (g) submit a biennial report that would include recommendations on program policies, procedures and practices and services affecting the health status of economically disadvantaged minority group members to the appropriate standing committees of the Legislature and the Governor.

Create the following definitions that relate to these provisions: (a) "African American" as a person whose ancestors originated in any of the black racial groups of Africa; (b) "American Indian" as a person who is enrolled as a member of a federally recognized American Indian tribe or band or who possesses documentation of at least one-fourth American Indian ancestry

or documentation of tribal recognition as an American Indian; (c) "Asian" as a person whose ancestors originated in Asia south and southeast of the Himalayas and west of Wallace's Line in Malay Archipelago; (d) "economically disadvantaged" as having an income that is at or below 125% of the poverty line; (e) "Hispanic" as a person of any race whose ancestors originated in Mexico, Puerto Rico, Cuba, Central America or South America whose culture or origin is Spanish; (f) "minority group member" as an African American, American Indian, Hispanic or Asian; (g) "nonprofit corporation" as a non-stock corporation organized under Chapter 181 of the statutes; (h) "poverty line" as the non-farm federal poverty line for the United States as defined by the U.S. Department of Labor; and (i) "state agency" as an office, department, agency, institution of higher education, association or other body in state government created or authorized to be created by the constitution or any law, which is entitled to expend moneys appropriated by law, including the Legislature and the Courts, but not including an authority.

Veto by Governor [C-21]: Delete funding for the minority health program in 2000-01 so that \$300,000 GPR would be provided in 1999-00 for the program.

[Act 9 Sections: 432g and 2240r]

[Act 9 Vetoed Section: 172 (as it relates to s. 20.435(5)(fh))]

20. BIRTH DEFECT PREVENTION SURVEILLANCE

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
GPR	\$300,000	-\$100,000	\$200,000

Governor: Create a birth defect prevention surveillance system and repeal all current statutory provisions relating to the birth and developmental and outcome monitoring program.

Definitions. Define a "birth defect" as any of the following conditions affecting an infant or child that occurs prior to or at birth and that requires medical or surgical intervention or interferes with normal growth and development: (a) a structural deformation, disruption or dysplasia; and (b) a genetic, inherited or biochemical disease. Define a "pediatric specialty clinic" as a clinic with the primary purpose of providing pediatric specialty diagnostic, counseling and medical management services to persons with birth defects by physician subspecialists. Define "infant or child" as a human being from birth to two years of age. Define "physician" as an individual possessing the degree of doctor of medicine or doctor of osteopathy or an equivalent degree as determined by the medical examining board, and holding a license granted by the Medical Examining Board.

Reporting. Require the following individuals to report a birth defect in an infant or child to DHFS, unless that person knows that another person has already reported this information to DHFS: (a) a hospital or pediatric specialty clinic in which the birth defect is diagnosed in an infant or child or treatment for the birth defect is provided to the infant or child; (b) a physician

who diagnoses the birth defect or provides treatment to the infant or child for the birth defect; and (c) a clinical laboratory that identifies a birth defect in the infant or child as the result of a laboratory analysis.

Require physicians, hospitals and pediatric specialty clinics to provide DHFS, within 10 working days of receiving a request, information contained in the medical records of patients who have a confirmed or suspected birth defect diagnosis.

Department Duties and Powers. Require DHFS to establish and maintain an up-to-date registry that documents the diagnosis of any infant or child who has a birth defect that was diagnosed or treated in the state, regardless of the residence of the infant or child. Require DHFS to include information in the registry that would facilitate: (a) identification of risk factors for birth defects; (b) investigation of the incidence, prevalence and trends of birth defects using epidemiological surveys; and (c) development of preventive strategies that would decrease the occurrence of birth defects.

Require DHFS to promulgate rules that would: (a) specify the birth defects which would require a report to DHFS; and (b) specify the content, format and procedures for reporting birth defect information to DHFS. Authorize DHFS to monitor the data contained in birth defect reports in order to ensure the quality of the data and to make improvements in reporting methods.

Confidentiality. Specify that any information contained in a birth defect report made to DHFS that could specifically identify the subject of the report would be confidential. Prohibit DHFS from releasing this confidential information except to: (a) the parent or guardian of an infant or child for whom a birth defect report is made; (b) a local health officer (LHO), upon receipt of a written request and informed written consent from the parent or guardian of the infant or child; (c) a physician, hospital or pediatric specialty clinic for the purpose of information verification; and (d) a representative of a federal or state agency, upon written request if the information is necessary to perform a legally authorized function of that agency, including investigation of causes, mortality, methods of prevention, treatment or care of birth defects, associated diseases or disabilities.

Specify that a LHO could only disclose this information to the extent necessary to provide and coordinate follow-up care for the infant or child or to conduct a health, demographic or epidemiological investigation. Require a LHO to destroy all information within one year after receiving it.

Specify that information released to a representative of a federal or state agency could not contain the name or address of the infant or child. Require DHFS to notify the parent or guardian of the release of information to a state or federal agency. Authorize the representative of the state or federal agency to disclose this information only as necessary to perform the legally authorized function of the agency for which the information was requested.

Release of Information to Researchers. Authorize DHFS to release confidential information to a person proposing to conduct research if: (a) the person proposing to do the research submits a written application that includes a written protocol for the proposed research, the requestor's professional qualifications and any other information requested by DHFS; (b) the purpose of the research is to study birth defect surveillance and prevention; (c) DHFS determines that, if the research involves direct contact with a subject or with a member of the subject's family, the contact is necessary for meeting the research objectives, the research is in response to a public health need or is in connection with birth defect surveillance or investigation sponsored and conducted by public health officials, the research had been approved by a certified institutional review board or committee for the protection of human subjects in accordance with federal regulations and the contact between researchers and infants, children or their families is to be conducted in a manner approved by DHFS; (d) the person agrees in writing that the information would only be used for research approved by DHFS; (e) the person agrees in writing that the information provided would not be released to anyone except other persons involved in the research; (f) the person agrees in writing that the final product of the research would not reveal information that could specifically identify the subject of a birth defect report; and (g) the person agrees in writing to any other conditions imposed by DHFS.

Council on Birth Defect Prevention and Surveillance. Create a Council on Birth Defect Prevention and Surveillance to make recommendations regarding the establishment of a birth defect registry and rules for the reporting of birth defect information.

Attach the Council to DHFS and specify that the Council would include (a) a representative of the University of Wisconsin Medical School who has technical expertise in birth defects epidemiology; (b) a representative of the Medical College of Wisconsin who has technical expertise in birth defects epidemiology; (c) a representative from the DHFS Division of Public Health; (d) a representative of the DHFS Division of Health Care Financing; (e) a representative of the DHCF Bureau of Health Information; (f) a representative of the State Medical Society; (g) a representative of the Wisconsin Chapter of the American Academy of Pediatrics; (h) a representative of a nonprofit organization whose primary purpose is the prevention of birth defects; and (i) a parent or guardian of a child with a birth defect.

Joint Finance: Delete provision as non-fiscal policy. In addition, provide \$100,000 in 1999-00 and \$200,000 in 2000-01 to support the birth and developmental outcome monitoring program.

Senate: Restore the Governor's recommended statutory changes for the program. In addition, provide \$33,000 in 1999-00 and \$67,000 in 2000-01 to support the new program.

Conference Committee/Legislature: Include Joint Finance provision.

Veto by Governor [C-24]: Delete the \$100,000 increase that would be provided in 2000-01, so that funding for the birth and developmental outcome monitoring program would be increased by \$100,000 annually, rather than by \$100,000 in 1999-00 and \$200,000 in 2000-01.

[Act 9 Vetoes Section: 172 (as it relates to s. 20.435(1)(a))]

21. NEONATAL INTENSIVE CARE UNIT TRAINING GRANTS
[LFB Paper 507]

GPR	-\$340,000
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Joint Finance/Legislature: Reduce funding by \$170,000 annually to reflect the termination of the neonatal intensive care unit training program. 1997 Wisconsin Act 237, the budget adjustment act, provided \$170,000 GPR in 1998-99 for DHFS to distribute as grants to hospitals to pay for specialized training and on-site consultation and support of medical personnel in the principles and practice of developmentally supportive and family-centered care for high-risk infants and their families. Act 237 repeals the appropriation on July 1, 2000. Although DHFS administered the Act 237 provision as a one-time grant program and does not intend to award new grants in the 1999-01 biennium, base funding for the program was maintained in AB 133. This provision deletes base funding for the program.

22. DENTAL SERVICES

GPR	\$110,000
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Joint Finance/Legislature: Provide \$110,000 GPR in 2000-01 to support grants for the following: (a) \$25,000 for fluoride supplements; (b) \$25,000 to support a fluoride mouth-rinse program; and (c) \$60,000 to support a school-based dental sealant program.

[Act 9 Section: 2400h]

23. WISCONCARE [LFB Paper 508]

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
PR	\$3,000,000	-\$1,450,000	\$1,550,000

Joint Finance: Provide \$1,500,000 annually for the WisconCare program. This item adds base funding for the program to the Chapter 20 appropriation schedule that was deleted due to a partial veto in 1997 Wisconsin Act 27 and does not represent an increase in the amount of funding that would be available for the program.

Assembly: Reduce funding for the WisconCare program by \$450,000 in 1999-00 and by \$750,000 in 2000-01 so that a total of \$1,050,000 in 1999-00 and \$750,000 in 2000-01 would be provided for the program. Of the 1999-00 funding amount, \$300,000 would be available from

the unencumbered amount in the appropriation balance as of June 30, 1999, and consequently, would not be reflected in the 1999-00 appropriation.

Modify the current WisconCare appropriation to reflect that, of the \$1,500,000 that is currently assessed to hospitals annually to support the program, 50% would be used to support WisconCare and 50% would be used to support graduate medical education payments to hospitals under the medical assistance program.

Senate: Provide \$50,000 in 1999-00 on a one-time basis from the WisconCare appropriation to support a grant to Fransiscan Skemp Health Care, Inc. for health care and disease management services provided by the St. Clare Health Mission. The St. Clare Health Mission provides primary health care and disease management services to low-income families in western Wisconsin.

Conference Committee/Legislature: Include both the Assembly and Senate provisions.

[Act 9 Sections: 377d, 405h, 2255, 9123(12m)&(14e) and 9423(12m)]

24. BUREAU OF HEALTH INFORMATION DATA COLLECTION -- FUNDING [LFB Paper 509]

	Jt. Finance (Chg. to Base)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$740,000	4.50	\$690,000	3.50	\$1,430,000	8.00

Joint Finance: Provide \$370,000 annually and 3.5 positions, beginning in 1999-00, and 1.0 position beginning in 2000-01, to support the collection, analysis and dissemination of the following four data collection projects: (a) voluntary health plan; (b) health care workforce; (c) emergency department; and (d) non-physician patient encounter data. The PR funding for these projects would be generated through assessments on health care providers who submit data under these projects. The Bureau of Health Information (BHI) is prohibited from assessing a health care provider more than \$75 per fiscal year.

Authorize DHFS to submit a proposal to the Department of Administration (DOA) by June 30, 2001, for supplemental expenditure and position authority in order for BHI to conduct health care data collection activities. Specify that such a proposal would identify potential sources of revenue to support proposed health care data collection activities. Authorize DOA to modify this proposal and to submit the proposal to the Joint Committee on Finance under 14-day passive review. Finally, specify that an employer may not request the release of or access to patient-identifiable data of an employee of the employer.

Assembly: Delete \$60,000 in 1999-00 that was provided to support a voluntary health plan project. Data collected under this project would be the basis for the consumer guide mandated under 1997 Wisconsin Act 231. Funding to support the project would be generated by a voluntary assessment on health maintenance organizations.

In addition, direct DHFS, the Department of Employee Trust Funds and the Office of the Commissioner of Insurance to develop a consolidated data collection plan for voluntarily provided health plan data collected by those agencies and a detailed memorandum of understanding (MOU) between the three agencies for implementing the proposal by June 30, 2000. Specify that if the proposal is acceptable to the three agencies, the DHFS and DETF Secretaries and the Commissioner of Insurance must sign the MOU and submit the proposal, the MOU and a report concerning any potential cost savings from the consolidated collection of voluntarily collected health plan data and any proposed legislation required to implement the proposal to the Department of Administration (DOA). Authorize DOA to approve, disapprove or modify the proposal it receives and to submit the proposal, the MOU with any modifications, the report and any proposed legislation to the Co-chairs of the Joint Committee on Finance under a 14-day passive review process. If the proposal were approved by DOA and the Committee was not consistent with the signed MOU, require the three agencies to enter into a revised MOU that is consistent with the approved proposal.

Senate: Modify provisions in the substitute amendment that would authorize DHFS to submit a proposal to DOA by June 30, 2001, for supplemental expenditure and position authority by deleting provisions that would have authorized DOA to make modifications to such a proposal. In addition, provide \$250,000 in 1999-00 and \$500,000 in 2000-01 and 3.5 positions, beginning in 1999-00, to support the collection, analysis and dissemination of physician encounter data.

Conference Committee/Legislature: Include both the Assembly and Senate provisions.

Veto by Governor [C-28]: Delete session law provisions that would have: (a) authorized DHFS to submit a proposal to DOA by June 30, 2001 for supplemental expenditure and position authority to conduct health data collection activities; and (b) directed DHFS, DETF and OCI to develop a consolidated data collection plan for voluntarily provided health plan data collected by these agencies and a detailed memorandum of understanding for implementing the proposal by June 30, 2000.

[Act 9 Vetoed Section: 9123(8mx)]

25. NEWBORN HEARING SCREENING PROGRAM

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Veto (Chg. to Leg.)	Net Change
PR-REV	\$666,000	\$12,200	-\$678,200	\$0
PR	\$666,000	\$0	-\$666,000	\$0

Joint Finance: Provide \$333,000 annually in a new, continuing PR appropriation to fund the costs of establishing a newborn hearing screening program. Require DHFS to award up to \$333,000 as grants to applying hospitals in fiscal years 1999-00, 2000-01 and 2001-02. Specify that, from January 1, 2000, to June 30, 2001, the Department would distribute grant funding for

the payment of costs of capital equipment. For the period from July 1, 2001, to December 30, 2002, DHFS would distribute grants to support training or any other initial costs of establishing a newborn hearing screening program.

Increase the fee for the issuance of a duplicate birth certificate from \$12 to \$13.40 and specify that \$1.40 of the amount collected for issuing a copy of a birth certificate would be forwarded to the State Treasurer and deposited in the newborn hearing screening program appropriation. Specify that the increased fee for issuing a birth certificate would be effective beginning October 1, 1999, or the first day of the first month beginning after the bill's publication, through December 31, 2002. As of January 1, 2003, the fee would be \$12.

Beginning July 1, 2002, and annually thereafter, require DHFS to collect information from hospitals for the previous calendar year on the number of deliveries in each hospital and whether the hospital has a newborn hearing screening program. Require DHFS to use this information to determine the percentage of deliveries in the state that are performed in hospitals with newborn hearing screening programs by July 31, 2003, and annually thereafter. Require DHFS to report this information to the appropriate Legislative standing committees.

Specify that, if by August 5, 2003, the Department determines that fewer than 88% of all deliveries in the state are performed in hospitals that have a newborn hearing screening program, it would notify all hospitals that every hospital must establish a newborn hearing screening program that is available to all infants delivered in the hospital by January 1, 2004.

Create the following definitions for the statutory and nonstatutory provisions of the program: (a) "hearing loss" means an inability to hear in one or both ears to detect sounds at 30 decibels hearing level or greater in the frequency region of 500 to 4,000 hertz, which affects speech recognition and auditory comprehension; (b) "hertz" means a body of frequency equal to one cycle per second; (c) "hospital" as any building, structure, institution or place devoted primarily to the maintenance and operation of facilities for the diagnosis, treatment of and medical or surgical care for three or more nonrelated individuals, suffering from illness, disease, injury or disability, whether physical or mental, and including pregnancy and regularly making available at least clinical laboratory services, and diagnostic X-ray services and treatment facilities for surgery, or obstetrical care, or other definitive medical treatment; (d) "infant" as a child from birth to three months of age; and (e) "newborn hearing screening program" as a system of a hospital under which an infant may be tested, using currently available medical techniques, to determine if the infant has a hearing loss.

Assembly/Legislature: Modify provisions in the substitute amendment that would have increased fees for duplicate birth certificates from \$12 to \$13.40, from October 1, 1999 (or on the first day of the first month beginning after the bill's general effective date, whichever is later), through December 31, 2002, to support the grant program by increasing the fee from \$12 to \$14 from October 1, 1999, (or the first day of the first month beginning after the bill's general effective date, whichever is later) through December 31, 2001. Under these provisions, the total revenues generated from the fee increase would be collected in two years, rather than three

years. It is estimated that this fee increase would generate an additional \$109,400 in 1999-00 and reduce revenues by \$97,200 in 2000-01 compared to the revenues that would be generated by the \$1.40 increase proposed in the substitute amendment.

Veto by Governor [C-23]: Delete all of the provisions relating to the grant funding, including the increase in the duplicate birth certificate fee. However, the Department's responsibility to collect information and submit an annual report is retained.

In addition, the conditional provision that would require DHFS to mandate all hospitals to establish a newborn screening program if DHFS determines that the specified percentage of screenings in not being reached is retained.

[Act 9 Section: 2439r]

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.435(5)(jk)), 368r, 368s, 434r thru 434t, 1649r, 1649s, 2439r, 2439s and 9423(11g)]

26. CONSOLIDATED CONTRACTS

Joint Finance: Specify that if DHFS proposed to consolidate contracts to cover care or services under more than one program administered by the DHFS, Division of Public Health, the Department would be required to submit the proposed contract to the Joint Committee on Finance under 14-day passive review. Specify that the proposed contract would include detailed information regarding the programs that are being contracted, the allocation of funds for each program and outcome performance incentives and disincentives offered under the contract. These provisions would first apply to contracts entered into on or after the general effective date of the bill.

Senate: Specify that if DHFS proposes to consolidate contracts into one single contract to cover care or services under more than one program administered by the DHFS, Division of Health, the contract could not result in reduced funding to local public health agencies, boards or departments that perform the same or substantially similar services under multiple contracts that expire immediately before the consolidated contract becomes effective. Specify that any savings realized from consolidating contracts would be distributed among the local public health agencies, boards and departments. Require DHFS to submit proposed rules relating to the implementation of consolidated contracts to the Legislative Council staff by November 1, 1999.

Conference Committee/Legislature: Include Joint Finance provision.

Veto by Governor [C-22]: Delete provision.

[Act 9 Vetoed Sections: 999m and 9323(11m)]

27. WIC ELECTRONIC BENEFITS TRANSFER

Joint Finance: Move to create a nine-member Supplemental Food Program for Women, Infants and Children Council in DHFS. Require the Council to: (a) review all state statutes, administrative rules and Department policies regarding the WIC program; (b) propose statute, rule and policy changes that would limit the occurrences of WIC vendor suspensions and terminations; (c) propose statute and rule changes necessary for the state to comply with federal law; (d) study the feasibility of adding the WIC program to the current food stamp electronic benefit (EBT) program; (e) advise DHFS and the Legislature on policies necessary to ensure that no additional costs are incurred by WIC vendors as a result of adding WIC to the food stamps EBT program; and (f) report to DHFS and the Legislature the Council's recommendation for increasing the number of WIC vendors participating in the program.

Specify that the Council would be comprised of the following members: (a) one individual representing independent retail grocery stores; (b) one individual representing the food industry warehouse distribution system; (c) one individual representing convenience stores; (d) one individual representing pharmacies; (e) one individual representing financial institutions; (f) two WIC recipients; (g) one individual representing DHFS; and (h) one individual representing the Hunger Task Force.

Specify that the members of the Board would serve for three-year terms and that the DHFS Secretary or his or her designee could not be the Chairperson of the Council. Require the Board to meet at least quarterly.

Require DHFS to conduct a WIC EBT study that would include the following information: (a) the program and operational requirements of establishing a WIC EBT system; (b) information system requirements for administering a WIC EBT system; (c) the compatibility of a WIC EBT system with existing EBT systems; (d) the costs and benefits of implementing a WIC EBT system to DHFS, WIC participants and vendors; (e) possible funding sources for the implementation of a WIC EBT system; and (f) recommendations for reducing fraud in the WIC program.

Require DHFS to report on the findings of this study to the Joint Committee on Finance by January 1, 2001. Finally, specify that the WIC Council would be terminated on January 1, 2001.

Conference Committee/Legislature: Modify the Joint Finance provision by requiring the Council to submit its study and terminate on January 1, 2002, rather than January 1, 2001.

Veto by Governor [C-20]: Delete all of these provisions except the provision that requires DHFS to study the program and operational requirements of establishing the EBT system for the WIC program. DHFS is not subject to a specific deadline for completing this study.

[Act 9 Section: 9123(8d)]

[Act 9 Vetoes Sections: 34b, 2435q and 9123(8d)]

28. POISON CONTROL CENTERS

Joint Finance: Create statutory requirements for the statewide poison control centers by specifying that: (a) a statewide poison control system must provide poison control services that are available throughout the state, 24 hours a day and 365 days a year; (b) the statewide poison control system shall provide poison information and education to professionals and the public; and (c) a regional poison control center must maintain telephone service services capable of providing rapid, accurate, complete and accessible poison information throughout the state. The services shall be free to users through a statewide toll-free hotline.

Specify that each on-line staff member at a regional poison control center who interprets poison exposure data and provides poison intervention and management information shall be one of the following: (a) a registered nurse under Chapter 441 of the statutes; (b) a pharmacist licensed under Chapter 450 of the statutes; (c) a physician licensed to practice medicine and surgery under Chapter 448 of the statutes; (d) a person who is certified by or eligible for certification by the American Association of Poison Control Centers as a specialist in poison information training; (e) a graduate of a school of pharmacy, accredited by the American Council on Pharmaceutical Education, who is in residency training; (f) a pharmacy student enrolled in a school of pharmacy, accredited by the American council on pharmaceutical education, who has completed the second professional practice year; or (g) a person employed as an on-line staff member at a center on May 1, 1994, who has worked in that capacity at the center for at least three years and who receives at least 16 documented hours of continuing education each year in interpreting poison data and in providing poison intervention and management information.

Specify that an on-line staff member at a poison control center who is designated as a poison information provider may provide poison information to manage non-toxic exposures and routine follow-up, if her or she has an appropriate health-oriented background and receives at least 16 documented hours of job-relevant continuing education each year. A person with an appropriate health care background is any of the following: (a) an emergency medical technician - basic, intermediate, or paramedic licensed under s. 146.50 of the statutes; (b) a licensed practical nurse licensed under Chapter 441 of the statutes; or (c) an individual who has completed a training program directed by a physician specializing in toxicology and, as determined by the medical director of a poison control center, a background sufficient to understand and interpret standard poison information resources and to transmit that

information understandably to both health professionals and the public under the direct supervision of an on-line staff member or the medical director .

Finally, specify that poison information providers would triage incoming calls concerning toxic exposures and calls from health care providers who request drug interaction interpretations to a member of the on-line staff who is authorized to interpret poison exposure data and provide poison intervention and management information.

Assembly/Legislature: Authorize an individual who is designated as a poison information provider and receives at least 16 hours of job-relevant continuing education and has an appropriate health-oriented background to interpret poison exposure data and provide poison intervention and management information.

Delete provisions from the substitute amendment that would authorize individuals who had an appropriate health care background and who had received 16 hours of job-relevant continuing education each year to provide poison information to manage non-toxic exposures and routine follow-up. Delete provisions that would have authorized poison information providers to triage incoming calls concerning toxic exposures and calls from health care providers who request drug interaction interpretations to a member of the on-line staff who is authorized to interpret poison exposure data and provide poison intervention and management information.

[Act 9 Sections: 2251d thru 2251g]

29. DO-NOT-RESUSCITATE BRACELETS

Joint Finance/Legislature: Specify that after a patient provides all of the information required under current law for a do-not-resuscitate order, the attending physician or the person directed by the attending physician would document in a patient's medical record the medical condition that qualifies the patient for a do-not-resuscitate order, would make the order in writing and would do one of the following, as requested by the patient: (a) affix to the wrist of the patient a do-not-resuscitate bracelet that meets the uniform standard established by DHFS by rule; or (b) provide an order form from a commercial vendor approved by the Department to permit the patient to order a do-not-resuscitate bracelet from the commercial vendor. Specify that DHFS may approve a do-not-resuscitate bracelet developed and distributed by a commercial vendor if the bracelet contains an emblem that displays an internationally recognized medical symbol on the front and the words "Wisconsin Do-Not-Resuscitate-EMS" and the qualified patient's first and last name on the back. Prohibit DHFS from approving a do-not-resuscitate bracelet developed and distributed by a commercial vendor if the vendor does not require a doctor's order for the bracelet prior to distributing it to the patient.

[Act 9 Sections: 2283m thru 2283r]

30. FAMILY PLANNING AND CHILDREN'S ORAL HEALTH SERVICES

Assembly: Modify funding for family planning and children's oral health services as follows.

Family Planning. Delete base funding for the state family planning program (-\$1,955,200 annually) and repeal all statutory provisions relating to the DHFS family planning program. Prohibit state agencies and local units of government from spending state, local government or federal funds passing through the state treasury for the provision of family planning services. Specify that this prohibition would not apply to family planning services provided under the medical assistance program.

For the purposes of the prohibition, define: "family planning" as voluntary action by individuals to prevent or aid conception. Family planning includes the performance, promotion, encouragement or counseling in favor of, or referral either directly or through an intermediary for voluntary termination of pregnancy, but it does not include prenatal care and delivery or infant care, foster care or adoption. Define "family planning services" as counseling by trained personnel regarding family planning, distribution of information relating to family planning and referral to licensed nurse practitioners within the scope of their practice, licensed physicians or local health departments for consultation, examination, medical treatment and prescriptions for the purpose of family planning.

Repeal provisions that authorize funding for various family planning programs, including family planning services supported with federal Maternal and Child Health Block Grant funds. Repeal provisions that require that, at least 24 hours before an abortion is to be performed or induced, a woman is orally informed that she has the right to receive and review printed materials that include information on the availability of public and private agencies and services that would provide the woman with information on family planning, including natural family planning information.

Delete references to family planning from the list of topics that school boards could provide as part of an instructional program in human growth and development. Repeal the requirement that DHFS maintain a maternal and child health program that includes reproductive health services, including health services prior to conception and family planning services.

For the purposes of public assistance programs, define "family planning" as voluntary action by individuals to prevent or aid conception. Specify that "family planning" does not include the performance, promotion, encouragement or counseling in favor of, or referral either directly or through an intermediary for voluntary termination of pregnancy, but may include the promotion, encouragement or counseling in favor of, or referral directly or through an intermediary for any of the following: (1) prenatal care and delivery; and (2) infant care, foster care or adoption. Define "family planning services" as counseling by trained personnel regarding family planning, distribution of information relating to family planning and referral to a licensed nurse practitioner within the scope of their practice, licensed physicians or local

health departments for consultation, examination, medical treatment and prescriptions for the purpose of family planning. Modify statutory references to the previous definitions of family planning services and family planning to reference these new definitions.

Children's Oral Health Programs. Provide \$250,000 in 1999-00 and \$40,000 in 2000-01 to support oral health services for children. Currently, state family planning funding is counted toward the state's maintenance of effort for the federal Maternal and Child Health Block Grant (MCHBG). This funding for children's oral health services is intended to offset a portion of the family planning funding reductions in order to ensure that the state would meet its MCHBG maintenance of effort requirement. Funding provided by the Joint Committee on Finance for the birth and developmental monitoring program and for children's oral health services would also count toward the state's MCHBG maintenance of effort requirement. The combination of these funds would be sufficient to meet the maintenance of effort requirement.

Conference Committee/Legislature: Delete provision.

31. JANESVILLE FREE CLINIC

Senate/Legislature: Provide \$25,000 annually to support a grant to HealthNet of Janesville to support the costs of providing health care services to low-income and homeless families.

GPR	\$50,000
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[Act 9 Section: 2400m]

32. CONFIDENTIALITY OF HEALTH CARE INFORMATION

Joint Finance: Specify that an employer may not request the release of or access to patient-identifiable data of an employee of the employer.

Assembly/Senate: Include the Joint Finance provision. In addition, make numerous changes relating to the confidentiality of health care information collected and released by the DHFS Bureau of Health Information (BHI) as follows.

Independent Review Board. Create an Independent Review Board attached to DHFS. Specify that the Board could not include an employee of DHFS and would include the Commissioner of Insurance or his or her designee. In addition, the following members would be appointed for staggered, four-year terms: (a) a statistician or researcher; (b) a medical ethicist of the University of Wisconsin System or the Medical College of Wisconsin; (c) an expert in issues relating to privacy; and (d) a purchaser of health care. Specify that the initial members would be appointed by the first day of the fourth month beginning after the general effective date of the bill.

Authorize the Board to review requests for data elements that are not available in public use data files and specify that such data elements could not be released without approval of the

Board, unless Board approval is not required under DHFS rules. Authorize the Board to promulgate rules that have been reviewed and approved by the Board on Health Information.

Release of Health Care Information. Create new provisions that apply to the collection and release of health care data submitted by providers other than hospitals or ambulatory surgery centers, and modify current provisions relating to all health care data as follows.

a. Information Submitted by Providers other than Hospitals or Ambulatory Surgery Centers. Specify that DHFS must release public use data files that do not permit the identification of patients, employers or health care providers, and that DHFS must protect the identification of these groups by all necessary means, including the deletion of patient identifiers, the use of calculated variables and aggregated variables, the specification of counties, rather than zip codes, to identify residence, the use of five-year categories, rather than exact age, to identify age, not releasing information concerning a patient's race or ethnicity or dates of admission, discharge, procedures or visits, and masking sensitive diagnoses and procedures by use of larger diagnostic and procedure categories.

Specify that these public use data files could only include the following data elements: (a) the patient's county of residence; (b) the payment source, by type; (c) the patient's age by category, by five-year intervals up to age 80 and a category of 80 years or older; (d) the patient's procedure code; (e) the patient's diagnosis code; (f) charges assessed with respect to the procedure code; (g) the name and address of the facility in which the patient's services were rendered; (h) the patient's sex; (i) information that contains the name of a health care provider that is not a hospital or ambulatory surgery center, if the Board first reviews and approves the release or if DHFS promulgates rules that specify circumstances under which the Board does not need to review and approve the release; (j) calendar quarters of services, except if DHFS determines that the number of data elements is too small to enable protection of patient confidentiality; and (k) information other than patient identifiable data, as approved by the Board.

Specify that requests for data elements for custom-designed reports other than those available for public use data files, including the patient's month and year of birth, would require review and approval by the Board before the data elements could be released. Authorize the release of information that contains the name of the provider only if the Board first reviews and approves the release, or if DHFS promulgates rules that specify circumstances under which the Board need not review and approve the release.

Prohibit DHFS from selling or distributing data bases of information from providers that can be linked with public use data files, unless first approved by the Board.

b. Information Submitted by All Providers. Specify that DHFS could release public use data files that specify calendar quarters of service, rather than date of service, except if DHFS specifies by rule that the number of data elements included in the public use data file is too small to enable protection of patient confidentiality.

Specify that custom data reports could include the patient's zip code only if at least one of the following applies: (a) other potentially identifying data elements are not released; (b) population density is sufficient to mask patient identity; (c) other potentially identifying data elements are grouped to provide population density sufficient to protect identity; and (d) multiple years of data elements are added to protect patient identity.

Patient-Identifiable Data. Create separate definitions for "patient identifiable data," depending upon whether the data was submitted by hospitals and ambulatory surgery centers or other health care providers. Specify that "patient identifiable data" for information submitted by health care providers that are not hospitals or ambulatory surgery centers would include all of the following data elements: (a) patient medical record or chart number; (b) patient control number; (c) patient date of birth; (d) date of patient admission; (e) date of patient discharge; (f) date of patient's principal procedure; (g) encrypted case identifier; (h) medical resubmission code; (i) Medicaid prior authorization number; (j) whether the patient's condition is related to employment and occurrence and place of an auto accident or other accident; (k) date of first symptom of current illness, of current injury or current pregnancy; (l) first date of patient's same or similar illness, if any; (m) dates that the patient has been unable to work in his or her current occupation; (n) dates that the patient received medical services; and (o) the patient's city, town or village.

Modify provisions relating to the release of patient-identifiable data by: (a) repealing a provision that would authorize the release of patient identifiable data to an individual that was granted permission in writing by the patient; and (b) specifying that for information submitted by health care providers that are not hospitals or ambulatory surgery centers, patient-identifiable data that contains a patient's date of birth may be released only under circumstances specified by DHFS by rule.

Protection of Patient Identity. Modify provisions relating to measures that ensure protection of patient identity to specify that DHFS would remove and destroy a patient's account number, which is listed on the uniform patient billing forms, after DHFS has used the number as verification. Require DHFS to develop a data use agreement that specifies data use restrictions, appropriate uses of data and penalties for misuse of data for use by purchasers of data from BHI. Require DHFS to notify prospective and current purchasers of data of these appropriate uses. Finally, specify that purchasers of data from BHI would be required to sign a data use agreement and to have the agreement notarized.

Require health care providers that are not hospitals and ambulatory surgery centers to convert to a payer category code any names of an insured's payer or other insured's payer before submitting the data to DHFS. DHFS would specify the payer category codes.

Prohibit DHFS from requiring hospitals and ambulatory surgery centers to submit uniform patient billing forms. Prohibit health care providers that are not hospitals or ambulatory surgery centers from submitting any of the following to DHFS: (a) the patient's name and street address; (b) the insured's name, address and telephone number; (c) any other insured's name, employer name and date of birth; (d) the signature of the patient or other

authorized signature; (e) the signature of the insured or other authorized signature; (f) the signature of the physician; (g) the patient's telephone number; (h) the insured's employer's name or school name; (i) data regarding insureds other than the patient, other than the insured's payer category code; (j) the patient's employer's name or school name; (k) the patient's relationship to the insured; (l) the insured's identification number; (m) the insured's policy or group number; (n) the insured's date of birth or sex; and (o) the patient's marital, employment or student status. If a health care provider were to submit any of these data elements, DHFS would be required to immediately return this information to the health care providers. If these data elements were discovered later, DHFS would be required to remove and destroy the information. Specify that a state or local health care provider that negligently violates this prohibition could not be discharged or suspended without pay.

Prohibit a health care provider from submitting information that uses either of the following as a patient account number: (a) the patient's social security number; or (b) a number that is related to another patient identifying number.

Copying and Inspection of Records. Repeal provisions that specify that patient-identifiable data obtained from the BHI is not subject to inspection, copying or receipt and may not be released by DHFS except under specified circumstances. Instead, specify that all data obtained by BHI would not be subject to inspection, copying or receipt.

Penalties and Immunity from Liability. Increase the penalties for the violation of specified health care information rules, from a fine of up to \$10,000 and imprisonment of up to nine months to a fine of up to \$15,000 and imprisonment of up to one year in county jail. Specify that a health care provider that submits information to DHFS under Chapter 153 is immune from civil liability for any act or omission of an employee, official or agent of the health care provider that results in the release of a prohibited data element while submitting data to DHFS. This immunity would not apply to intentional, willful or reckless acts or omissions by health care providers.

Board of Health Care Information. Specify that at least two of the five health care provider members of the Board on Health Care Information would represent hospitals and at least two would represent employer purchasers of health care.

Conference Committee/Legislature: Clarify that DHFS could not require a health care provider that is not a hospital or ambulatory surgery center to submit uniform patient billing forms. Under the Assembly and Senate provision, DHFS would be prohibited from requiring a health care provider that is a hospital or ambulatory surgery center to submit uniform billing forms. Further, specify that a health care provider that submits information to DHFS is immune from civil liability for any act or omission of DHFS that results in the release of data.

Veto by Governor [C-29]: Delete the provision that specifies that public use data files could include a category of "80 years or older." Consequently, all of the age categories would be provided in five-year intervals, including categories for patients who are 80 years of age or older.

[Act 9 Sections: 30g, 30r, 2253r, 2280b thru 2280r, 2283g thru 2283k and 9123(12g)]

[Act 9 Vetoed Section: 2280c]

33. PROHIBITIONS ON FUNDING FOR ENTITIES, PUBLIC AGENCIES AND INDIVIDUALS THAT PRESCRIBE CONTRACEPTIVE ARTICLES WITHOUT PARENTAL CONSENT

Assembly: Create the following prohibitions relating to agencies that provide contraceptive articles to minors without the written consent of the minor's parent or guardian as follows.

Prohibitions. Prohibit a state agency or local unit of government from authorizing payment of state funds, local funds or federal funds that pass through the state treasury as a grant, subsidy or other funding that wholly or partially funds family planning services if the entity, public agency or individual that receives the funds prescribes a contraceptive article for a minor, other than a married or emancipated minor, without the written consent of one of the minor's parents or his or her legal guardian.

Prohibit entities, public agencies and individuals from using state funds, local funds or federal funds that pass through the state treasury to prescribe a contraceptive article for a minor without the written consent of one of the minor's parents or his or her legal guardian.

Specify that these provisions would only apply to the extent that the application of these restrictions would not result in a loss of federal funds.

Definitions. Define "contraceptive article" as any drug, medicine, mixture, preparation, instrument, article or device of any nature or any hormonal compound that is taken orally, that is approved by the FDA for use to prevent a pregnancy that is prescribed by a licensed health care provider for use to prevent a pregnancy. A "contraceptive article" would not include any drug, medicine, mixture, preparation, instrument, article or device of any nature prescribed for use in terminating the pregnancy of a woman who is known by the prescribing licensed health care provider to be pregnant.

Define "program funds" as all of the following funds distributed or attributable to an entity, public agency or individual for providing family planning services: (a) state funds, local funds or federal funds that pass through the state treasury as a grant, subsidy or other funding that wholly or partially funds family planning services; (b) income derived from a grant, subsidy or other funding from such sources, or from family planning services funded by a

grant, subsidy or other funding from such sources; and (c) funds that are matching funds to a grant, subsidy or other funding from such sources.

Define "entity," "family planning services," "local government unit," "public agency," and "state agency" based on current statutory definitions of these terms.

Penalties. Specify that if an entity, public agency or individual violates the prohibition on the use of state funds, local funds or federal funds passing through the state treasury to provide contraception to minors without written consent of the minor's parents or legal guardian or custodian: (a) the entity, public agency or individual could not receive state, local or federal funds that pass through the state treasury for 24 months after the date of the violation or the date of the last authorized state payment to the entity, public agency or individual, whichever is later; and (b) the grant, subsidy or other funding that was used in the violation would be terminated and the entity, public agency or individual would be required to return all of the funding that had been provided under the grant, subsidy or other funding.

Specify that if a state agency or local unity of government that authorizes payments of state funds, local funds or federal funds passing through the state treasury to an entity, public agency or individual that prescribes contraceptives to minors without the written consent of the minor's parent, legal guardian or custodian: (a) the grant, subsidy or other payment authorized by the state agency or local unit of government would be terminated; and (b) the entity, public agency or individual would return funds received under the grant, subsidy or other payment to the state agency or local unit of government.

Initial Applicability. These provisions would first apply to contracts that contain provisions inconsistent with these provisions on the day that the contract expires, is extended, modified or renewed, whichever is earlier.

Although these provisions would not prohibit a physician or family planning clinic from prescribing contraceptive articles to minors without the written consent of a parent, legal guardian or custodian, the physician or family planning clinic would be prohibited from receiving any state funds, local funds or federal funds passing through the state treasury if they provided contraceptive articles to minors without obtaining the written consent of the minor's parent, legal guardian or custodian.

Senate/Legislature: Delete provision.

34. ABORTION – PROHIBITIONS RELATING TO PUBLIC EMPLOYEES AND PUBLIC PROPERTY

Assembly: Prohibit abortion-related activities by public employees and abortion-related activities on public property, as follows.

Public Employes. Prohibit a person employed by the state, a state agency, a local governmental unit or an authority from doing the following while acting within the scope of his or her employment: (a) providing or assisting in providing an abortion, unless the abortion is directly and medically necessary to save the life of the pregnant woman; (b) aiding or encouraging a pregnant woman to have an abortion, unless the abortion is directly and medically necessary to save the life of the pregnant woman; (c) making abortion referrals either directly or through an intermediary, unless the abortion is directly and medically necessary to save the life of the pregnant woman; or (d) providing instruction on how to perform a medical treatment or surgical procedure for the purpose of performing or inducing an abortion. Establish a forfeiture penalty of up to \$1,000 for each offense for violations of these provisions. Specify that these provisions would apply beginning on the general effective date of the bill.

Public Property. Specify that, beginning on the general effective date of the bill, public property could not be used to: (a) provide or assist in providing an abortion, unless the abortion is directly and medically necessary to save the life of the pregnant woman; (b) aid or encourage a pregnant woman to have an abortion, unless the abortion is directly and medically necessary to save the life of the pregnant woman; (c) make abortion referrals either directly or through an intermediary, unless the abortion is directly and medically necessary to save the life of the pregnant woman; (d) provide instruction on how to perform a medical treatment or surgical procedure for the purpose of performing or inducing an abortion. Establish a forfeiture penalty of up to \$5,000 for each offense for violations of these provisions.

Specify that these provisions would not prohibit a private person from using police or fire protection services or any services provided by a public utility. In addition, specify that these provisions would not apply to public property that is leased to a private person under a lease agreement entered into before the general effective date of the bill, until the date on which the lease agreement expires or is extended, modified or renewed.

Specify that the new forfeiture penalties could not be construed to limit the power of the state, a state agency or local governmental unit or an authority to discipline an employe.

Definitions. Define "abortion" as the use of an instrument, medicine, drug or other substance or device with the intent to terminate the pregnancy of a woman known to be pregnant or for whom there is reason to believe that she may be pregnant and with intent other than to increase the probability of a live birth, to preserve the life or health of the infant after live birth or to remove a dead fetus.

Define "authority" as the Wisconsin Health and Educational Facility and the University of Wisconsin Hospital and Clinics Authority.

Define "local government unit" as a city, village, town or county or an agency or subdivision of a city, village, town or county

Define "public property" as a public facility, public institution or other building or part of a building that is owned, leased or controlled by the state, a state agency, a local governmental

unit or an authority, or any equipment or other physical asset that is owned, leased or controlled by the state, a state agency, a local governmental unit or an authority,

Define "state agency" as an office, department, agency, institution of higher education association, society or other body in state government created or authorized to be created by the constitution or any law, which is entitled to expend moneys appropriated by law, including the Legislature and the courts.

Legislative Intent. Specify that these provisions are intended to further the profound and compelling state interest in protecting the life of an unborn child throughout pregnancy by favoring childbirth over abortion and implementing that value judgement through the allocation of public resources.

Conference Committee/Legislature: Delete provision.

35. PROHIBIT ORGANIZATIONS AND AFFILIATES THAT ENGAGE IN ABORTION-RELATED ACTIVITIES FROM RECEIVING CERTAIN PUBLIC FUNDS

Assembly: Prohibit the payment of public funds available under specified programs to organizations or the affiliates of any organizations that: (a) provide abortion services; (b) promote, encourage or counsel in favor of abortion services; or (c) make abortion referrals either directly or through an intermediary in any instance other than when an abortion is directly and medically necessary to save the life of the pregnant woman.

These programs include: (a) adolescent pregnancy prevention programs and pregnancy services; (b) adolescent self-sufficiency and pregnancy prevention; (c) adolescent choices project grants; (d) funding for the promotion of the welfare and hygiene of maternity and infancy; (e) family planning; (f) pregnancy counseling services; (g) outreach to low-income pregnant women; and (h) federal Maternal and Child Health Block Grant services.

Specify that no organizations that receive funds for the above mentioned family-planning programs could use program funds or any other public funds for the above mentioned abortion-related activities. In addition, organizations that receive these family planning-related funds could not transfer any program funds or any other public funds to an organization or affiliate of an organization that engages in any of the abortion-related services.

Specify that these provisions would not apply if these restrictions would result in the loss of federal funds.

Specify that prohibitions on funding for abortion-related activities do not prohibit the promotion, encouragement or counseling in favor of, or referral either directly or through an intermediary for, any of the following: (a) prenatal care and delivery; and (b) infant care, foster care or adoption. Under current law, these provisions do not prohibit providing nondirective information explaining any of the following: (a) prenatal care and delivery; (b) infant care, foster care or adoption; or (c) pregnancy termination.

Conference Committee/Legislature: Delete provision.

36. MULTIPLE MUNICIPAL HEALTH DEPARTMENTS

Assembly/Senate/Legislature: Authorize the governing body of a city, village or town in a county with a population between 100,000 and 500,000, if the county abolished its county health commission or committee by July 1, 1985, in concert with the governing body of another city, village or town, to establish a multiple municipal local health department and elect a local health officer consistent with current provisions for local health offices. Exempt multiple municipal local health departments from current provisions relating to membership of local boards of health. Instead, specify that in establishing multiple municipal local health departments the relevant governing bodies would be required to agree to the number of local board of health members appointed by each governing body and how many of each governing body's appointees would not be elected officials or employees of the governing body. Specify that the members would be appointed by the relevant government bodies and that these local health boards would elect a chairperson and clerk. This provision would apply to Racine County.

[Act 9 Sections: 2400em and 2400qc through 2400qm]

37. HEALTH CARE RECORD DUPLICATION FEES

Senate: Modify provisions relating to health care records as follows: (a) limit the amounts that a health care provider could charge for supplying certified duplicate patient health care records to a uniform fee amount prescribed by DHFS by rule; (b) require DHFS to specify by rule that health care providers may charge fees for actual postage and other delivery costs of health care records; (c) specify that the filing of an action may not be used as a requirement for the application of uniform fees; (d) authorize a patient or other person to receive a copy of the patient's health care records, whether certified or not, upon submittal of a statement of informed consent and payment of an approximation of actual costs; (e) define "approximation of actual costs" to mean no more than the fee amounts that are prescribed by DHFS by rule; and (f) limit the amount a provider may collect to 25% of the approximation of actual costs if the health care provider provides a copy of the patient health care record after 30 days of receipt of a statement of informed consent.

Under current law, patients or other persons may receive a copy of the patient's health care record upon submitting a statement of informed consent for the release and upon payment of reasonable fees. DHFS prescribes by rule uniform fees that a health care provider can charge attorneys to obtain certified duplicate health care records that are subject to a subpoena.

Conference Committee/Legislature: Delete provision.

38. TUBERCULOSIS

Governor: Make numerous changes to provisions relating to state and local responsibilities relating to the detection and treatment of tuberculosis (TB).

Repeal Obsolete References. Delete all current references to private, county and joint county home and county TB sanatoriums and hospitals. In addition, delete all references to TB acute treatment centers and community based residential facilities that provide care to TB patients.

Definitions. Delete the current definition of TB. Instead, define "infectious tuberculosis" as a disease of the respiratory tract, capable of producing infection or disease in others as demonstrated by the presence of acid-fast bacilli in the sputum or bronchial secretion or by chest radiograph and clinical findings. Define "suspect tuberculosis" as an illness marked by symptoms and laboratory tests that may be indicative of tuberculosis, such as a prolonged cough, prolonged fever, hemoptysis, compatible roentgenographic findings or other appropriate medical imaging findings. Define "isolate" as a population of mycobacterium tuberculosis bacteria that has been obtained in pure culture medium. Define "isolation" as the separation from other persons of a person with infectious TB in a place and under conditions that prevent the transmission of the infection.

Laboratory Requirements. Require any laboratory that receives a specimen for TB testing to report all positive results obtained by any appropriate procedure, including a procedure performed by an out-of-state laboratory, to a local health officer (LHO) and DHFS. Require any laboratory that performs primary culture for mycobacterium to also perform organism identification for mycobacterium TB complex using an approved rapid testing procedure as specified by DHFS by rule. Require any laboratory that identifies mycobacterium TB to ensure that antimicrobial drug susceptibility tests are performed on the initial isolate. The laboratory would be required to report the results of these tests to the LHO and DHFS.

If a person who has been reported by a laboratory as having TB does not comply with any order made by a public health officer, the LHO or DHFS could order a medical evaluation, directly observed therapy or home isolation of the person.

TB Screening. Delete the authority for DHFS to promulgate rules that require screening of members of specific groups that are at risk for contracting or transmitting mycobacterium, if it is necessary to prevent or control the transmission of mycobacterium TB. DHFS would retain the authority to identify groups at risk of contracting or transmitting TB and to recommend a protocol for screening members of those groups.

TB Confinement. Delete current provisions that authorize any court of record to commit an individual infected with mycobacterium TB under specified circumstances. Instead, DHFS or a LHO would be authorized to order an individual who has a confirmed diagnosis of infectious TB or suspect TB to confinement to a facility, if the following conditions are met: (a) DHFS or a LHO notifies a court in writing of the confinement; (b) DHFS or a LHO provides to the court a written statement from a physician stating that the individual has infectious or suspect TB; (c)

DHFS or a LHO provides to a court evidence that the individual has refused to follow a prescribed treatment regimen, or for an individual with suspect TB, has refused to undergo a medical examination to confirm infectious TB; and (d) in the case of an individual with confirmed infectious TB, DHFS or a local health officer determines that the individual poses an imminent and substantial threat to themselves or to the public health. DHFS or the LHO would be required to provide a written statement of this determination to the court.

Delete current statutory provisions that provide police powers to individuals in charge of common carrier transportation for the purposes of transporting individuals with TB. Instead, specify that if DHFS or a LHO orders the confinement of an individual infected with TB, a law enforcement officer, or other person authorized by the local public health officer, would transport the individual, if necessary, to a facility that DHFS or a LHO determines would meet the individual's need for medical evaluation, isolation and treatment.

Specify that no individual could be confined for more than 72 hours, excluding Saturdays, Sundays and legal holidays, without a court hearing to determine whether the confinement should continue. If a court orders confinement, an individual would remain confined until DHFS or a LHO, with the agreement of a treating physician, determines that treatment is complete or that the individual is no longer a substantial threat to themselves or to the public health. If the individual is confined for more than six months, the court would review the confinement every six months.

Rights and Responsibilities. Specify that DHFS or a LHO could petition any court for a hearing to determine whether an individual with suspect or infectious TB should be confined for more than 72 hours in a facility where proper care and treatment would be provided and spread of TB would be prevented. DHFS or an LHO would be required to demonstrate all of the following: (a) the individual named in the petition has infectious TB, suspect TB or has noninfectious TB, but is at high risk of developing infectious TB; (b) the individual has not complied with the prescribed treatment regimen or with rules promulgated by DHFS or the disease is resistant to medication prescribed to the individual; (c) all methods for achieving voluntary compliance with treatment have been exhausted and no less restrictive alternative exists, or that no other medication to treat the disease is available; and (d) the individual poses an imminent and substantial threat to themselves or to the public health.

Require DHFS or the LHO to give the individual written notice of a hearing at least 48 hours before a scheduled hearing is to be held. Notice of the hearing would include the following information: (a) the date, time and place of the hearing; (b) the grounds and underlying facts upon which confinement is being sought; (c) and explanation of the individual's rights; and (d) the proposed action to be taken and the reasons for each action.

Specify that an individual who is the subject of a petition for a hearing has the right to appear at the hearing, present evidence, cross-examine witnesses and be represented by an adversary counsel. At the time of the filing of the petition, the court would ensure that the individual is represented by adversary counsel. If the individual claims or appears to be indigent, the court would refer the individual for an indigency determination. If the individual

is a child, the state public defender would appoint counsel for the child. Unless good cause is demonstrated, hearings could be conducted by telephone or live audiovisual means if available.

Specify that court orders could be appealed as a matter of right. Appeals would be heard within 30 days after the appeal is filed. Specify that an appeal does not stay the court order.

Rule Making Authority. Authorize DHFS to promulgate any rules necessary for the administration and enforcement of TB regulations, including rules that require screening of members of specific groups that are at risk for contracting or transmitting mycobacterium TB.

TB Drugs. Delete statutory provisions that authorize certain health care providers to dispense drugs necessary for the treatment of TB. Authorize local health departments, physicians or advanced practice nurse prescribers to dispense such drugs, effective June 1, 1999 or the day after publication of the biennial budget bill, whichever is later.

Medical Assistance and County General Relief Block Grant. Specify that individuals with tuberculosis would be exempt from the 60-day residency requirement for county general relief block grant program eligibility. Correct a statutory reference to the subchapter of the medical assistance program.

Definition of a Medical Care Institution. Delete references to TB sanatoriums in the definition of a medical care institution, effective June 1, 1999, or on the day after publication of the biennial budget bill, whichever is later.

Joint Finance: Delete provision as non-fiscal policy.

Assembly/Legislature: Restore provision.

[Act 9 Sections: 1003c thru 1003x, 1146dm, 1201t, 1207m, 1522w, 1526g, 1526h, 1573m, 1976r, 2000q, 2003m, 2253gm, 2278rm, 2283rm, 2400rf thru 2400ry, 2430L, 2432sjk, 2485t and 3036s]

39. TOBACCO USE PREVENTION FUNDING [LFB Paper 455]

	Jt. Finance (Chg. to Base)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$2,492,000	2.00	-\$2,492,000	-2.00	\$0	0.00

Joint Finance: Provide \$2,492,000 in 1999-00 and 2.0 SEG positions from the tobacco control fund to support: (a) DHFS surveillance activities and administration (\$400,000 and 2.0 positions); (b) a grant for the UW Center for Tobacco Research and Intervention (\$1,000,000); (c) increased funding for the Thomas T. Melvin tobacco prevention and education program (\$1,000,000); and (d) a youth smokeless tobacco cessation and prevention campaign program (\$92,000).

Assembly: Modify the Joint Finance provision by reducing funding budgeted in DHFS by \$2,092,000 in 1999-00 and increasing funding budgeted in DHFS by \$1,500,000 in 2000-01 to: (a) delete all funding for programs supported from the new segregated fund in 1999-00, except for DHFS surveillance and administration activities; and (b) budget funding in 2000-01 for DHFS to support: (a) the UW Center for Tobacco Research (\$500,000); (b) the Thomas T. Melvin tobacco prevention and education program (\$500,000); and (c) a grant to the Medical College of Wisconsin to support smoking cessation and prevention activities (\$500,000).

Senate/Legislature: Modify the Joint Finance provision by deleting all funding and positions budgeted in DHFS from the tobacco control fund to reflect that funding for these purposes would instead be administered by the Tobacco Control Board.

Additional information on this item is provided under "Tobacco Control Board."

40. DNA PROBE

GPR	\$250,000
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Senate/Legislature: Provide \$250,000 in 1999-00 for the Department to allocate to the City of Milwaukee for the purchase of a DNA probe machine.

[Act 9 Section: 9123(8gm)]

41. STRAY VOLTAGE RESEARCH

	Conf. Comm./Leg. (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
PR	\$50,000	-\$50,000	\$0

Conference Committee/Legislature: Provide \$25,000 annually for DHFS to conduct research and investigate allegations that the third harmonic of 60-hertz current harms people and dairy animals. This funding would be transferred from the Public Service Commission.

Veto by Governor [A-30]: Delete provision.

[Act 9 Vetoed Sections: 222m and 997m]

Care and Treatment Facilities

1. STAFFING OF NEW SAND RIDGE TREATMENT CENTER FOR SEXUALLY VIOLENT PERSONS [LFB Paper 520]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$7,616,100	433.43	-\$157,900	-12.00	\$7,458,200	421.43
PR	<u>904,400</u>	<u>-0.50</u>	<u>0</u>	<u>0.00</u>	<u>904,400</u>	<u>-0.50</u>
Total	\$8,520,500	432.93	-\$157,900	-12.00	\$8,362,600	420.93

Governor: Provide \$497,000 GPR and 3.0 GPR positions in 1999-00 and \$7,119,100 GPR and \$904,400 PR and 433.43 GPR positions and delete 0.50 PR position in 2000-01 to staff the new Sand Ridge Treatment Center (SRTC) in the City of Mauston for sexually violent persons (SVPs) and to adjust staffing between the SRTC and the Wisconsin Resource Center (WRC) at Winnebago. (During the Legislature's budget deliberations, it was expected that this facility would be named the Brewer Creek Wisconsin Secure Treatment Facility). Authorize DHFS to establish and operate a secure mental health facility for the detention, evaluation and institutional care of persons committed as SVPs.

The following table identifies how funding would be allocated under this item.

	1999-00		2000-01 Funding		2000-01 Positions	
	Funding <u>GPR</u>	Positions <u>GPR</u>	<u>GPR</u>	<u>PR</u>	<u>GPR</u>	<u>PR</u>
Care and Treatment Facilities --						
General Program Operations			-\$19,000		-1.00	
Repair and Maintenance			26,700			
Wisconsin Resource Center			7,045,500		176.60	
Secure Mental Health Units	259,800	3.0	-221,300		257.33	
Energy Costs	237,200		278,900			
DHFS General Administration			8,300		0.50	
Care and Treatment Facilities --						
Inter-agency and Intra-agency Programs				-\$6,500		-0.50
DHFS Information Systems				910,900		
Total	\$497,000	3.0	\$7,119,100	\$904,400	433.43	-0.50

Currently, there are approximately 196 persons who have been committed as SVPs, of which 175 are housed at WRC and 21 are receiving evaluations at the Mendota Mental Health Institute. The WRC is also used to house prison inmates that require treatment for mental illness. The WRC has a capacity of 460 beds and currently dedicates 300 beds to the treatment of prison inmates with mental illness. As the population of persons committed as SVPs

increases, more beds at the WRC will be shifted from prison inmates to persons committed as SVPs.

DHFS projects that construction of the new 300-bed SRTC facility will begin in the fall of 1999 and that it will begin operating the facility in April, 2001. At that time, all of the SVPs would be transferred from the WRC to the new SRTC. However, most of the staff of the WRC would remain at the WRC to maintain and expand treatment to a program that would serve 460 inmates.

Since the staff-to-patient ratio is higher for the sexually violent person program than for the prison inmate program, 35.0 current positions at the WRC would be transferred to the new facility. Part of this transfer would be offset because 5.0 positions would be retained at the WRC to address current staffing deficiencies and 0.5 position would be transferred from the Winnebago Mental Health Institute to WRC to provide advocacy services for inmates. Finally, the bill provides 0.5 position in the Bureau of Personnel and Employee Relations to accommodate the increase in the number of employees resulting from staffing the new facility.

Joint Finance/Legislature: Delete \$83,200 GPR in 1999-00 and \$74,700 GPR and 12.0 GPR positions in 2000-01 to reflect: (a) a revised estimate of the city sewer assessment (-\$83,200 annually); (b) reduced funding for LTE salaries (-\$47,000 in 2000-01); (c) the net effect of deleting 5.0 positions the Governor recommends for the WRC and converting 4.0 patient care technician positions at WRC to other types of positions (-\$26,200 in 2000-01); (d) the net effect of deleting 7.0 positions and converting 17.0 positions to other types of positions that will be needed at the WRC (\$72,900 in 2000-01); and (e) funding for three months of AODA consulting services for the new facility (\$8,800 in 2000-01).

[Act 9 Sections: 995 and 1001]

2. FOOD AND VARIABLE NONFOOD COSTS [LFB Papers 521 and 522]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$2,622,200	-\$287,700	\$2,334,500
PR	<u>2,946,000</u>	<u>-367,900</u>	<u>2,578,100</u>
Total	\$5,568,200	-\$655,600	\$4,912,600

Governor: Provide \$1,048,800 GPR and \$1,179,500 PR in 1999-00 and \$1,573,400 GPR and \$1,766,500 PR in 2000-01 to fund projected increases in food and variable nonfood costs for residents at the State Centers for the Developmentally Disabled, the Mental Health Institutes and the Wisconsin Resource Center. Variable nonfood costs include medical services and supplies, drugs, clothing and other supplies. The major factors contributing to higher expenses are projected increases in drug costs and the increased medical needs of residents.

Joint Finance/Legislature: Delete \$139,900 GPR and \$182,600 PR in 1999-00 and \$147,800 GPR and \$185,300 PR in 2000-01 to reflect revised estimates for food and variable non-food costs at the institutions.

3. MENTAL HEALTH INSTITUTES -- REVISED FUNDING SPLIT [LFB Paper 523]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$1,408,700	3.64	\$195,200	3.61	\$1,603,900	7.25
PR	-1,408,700	-3.64	-195,200	-3.61	-1,603,900	-7.25
Total	\$0	0.00	\$0	0.00	\$0	0.00

Governor: Provide \$713,900 GPR and -\$713,900 PR in 1999-00 and \$694,800 GPR and -\$694,800 PR in 2000-01 to reflect projected changes in the mix of populations at the MHIs between forensic patients, whose care is supported by GPR, and other patients, whose care is supported by program revenues contributed by counties and third-party payers. In addition, convert 3.64 PR positions to GPR, beginning in 1999-00, to reflect these population projections. DHFS projects that the population mix will change from 69% to 71% GPR at Mendota MHI and from 57% to 59% GPR at Winnebago MHI in the 1999-01 biennium.

Joint Finance/Legislature: Increase funding by \$97,600 GPR in 1999-00 and 2000-01 and reduce PR funding by corresponding amounts. Convert 3.61 PR positions to GPR positions, beginning in 1999-00. These changes reflect a reestimate of the population mixes at the Institutes (73% GPR at Mendota and 57% GPR at Winnebago, rather than 71% and 59%, respectively, assumed by the Governor).

4. CONDITIONAL AND SUPERVISED RELEASE PROGRAMS [LFB Paper 524]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$1,271,900	-\$602,100	\$669,800

Governor: Provide \$411,100 in 1999-00 and \$860,800 in 2000-01 to reflect projected increases in the costs of providing community-based services for persons who have been conditionally released from the state's Mental Health Institutes and persons who have been committed as sexually violent persons who have been released by the court under the supervision of DHFS. The bill would provide a total of \$3,890,600 in 1999-00 and \$4,340,300 in 2000-01 to support contracted services for persons on conditional release and supervised release.

Joint Finance/Legislature: Delete \$322,100 in 1999-00 and \$280,000 in 2000-01 to reflect a reestimate of the projected costs for conditional and supervised release.

5. MENDOTA JUVENILE TREATMENT CENTER RATES

PR	\$1,160,000
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Governor/Legislature: Provide \$527,000 in 1999-00 and \$633,000 in 2000-01 to support increases in salary and fringe benefit costs for staff at the Mendota Juvenile Treatment Center (MJTC). Require Corrections to transfer a total of \$3,763,200 in 1999-00 and \$3,869,200 in 2000-01 for services for juveniles placed at MJTC, and delete statutory references to the amounts transferred in the 1997-99 biennium.

The MJTC provides treatment services for youths transferred from the state's juvenile correctional institutes (JCI) who have serious behavior problems, mental illnesses or personality disorders. There are 43 secured adolescent correctional beds at the MJTC. The overhead and indirect costs of the MJTC are funded by GPR, while the direct care costs are funded by program revenue paid by Corrections from daily charges to counties for youth sent to the state's JCI. This item would fund pay plan increases of 3% in each year and standard budget adjustments, such as weekend/night differential and specialty pay, that are not currently reflected in the amount paid by DOC.

[Act 9 Section: 1002d]

6. STATE CENTERS -- CIP IA BUDGET REDUCTIONS [LFB Paper 525]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	-\$20,957,000	-237.13	\$2,091,600	19.18	-\$18,865,400	-217.95

Governor: Delete \$10,478,500 annually and delete 237.13 positions, beginning in 1999-00, to reflect the relocation of residents from the Centers for the Developmentally Disabled into community settings under the community integration program (CIP IA) during the 1997-99 biennium. The following annual adjustments would be made at each Center: (a) Northern Center, -\$4,128,200 and -93.79 positions; (b) Southern Center, -\$4,318,700 and -94.44 positions; and (c) Central Center, -\$2,031,600 and -48.90 positions. Reductions in funding and staff are due to the relocation of 90 residents from the Centers during 1997-98 and a projected 70 residents that will be placed during the 1998-99 fiscal year.

Modify the current statutory amounts by which the budgets of the Centers are reduced following CIP IA placements to apply the same reduction rate to all three Centers. The uniform reduction rate would be \$184 per day, beginning on July 1, 1999, and would increase to \$190 per day, beginning on July 1, 2000. Under current law, the reduction rate is \$205 per day for Central Wisconsin Center and \$174 per day for both Northern Wisconsin Center and Southern Wisconsin Center.

Joint Finance/Legislature: Provide \$1,045,800 annually and 19.18 positions, beginning in 1999-00, to reflect a projected 55 CIP IA placements from the Centers during the 1998-99 fiscal year, rather than 70, as assumed in AB 133.

[Act 9 Sections: 1385 thru 1388]

7. CENTRAL CENTER -- INTENSIVE TREATMENT UNIT

	Funding Positions	
PR	\$1,035,300	35.39

Governor/Legislature: Provide \$1,035,300 and 35.39 positions in 2000-01 to create a 14-bed intensive care unit at Central Center for the Developmentally Disabled for children who are dually diagnosed with a developmental disability and a mental illness. This unit would open in September, 2000. In addition, modify the Department's statutory authority to operate such units by authorizing DHFS to serve up to 36 individuals with developmental disabilities who are also diagnosed as mentally ill or who exhibit extremely aggressive and challenging behaviors. Under current law, Southern Center and Northern Center may treat up to 10 and 12 such individuals, respectively. Counties are billed for any costs not paid by federal MA funds or other third-party payments.

[Act 9 Section: 1540]

8. STATE CENTERS -- COMMUNITY PROGRAMMING

PR	\$617,600
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Governor/Legislature: Provide \$303,600 in 1999-00 and \$314,000 in 2000-01 to fully fund community day programming for 105 residents at Central and Southern Centers. 1997 Wisconsin Act 27 included funding to support community programming for 25 residents of Southern Center, beginning on January 1, 1999. Each participating resident receives approximately six hours of programming, 245 days per year. This funding amount would enable DHFS to fully fund the costs to continue services to these individuals in the 1999-01 biennium and to provide a 0.5% annual increase in the total costs of contracting for these services.

9. POSITION ADJUSTMENTS

	Funding Positions	
GPR	-\$91,900	- 1.22
PR	<u>12,300</u>	<u>1.17</u>
Total	-\$79,600	- 0.05

Governor/Legislature: Reduce funding by \$47,800 GPR and \$3,200 PR in 1999-00 and reduce funding by \$44,100 GPR and provide \$15,500 PR in 2000-01 and delete 1.22 GPR positions and provide 1.17 PR positions, beginning in 1999-00, to: (a) provide 1.0 PR position to provide desktop support services to the Northern Wisconsin Center and the Western Regional Office; (b) consolidate functions at Mendota MHI and Central Center; and (c) make minor transfers and technical corrections.

10. PSYCHIATRIC INTERNS

	Positions
PR	- 8.00

Governor/Legislature: Delete 8.0 PR unclassified psychiatric resident positions, beginning in 1999-00, and statutory provisions that establish a maximum salary for these positions. Winnebago MHI no longer operates a residency program for psychiatry because the accrediting association no longer accredits programs that are not associated with a university hospital. Funding to support these positions had previously been deleted from the DHFS budget.

[Act 9 Sections: 649 and 2363]

11. MENTAL HEALTH INSTITUTES -- RATE SETTING

Governor/Legislature: Authorize DHFS to set rates for the MHIs on a flexible basis, rather than at the estimated per diem costs of specific levels of care, but require that the flexible rate structure cover the cost of MHI operations. This change would apply to persons placed at the MHIs by county departments of community programs. Counties are liable for the costs of care for such persons if MA or other third-party payment is not available.

[Act 9 Section: 1564]

12. MENTAL HEALTH INSTITUTES -- EXPANDED SERVICES [LFB Paper 526]

Governor: Expand the scope of services the MHIs can provide by authorizing the MHIs to offer expanded services when DHFS determines that community services need to be supplemented, rather than restricting the provision of outpatient services only to county departments of community programs and school district pupils utilizing day programming at the Winnebago MHI.

Specify that expanded services could include mental health outpatient treatment and services, day programming, consultation and services in residential facilities, including group homes, child caring institutions and community-based residential facilities (CBRFs) if these services are provided under contract between DHFS and selected entities. Authorize DHFS to contract with a county department of social services, human services or community programs, school district or another private or public entity within the state to provide services to persons referred by these entities.

Require DHFS to charge the referring entity all costs associated with providing the services and to credit these revenues to the PR appropriation used to support the MHIs. Prohibit DHFS from directly providing services to individuals without a referral and imposing a charge for services upon the person receiving the services or the person's family members. Specify that DHFS may not be required, by court order or otherwise, to offer expanded services.

Specify that expanded outpatient services provided under contract would be subject to the laws and regulations related to the contracting entity, including resident or patient rights, as

if provided by that entity. For example, services provided to a resident of a nursing home would have to comply with nursing home laws and regulations. Provide that if there is a conflict between contract requirements and the appropriate laws and regulations, the services must comply with the provision that is most protective of the service recipient's health, safety, welfare or rights, as determined by the MHI.

Exempt contracted services from zoning or other ordinances or regulations of the county, city, town or village in which the services are provided or the facility is located. Exempt contracted services from certain statutory provisions that would restrict the ability of an entity to contract directly with DHFS. Require that any contracted services provided from a residential facility authorized by DHFS be provided in a facility situated on the grounds of a MHI and specify that the residential facility may not be considered a hospital or certain other types of treatment facilities.

Joint Finance/Legislature: Modify the provision to specify that, except in cases of conflict between contracts DHFS makes with the referring entities, the services provided by the MHI would be governed by: (a) the terms of the contract between DHFS and the referring entity; (b) state laws relating to the contracted entity; and (c) rules promulgated under the state statutes. Modify the provisions that exempt contracted services from specified state statutes relating to care and treatment facilities and local zoning ordinances to include the provision that other similar provisions in Chapters 46 and 51 of the statutes would also not apply to these contracted services. Delete the provision that would authorize the MHI to determine which contractual, statutory or rules provision is most protective of the service recipient's health, safety, welfare or rights.

[Act 9 Sections: 389, 1000, 1541, 1542 and 2125]

13. SUPERVISED RELEASE OF SEXUALLY VIOLENT PERSONS [LFB Paper 474]

Governor: Modify provisions relating to the commitment of sexually violent persons (SVPs) as follows.

Criteria for Supervised Release. Require courts to commit a SVP to institutional care, rather than supervised release in the community, if the court finds that it is substantially probable that the person will engage in acts of sexual violence unless the person resides in a facility with a level of security comparable to that of a secure mental health unit or facility. However, permit a court to withhold final determination of the commitment order and direct DHFS to prepare a supervised release plan if the SVP establishes that it is likely that the daily cost of supervised release would be less than the cost of institutional care. In approving such a plan, require that the court determine that the plan provides adequate treatment and services to the person and adequate protection to the community.

Procedures for Establishing Supervised Release Plan. Establish an additional procedure for approving plans for supervised release. Require the court to hold a hearing within 30 days after

the plan is presented to the court, unless DHFS, the county department that prepared the plan and the person considered for supervised release agree to a later hearing date. Require a court to provide, at least 10 days before the hearing, a written notice of the hearing to: (a) the person considered for supervised release; (b) DHFS; (c) the county department that prepared the plan; (d) the chairperson of the county board of supervisors (or county executive) of the county in which the person would reside; (e) the mayor, city manager, village president or town chairperson of the municipality in which the person would reside; and (f) the district attorney or DOJ, whichever is applicable. Provide that all notified parties could present evidence at the hearing except that the county department that prepared the plan and DHFS could only present evidence at the request of the court.

If the court approves the plan for supervised release, require the court to send a copy of its decision and order approving the plan to: (a) the chairperson of the county board (or county executive) of the county in which the person would reside; and (b) the mayor, city manager, village president or town chairperson of the municipality in which the person would reside. Specify that, if the court determines that the plan either does not provide adequate services to the person or does not provide adequate protection for the community, the court would instruct DHFS and the county department to revise the plan. The revised plan would be subject to a second court hearing under the same procedures. Specify that, if the court disapproves the plan because the person was found likely to engage in acts of sexual violence unless the person resides in a facility with a level of security comparable to that of a secure mental health unit or facility and the cost of the supervised release plan exceeds the cost of institutional care, the court would be prohibited from ordering a revised supervised plan.

Court Orders to Ensure Implementation of Plan. Authorize DHFS to request the court to make such orders as are necessary to ensure implementation of a supervised release plan approved by the court.

Costs of Reexaminations. Clarify that counties are responsible for the costs of all court-appointed experts for indigent persons for periodic reexaminations and other proceedings before the court, as well as for the initial commitment trial.

Facilities Used for Institutional Commitments. Require DHFS to place a sexually violent person committed to institutional care at one of the following facilities: (a) the new secure mental health facility for sexually violent persons; (b) the Wisconsin Resource Center; and (c) a secure mental health unit or facility provided by the Corrections. This provision would prohibit DHFS from placing a person committed as a SVP at either the Winnebago or Mendota Mental Health Institutes.

Initial Applicability. Specify that: (a) the provisions relating to initial commitment orders would first apply to initial commitment orders in cases in which a judgement is entered on the bill's general effective date; (b) the provisions that clarify that counties must pay for the costs of court-appointed experts would first apply to examinations that occur on the bill's general effective date; and (c) the provisions that would modify standards for granting or denying

petitions for supervised release would first apply to petitions for supervised release filed on the bill's general effective date.

Joint Finance/Legislature: Delete provisions that would impose new standards for supervised release and create new court procedures for establishing supervised release plans. Instead, eliminate supervised release as an option at the initial commitment. In addition, change the time at which a committed person may first petition the court for supervised release from six months to 18 months after commitment. Increase from 48 hours to 72 hours, not including Saturdays, Sundays and legal holidays, the time limit for the Department to submit a statement showing probable cause of the detention and a petition to revoke the order for supervised release when a person has been detained for violating a condition of the supervised release.

[Act 9 Sections: 387g, 387m, 388m, 1003, 1565, 2689m, 2717j, 3198m, 3206k, 3221, 3223c thru 3239d and 9323(2)]

14. INFORMATION TECHNOLOGY INFRASTRUCTURE COSTS
[LFB Paper 473]

GPR	- \$101,300
PR	<u>2,284,100</u>
Total	\$2,182,800

Joint Finance/Legislature: Provide \$1,091,400 PR annually to fund the Division of Care and Treatment Facilities' share of information technology infrastructure costs in the 1999-01 biennium. Reduce funding for the Winnebago Mental Health Institute by \$50,900 GPR in 1999-00 and \$50,400 GPR in 2000-01 and provide \$50,900 PR in 1999-00 and \$50,400 PR to support that facility. Of the \$1,091,400 PR that would be provided annually, \$844,500 PR would support the Centers' share of infrastructure costs and \$246,900 PR would support the Institutes' share of these costs. The Governor's bill contains MA funding to support the Centers' infrastructure costs but does not provide additional funding to support the Institutes' infrastructure costs. The substitute amendment would increase MA benefits funding by \$50,900 GPR and \$72,600 FED in 1999-00 and \$50,400 GPR and \$73,100 FED in 2000-01 to support a portion of the Institutes' infrastructure costs. The MA increase is reflected under "Medical Assistance." The GPR costs of the additional MA funding is offset by deleting GPR funding for the Winnebago Mental Health Institute and substituting PR funding to support projected increases in PR supported civil commitments at Winnebago.

15. BODY ALARM SYSTEM FOR MENDOTA MENTAL HEALTH INSTITUTE

Joint Finance/Legislature: Provide \$233,000 GPR in 1999-00 in the Joint Committee on Finance's supplemental appropriation that would be earmarked for the purchase or lease of an 800 megahertz radio body alarm system for use by staff members of the Mendota Mental Health Institute who have direct contact with patients. This funding, in conjunction with the approval of \$87,000 PR expenditure authority, would support the acquisition of 85 individual units and the associated equipment, such as transmitters and repeaters. Of the 85 individual units, 20

would be equipped with a "man-down" feature, which would emit a non-audible signal when the device is tipped a certain number of degrees. The other 65 individual units would require the staff person to push a button to activate the alarm. These units function as radios as well as alarms. Funding of indirect costs at the Mendota Mental Health Institute is based on a split of 73% GPR and 27% PR to reflect the population mix at the Institute. The fiscal effect of this item is summarized under "Program Supplements."

[Act 9 Section: 9131(3e)]

16. FUEL AND UTILITY COSTS [LFB Paper 527]

GPR	- \$402,500
PR	<u>194,600</u>
Total	- \$207,900

Joint Finance/Legislature: Delete \$210,200 GPR and provide \$80,800 PR in 1999-00 and delete \$192,300 GPR and provide \$113,800 PR in 2000-01 to reflect projected fuel and utility costs at the State Centers for the Developmentally Disabled, the Mental Health Institutes and the Wisconsin Resource Center.

17. USE OF FORCE FOR FACILITIES FOR SEXUALLY VIOLENT PERSONS

Joint Finance/Legislature: Authorize staff designated by the director of a unit or facility of a secure mental health facility for sexually violent persons (the Sand Ridge Treatment Center), the Wisconsin Resource Center and a facility provided by the Department of Corrections to use a level of force that is necessary and appropriate, as defined by DHFS rule, to prevent escapes and capture escapees from the unit or facility.

Under current law, prison wardens may grant staff the authority and power of peace officers in preventing, pursuing and capturing escaped inmates. However, there is no provision that provides this authority to a director of a secure mental health facility for sexually violent persons. This change would provide that authority and would allow these facilities to use armed guards around the perimeter of the facility.

[Act 9 Section: 1002]

Children and Family Services

1. MILWAUKEE CHILD WELFARE [LFB Papers 530 and 543]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$12,652,100	14.55	\$19,709,500	0.00	\$7,057,400	14.55
FED	28,261,400	-14.55	-31,436,700	0.00	-3,175,300	14.55
PR	<u>42,214,200</u>	<u>0.00</u>	<u>-37,440,400</u>	<u>0.00</u>	<u>4,773,800</u>	<u>0.00</u>
Total	\$57,823,500	0.00	-\$49,167,600	0.00	\$8,655,900	0.00

Governor: Modify funding budgeted for Milwaukee child welfare services by \$29,134,600 (-\$8,676,900 GPR, \$16,394,100 FED and \$21,417,400 PR) in 1999-00 and \$28,688,900 (-\$3,975,200 GPR, \$11,867,300 FED and \$20,796,800 PR) in 2000-01 and provide 14.55 GPR positions and delete 14.55 FED positions annually to reflect a reestimate of the costs to administer child welfare services for Milwaukee County and to fund the development and implementation of an automated case management information system.

Service and Placement Costs. Reduce funding by \$10,331,500 GPR and \$7,365,600 FED in 1999-00 and \$5,890,500 GPR and \$6,157,600 FED in 2000-01 to reflect reestimates of the cost for: (a) out-of-home placements; (b) safety services; and (c) ongoing services for cases in out-of-home care.

MA Targeted Case Management. Increase federal MA benefits by \$19,889,100 FED in 1999-00 and \$18,735,900 FED in 2000-01 due to DHFS claims for targeted case management services provided to MA-eligible children in out-of-home care in Milwaukee. The bill would provide a corresponding amount of PR expenditure authority to reflect the transfer of these funds to the Division of Children and Family Services (DCFS) from the federal MA benefits appropriation.

Title IV-E for Community Aids. Increase federal Title IV-E funds budgeted for Milwaukee child welfare services by \$4,842,800 FED in 1999-00 by reducing the amount of federal Title IV-E funds that the Bureau of Milwaukee Child Welfare credits to community aids to \$8,986,900 annually (from \$13,829,700 under current law).

Third-Party Collections. Reduce funding by \$2,239,500 PR annually to reflect reestimates of the amount of revenue available from third-parties for children in out-of-home care. Third-party revenue includes SSI and child support payments for children in out-of-home care, which are used to offset placement costs for these children.

Administration -- Information System. Provide \$1,704,800 GPR, \$1,456,700 FED and \$3,585,600 PR in 1999-00 and \$1,965,300 GPR, \$1,717,300 FED and \$4,118,200 PR in 2000-01 to fund the development and implementation of an automated case management information system for Milwaukee child welfare activities. PR funding reflects the transfer of GPR and

federal funds from DCFS to the Division of Management and Technology, which will be responsible for development and implementation of the information system.

Administration -- Miscellaneous. Reduce funding by \$50,200 GPR and \$2,428,900 FED in 1999-00 and \$50,000 GPR and \$2,428,300 FED in 2000-01 and provide \$182,200 PR annually to reflect reestimates of miscellaneous state operations costs budgeted for the Bureau of Milwaukee Child Welfare. This reestimate includes the transfer of 14.55 positions from federal funding to GPR funding to reflect a reestimate of the amount of federal funds available for reimbursement of child welfare staff costs.

Joint Finance/Legislature: Reduce funding for Milwaukee child welfare services by \$19,959,700 (\$17,786,000 GPR, -\$18,448,900 FED and -\$19,296,800 PR) in 1999-00 and \$29,207,900 (\$1,923,500 GPR, -\$12,987,800 FED and -\$18,143,600 PR) in 2000-01 to reflect the following:

Service and Placement Costs. Reduce funding by \$5,066,700 (\$4,198,900 GPR and \$867,800 FED) in 1999-00 and increase funding by \$914,200 (\$1,923,500 GPR and -\$1,009,300 FED) in 2000-01 to reflect a reestimate of funding for service and placement costs.

MA Targeted Case Management. Provide -\$15,485,300 (\$17,142,100 GPR, -\$12,738,300 FED and -\$19,889,100 PR) in 1999-00 and -\$30,714,400 (-\$11,978,500 FED and -\$18,735,900 PR) in 2000-01 since the state is unlikely to receive the appropriate federal approval to claim reimbursement for child welfare case management services under the MA program. In addition, \$16,489,600 GPR in 2000-01 is budgeted in the Joint Committee on Finance's program supplements appropriation and is available to DHFS if DHFS verifies that federal MA funding is not available in 2000-01 for case management services provided to children in out-of-home care in Milwaukee County. This funding is identified under "Program Supplements."

Title IV-E for Community Aids. Provide \$4,842,800 GPR in 1999-00 and decrease federal Title IV-E funding by \$4,842,800 FED in 1999-00 and maintain the current level of Title IV-E funds that the Bureau credits to community aids. A corresponding federal increase is budgeted for community aids and summarized under "Health and Family Services -- Community Aids."

Third-Party Collections. Increase funding by \$592,300 PR annually to reflect a reestimate of the amount of revenue available from third-party collections for children in out-of-home care.

Further, request the Joint Legislative Committee on Audit to request the Legislative Audit Bureau to review DHFS' administration of child welfare services in Milwaukee County and request that the Audit Bureau's review of Milwaukee child welfare services include an evaluation of: (a) the use of private agencies in the provision of child welfare services; (b) the provision of services to children in out-of-home care, including case management services and services provided to the children's family; (c) safety services provided to children placed in their home; and (d) use of termination of parental rights and adoption as a permanency plan goal for children in out-of-home care. Request that the Audit Bureau report its findings to the Joint Committee on Audit by January 1, 2003.

The following table summarizes changes to funding for Milwaukee child welfare services included in Act 9.

**Milwaukee Child Welfare Services
Summary of Act 9 Funding Changes**

	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>Total</u>	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>Total</u>
Services reestimate	-\$14,530,400	-\$8,233,400	\$0	\$22,763,800	-\$3,967,000	-\$7,166,900	\$0	-\$11,133,900
MA targeted case management*	17,142,100	7,150,800	0	24,292,900	16,489,600	6,757,400	0	23,247,000
Federal IV-E for community aids	4,842,800	0	0	4,842,800	0	0	0	0
Third-party collections	0	0	-1,647,200	-1,647,200	0	0	-1,647,200	-1,647,200
Administration**	<u>1,654,600</u>	<u>-972,200</u>	<u>3,767,800</u>	<u>4,450,200</u>	<u>1,915,300</u>	<u>-711,000</u>	<u>4,300,400</u>	<u>5,504,700</u>
Total	\$9,109,100	-\$2,054,800	\$2,120,600	\$9,174,900	\$14,437,900	-\$1,120,500	\$2,653,200	\$15,970,600

* Of the amount provided in 2000-01 for MA targeted case management, \$16,489,600 GPR, is budgeted in the Joint Committee on Finance's appropriation for release to DHFS if the state does not receive a federal MA waiver.

** Not including standard budget adjustments.

The following table reflects the total amount of funding budgeted for DHFS costs related to Milwaukee child welfare services in Act 9.

**Milwaukee Child Welfare Services
Total Funding -- Act 9**

	1999-00			2000-01		
	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
Placement costs						
Foster care	\$15,418,600	\$10,081,900	\$25,500,500	\$16,151,500	\$10,525,100	\$26,676,600
Treatment foster care	201,000	124,300	325,300	201,100	124,200	325,300
Child caring institutions	1,701,400	51,500	1,752,900	1,794,000	54,300	1,848,300
Group homes	801,300	24,300	825,600	951,000	28,800	979,800
Shelter care	<u>2,153,600</u>	<u>400,000</u>	<u>2,553,600</u>	<u>2,153,600</u>	<u>400,000</u>	<u>2,553,600</u>
Subtotal	\$20,275,900	\$10,682,000	\$30,957,900	\$21,251,200	\$11,132,400	\$32,383,600
Service costs						
Safety services	\$10,288,700	\$0	\$10,288,700	\$10,243,500	\$0	\$10,243,500
Ongoing services*	11,885,900	413,800	12,299,700	14,503,800	505,000	15,008,800
Wraparound services	6,913,100	1,081,100	7,994,200	6,914,500	1,079,700	7,994,200
Services for adolescents	2,932,000	201,200	3,133,200	4,548,400	401,900	4,950,300
Foster care day care	179,300	201,600	380,900	186,000	208,500	394,500
Safety evaluations	167,900	0	167,900	167,900	0	167,900
Other services	<u>435,800</u>	<u>345,700</u>	<u>781,500</u>	<u>435,800</u>	<u>345,700</u>	<u>781,500</u>
Subtotal	\$32,802,700	\$2,243,400	\$35,046,100	\$36,999,900	\$2,540,800	\$39,540,700
Vendor costs						
Case management services contract*	\$11,388,700	\$4,053,600	\$15,442,300	\$11,388,700	\$4,053,600	\$15,442,300
Out-of-home placement unit*	3,729,800	1,496,400	5,226,200	3,730,000	1,496,100	5,226,100
Adoption unit	1,703,900	1,541,600	3,245,500	1,703,900	1,541,600	3,245,500
Independent investigations	143,900	0	143,900	143,900	0	143,900
Prevention services contract	<u>1,489,600</u>	<u>0</u>	<u>1,489,600</u>	<u>1,489,600</u>	<u>0</u>	<u>1,489,600</u>
Subtotal	\$18,455,900	\$7,091,600	\$25,547,500	\$18,456,100	\$7,091,300	\$25,547,400
Subtotal - service and placement costs	\$71,534,500	\$20,017,000	\$91,551,500	\$76,707,200	\$20,764,500	\$97,471,700
State operations costs	\$10,870,200	\$4,617,400	\$15,487,600	\$11,177,700	\$4,891,000	\$16,068,700
Total costs	\$82,404,700	\$24,634,400	\$107,039,100	\$87,884,900	\$25,655,500	\$113,540,400
Adjustments						
County contribution	-\$58,893,500	\$0	-\$58,893,500	-\$58,893,500	\$0	-\$58,893,500
Third-party collections	-2,992,300	0	-2,992,300	-2,992,300	0	-2,992,300
Funding adjustment for community aids	<u>13,829,700</u>	<u>-13,829,700</u>	<u>0</u>	<u>13,829,700</u>	<u>-13,829,700</u>	<u>0</u>
Subtotal	-\$48,056,100	-\$13,829,700	-\$61,885,800	-\$48,056,100	-\$13,829,700	-\$61,885,800
Total State and Federal Costs	\$34,348,600	\$10,804,700	\$45,153,300	\$39,828,800	\$11,825,800	\$51,654,600

* Of the amounts provided in 2000-01, \$16,489,600 GPR is budgeted in the Joint Committee on Finance supplemental appropriation for release to DHFS if the state does not receive a federal MA waiver.

[Act 9 Section: 9131(1t)]

2. STATE FOSTER CARE AND ADOPTION ASSISTANCE REESTIMATE [LFB Paper 531]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$8,718,600	-\$2,075,600	\$6,643,000
FED	<u>6,725,900</u>	<u>-1,096,400</u>	<u>5,629,500</u>
Total	\$15,444,500	-\$3,172,000	\$12,272,500

Governor: Provide \$4,572,300 (\$2,716,000 GPR and \$1,856,300 FED) in 1999-00 and \$10,872,200 (\$6,002,600 GPR and \$4,869,600 FED) in 2000-01 to reflect reestimates for foster care and adoption assistance payments for special needs children under guardianship of the state due to projected increases in caseload and average payment levels. The bill would provide a total of \$20,505,500 GPR and \$18,672,000 FED in 1999-00 and \$24,402,300 GPR and \$22,231,600 FED in 2000-01 to fund these payments.

The state serves as guardian for children with special needs following termination of parental rights. The state pays the cost of out-of-home placements for these children while they are awaiting adoption and makes adoption assistance payments to families who adopt a special needs children.

Joint Finance/Legislature: Reduce funding by \$1,057,400 (\$755,200 GPR and \$302,200 FED) in 1999-00 and \$2,114,600 (\$1,320,400 GPR and \$794,200 FED) in 2000-01 to reflect reestimates of the state's costs for state foster care and adoption assistance.

3. SPECIAL NEEDS ADOPTIONS [LFB Paper 532]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$986,000	0.00	-\$135,800	2.20	\$850,200	2.20
FED	<u>2,381,100</u>	<u>0.00</u>	<u>-248,000</u>	<u>21.80</u>	<u>2,133,100</u>	<u>21.80</u>
Total	\$3,367,100	0.00	-\$383,800	24.00	\$2,983,300	24.00

Governor: Provide \$890,400 (\$187,900 GPR and \$702,500 FED) in 1999-00 and \$2,476,700 (\$798,100 GPR and \$1,678,600 FED) in 2000-01 to fund the following activities relating to the state special needs adoption program: (a) case management, child preparation, placement and post-adoption services (\$145,500 GPR and \$355,900 FED in 1999-00 and \$415,200 GPR and \$1,006,400 FED in 2000-01); (b) training for vendor staff to provide case management and other services (\$30,800 FED annually); (c) a contract for quality assurance activities and training of DHFS staff to eventually take over quality assurance activities (\$275,000 FED annually); and (d) increased adoption assistance payments as a result of additional recruitment efforts and changes in state and federal law (\$42,400 GPR and \$40,800 FED in 1999-00 and \$382,900 GPR and \$366,400 FED in 2000-01). Modify DHFS appropriations for state foster care and adoption services to specify that budgeted funds could be used for the cost of contracting with private

adoption agencies to provide adoption services for children with special needs who are under the guardianship of DHFS.

This item would fund a transition of the state adoption program from one of providing direct services to families adopting children with special needs, such as conducting home studies and recruiting potential adoptive parents, to a program that would contract with a private organization to provide direct services. DHFS staff would provide technical assistance to counties on concurrent planning and quality assurance and provide oversight of vendors.

A portion of the federal funds provided under this item (\$159,800 FED in 1999-00 and \$706,100 in 2000-01) would be available under Title IV-E of the federal Social Security Act, which authorizes partial reimbursement of states' costs for children from homes that meet certain financial eligibility criteria and are placed in out-of-home care. The remainder of the federal funds (\$542,700 FED in 1999-00 and \$972,500 FED in 2000-01) would be available from adoption incentive payments available under the 1997 Adoption and Safe Families Act, which authorizes incentive payments for states to increase the number of children adopted from foster care. The amount of the incentive payment is \$4,000 for every completed adoption of a foster child and \$6,000 for every completed adoption of a special needs child in foster care that exceeds the average number of such adoptions completed during the prior two years.

Joint Finance: Reduce funding for special needs adoptions by \$350,600 (-\$65,500 GPR and -\$285,100 FED) in 1999-00 and \$33,200 (-\$70,300 GPR and \$37,100 FED) in 2000-01 for the following: (a) DHFS costs for adoption placement services (-\$145,500 GPR and -\$344,300 FED in 1999-00 and -\$297,300 GPR and -\$130,600 FED in 2000-01); (b) child preparation and post-adoption services (\$80,000 GPR and \$59,200 FED in 1999-00 and \$227,000 GPR and \$167,700 FED in 2000-01). Delete the provision that would modify DHFS appropriations to specify that budgeted funds could be used for the cost of contracting with private adoption agencies to provide adoption services for children with special needs who are under the guardianship of DHFS. Instead, specify that the DHFS appropriations could be used for the cost of providing post-adoption services to children with special needs who have been adopted.

Under this provision, DHFS would be provided 8.0 FED project positions, beginning in 1999-00, and an additional 2.2 GPR and 13.8 FED project positions, beginning in 2000-01 to provide adoption placement services to children with special needs. These project positions would be authorized through September 30, 2001. In addition, DHFS would be budgeted \$139,200 (all funds) in 1999-00 and \$394,700 (all funds) in 2000-01 to provide child preparation and post-adoption services to children with special needs under DHFS guardianship. No funding would be provided for the costs associated with contracting with private adoption agencies for placement services.

Assembly/Legislature: Specify that DHFS could use funds budgeted for state foster care and adoption services to pay the cost of contracting with private adoption agencies to provide adoption services for children with special needs who are under guardianship of the state.

[Act 9 Sections: 391g and 399g]

4. BRIGHTER FUTURES [LFB Paper 1103]

GPR	- \$2,734,200
PR	<u>2,734,200</u>
Total	\$0

Governor: Delete \$1,367,100 GPR and provide \$1,367,100 PR annually from TANF block grant funds transferred from DWD to reflect the net fiscal effect of consolidating several grant programs designed to prevent substance abuse and pregnancy by adolescents and to provide parenting and self-sufficiency skills to adolescents into a single program, "Brighter Futures."

Funding Allocations. Beginning January 1, 2001, direct DHFS to award grants in each fiscal year totaling \$2,367,400 to prevent and reduce the incidence of youth violence and other delinquent behavior, youth alcohol and other drug use and abuse and child abuse and neglect to: (a) nonprofit corporations and public agencies in Milwaukee County (\$1,250,600); (b) county social services and human services departments in other counties (\$1,109,300) and American Indian tribes or bands (\$7,500). These grants would be supported by GPR and federal funds available from the federal substance abuse block grant (SABG).

In addition, effective January 1, 2001, direct DHFS to award grants in each fiscal year totaling \$1,367,100 to prevent and reduce the incidence of nonmarital pregnancy and increase the use of abstinence as a method of preventing nonmarital pregnancy and increase adolescent self-sufficiency by encouraging high school graduation, vocational preparedness, improved social and other interpersonal skills and responsible decision-making. These grants, which would be supported by TANF funds, would be allocated to: (a) nonprofit corporations and public agencies in Milwaukee County (\$769,500); (b) county social services and human services departments in other counties (\$425,100); and (c) American Indian tribes or bands (\$172,500).

In total, DHFS would distribute grants totaling \$3,734,500 (\$592,400 GPR, \$1,367,100 PR (TANF) and \$1,775,000 FED from the SABG) in each fiscal year, beginning January 1, 2001 under the Brighter Futures initiative.

Require applying nonprofit corporations, public agencies and American Indian tribes to provide DHFS a proposed service plan for the use of grant moneys for DHFS approval as a condition of receiving a grant. Require DHFS to award grants on a competitive basis and for a three-year period. Further, define a nonprofit corporation as a nonstock, nonprofit corporation organized under Chapter 181 of the statutes. Define a public agency as a county, city, village, town or school district or an agency of one of these.

Outcome Measurements. Require DHFS to provide a set of benchmark indicators to measure the outcomes expected of programs funded under Brighter Futures. The benchmark

indicators would measure the following among participating youths: (a) the rate of participation in violence or other delinquent behavior; (b) the rate of alcohol and other drug use and abuse; (c) the rate of nonmarital pregnancy and use of abstinence to prevent nonmarital pregnancy; (d) the rate of substantiated cases of child abuse and neglect; (e) the development of self-sufficiency, as indicated by the rate of high school graduation, the degree of vocational preparedness, any improvements in social and other interpersonal skills and in responsible decision making and any other indicators that DHFS considers important in indicating the development of adolescent self-sufficiency; and (f) any other indicators DHFS considers important in indicating the development of positive behaviors among adolescents.

Require each grant recipient to provide an annual report showing the status of its program participants in terms of the benchmark indicators. DHFS could renew a grant only if the recipient shows improvement on those indicators.

Other Programs for Adolescents. Effective July 1, 2000, delete statutory provisions for the following programs: (a) adolescent pregnancy prevention services; (b) adolescent self-sufficiency services; (c) adolescent resource center in Milwaukee County; (d) adolescent parenting skills services; (e) adolescent CHOICES project; (f) community alcohol and other drug abuse prevention program; (g) neighborhood drug use and violence prevention; and (h) drug prevention program for high school athletes in the Milwaukee Public Schools. Funding currently budgeted for these programs would be used to support Brighter Futures grants. Delete the appropriation for the community alcohol and other drug abuse prevention program. Rename the current DHFS GPR appropriation for adolescent services to the Brighter Futures initiative appropriation, effective July 1, 2000.

Fiscal Year 1999-00 Funding Change. Delete \$1,367,100 GPR in 1999-00 currently budgeted for adolescent pregnancy services programs and provide a corresponding increase in TANF block grant funds transferred from DWD. Modify current appropriation language to correspond to the changes in the funding sources for these programs. These programs, which would be deleted in 2000-01 as part of the Brighter Futures initiative, include: (a) adolescent pregnancy prevention services (\$340,000); (b) adolescent self-sufficiency services (\$582,100); (c) adolescent services for a resource center and minority parenting skills (\$287,500); and (d) adolescent CHOICES project (\$157,500). In addition, some GPR funding would continue to be budgeted in 1999-00 for the adolescent resource center (\$62,500) and the adolescent CHOICES project (\$52,500).

In addition to the programs that would be repealed, the following programs would also be eliminated and funding budgeted for these programs would be used to fund Brighter Futures grants: (a) high-risk youth inner-city projects (\$200,000); (b) community substance abuse education program (\$125,000); and (c) pregnancy counseling services budgeted in the Division of Public Health (\$197,400). These programs are currently funded with SABG funds and are not currently referenced in statute. Therefore, no statutory changes are required to reflect the proposed discontinuation of funding for these programs.

Prohibitions on Abortion Services, Counseling and Referrals. Add a reference to Brighter Futures grants to the current provision that prohibits state agencies and local governmental units from authorizing the payment of funds to a program that provides abortion services, promotes, encourages or counsels in favor of abortion services, makes abortion referrals either directly or through an intermediary in any instance other than when an abortion is directly and medically necessary to save the life of the pregnant women or the program is funded by other sources that require it to do any of the above. Delete references under this provision to the adolescent pregnancy prevention and adolescent CHOICES programs effective July 1, 2000, to reflect the repeal of these programs as of that date.

Joint Finance/Legislature: Modify the Governor's recommendations by: (a) increasing the statutory allocation to Milwaukee County by \$105,100 annually and reducing the allocation to non-Milwaukee counties by a corresponding amount; (b) decreasing the statutory allocations for Brighter Futures by \$200,000 in 2000-01 to reflect that funding for the high-risk youth inner-city projects would not be used to support the Brighter Futures allocations; (c) combining the two Brighter Futures allocations into one allocation for the prevention of youth violence, substance use and abuse, child abuse and neglect, nonmarital pregnancy and promotion of adolescent self-sufficiency; (d) deleting references regarding tribal allocations under Brighter Futures and instead, maintain current provisions regarding tribal allocations for adolescent self-sufficiency and pregnancy prevention services and CHOICES projects. Create a PR appropriation for federal TANF funds transferred to DHFS for aids to individuals and organizations.

Under this provision, the amount allocated under Brighter Futures for Milwaukee County totals \$2,125,200 (all funds) annually and \$1,229,300 (all funds) annually for non-Milwaukee counties. The total amount allocated to the tribes for adolescent self-sufficiency and pregnancy prevention services and CHOICES projects would total \$180,000 (all funds) annually, as provided under current law.

[Act 9 Sections: 394 thru 396, 397m, 397r, 652, 1094, 1108, 1122 thru 1129r, 1278g, 1573 and 9423(4w)]

5. KINSHIP CARE FUNDING [LFB Paper 1096]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg.)	Net Change
GPR	-\$377,600	\$0	\$0	-\$377,600
PR	8,631,200	-2,328,900	-500,000	5,802,300
Total	\$8,253,600	-\$2,328,900	-\$500,000	\$5,424,700

Governor: Provide \$4,010,700 (-\$188,800 GPR and \$4,199,500 PR) in 1999-00 and \$4,242,900 (-\$188,800 GPR and \$4,431,700 PR) in 2000-01 to reflect: (a) a reestimate of the cost to provide kinship care benefit payments (-\$188,800 GPR and \$4,139,500 in 1999-00 and -\$188,800 GPR and \$4,371,700 PR in 2000-01); and (b) charges from the DOA Division of Hearings and

Appeals for costs associated with appeals filed by cases that have been denied kinship care payments (\$60,000 PR annually). PR funding would be available from federal TANF block grant funds transferred from DWD. The bill would provide \$24,791,900 PR in 1999-00 and \$25,024,100 PR in 2000-01 to support kinship care benefits.

Specify that, despite meeting the eligibility criteria for kinship care or long-term kinship care, a kinship care relative providing care and maintenance for a child would not be entitled to receive either kinship care payments or long-term kinship care payments. Specify that a county department of human services or social services *may* make kinship care or long-term kinship care payments to an eligible relative, rather than require DHFS or a county department to provide kinship care or long-term kinship care payments to an eligible relative, as provided under current law.

Joint Finance/Legislature: Reduce funding for kinship care benefits by \$2,326,500 PR in 1999-00 and \$502,400 PR in 2000-01 and provide \$500,000 PR in 1999-00 to supplement kinship care allocations in order to prevent the need to place eligible kinship care relatives on a waiting list for payments if payments for kinship care exceed the amount allocated. Specify that DHFS could carry forward any of the unused supplemental funding to 2000-01.

Delete the Governor's recommended statutory changes regarding kinship care benefits. Instead, specify that a county may request supplemental funding from DHFS if payments for kinship care in that county exceed that county's allocation. Require DHFS to supplement the county's allocation if DHFS verifies the need for the supplemental allocation to eliminate kinship care waiting lists. Specify that this same criteria applies to a request for additional funding from the DHFS Bureau of Milwaukee Child Welfare, which is responsible for making kinship care payments in Milwaukee County. Further, if DHFS exhausts funding from funds available for supplementation (\$500,000), require DHFS to submit a request for supplemental funding for kinship care benefits under s. 16.515 of the statutes. Under this provision, DHFS would not be precluded from reobligating funds from other counties on a voluntary basis in order to address waiting lists.

Veto by Governor [C-2]: Delete \$500,000 PR in 1999-00 and provisions that would have authorized the supplementation of kinship care allocations in order to avoid the use of waiting lists for kinship care. As a result, Act 9 maintains the provisions under current law regarding an individual's eligibility for kinship care.

[Act 9 Sections: 1141d, 1143d and 1278g]

[Act 9 Vetoes Sections: 172 (as it relates to s. 20.435(3)(kc)) and 9123(10e)]

6. KINSHIP CARE ELIGIBILITY FOR STUDENTS OVER AGE 18

Assembly/Legislature: Require a county, or in Milwaukee County, DHFS, to make kinship care payments on behalf of persons over the age of 18 if: (a) that person is enrolled in

and regularly attends a secondary education classroom program leading to a high school diploma; (b) that person has not been absent from that program without an acceptable excuse for part or all of any day on which that program is held during the month preceding the month in which the kinship care payment is made; and (c) a kinship care or long-term kinship care payment was made on behalf of that person immediately prior to their 18th birthday. Currently, a kinship care relative is no longer eligible to receive a payment once the child reaches the age of 18.

Require the agency making kinship care payments under this provision to monitor classroom attendance of the person under the kinship care relative's care and specify that the agency may require consent to the release school attendance records as a condition of eligibility for payments under this provision.

Specify that all other kinship care eligibility criteria continue to apply in the same manner as prior to the person's 18th birthday.

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

[Act 9 Vetoed Sections: 397g, 1134h, 1145gm, 1145t, 1278g, 1433x, 1491m and 1521dm]

7. KINSHIP CARE HEARINGS

Senate/Legislature: Delete current provisions regarding an individual's ability to request a review of a determination that kinship care or long-term kinship care payments or continuation of such benefits be denied based on information obtained by a county or DHFS in background investigations. Instead, specify that an individual that is denied kinship care or long-term kinship care payments or the denial of continuation of such benefits based on information obtained in background investigations, may petition DHFS for a review of that action based on the current review process for denial of kinship care and long-term kinship care on other grounds.

Under this amendment, a denial of benefits or denial of continuation of benefits on grounds of information contained in background investigations would be subject to the review process available under current law for denials based on other criteria.

Under current law, a kinship care relative or long-term kinship care relative can petition DHFS for review of a denial of benefits, or denial of continuation of benefits on grounds other than information obtained by the county or DHFS from a background investigation of the relative, his or her employes or prospective employes who would have regular contact with the child on whose behalf the payment is made, or any other adult resident in the relative's home. Such a review is not available if the denial arose more than 45 days before submission of the applicant's petition for review. Upon receipt of a timely petition, DHFS must give the applicant or recipient reasonable notice and an opportunity for a fair hearing. The Department of Administration's Division of Hearings and Appeals reviews these petitions.

If a recipient requests a hearing within ten days after the date of notice that his or her payments are being discontinued, those payments may not be discontinued until a decision is rendered after a hearing. Those payments may be recovered by DHFS if the contested action is upheld.

For denial of benefits or denial of continuation of benefits based on information obtained by the county or DHFS from background investigations, the applicant or recipient may request that that denial be reviewed by the director of the county social services or human services agency, or an individual designated by the DHFS Secretary, or an individual designated by the tribe [if the tribe has entered into an agreement with DHFS to administer kinship care or long-term kinship care to tribal populations], as appropriate.

In reviewing a denial based on the background information, the county director, DHFS or tribal designee must consider, but not be limited to, the following factors: (a) the length of time between the date of the arrest, conviction or of the imposition of the penalty and the date of the review; (b) the nature of the violation or penalty and how that violation or penalty affects the ability of the relative to care for the child; and (c) whether making an exception for the denial would be in the best interests of the child. If the county director, DHFS or tribal designee determines that any of the background information on the applicable individuals does not contain any arrests, convictions or penalties that are likely to adversely affect the child or the ability of the relative to care for the child, the director, the DHFS or tribal designee may approve a kinship care payment.

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

[Act 9 Vetoed Sections: 1142g, 1145g, 1145h, 1145j, 1145m and 1145p]

8. KINSHIP CARE ADMINISTRATION [LFB Paper 1097]

	Funding Positions	
PR	\$95,000	1.00

Joint Finance: Require DHFS to reallocate 1.0 GPR vacant position and corresponding funding to provide increased oversight of the kinship care program. This position would provide program oversight and monitoring, technical assistance to counties in administering kinship care, serve as the liaison to DWD and the DHFS Bureau of Milwaukee Child Welfare (which administers kinship care in Milwaukee County) and develop policies and procedures related to kinship care.

Senate/Legislature: Provide \$40,700 in 1999-00 and \$54,300 in 2000-01 and 1.0 position, beginning 1999-00, to provide increased oversight of the kinship care program. Further, delete the provision in the substitute amendment that would require DHFS to reallocate 1.0 vacant GPR position and corresponding funding for this purpose. A corresponding increase in federal TANF funds is budgeted in DWD. This position would provide program oversight and monitoring, technical assistance to counties in administering kinship care, serve as the liaison to

DWD and the DHFS Bureau of Milwaukee Child Welfare (which administers kinship care in Milwaukee County) and develop policies and procedures related to kinship care.

[Act 9 Sections: 1278g and 9123(11t)]

9. STATEWIDE AUTOMATED CHILD WELFARE INFORMATION SYSTEM [LFB Paper 533]

GPR	\$250,000
FED	1,250,000
PR	<u>1,000,000</u>
Total	\$2,500,000

Governor: Provide \$2,500,000 (\$250,000 GPR, \$1,250,000 FED and \$1,000,000 PR) in 2000-01 to implement a statewide automated child welfare information system (SACWIS) in nine pilot counties. Funding would be provided to support: (a) one-time county costs of training, case conversions and implementation of software licenses and equipment (\$1,000,000 FED); (b) a portion of state infrastructure and equipment costs (\$250,000 GPR and \$250,000 FED) and (c) information technology services provided by the Division of Management and Technology to the Division of Children and Family Services on a charge-back basis (\$1,000,000 PR). Federal funds would be available under MA and Title IV-E of the Social Security Act.

Nine pilot counties have been involved in the initial planning and development of SACWIS. These counties (Clark, Dane, Kenosha, Lafayette, Racine, Sheboygan, Waukesha, Waushara and Winnebago) have purchased most of the equipment required for implementation of the system. While SACWIS is expected to be implemented statewide, by July 1, 2006, funding would be provided in the bill to implement SACWIS in the nine pilot counties only.

Implementation Deadlines. Require DHFS to establish SACWIS by July 1, 2006. Require county departments of social services or human services, other than those in Milwaukee County, to implement SACWIS by July 1, 2006.

Use of Excess IV-E and MA Funds. Beginning July 1, 2001, require DHFS to distribute excess federal foster care and MA targeted case management funds only to those counties (other than Milwaukee County) that are making a good faith effort, as determined by DHFS, to implement SACWIS for projects to assist children and families.

Under current law, DHFS is required to distribute at least 50% of any excess federal foster care funds to counties, other than Milwaukee County, for projects to assist children and families. DHFS must distribute at least 50% of this amount for services for children who are at risk of abuse or neglect to prevent the need for child abuse and neglect intervention services. Excess federal foster care funds are unspent and unencumbered Title IV-E funds remaining in the community aids basic county allocation as of December 31 of any year.

Recovery of Funds. Authorize DHFS to recover any excess federal foster care and MA targeted case management funds distributed to a county after June 30, 2001, if that county does not meet the July 1, 2006, deadline for implementing SACWIS. Authorize DHFS to recover the

funds by billing the county or deducting the amount from that county's community aids basic county allocation.

Joint Finance/Legislature: Change the deadline for implementing SACWIS from July 1, 2006, to July 1, 2005, to reflect the Governor's intent.

[Act 9 Sections: 996, 1023, 1091d and 9423(3)]

10. FOSTER PARENT RECRUITMENT CAMPAIGN

GPR	\$122,600
FED	46,400
Total	\$169,000

Governor/Legislature: Provide \$84,500 (\$61,300 GPR and \$23,200 FED) annually for DHFS to contract with a marketing firm to develop and implement a comprehensive and continuous multimedia campaign to recruit foster parents statewide.

11. CHILD CARE LICENSING STAFF

	Funding	Positions
PR	\$169,000	1.80

Governor/Legislature: Provide \$78,500 in 1999-00 and \$90,500 in 2000-01 and 1.80 child care licensing staff, beginning in 1999-00, to reflect an increased workload for DHFS staff responsible for licensing child care facilities. PR funding would be available from federal TANF block grant funds transferred from DWD. DHFS is responsible for licensing and monitoring of licensed child care facilities across the state. Certified child care facilities are certified and monitored by counties.

12. DELETE FUNDING FOR PROGRAMS SCHEDULED TO SUNSET

GPR	- \$683,700
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Governor/Legislature: Delete \$250,000 in 1999-00 and \$433,700 in 2000-01 to reflect the scheduled termination of the community-based hunger prevention grant program on June 30, 1999 and the statutory rape prosecution pilot project on July 1, 2000.

Community-based Hunger Prevention Grant Program. Reduce funding by \$250,000 annually and all current statutory references to the program. However, the bill would retain the requirement that DHFS submit a report on grants made under the program, including the activities conducted using the grants, to the Legislature by June 30, 2000. Under the program, DHFS provides start-up grants of up to \$20,000 for a variety of programs to prevent hunger. Finally, make technical corrections to provisions authorizing DNR to distribute carcasses from fish and game seized or confiscated by DNR game wardens to reflect: (a) the repeal of the community-based hunger prevention grant program; and (b) recodification of Chapter 29 in the 1997 legislative session.

Statutory Rape Pilot Program. Reduce funding by \$183,700 in 2000-01 to reflect the scheduled termination of the program on July 1, 2000. 1997 Wisconsin Act 280 provided DHFS \$183,700 in 1998-99 in a continuing appropriation to fund the project. Act 280 required DHFS to distribute \$39,300 in 1998-99 and \$53,500 in 1999-00 to a county to hire an investigator to assist an assistant district attorney in developing new methods for investigating, prosecuting and increasing the number of convictions for statutory rape, except that the county could not prosecute an individual for statutory rape unless the individual was more than four years older than the alleged victim. Act 280 directed DHFS to transfer \$90,900 to the appropriation for district attorneys to fund 1.0 project assistant district attorney for the county selected to participate in the pilot project (Dane County).

[Act 9 Sections: 393, 722t, 785d, 1109, 1110 and 9123(7)]

13. NATIONAL AND COMMUNITY SERVICE BOARD TRANSFER [LFB Paper 534]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
FED.	\$3,338,600	3.00	\$1,199,600	0.00	-\$4,538,200	-3.00	\$0	0.00

Governor: Provide \$1,669,300 annually and 3.0 positions, beginning in 1999-00, to reflect the transfer of the National Community and Service Board from DOA to DHFS. Of the amounts transferred from DOA, \$1,500,000 annually would be provided for grants and \$169,300 and 3.0 positions would be provided for the operational costs of the Board. This Board is currently attached to the Department of Commerce under a memorandum of understanding with DOA. Federal funding would be available from the Corporation for National Service under the federal National and Community Service Act of 1990.

Joint Finance: Increase funding for the Board by \$574,500 annually for grants awarded by the Board and \$25,300 annually for the Board's operations to reflect current estimates of the amount of federal funds received by the Board.

Senate/Legislature: Delete the provision that would transfer the Board from DOA to DHFS. However, several sections relating to the transfer are retained in the bill.

Veto by Governor [E-6]: Delete provisions that would have renumbered appropriations for the Board to DHFS from DOA because Act 9 deletes the transfer of this Board to DHFS.

[Act 9 Sections: 397 and 535]

[Act 9 Vetoed Sections: 533, 534 and 535]

14. ASSISTANCE FOR CHILDREN AND FAMILIES

GPR	\$250,000
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Joint Finance/Legislature: Provide \$250,000 in 2000-01 to provide counties funding for services for children and families. Require DHFS to distribute the funds to counties on a per capita basis. Create a sum sufficient appropriation that would authorize DHFS to distribute an amount sufficient to meet the amounts that the Department of Revenue (DOR) would certify as available for assistance to children and families from a portion of the sales tax collected under voluntary agreements with direct marketers. More information is available on this provision under "General Fund Taxes -- Other General Fund Taxes."

[Act 9 Sections: 390d and 1104g]

15. FOSTER CARE RATES

GPR	\$245,200
FED	169,400
Total	\$414,600

Joint Finance/Legislature: Provide \$60,000 GPR and \$40,800 FED in 1999-00 and \$185,200 GPR and \$128,600 FED in 2000-01 and increase the uniform foster care rate, as identified in the following table.

Monthly Uniform Foster Care Rate

<u>Child's Age</u>	<u>Current Rate</u>	<u>Beginning January 2000</u>	<u>Beginning January 2001</u>
0-4 yrs	\$296	\$299	\$302
5-11 yrs	323	326	329
12-14 yrs	367	371	375
15 and older	383	387	391

This rate increase represents a one percent increase beginning in 2000 and another one percent increase beginning in 2001. The fiscal effect of this provision on community aids funding is summarized under "Health and Family Services -- Community Aids."

[Act 9 Sections: 1148g and 9423(10v)]

16. DOMESTIC VIOLENCE FUNDING

PR	\$1,975,000
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Joint Finance/Legislature: Provide \$975,000 in 1999-00 and \$1,000,000 in 2000-01 in federal TANF funds transferred from DWD to increase funding for domestic violence services. Require DHFS to award: (a) grants of \$25,000 annually to each of 30 organizations for support services such as case management, children's programming, assisting victims of domestic violence to find employment and to promote self-sufficiency (\$750,000 annually); (b) grants totaling \$200,000 annually to organizations for domestic violence services to individuals who are members of underserved populations, including racial minority group

members and individuals with mental illness or developmental disabilities; and (c) a grant for \$25,000 in 1999-00 and \$50,000 in 2000-01 and each fiscal year thereafter, to the Wisconsin Coalition Against Domestic Violence for the cost of a staff person to provide assistance in obtaining legal services for victims of domestic violence. Specify that individuals receiving domestic violence services funded with TANF funds transferred from DWD must be from families with incomes that do not exceed 250% of the federal poverty level.

[Act 9 Sections: 397m, 475, 1120c thru 1120r and 1278g]

17. SERVICES FOR RUNAWAY CHILDREN

PR	\$300,000
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Joint Finance/Legislature: Provide \$150,000 annually in federal TANF funds transferred from DWD to increase funding available for services to runaway children.

DHFS currently distributes \$508,600 (\$50,000 GPR and \$458,600 FED) annually for 24 programs that provide services to runaway children. Federal funding is available under Title IV-B of the Social Security Act. In addition, the Wisconsin Association of Runaway Services receives federal revenue under the Runaway Homeless Youth Act (\$687,700 in federal fiscal year 1998-99). Services for runaway children typically include 24-hour crisis intervention, shelter and hotline services, individual and group counseling, and for those children that are not likely to return home, transitional living skills in order to avoid homelessness.

Veto by Governor [C-46]: Delete provision. However, funding budgeted in DHFS is not reduced as a result of the Governor's partial veto.

[Act 9 Vetoes Sections: 397m, 397r and 1278g]

18. CHILDREN AND FAMILY PROGRAMS IN KENOSHA COUNTY

	Legislature (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
GPR-Lapse	\$0	\$200,000	\$200,000
GPR	\$300,000	\$0	\$300,000

Senate/Legislature: Provide \$150,000 annually for: (a) a grant to the Kenosha Area Family and Aging Services, Inc. for the healthy families program (\$100,000 annually); and (b) a grant for the children's safe house child care program in Kenosha County (\$50,000 annually). The healthy families program provides services to teenage parents through a home visitation model to prevent child abuse and neglect.

Veto by Governor [C-11]: Delete provision that would have provided \$100,000 annually to the Kenosha Area Family and Aging Services, Inc., for the healthy families program. Consequently, \$100,000 GPR annually would lapse to the general fund.

[Act 9 Section: 1099m]

[Act 9 Vetoed Section: 1099g]

19. COMMUNITY MARRIAGE POLICY COORDINATOR

	Funding	Positions
PR	\$105,000	1.00

Assembly: Provide \$45,000 in 1999-00 and \$60,000 in 2000-01 and 1.0 project position, beginning on the later of October 1, 1999, or the first day of the second month beginning after the bill's general effective date, and authorized through September 30, 2003. This position would work with local clergy to assist in the development of community-wide standards for marriages solemnized by members of the clergy in that community. Create an annual program revenue appropriation to support this community marriage policy project.

Increase the divorce filing fee by \$3 beginning October 1, 1999, or the first day of the second month following enactment of the bill, whichever is later, and specify that all revenue generated from the fee increase would be credited to the new PR appropriation. Repeal the fee increase and the DHFS PR appropriation on October 1, 2003.

The current divorce filing is \$95. With other court-related fees, the current total fee paid by an individual filing a divorce petition is \$142. In 1997 and 1998, there were an average of 22,000 petitions for divorce filed in Wisconsin. The revenue estimate is based on the assumption that the same number of petitions would be filed over the next biennium.

Conference Committee/Legislature: Adopt the Assembly provision, except for the increase in the divorce filing fee. Instead, fund the position with TANF funds transferred from DWD. Further, specify that the project position would be authorized on the first day of the second month following the effective date of the bill.

[Act 9 Sections: 1278g, 1278t, 9123(14g) and 9423(14g)]

20. KINSHIP FOSTER CARE [LFB Paper 1096]

Joint Finance/Legislature: Transfer \$866,600 GPR and \$1,075,800 FED from the kinship foster care and aid to minor custodial parents appropriation to the appropriation for Milwaukee child welfare services and delete the appropriation language regarding the kinship foster care appropriation so that DHFS has one allocation for foster care payments, rather than two, as provided under current law.

Similarly, \$719,400 GPR and \$1,124,200 FED annually is transferred from the kinship foster care appropriation to community aids to reflect the portion of the kinship foster care allocation allocated to non-Milwaukee counties. The fiscal effect of this transfer is summarized under "Health and Family Services -- Community Aids."

[Act 9 Section: 390m]

21. CHILD ABUSE AND NEGLECT PREVENTION PROGRAM

Senate: Provide \$2,100,000 PR in 2000-01 to increase funding available for the child abuse and neglect prevention program and provide a corresponding increase in federal TANF funds budgeted in DWD. Increase the number of counties and tribes that would receive grants under the program from six rural counties, three urban counties and two tribes to no more than 20 urban counties, nine rural counties and five tribes in the 2000-01 biennium. Finally, specify that grants provided under this program could be used to provide case management services, as permitted under federal TANF law.

The child abuse and neglect prevention program was established under 1997 Wisconsin Act 293 to provide grants to counties and tribes to provide case management services and flexible funds for services provided to MA-eligible, first-time parents under a home visitation model. Grant funding may also be used to provide flexible funds for families that require child abuse and neglect intervention services but are not yet part of the child welfare system.

Conference Committee/Legislature: Delete provision.

22. SPECIAL NEEDS ADOPTION PLACEMENT CRITERIA

Joint Finance/Legislature: Modify current statutory provisions regarding placement of a child with special needs in order to facilitate an adoption.

- Specify that in placing a child with special needs for adoption, DHFS, a county department or the child welfare agency making the placement may not consider the location of a proposed parent's residence as a factor in making that placement, unless the agency making the placement determines that consideration of that factor is necessary to ensure the best interests of the child in light of the child's need for care or treatment. Specify that if such consideration is made, the agency must document the reasons why that consideration is necessary in the child's permanency plan.

- Specify that if the agency does not consider the location of a prospective adoptive parent's residence as a factor in placing the child and the child is placed more than 60 miles from the child's home, the agency must document the reasons why such consideration is not necessary in the child's permanency plan in order to be consistent with federal law.

- Specify that a child's permanency plan include documentation that placement of a child with special needs more than 60 miles from his or her home is presumed to be in the best interests of the child if consideration of the location of the proposed adoptive parent's residence is not necessary to ensure the best interests of the child in light of the child's need for care and treatment to meet those special needs.

- Specify that if consideration of the proposed adoptive parent's residence is necessary to ensure the best interests of the child in light of the child's need for care or treatment to meet those special needs, the child's permanency plan must include documentation of the reasons why such consideration is necessary.

These provisions would first apply to permanency plans filed and children placed for adoption on the effective date of the bill.

Veto by Governor [C-4]: Delete provision.

[Act 9 Vetoed Sections: 1131g, 1131k, 1131L, 1131m, 1131r, 1131s, 1148m, 1148p, 1160d, 1160g, 1189p, 1192g, 1192j, 1192m, 3044j, 3197j and 9323(12g)&(12h)]

23. MILWAUKEE COUNTY CONTRIBUTION FOR CHILD WELFARE SERVICES

Governor/Legislature: Delete the current requirement that Milwaukee County and DOA consult to determine the method by which the state collects Milwaukee County's contribution towards the state's costs of administering child welfare services in Milwaukee County. Instead, specify that DOA collect the contribution from the county's community aids and shared revenue allocations. Require DOA to notify DOR, by September 15, of each year, of the amount to be deducted from the county's shared revenue payments. Delete references to special charges added to the amount of taxes apportioned to and levied on Milwaukee County as a source of Milwaukee County's contribution.

Under current law, DOA and Milwaukee County are required to consult to determine the method by which the state collects Milwaukee County's contribution. If DOA and the County do not reach an agreement by September 15th of each year, DOA determines the method by which the contribution is collected.

[Act 9 Section: 1140]

24. STATE ADOPTION CENTER AND ADOPTION INFORMATION EXCHANGE

Governor/Legislature: Consolidate statutory references for two separate grants programs for the state adoption center and adoption information exchange into one statutory grant program to provide a state adoption center and adoption information exchange services and reduce the amount DHFS is required to distribute for both programs from \$150,000 GPR in total

to \$125,000 GPR for the one grant program. The fiscal effect of this item is identified under "Departmentwide and Management and Technology."

[Act 9 Sections: 392, 1135 thru 1139, 1191, 1192 and 2043]

25. CHILD ABUSE AND NEGLECT REPORTS AND CONSENT DECREES

Senate/Legislature: *Child Abuse and Neglect Reports.* Specify that a parent of a child may authorize the disclosure of a record of a referral for child abuse and neglect for use in proceedings for public agency adoptions, adoption by relatives, adoption by non-relatives and adoption of foreign children. Specify that this provision would first apply to child abuse and neglect reports and records that are disclosed on the bill's general effective date. Currently, a parent of a child may authorize the disclosure of a records for use in a child custody proceeding. This provision would extend that authority for use in adoption proceedings.

Consent Decrees. Specify that a consent decree remains in effect up to one year, rather than six months as provided under current law, unless the child, a parent, guardian, legal custodian or expectant mother is discharged sooner by the juvenile court judge or juvenile court commissioner. Specify that this change would first apply to consent decrees entered into on the general effective date of the bill.

Under current law, a consent decree is a voluntary placement of a child or expectant mother under supervision in his or her home or present placement. At any time after the filing of a child in need of protection and services (CHIPS) petition and before the entry of a judgement, the juvenile court judge or commissioner may suspend proceedings on the CHIPS petition in favor of a consent decree. This provision would extend the length of a consent decree from up to six month to up to one year.

Veto by Governor [C-5]: Delete provision that would increase the time in which a consent decree is effective from six months to twelve months.

[Act 9 Sections: 1195m and 9323(14g)]

[Act 9 Vetoed Sections: 1131gt and 9309(6g)]

26. FOSTER HOMES -- LIMIT ON NUMBER OF FOSTER CHILDREN

Governor/Legislature: Modify the definition of a foster home to permit a licensed foster home operator to provide care and maintenance for up to four children or, if necessary to enable a sibling group to remain together, for no more than six children or, if DHFS promulgates rules permitting a different number of children, for the number of children permitted under those rules. Currently, a licensed foster home operator may provide care and maintenance for no more than four children, unless all of the children are siblings.

[Act 9 Sections: 1130, 1148 and 3115]

Community Aids

1. OVERVIEW [LFB Papers 530, 540, 541 and 543]

Governor: Modify community aids funding by -\$7,770,700 (-\$21,756,900 FED and \$13,472,900 PR) in 1999-00 and -\$5,486,200 (\$13,713,800 GPR, -\$20,538,300 FED and -\$260,700 PR) in 2000-01 to reflect: (a) reductions in the availability of social services and TANF block grant funds; (b) requiring counties to claim case management costs for federal reimbursement under MA, rather than under Title IV-E foster care; (c) reductions in the amount of Title IV-E transferred from the Bureau of Milwaukee Child Welfare to community aids; (d) federal funding for 1999 increases in the uniform foster care rate; and (e) the transfer of social services block grant funds to be used to implement Family Care. In addition, a portion of the GPR funds budgeted for community aids would be earmarked for implementation of Family Care.

Joint Finance: Provide \$6,989,400 (\$5,798,300 GPR, \$14,788,900 FED and -\$13,472,900 PR) in 1999-00 and \$2,298,900 (\$5,890,100 GPR, \$9,586,500 FED and -\$13,453,100 PR) in 2000-01 to reflect: (a) funding provided to offset the Governor's provisions regarding MA targeted case management; (b) an increase in federal Title IV-E foster care funds transferred from the Bureau of Milwaukee Child Welfare to community aids; (c) a reestimate of the amount of federal Title IV-B child welfare block grant funds available for community aids; (d) funding for kinship foster care that is currently allocated to counties in a separate appropriation; (e) funding for a foster care rate increase effective January 1, 2000, and another increase effective January 1, 2001; and (f) a reestimate of the costs to implement Family Care.

Assembly: Provide \$116,400 GPR in 1999-00 and \$349,300 GPR in 2000-01 to increase allocations to counties for the Alzheimer's family and caregiver support program, one of five categorical community aids allocations.

Senate: Provide \$1,600,000 GPR in 1999-00 and \$7,500,000 GPR in 2000-01 to increase funding for the basic county allocation.

Conference Committee/Legislature: Adopt the Assembly provision and provide \$1,200,000 GPR in 1999-00 and \$5,625,000 GPR in 2000-01 to increase funding for the basic county allocation.

The following table summarizes the changes to community aids funding included in Act 9.

Community Aids -- Act 9

	1999-00				2000-01			
	GPR	FED	PR	Total	GPR	FED	PR	Total
Base	\$175,393,200	\$98,217,000	\$31,800,000	\$305,410,200	\$175,393,200	\$98,217,000	\$31,800,000	\$305,410,200
Act 9 Provisions								
Social services block grant	\$0	-\$8,035,500	\$0	-\$8,035,500	\$0	-\$10,574,000	\$0	-\$10,574,000
TANF block grant	0	0	0	0	13,713,800	0	-13,713,800	0
MA targeted case management*	5,025,500	0	0	5,025,500	5,005,700	0	0	5,005,700
Basic county allocation	1,200,000	0	0	1,200,000	5,625,000	0	0	5,625,000
Alzheimer's support program	116,400	0	0	116,400	349,300	0	0	349,300
Title IV-B child welfare block grant	0	230,400	0	230,400	0	230,400	0	230,400
Kinship foster care transfer	719,400	1,124,200	0	1,843,600	719,400	1,124,200	0	1,843,600
Foster care rate increase	53,400	101,300	0	154,700	165,000	142,000	0	307,000
Family Care transfer**	0	-388,400	0	-388,400	0	-1,874,400	0	-1,874,400
Subtotal	\$7,114,700	-\$6,968,000	\$0	\$146,700	\$25,578,200	-\$10,951,800	-\$13,713,800	\$912,600
Total Budgeted	\$182,507,900	\$91,249,000	\$31,800,000	\$305,556,900	\$200,971,400	\$87,265,200	\$18,086,200	\$306,322,800
Family Care earmark**	-\$2,473,300	\$0	\$0	-\$2,473,300	-\$11,935,700	\$0	\$0	-\$11,935,700
Total available	\$180,034,600	\$91,249,000	\$31,800,000	\$303,083,600	\$189,035,700	\$87,265,200	\$18,086,200	\$294,387,100

*Second year of GPR funding for MA targeted case management is budgeted in the Joint committee on Finance's program supplements appropriation, to be released if DHFS indicates that federal MA targeted case management funding is not available for community aids.
 **The fiscal effect of this item is shown under "Family Care."

These funding changes and the statutory modifications affecting community aids are summarized as separate items under this section.

2. SOCIAL SERVICES AND TANF BLOCK GRANT FUNDING
 [LFB Paper 540]

GPR	\$13,713,800
FED	- 18,609,500
PR	- 13,713,800
Total	- \$18,609,500

Governor/Legislature: Reduce funding for community aids by \$8,035,500 FED in 1999-00 and \$10,574,000 (\$13,713,800 GPR, -\$10,574,000 FED and -\$13,713,800 PR) in 2000-01 to reflect a reduction in the availability of social services and TANF block grant funds for community aids and an increase in GPR funds to offset the reduction in TANF funds budgeted for community aids. TANF block grant funds are reflected as PR funding transferred from DWD.

Social services block grant (SSBG) reductions reflect: (a) a 17% reduction in the block grant enacted in the 1998-99 federal budget; and (b) an estimated 10.5% reduction in the block grant

beginning in federal fiscal year 2000-01, based on a provision enacted in the 1998 federal Transportation Equity Act for the 21st Century (TEA-21). These estimates do not reflect provisions in the 1999-00 or 2000-01 federal budgets.

TANF block grant reductions reflect a provision in TEA-21 which reduces the amount of the TANF block grant that can be used for the same purposes as the SSBG. Under federal law, through federal fiscal year 1999-00, states may transfer up to 10% of their TANF block grant to be used consistent with the purposes and requirements of the SSBG. In the current biennium, Wisconsin transfers the maximum allowed under federal law, 10% of its TANF block grant (\$31.8 million), to community aids.

Under provisions in TEA-21, beginning in federal fiscal year 2000-01, the amount of a state's TANF allocation that can be used consistent with the purposes and requirements of the SSBG is reduced to 4.25% of the TANF allocation (approximately \$13.5 million annually, or approximately \$18.3 million less than the \$31.8 million currently available). As a result, for the last nine months of state fiscal year 2000-01, the amount of TANF funds budgeted for community aids is reduced by \$13,713,800 (75% of the annual reduction). Under this item, GPR funding is provided to offset the reduction in the availability of TANF block grant funds.

3. MA TARGETED CASE MANAGEMENT [LFB Paper 543]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$0	\$5,025,500	\$5,025,500
FED	- 16,894,800	16,894,800	0
PR	<u>26,926,000</u>	<u>- 26,926,000</u>	<u>0</u>
Total	\$10,031,200	-\$5,005,700	\$5,025,500

Governor: Provide \$5,025,500 (-\$8,447,400 FED and \$13,472,900 PR) in 1999-00 and \$5,005,700 (-\$8,447,400 FED and \$13,453,100 PR) in 2000-01 to reflect reimbursement for counties' costs for case management services for children in out-of-home care under MA, rather than under Title IV-E of the federal Social Security Act. The federal reimbursement rate for MA (59%) is greater than the rate for administrative costs under Title IV-E (50%). The funding changes reflect: (a) the transfer of the estimated increase in MA funds received by the state from the Division of Health Care Financing (DHCF) to a PR appropriation in the Division of Supportive Living (DSL) to be distributed as community aids (\$13,472,900 in 1999-00 and \$13,453,100 in 2000-01); and (b) estimates of the reduction in federal Title IV-E funds budgeted for community aids (-\$8,447,400 annually). The estimated increase in federal MA funds is identified under "Health and Family Services -- Medical Assistance."

Further, make the following statutory modifications related to the claiming of MA funds for case management services under community aids:

- Require DHFS to distribute any federal MA funds it receives in reimbursement of funds distributed to counties (other than Milwaukee County) under community aids for case

management services provided to an MA-eligible child (DHFS provides child welfare services in Milwaukee County);

- Modify current provisions regarding excess Title IV-E foster care funds to specify that if, on December 31 of any year, there remains unspent or unencumbered funds in the community aids basic county allocation that exceed the combined amount received under Title IV-E and MA and distributed to counties, DHFS must carry forward the excess funds and distribute at least 50% to counties, other than Milwaukee County, for services and projects to assist children and families;

- Modify current statutory provisions which reference community aids appropriations to include references to the DSL, PR appropriation where the federal MA funds would be transferred from DHCF.

In addition, make technical corrections to certain provisions which reference community aids appropriations.

Joint Finance/Legislature: Provide \$5,025,500 GPR, \$8,447,400 FED and -\$13,472,900 PR in 1999-00 and \$5,005,700 GPR, \$8,447,400 FED and -\$13,453,100 PR in 2000-01 to offset the Governor's recommendations regarding the claiming of federal MA funds for targeted case management services provided to children in out-of-home care. Delete all provisions in the bill relating to MA targeted case management funds for community aids and excess Title IV-E funds. GPR funding provided in 2000-01 is budgeted in the Joint Committee on Finance's appropriation for release to DHFS if DHFS verifies that federal MA funding is not available in 2000-01 for case management services provided to children in out-of-home care. Consequently, the fiscal effect of the 2000-01 increase is reflected under "Program Supplements."

The Legislature's action on this provision is based on notification from federal authorities that the state is unlikely to receive federal approval to claim case management services for children in out-of-home care under MA, rather than Title IV-E as provided under current law.

[Act 9 Sections: 1018 and 1025]

4. BASIC COUNTY ALLOCATION FUNDING

GPR	\$6,825,000
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Senate: Provide \$1,600,000 in 1999-00 and \$7,500,000 in 2000-01 to increase funding for the community aids basic county allocation.

Conference Committee/Legislature: Provide \$1,200,000 in 1999-00 and \$5,625,000 in 2000-01 to increase funding for the community aids basic county allocation.

5. ALZHEIMER'S FAMILY AND CAREGIVER SUPPORT PROGRAM

GPR	\$465,700
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Assembly/Legislature: Provide \$116,400 in 1999-00 and \$349,300 in 2000-01 to increase allocations to counties for the Alzheimer's family and caregiver support program. As of January 1, 1999, there were 742 families on waiting lists for the Alzheimer's family and caregiver support program. Based on an average cost of \$1,863 per family per year, the funding included under this item is estimated to reduce waiting lists by 125 families, beginning in calendar year 2000, and another 125 families in calendar year 2001.

Base funding for the Alzheimer's family and caregiver support program is \$1,877,000 annually, which is budgeted as a categorical allocation under community aids. The program funds services and goods to persons with Alzheimer's disease and their families or caregivers to enable the family to maintain the person with Alzheimer's disease as a member of the household. Typical services provided through this program include respite care, adult day care, in-home help and transportation services. In addition, funding is available to purchase goods such as nutritional supplements, security systems, specialized clothing, home-delivered meals and chair lifts.

[Act 9 Section: 1088]

6. CHILD WELFARE SERVICES BLOCK GRANT FUNDING

FED	\$460,800
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Governor: Require DHFS to distribute not more than \$3,734,000 in each fiscal year from the federal child welfare services block grant available under Title IV-B of the Social Security Act for funds budgeted for the community aids basic county allocation based on estimates of available funding. Delete references to 1997-98 and 1998-99 funding allocations.

Joint Finance/Legislature: Provide \$230,400 annually to reflect a reestimate of the amount of Title IV-B child welfare services block grant funds available for the basic county allocation and increase the statutory allocation by a corresponding amount.

[Act 9 Section: 1201]

7. KINSHIP FOSTER CARE [LFB Paper 1096]

Joint Finance/Legislature: Transfer \$719,400 GPR and \$1,124,200 FED annually from the appropriation for kinship foster care and aid to minor custodial parents to the community aids appropriation to reflect that these funds would be allocated to non-Milwaukee counties under community aids, rather than as separate allocations, as provided under current law. The

corresponding fiscal effect of this item for DHFS costs in Milwaukee County is summarized under "Health and Family Services -- Children and Family Services."

[Act 9 Section: 390m]

8. FUNDING FOR FOSTER CARE RATE INCREASE

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$0	\$218,400	\$218,400
FED	164,200	79,100	243,300
Total	\$164,200	\$297,500	\$461,700

Governor: Provide \$82,100 FED annually to reflect a reestimate of federal Title IV-E funding available as a result of a 2.5% increase in the uniform foster care rate enacted in 1997 Wisconsin Act 27. The rate increase was effective January 1, 1999. Federal funding would be available under Title IV-E of the Social Security Act which provides for reimbursement of approximately 59% of placement costs for children in out-of-home care from homes that meet certain financial eligibility criteria.

The additional federal funding is anticipated to be available as a result of increased county expenditures for out-of-home care costs as a result of the rate increase. Since the rate increase was effective for the last six months of 1998-99, base funding for community aids reflects six months of increased federal revenue.

Joint Finance/Legislature: Provide \$53,400 GPR and \$19,200 FED in 1999-00 and \$165,000 GPR and \$59,900 FED in 2000-01 to reflect an estimate of the increased costs to counties to provide a one percent increase in the uniform foster care rate beginning January 1, 2000, and another one percent increase beginning January 1, 2001. The rate increase is summarized under "Health and Family Services -- Children and Family Services."

9. STATUTORY ALLOCATIONS AND FUNDING LIMITS [LFB Papers 530, 540, 541 and 543]

Governor: Require DHFS to distribute not more than \$277,177,800 in 1999-00 and \$279,462,400 in 2000-01 for the basic county allocation and \$11,318,600 in each fiscal year for the federal substance abuse prevention and treatment (SAPT) block grant allocation to reflect estimates of available funding.

Joint Finance: Modify the statutory allocations for community aids to reflect funding for community aids approved by the Joint Committee on Finance for the following: (a) \$283,778,800 in 1999-00 and \$279,886,800 in 2000-01 for the basic county allocation; and (b) \$11,318,700 annually for the SAPT block grant.

Senate: Specify that the basic county allocation would total \$285,378,800 in 1999-00 and \$287,386,800 in 2000-01 to reflect total funding budgeted for the basic county allocation.

Conference Committee/Legislature: Specify that the basic county allocation would total \$284,978,800 in 1999-00 and \$285,511,800 in 2000-01 to reflect total funding budgeted for this purpose.

The following table summarizes the statutory allocations for community aids, as provided in Act 9.

Community Aids Allocations -- Act 9

	<u>1999-00</u>	<u>2000-01</u>
Basic county allocation	\$284,978,800	\$285,511,800
Substance abuse block grant	11,318,700	11,318,700
Family support program	4,339,800	4,339,800
Mental health block grant	2,513,400	2,513,400
Alzheimer's family and caregiver support	1,993,400	2,226,300
Tribal child care	<u>412,800</u>	<u>412,800</u>
 Total	 \$305,556,900	 \$306,322,800

Statutorily, DHFS would be required to distribute up to these amounts on a fiscal year basis. However, DHFS contracts with counties for community aids on a calendar year basis and has flexibility in distributing these funds between calendar years. Further, these statutory allocations are based on estimates of federal funding and the amounts actually received can vary significantly based on federal legislation. To the extent federal funding is reduced from the amounts estimated in Act 9, DHFS would be authorized to modify the allocations accordingly. If additional federal funding is available, DHFS would be required to seek additional authority to exceed the statutory allocation through the Department of Administration and the Joint Committee on Finance under a 14-day passive approval process.

[Act 9 Sections: 1086 and 1087]

10. COMMUNITY AIDS FUNDING FOR FAMILY CARE [LFB Paper 560]

Governor: Reduce community aids funding by \$513,300 in 1999-00 and \$1,599,000 in 2000-01 in federal social service block grant (SSBG) funds and instead budget these funds in a federal block grant aids appropriation to support the costs of the Family Care initiative. Further, earmark \$2,882,700 GPR in 1999-00 and \$9,300,200 GPR in 2000-01 of community aids funding to reflect estimates of the costs to implement Family Care in certain counties. Specify that if a Family Care management organization (CMO) is available in a county, a portion of the funds allocated to that county for the Alzheimer's family and caregiver support allocation

under community aids and not more than 21.3% of the community aids basic county allocation for that county may be used to fund: (a) Family Care services provided by resource centers and CMOs; and (b) adult protective services provided under Family Care. Require counties to match the distribution for adult protective services by 9.89% (the current match requirement for other community aids allocations) of the total amounts transferred from community aids to Family Care for adult protective services.

Joint Finance/Legislature: Modify SSBG funding budgeted in community aids by \$124,900 FED in 1999-00 and -\$275,400 FED in 2000-01 and modify the federal block grant aids appropriation accordingly to reflect the amount of SSBG funding budgeted for Family Care. Further, modify GPR funding earmarked in community aids by -\$409,400 in 1999-00 and \$2,635,500 in 2000-01.

Under this provision, the total GPR budgeted in community aids earmarked for Family Care would total \$2,473,300 in 1999-00 and \$11,935,700 in 2000-01 and the total SSBG funding that would be budgeted for Family Care would total \$388,400 FED in 1999-00 and \$1,874,400 FED in 2000-01.

[Act 9 Sections: 1084, 1086, 1088, 1089, 1103 and 1568]

11. FEDERAL TITLE IV-E FOSTER CARE FUNDS TRANSFERRED FROM THE BUREAU OF MILWAUKEE CHILD WELFARE [LFB Paper 530]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	- \$4,842,800	\$4,842,800	\$0

Governor: Reduce funding budgeted in community aids by \$4,842,800 in 1999-00 to reflect a reduction in the amount of federal Title IV-E foster care funds transferred from the DHFS Bureau of Milwaukee Child Welfare to community aids.

Under Title IV-E, the state receives federal funds in reimbursement for counties' costs for certain administrative and placement costs for children placed in out-of-home care from homes that meet certain financial eligibility criteria. DHFS distributes these funds to the counties through community aids.

Beginning January 1, 1998, DHFS began providing child welfare services in Milwaukee County. As a result, Milwaukee County no longer generates Title IV-E funds for child welfare cases in Milwaukee County; the DHFS Bureau of Milwaukee Child Welfare does. In order to maintain funding for community aids harmless from the state's takeover of child welfare in Milwaukee County, DHFS currently credits \$13,829,700 in Title IV-E foster care funds generated by the Bureau to the community aids appropriation. This amount reflects Milwaukee County's share of Title IV-E funds distributed to counties through community aids in 1995. Any federal

Title IV-E funds generated by the Bureau for the costs of providing child welfare services in Milwaukee County in addition to the amount to be provided to counties through community aids, is retained by the Bureau and used to fund the Bureau's child welfare costs.

Under this item, in 1999-00, DHFS would credit \$8,986,900 to the community aids appropriation from Title IV-E funds generated by the Bureau, or \$4,842,800 less than is estimated in 1998-99. The amount of Title IV-E funds retained by the Bureau is incorporated into the cost reestimate for Milwaukee County Child Welfare Services under "Health and Family Services -- Children and Family Services."

Joint Finance/Legislature: Provide \$4,842,800 FED in 1999-00 for community aids by transferring a corresponding amount of federal Title IV-E revenue from the Bureau of Milwaukee Child Welfare to community aids funding to maintain the base Title IV-E funds that the Bureau credits to community aids (\$13,829,700), rather than the amounts recommended by the Governor (\$8,986,900). The fiscal effect of this provision for Milwaukee Child Welfare funding is summarized under "Health and Family Services -- Children and Family Services."

12. PERFORMANCE STANDARDS [LFB Paper 542]

Governor: Delete the requirement that DHFS implement performance standards for community aids, after consultation with DOA and counties, by July 1, 1996. Instead, require DHFS, after consultation with DOA and county departments, to develop performance standards for services funded by community aids and require that the performance standards be incorporated into county contracts beginning on or after January 1, 2000. Require DHFS to distribute not more than \$4,500,000 in each fiscal year from the community aids basic county allocation based on the standards developed by DHFS and incorporated into county contracts and to pay the distribution to a county by December 31 of the year after the year in which the performance-based distribution was earned by the county. Specify that the county may expend this distribution for any purpose that can be funded under community aids.

Under current law, DHFS was required to develop community aids performance standards after consulting with DOA and counties and to implement these standards by July 1, 1996. While a DHFS workgroup did develop performance indicators in response to the requirement, these indicators were never incorporated into county contracts and were therefore never implemented.

Joint Finance/Legislature: Delete the Governor's recommendations and provisions in current law regarding performance standards for community aids.

[Act 9 Section: 1092d]

13. MA PURCHASE PLAN

Governor/Legislature: Authorize DHFS to decrease a county's basic county allocation under community aids if a former recipient of services funded by the basic county allocation is a participant in the MA purchase plan created by the bill. Authorize DHFS to decrease the allocation by an amount DHFS estimates it would incur by providing services to that recipient under the MA purchase plan. DHFS estimates that the total amount of the basic county allocation that would be used for services for MA purchase plan participants would total \$112,500 in 1999-00 and \$750,000 in 2000-01. These amounts are included in funding earmarked for Family Care.

The bill would provide statutory authority to implement an MA purchase plan to extend MA coverage to working, disabled persons with income below 250% of the federal poverty level. The MA purchase plan is summarized under "Medical Assistance."

[Act 9 Section: 1089]

Supportive Living

1. SSI CARETAKER SUPPLEMENT -- BENEFIT LEVEL [LFB Paper 1098]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$10,997,100	\$11,408,900	\$22,406,000

Governor: Provide \$4,400,100 in 1999-00 and \$6,597,000 in 2000-01 from TANF funds transferred from DWD to increase the monthly payment amount for the SSI caretaker supplement from \$100 to \$150 per child, effective October 1, 1999, or on the day after publication of the bill, whichever is later. Of these amounts, \$2,100 in 1999-00 would be provided for administrative costs related to the increase in the supplement amount.

The caretaker supplement is funded with TANF funds transferred from DWD and GPR funds budgeted in the DHFS appropriation for state supplemental SSI benefits. The amount of TANF funds reflects the difference between the cost to fully fund the caretaker supplement and the amount of GPR available from the SSI benefits appropriation. The amount of GPR funds budgeted for the caretaker supplement reflects the difference between the total amount budgeted for SSI benefits and the amounts the administration projects will be expended on non-caretaker supplement SSI benefits, based on caseload projections and current benefit levels. The

total amount of GPR funds budgeted for SSI benefits is an amount sufficient to meet the state's SSI maintenance-of-effort requirement under federal law.

Funding for the caretaker supplement is also affected by other items included in the bill. First, the bill reduces funding to reflect a reestimate of the amount of TANF funds necessary to fund the supplement at the current benefit level. Second, the administration expects that the Family Care initiative would encourage the movement of some SSI-eligible individuals from institutional care to community-based care, which would increase SSI benefits and therefore reduce GPR funding available to fund a portion of the SSI caretaker supplement.

Joint Finance/Legislature: Provide an additional \$4,570,100 in 1999-00 and \$6,838,800 in 2000-01 and specify that the monthly SSI caretaker supplement payment would be \$250 for the first child in the home and \$150 for every other child, rather than \$150 for each child, as provided under the Governor's recommendation. Specify that the effective date of the modification would be November 1, 1999, or the day after publication of the bill, whichever is later. Of the amounts, \$10,900 in 1999-00 would be provided for one-time administrative costs associated with the increased benefit.

The total funding budgeted for supplement payments in Act 9 is \$22,064,500 (\$8,505,300 GPR and \$13,559,200 PR) in 1999-00 and \$25,418,100 (\$7,626,100 GPR and \$17,792,000 PR) in 2000-01.

[Act 9 Sections: 1484b and 9423(6)]

2. SSI CARETAKER SUPPLEMENT -- ELIGIBILITY

Senate: Modify the current eligibility for the SSI caretaker supplement to specify that: (a) DHFS must make monthly payments for the support of each grandchild of an SSI caretaker if the SSI caretaker and the grandchild meet all other eligibility criteria; and (b) an SSI caretaker is eligible for the SSI caretaker supplement if he or she is eligible for SSI benefits, rather than if he or she receives SSI benefits, as provided under current law. Further, specify that the caretaker supplement is entirely funded with federal TANF block grant funds transferred from DWD. Finally, define a grandchild to mean an individual who is the son or daughter of an SSI caretaker's dependent child who resides with the dependent child and has legal custody if a determination of legal custody has been made.

Supplement for Grandchildren. Under current law, an SSI caretaker is not eligible to receive a caretaker supplement on behalf of the child of the caretaker's dependent child. Under this provision, the SSI caretaker would be eligible for a payment for the grandchild, if all other eligibility criteria are met and both the grandchild and dependent child are residing in the SSI caretaker's home.

Eligible vs. Receiving. Under current law, an SSI caretaker is eligible for the caretaker supplement if he or she is a recipient of federal or state SSI benefits. If the SSI caretaker does not receive either federal or state SSI benefits, for any month, they are not eligible to receive a caretaker supplement for that month. As a result, an SSI caretaker that is eligible for SSI, but receives a zero payment, either due to one-time increase in income or due to technical adjustments in the payment level would not be eligible for the caretaker supplement. Under this provision, those SSI caretakers would be eligible for the caretaker supplement as long as they remain eligible for federal or state SSI benefits, but receive no payment. It is estimated that an additional 186 caretaker supplement payment would be paid on a monthly basis as a result of this provision.

Funding for the Supplement. Under current law, the caretaker supplement is funded with a combination of GPR funds budgeted in the SSI benefits appropriation and federal TANF funds transferred from DWD. Under this provision, the GPR funds in the SSI benefits appropriation could not be used to fund the caretaker supplement, as a result, the benefit would be entirely funded with TANF block grant funds.

Fiscal Effect. It is estimated that the cost to provide the caretaker supplement to the grandchildren of SSI recipients would total \$130,800 in 1999-00 and \$196,200 in 2000-01. The estimated cost of specifying that eligibility for the caretaker supplement is based on eligibility for federal or state SSI benefits, rather than receipt of federal or state SSI benefits, would total \$300,900 in 1999-00 and \$451,400 in 2000-01. Finally, because GPR funds would not be available to support the cost of the supplement under this provision, it is estimated that TANF funds used to support this benefit would have to be increased by approximately \$8.5 million in 1999-00 and \$7.6 million in 2000-01, after accounting for the fiscal effect of the Family Care initiative.

This provision does not increase TANF funds to support the eligibility changes in this amendment. Because this benefit is an entitlement, if DHFS does not have sufficient TANF funding to fully fund the caretaker supplement, DHFS would request additional expenditure authority for TANF funds through the Joint Committee on Finance under s. 16.515 of the statutes and DWD would be required to transfer additional TANF funds to meet that expenditure authority. The additional administrative costs would be expected to be absorbed within current funding levels.

The fiscal effects identified above are based on the assumption that DHFS would implement these provisions effective November 1, 1999.

Conference Committee/Legislature: Include the Senate provisions except that which would specify that the supplement would be entirely funded with TANF funds. As a result, caretaker supplement payments would increase by an estimated \$431,700 in 1999-00 and \$647,600 in 2000-01, although no funding is budgeted to support these increased costs.

Veto by Governor [C-3]: Delete provision.

[Act 9 Vetoed Sections: 1483t thru 1484c]

3. SSI CARETAKER SUPPLEMENT -- ADMINISTRATION

PR	\$161,000
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Governor/Legislature: Provide \$98,000 in 1999-00 and \$63,000 in 2000-01 in TANF funds transferred from DWD to support the following administrative activities relating to the SSI caretaker supplement: (a) construction of a database to store eligibility information for children who had previously been eligible for AFDC and remain eligible for the supplement until they turn 18 years of age, are no longer in the custody of the SSI recipient or become eligible for SSI themselves, and for EDS, the state's fiscal agent, to conduct periodic surveys to verify that families receiving the supplement continue to meet eligibility requirements (\$81,000 in 1999-00 and \$50,000 in 2000-01); (b) notification to recipients of the caretaker supplement (\$7,000 annually); (c) administrative hearings by the DOA Division of Hearings and Appeals (\$6,000 annually); and (d) one-time costs for printing and distributing policy documents relating to the caretaker supplement (\$4,000 in 1999-00).

4. SUBSTANCE ABUSE SERVICES GRANTS

GPR	\$10,000,000
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Senate: Provide \$5,000,000 GPR annually to increase substance abuse services in Milwaukee County. Require DHFS to distribute the funding as grants for substance abuse treatment services in Milwaukee County for individuals whose family income is less than or equal to 200% of the federal poverty level (FPL). Specify that DHFS must award the grants on a competitive basis and that county agencies and private nonprofit organizations would be eligible for the grants. Specify that funding could be used for substance abuse services to the extent permitted by federal law regarding the use of maintenance of effort dollars under the TANF program. GPR funding for this item would be offset by a decrease in GPR budgeted in DWD and a corresponding increase in federal TANF funds budgeted in DWD.

Conference Committee/Legislature: Include the Senate provision but specify that the amount available for grants in 1999-00 would be equal to one-twelfth of the amounts appropriated in 1999-00 times the number of months in 1999-00 in which DHFS contracts with an agency to administer the grants under this provision. Further, specify that any funds not encumbered or expended by June 30, 2000, would transfer to the Department of Workforce Development (DWD), rather than lapse to the general fund.

Under this provision, the amount of funds available to award as grants would be prorated in 1999-00 to reflect the effective date of contracts awarded under this provision. The remainder of funds would transfer to DWD in order to ensure the state is able to meet its TANF maintenance of effort requirement.

[Act 9 Sections: 446m, 1098m and 9223(3c)]

5. SUBSTANCE ABUSE TREATMENT SERVICES FOR WOMEN
 [LFB Paper 1105]

FED	\$2,335,800
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Governor/Legislature: Provide \$1,167,900 annually from the federal substance abuse prevention and treatment block grant for a new grant program to provide substance abuse treatment for women. Authorize DHFS to award up to this amount annually as grants to counties and private entities to provide community-based alcohol and other drug abuse treatment programs that: (a) meet the special needs of women with problems resulting from alcohol or other drug abuse; and (b) emphasize parent education, vocational and housing assistance and coordination with other community programs and with treatment under intensive care. Require DHFS to: (a) award the grants in accordance with DHFS request-for-proposal procedures; (b) ensure that the grants are distributed in both urban and rural communities; and (c) evaluate the programs funded by the grants by use of client-outcome measurements developed by DHFS.

[Act 9 Section: 1119]

6. BEHAVIORAL HEALTH MANAGED CARE DEMONSTRATION PROJECTS [LFB Paper 550]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$205,000	\$180,000	\$385,000
FED	<u>85,000</u>	<u>60,000</u>	<u>145,000</u>
Total	\$290,000	\$240,000	\$530,000

Governor: Provide \$50,000 (\$25,000 GPR and \$25,000 FED) in 1999-00 and \$240,000 (\$180,000 GPR and \$60,000 FED) in 2000-01 in one-time funding to implement up to two demonstration projects in 2000-01 to provide mental health and alcohol and other drug abuse services under managed care programs to persons who suffer from mental illness, alcohol or other drug dependency or both. Require DHFS to contract with counties or federally recognized American Indian tribes or bands to implement the demonstration projects. Require DHFS to submit for approval by the Secretary of the federal Department of Health and Human Services any requests for waiver of federal MA laws that are necessary to secure federal financial participation for the demonstration projects. Authorize DHFS to contract for the demonstration projects, regardless of whether a waiver is approved. Federal funding would be available as reimbursement for administrative costs under the MA program.

The bill provides \$50,000 (all funds) in 1999-00 to support costs for the development, collection and analysis of necessary baseline system performance measurements prior to implementation of the demonstration projects. Funding provided in 2000-01 would fund start-up costs for one project that would begin in July, 2000, and a second project that would begin in January, 2001.

Under the projects, services would be provided to MA recipients and individuals currently served through the county mental health and substance abuse system. Either the county or tribe or an organization under contract with the county or tribe would serve as the managed care organization and provide a single-entry point into the system for all clients. Funding from local tax revenue, community aids and MA funds would be combined to provide more flexibility in funding services to meet clients needs.

Joint Finance: Provide an additional \$180,000 GPR and \$60,000 FED in 2000-01 to fund start-up costs for four demonstration projects, rather than two projects as recommended by the Governor.

Assembly: Reduce funding by \$90,000 GPR in 1999-00 and \$90,000 GPR and \$60,000 FED in 2000-01 to reduce the number of projects that would be funded from four, as approved by Joint Finance, to two.

Senate: Provide \$180,000 GPR and \$60,000 FED in 2000-01 to increase the number of projects funded in the 1999-01 biennium from four, as approved by Joint Finance, to six.

Conference Committee/Legislature: Include Joint Finance provision.

[Act 9 Section: 9123(3)]

7. ADULT FACILITIES LICENSING STAFF AND FEES
[LFB Paper 551]

Governor: Provide -\$25,600 GPR, \$153,700 PR, -0.5 GPR positions and 3.5 PR positions in 1999-00 and -\$25,600 GPR and \$246,000 PR, -0.5 GPR position, and 5.0 PR positions in 2000-01 for licensing and regulation activities for community based residential facilities (CBRFs), adult family homes and adult day care centers. Licensing and regulation activities include facility inspections, investigations of complaints and enforcement actions, as well as processing license applications and renewals. DHFS is currently authorized 17.5 licensing specialists and 2.4 support staff to license and monitor these types of facilities.

	Funding Positions	
PR-REV	\$694,800	
GPR	-\$51,200	- 0.50
PR	<u>399,700</u>	<u>5.00</u>
Total	\$348,500	4.50

Increase the biennial license fees for CBRFs and adult family homes and establish an MA certification fee for adult day care centers, effective on the bill's general effective date. Require that an adult day care center be MA-certified in order to receive reimbursement for services provided to participants of the community options waiver program. The recommended fee changes are summarized below.

<u>Facility Type</u>	<u>Current Biennial Fee</u>	<u>Governor's Recommended Biennial Fee</u>
CBRFs	\$170 + \$22 per resident	\$323 + \$41.80 per resident
Adult Family Homes	\$75	\$142.50
Adult Day Care	\$0	\$100 + \$20 per client

DHFS estimates that the fee increases would generate an additional \$306,200 in 1999-00 and \$388,600 in 2000-01 to support its licensing activities.

Joint Finance/Legislature: Modify the Governor's recommendation by establishing the fees at the following levels:

<u>Facility Type</u>	<u>Act 9 Biennial Fee</u>
CBRFs	\$306 + \$39.60 per resident
Adult Family Homes	\$135
Adult Day Care	\$89 + \$17.80 per client

The projected PR revenue would not be reduced due to a reestimate of the revenues that would be generated by these fee increases.

[Act 9 Sections: 1429, 1495 and 1509]

8. HOME HEALTH AGENCY LICENSING FEE

Governor/Legislature: Repeal the requirement that DHFS impose a licensing fee on home health agencies that is based on annual net income. This change would permit DHFS to establish, by rule, a license fee that is based on other criteria, such as gross income. Under the current administrative rule, home health agencies are assessed a licensing fee of 3% of net annual income, with a minimum fee of \$500 and a maximum fee of \$2,500.

[Act 9 Section: 1529]

9. DRIVER IMPROVEMENT SURCHARGE

Governor/Legislature: Reduce funding by \$150,000 annually to reflect a reestimate of the amount of funding needed to supplement counties' intoxicated driver treatment programs. The program is supported from revenues collected from the driver improvement surcharge, which is paid by individuals convicted of

GPR Lapse	\$850,000
PR	-\$300,000

operating a vehicle while intoxicated. Act 9 provides a total of \$1,000,000 annually to supplement county intoxicated driver treatment programs. Further, require DHFS to lapse \$850,000 of driver improvement surcharge revenue to the general fund on June 30, 2000.

[Act 9 Section: 9223(1)]

10. COMPULSIVE GAMBLING PROGRAM [LFB Paper 164]

PR	\$300,000
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Governor/Legislature: Provide \$150,000 annually to increase from \$100,000 to \$250,000 the annual amount of funding that would be budgeted for compulsive gambling grants. In addition, fund the program entirely with Indian gaming revenues transferred from DOA by: (a) deleting the current requirement that DOA transfer 14% of the amounts budgeted for the compulsive gambling program from racing revenues and that DOR transfer 36% of the amounts budgeted for the compulsive gambling program from the lottery fund; and (b) deleting references to racing revenues and lottery fund revenues from the DHFS appropriation that supports these grants. Under current law, 50% of the compulsive gambling campaign is funded with Indian gaming revenue.

[Act 9 Sections: 455, 545 and 548]

11. INDIAN AIDS AND INDIAN SUBSTANCE ABUSE PREVENTION AND EDUCATION [LFB Paper 158]

GPR	-\$1,543,200
PR	1,543,200
Total	\$0

Governor/Legislature: Transfer support for Indian aids and the Indian substance abuse prevention and education program from GPR to Indian gaming revenues transferred from DOA.

Indian Aids. Provide \$271,600 PR and -\$271,600 GPR annually to support Indian aids. Require DOA to transfer Indian gaming revenues to DHFS equal to the amounts budgeted in DHFS for Indian aids. Convert and renumber a current GPR appropriation for Indian aids to a PR appropriation and specify that all moneys received from Indian gaming revenues transferred from DOA for Indian aids would be credited to this appropriation. Delete the Department's authority to transfer funds between state fiscal years and provisions relating to the lapse of unexpended funds to the general fund. Indian aids are provided by DHFS to any federally recognized tribe or band to facilitate the delivery of accessible, available and culturally-appropriate social services and mental hygiene services, including mental health services, services for the developmentally disabled and substance abuse services.

Indian Substance Abuse Prevention and Education. Provide \$500,000 PR and -\$500,000 GPR annually to support the Indian substance abuse prevention, education and treatment program. Convert and renumber the current GPR appropriation for the program to a PR appropriation, and specify that all moneys received from Indian gaming revenues transferred from DOA for this program would be credited to this appropriation. This funding is distributed to tribes and

bands through the consolidated family services project for the development and expansion of substance abuse prevention, education and treatment programs.

[Act 9 Sections: 451, 452, 584, 585 and 1105 thru 1107]

12. SUBSTANCE ABUSE AND MENTAL HEALTH TREATMENT PROGRAM CERTIFICATION STAFF

	Governor (Chg. to Base)		Senate/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$84,700	1.00	\$46,700	0.00	\$131,400	1.00

Governor: Provide \$40,400 in 1999-00 and \$44,300 in 2000-01 and 1.0 position, beginning in 1999-00, to increase staffing for substance abuse and mental health treatment program certification activities in the Bureau of Quality Assurance. These programs must be certified in order to receive public funding, and, in many cases, private insurance funding for the treatment they provide. DHFS intends to increase certification fees administratively to support this position.

Senate/Legislature: Provide \$21,500 in 1999-00 and \$25,200 in 2000-01 to support a field licensing specialist, rather than a program assistant, for AODA and mental health treatment certification activities.

13. INTERPRETING SERVICES FOR THE DEAF [LFB Paper 553]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$0	\$349,100	\$349,100
PR	- 154,400	0	- 154,400
Total	- \$154,400	\$349,100	\$194,700

Governor: Reduce funding by \$77,200 annually to reflect the current level of funding DWD transfers to DHFS to support a contract for community services associates that provide interpreting services for staff in the Bureau of Sensory Disabilities and DWD's Division of Vocational Rehabilitation and information, education and referral services provided to individuals served by the DHFS Bureau of Sensory Disabilities. DWD supports the contract with federal rehabilitation funds. DWD reduced funding for the contract by \$77,200 annually, beginning in 1997-98. This item would reduce the DHFS appropriation to reflect the current level of funding DWD transfers to DHFS to support the contract (\$14,400 annually).

Joint Finance/Legislature: Provide \$171,400 GPR in 1999-00 and \$177,700 GPR in 2000-01 to: (a) increase funding provided for community service associates (\$83,400 in 1999-00 and

\$89,700 in 2000-01); and (b) increase funding for services for the deaf and hard of hearing so that a total of \$138,000 annually would be available for these services (\$88,000 annually).

14. USE OF CIVIL NURSING HOME PENALTY ASSESSMENTS

Governor/Legislature: Authorize DHFS to fund innovative projects designed to protect the health and property of nursing home residents with funds collected from civil penalties assessed to nursing homes, in addition to current authorized activities. Currently, DHFS may use these funds to support: (a) the cost of relocating a resident to another nursing home; (b) maintenance of operation of a nursing facility pending correction of deficiencies or its closure, and (c) reimbursement of personal funds misappropriated by nursing home staff or other persons holding an interest in the nursing facility.

In addition, authorize DHFS to expend all moneys received from civil penalties for these purposes. Currently, DHFS may expend up to the amounts budgeted by the Legislature for these purposes, although no expenditure authority was provided for this purpose in the 1997-99 biennium. The administration estimates that \$150,000 PR annually will be available to support nursing home facility resident protection activities, which is summarized under "Departmentwide and Management and Technology."

If this provision were enacted, DHFS indicates that it would allocate 50% of civil money penalties to fund projects that proactively protect the health or property of nursing home residents, with each project receiving a maximum of \$1,500. The remaining funds would be reserved to fund DHFS costs of monitoring or operating a facility in the event of closure or termination.

Federal regulations require DHFS to assess civil money penalties against federally certified nursing homes for certain violations of federal quality standards. Federal regulations require that these civil money penalties be used for the protection of the health or property of residents of facilities that have been found deficient. The federal Health Care Finance Administration (HCFA) has provided states broad discretion in spending the funds for quality improvement and resident protection activities.

[Act 9 Sections: 442 and 1462 thru 1464]

15. COP -- FUNDING [LFB paper 561]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$7,834,200	\$2,000,000	\$9,834,200
FED	0	23,000	23,000
Total	\$7,834,200	\$2,023,000	\$9,857,200

Governor: Provide \$3,913,400 in 1999-00 and \$3,920,800 in 2000-01 to fully fund community option program (COP) slots that were created in 1998-99. 1997 Wisconsin Acts 27 and 237 created 3,515 new COP slots that were phased-in during the 1998-99 fiscal year and, as a result, the full annualized cost of these slots is not included in the DHFS base budget. Federal matching funds for COP-waiver slots are not reflected under this item, but instead, are included as part of the MA base reestimate.

Senate: Provide \$3,459,000 GPR and \$2,014,000 FED in 2000-01 to increase the number of COP slots by 1,000, beginning January 1, 2001. The funding amount assumes that 70% of the new slots would be COP-waiver slots (eligible for 59% federal funding), while the remaining 30% would be 100% state-funded COP slots. Additional federal funding of \$2,019,000 FED in 2000-01 would be generated for COP waiver slots from this change under MA.

Conference Committee/Legislature: Provide \$2,000,000 GPR and \$1,181,000 FED in 2000-01 to increase the numbers of COP slots by 581, beginning January 1, 2001. Specify that 70% of the new slots (407) would be COP-waiver slots, while the remaining 30% (174) would be 100% state-funded COP slots. Specify that this additional funding would only be provided to counties that are not participating in the Family Care program. Additional federal funding of \$1,181,000 FED would be generated for COP-waiver slots, of which \$1,158,000 is reflected under "Health and Family Services -- Medical Assistance."

16. COP -- WAIVER OF REQUIRED COP ASSESSMENT PRIOR TO CBRF ADMISSION

Governor: Modify preadmission requirements for community-based residential facilities (CBRFs) as follows.

First, authorize a county, in accordance with guidelines established by DHFS, to waive the COP assessment private payees must have prior to admission to a CBRF as a condition of maintaining eligibility for CBRF care funded by COP, COP-W or CIP II. Specify that if the county waives this requirement, the county must meet with the person or the person's guardian to discuss the cost-effectiveness of various service options.

Second, require CBRFs to refer a person seeking admission to the CBRF to the county to determine whether a COP assessment should be conducted if the required financial review by the CBRF indicates that the person's assets and other private funding sources would be depleted within 24 months if the person resides continuously in the CBRF.

Specify that these provisions would first apply to applications for admission to a CBRF made on or after January 1, 2000.

Under current law, for a person to be eligible for public funding for care in a CBRF under the COP, COP-W or CIP II programs, the person must not have previously entered a CBRF without a COP assessment, even if the person entered as a private payee. Current law also prohibits CBRFs from admitting someone as a private-pay resident unless the potential resident

provides certain financial information so that the CBRF can prepare a financial review to determine the length of time by which the person's financial resources would be exhausted. If the review indicates that the person's resources would be exhausted within 24 months, the CBRF must provide the financial review to the county.

Assembly/Senate: Delete the requirement that an individual provide financial information to the county or resource center for the purposes of a financial assessment under COP if that individual will utilize their own resources for the support of their care in a CBRF. Specify that eligibility for the COP, COP-W or CIP II programs or Family Care could not be denied because an individual previously elected not to submit to a COP financial assessment. Retain the requirement that a CBRF must notify the county of a resident who is within 24 months of depleting their assets and other private funding sources.

Conference Committee/Legislature: Include Assembly/Senate provision. In addition, clarify the provision to meet the intent.

Veto by Governor [C-6]: Delete the exemption from the COP assessment for persons seeking admission to a CBRF on a private pay basis and restore the current law provision that prohibits COP-funded services to a person that previously refused a required COP assessment when entering a CBRF. Retain the new authority for counties to waive the COP assessment, in accordance with DHFS standards, prior to a person's admission to a CBRF.

[Act 9 Sections: 1045, 1059, 1064, 1506, 9323(3) and 9423(5)]

[Act 9 Vetoed Sections: 1045, 1045g, 1059, 1059g and 1064]

17. COP -- TRANSFER OF MA FUNDS TO COP

Governor/Legislature: Modify provisions relating to the potential transfer of MA funds to the COP appropriation, based on a decline in the utilization of nursing home beds by MA recipients, as follows:

a. Prohibit any transfer that would reduce the balance in the MA appropriation below an amount necessary to ensure that the appropriation will end the current fiscal year or the current fiscal biennium with a positive balance.

b. Modify the condition that would trigger a required DHFS proposal to transfer funds to COP to specify that the utilization of nursing home beds must be less than estimates of the utilization reflected in the intentions of the Joint Committee on Finance, the Legislature and the Governor, as expressed by them in the budget determinations. Currently, DHFS must submit a proposal if utilization decreased.

c. Require the annual report, prepared by DHFS and submitted to the Joint Committee on Finance on the utilization of nursing home beds by recipients of MA, to include a

discussion and detailed projection of the likely balances, expenditures, encumbrances and carryover of appropriated amounts under MA.

Although current law requires DHFS to submit a proposal for a transfer of funds if there is a decline in the utilization of nursing home beds, it does not specify any specific formula for the transfer amount, but instead, directs DHFS to make that determination. When the current COP transfer language was adopted in 1997 Wisconsin Act 27, DHFS indicated an intent to base the amount of the transfer on the excess, if any, of budgeted funding for MA nursing home services over actual expenditures.

[Act 9 Sections: 1409 and 1410]

18. COMMUNITY INTEGRATION SPECIALISTS

GPR	\$274,600
FED	<u>274,600</u>
Total	\$549,200

Governor/Legislature: Provide \$117,700 GPR and \$117,700 FED in 1999-00 and \$156,900 GPR and \$156,900 FED in 2000-01 to contract for six community integration specialists and one supervisor to monitor services and ensure quality care for participants of the community-based, medical assistance waiver programs for persons with developmental disabilities, including the community integration programs (CIP IA and CIP IB), the brain injury waiver program and the community supportive living assistance program. Federal regulations require that DHFS annually review 5% of participants of these programs to ensure that services are adequate for the health and welfare of program participants.

19. TRAUMATIC BRAIN INJURY GRANT

GPR	\$100,000
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Governor/Legislature: Provide \$50,000 annually to partially fund the required state match for a federal demonstration grant authorized under the federal Traumatic Brain Injury Act of 1996. In March, 1999, DHFS submitted an application for a three-year grant to develop and expand educational and training programs and information and referral systems relating to traumatic brain injury for consumers and professionals. The state applied for a grant of \$200,000 per year and is required to provide \$100,000 in each year in matching funds. The Brain Injury Association of Wisconsin, with which DHFS would contract to implement the project, has committed to providing \$50,000 per year to support the other half of the state's required match for these federal funds.

20. KATIE BECKETT PROGRAM

GPR	\$77,500
FED	<u>77,500</u>
Total	\$155,000

Governor/Legislature: Provide \$77,500 GPR and \$77,500 FED in 2000-01 to fund federally-required annual home visits of children participating in the Katie Beckett program. The Katie Beckett program provides MA coverage in the home to children with severe chronic illnesses or disabilities without regard to their

family's income to avoid creating a financial incentive to institutionalize such children. Under MA rules, a child that is institutionalized for a month is no longer considered to be a member of the parent's household and only the child's own financial resources are considered for MA eligibility.

Federal rules require that each child in the Katie Beckett program has a home visit by a qualified provider upon initial application and that the information is verified in each subsequent year. DHFS contracts with a private vendor to meet this requirement.

21. FUNDING OF ACTIVE TREATMENT IN INSTITUTES FOR MENTAL DISEASE [LFB Paper 554]

Governor: Transfer \$473,000 GPR annually from the MA benefits appropriation to the mental health treatment services appropriation to provide funding for active treatment for persons in institutes for mental disease (IMDs). In addition, authorize DHFS to use funding budgeted in the mental health treatment services appropriation to support services to persons who have been determined under a preadmission screen to require active treatment for mental illness.

Under current law, DHFS provides funding from the MA benefits appropriation for specialized mental health treatment services to persons residing in nursing homes and IMDs who are determined to need such services under a federally-required preadmission screen. Although paid from the MA appropriation, this funding does not receive any matching federal MA funds. This funding is not available to residents of an IMD if that IMD is not MA certified.

Under federal law, residents of an IMD who are 22 to 64 years old are not eligible for coverage under MA. However, the mental health treatment services appropriation provides counties funding to pay a portion of the costs of care for such persons. This funding, however, is not intended to cover all individuals in this group, but instead, is targeted towards individual (or their replacements) that were previously eligible for MA coverage but lost such coverage in 1989 when MA discontinued coverage for a number of nursing homes that were found to be IMDs in 1989. As a result, this appropriation cannot be used to support services for certain residents of an IMD.

The combined effect of current law restrictions is that some, but not all, residents of a non-MA certified IMD can receive state-funded specialized mental health treatment services. Under the bill, all residents of nursing homes and IMDs who are determined by a preadmission screen to need active treatment could receive state supported specialized mental health services.

Joint Finance/Legislature: Permit counties to use funding for treatment services for all residents of an IMD who have been determined under a preadmission screen to require active treatment for mental illness, rather than only those residents who occupy beds that were decertified for MA funding in 1989.

[Act 9 Sections: 1030 and 1030d]

22. PARENTAL CONSENT FOR DRUG TESTING OF A MINOR

Assembly/Legislature: Specify that a minor's parent or guardian may consent to have the minor tested for the presence of alcohol or other drugs in the minor's body and that the consent of the minor is not required.

Specify that this provision would take effect on the first day of the second month after the publication of the bill and that it would first apply to a minor who is tested for the presence of alcohol or other drugs in the minor's body on that date.

[Act 9 Sections: 1573g, 9323(13z) and 9423(12z)]

23. ALZHEIMER'S DISEASE INFORMATION AND TRAINING GRANTS

Governor/Legislature: Authorize DHFS to award information and training grants for Alzheimer's disease to public agencies, in addition to private, nonprofit organizations, as provided under current law. Define a public agency as a county, city, village, town or school district or an agency of the state or a county, city, village, town or school district. These grants can be used to: (a) provide information and technical assistance to the staff of county agencies and other providers of services to individuals with Alzheimer's disease; (b) in coordination with local agencies and service providers, determine the need for and create appropriate services for individuals with Alzheimer's disease; and (c) collect and disseminate information on Alzheimer's disease, coordinate public awareness activities related to the disease and advise DHFS on public policy issues concerning the disease.

[Act 9 Sections: 1115 and 1116]

24. STATUTORY FUNDING ALLOCATIONS

Governor/Legislature: Modify statutory funding allocations for programs administered by the Division of Supportive Living to reflect current base funding budgeted for programs as follows:

- Delete a reference to a 1997-98 transfer of \$250,000 from the drug abuse program improvement surcharge to community aids;

- Require DHFS to distribute \$50,000 in each fiscal year as grants to programs that provide services for runaway children, rather than require DHFS to distribute \$100,000 (the total amount DHFS was budgeted for grants for the 1997-99 biennium) for these grants;

- Delete references to amounts budgeted in 1997-98 and 1998-99 for ARC Community Services, Inc. for a program to provide substance abuse day treatment services for pregnant and postpartum women and their infants and instead specify that DHFS distribute \$175,000 (the amount DHFS is directed to provide in 1998-99) annually for this purpose; and

- Require DHFS to distribute up to \$235,000 annually, rather than \$35,000 annually, as a grant to the ARC Community Services, Inc. for women and children in Dane County to support staff of the center and transportation and meal expenses for chemically dependent women who receive services from the center, and delete references to a projected deficit at the center.

[Act 9 Sections: 443, 1096, 1098 and 1118]

25. GOVERNOR'S BLUE RIBBON COMMISSION ON MENTAL HEALTH

Governor/Legislature: Modify DHFS powers and duties relating to alcohol and drug abuse (AODA), developmental disabilities and mental health, based on the recommendations of the Governor's Blue Ribbon Commission on Mental Health.

Specify that within the limits of available state and federal funds, in addition to current DHFS powers and duties, DHFS may do all of the following:

- Promote the creation of coalitions among the state, counties, providers of mental health and AODA services, consumers of the services and their families and advocates for persons with mental illness and for alcohol and drug dependent persons to develop, coordinate and provide a full range of resources to advance prevention, early intervention, treatment, recovery, safe and affordable housing, opportunities for education, employment and recreation, family and peer support, self-help and the safety and well-being of communities;

- Develop and implement a comprehensive strategy to reduce stigma of and discrimination against persons with mental illness, alcoholics and drug dependent persons in cooperation with counties, providers of mental health and AODA services, consumers of the services, interested community members and advocates for persons with mental illness, alcoholics and drug dependent persons;

- Develop and implement a comprehensive strategy to involve counties, providers of mental health and AODA services, consumers of the services and their families, interested community members and advocates for persons with mental illness and for alcoholic and drug dependent persons as equal participants in service system planning and delivery;

- Promote responsible stewardship of human and fiscal resources in the provision of mental health and AODA services;
- Develop and implement methods to identify and measure outcomes for consumers of mental health and AODA services;
- Promote access to appropriate mental health and AODA services regardless of a person's geographic location, age, degree of mental illness, alcoholism or drug dependency or availability of personal financial resources;
- Promote consumer decision-making to enable persons with mental illness and alcohol or drug dependency to be more self-sufficient; and
- Promote use by providers of mental health and AODA services of individualized service planning, under which the providers develop written individualized service plans that promote treatment and recovery, together with service consumers, families of service consumers who are children and advocates chosen by consumers.

Further, require DHFS to ensure that providers of mental health and AODA services who use individualized service plans do all of the following in using such a plan: (a) establish meaningful and measurable goals for the consumer; (b) base the plan on a comprehensive assessment of the consumer's strengths, abilities, needs and preferences; (c) keep the plan current; and (d) modify the plan as necessary.

Finally, create definitions for early intervention, individualized service planning, prevention, recovery and stigma as they relate to these provisions.

[Act 9 Sections: 1535 thru 1538]

26. RESPITE CARE

Joint Finance/Legislature: Provide \$50,000 in 1999-00 and \$225,000 in 2000-01 for a life-span respite care project. Require DHFS to contract for the administration of the project with a private nonprofit organization: (a) that is capable of operating on a statewide basis and has expertise in respite care issues; (b) with at least 51% of its board comprised of consumers of respite care or caregivers; (c) with board members that are providers and elected officials and represent diverse geographical areas and cultural groups in the state.

GPR	\$275,000
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Require the administering organization to do the following:

- After consulting with DHFS, counties, tribes and bands, providers and caregivers, prescribe criteria for the distribution of grants to conduct life-span respite care projects that

include the requirement that grant funds be equally distributed among five administrative regions of the state as prescribed by DHFS;

- Solicit applications to award grants for a life-span respite care project to a county, a tribe or band, a community-based private nonprofit or profit entity;
- Require that the grantee contribute matching funds equal to 25% of the grant, including at least 10% for direct services and at least 15% for in-kind services and require that these matching funds be used by the grantee to fund payments from caregivers to providers;
- Oversee life-span respite care grants, and monitor, provide technical assistance and evaluate the projects;
- Develop best practice guidelines and a training curriculum that may be used by the project and any other respite care provider in the state;
- Promote the exchange of information and coordination among the state, local governments, the projects, entities serving persons with special needs, families of persons with special needs and persons in favor of the promotion of respite care services, to encourage the efficient provision of respite care services;
- Act as a statewide clearinghouse of information about respite care and existing respite care programs and resources and operate a library of materials that may be lent to persons or organizations upon request; and
- Conduct analyses of respite care policies and proposals and identify and promote resolution of respite policy concerns at legislative, state and local levels.

Specify that funds awarded under this provision may not be used to supplant funds otherwise available and, prior to receipt of the grant, dedicated by the grantee to respite care.

Require projects funded under this provision to do all of the following:

- Operate in a culturally competent manner and be sensitive to the unique needs and strengths of a person with special needs and his or her family or caregiver;
- Identify, coordinate and develop resources for respite care that are built, to the extent possible, on existing community support services;
- Recruit and screen providers;

- Identify training resources and organize training programs for providers that address different populations in need of respite care;
- Facilitate access by caregivers and families of persons with special needs to an array of respite care service options for which the person with special needs is eligible, that are responsive to caregiver and family needs and that are available before families and primary caregivers reach a crisis situation;
- Assist caregivers and families of persons with special needs to identify and coordinate funds and resources available for respite care for which the person with special needs is eligible and authorize and provide for a variety of funds and resources to make available additional respite care services for persons with special needs.

Require each project to create an advisory committee to advise the project on how the project may best serve persons with special needs and their caregivers. Consumers of respite care services and caregivers would comprise at least 51% of the advisory committee membership and would be representative of the diversity of persons who receive services under the project. Other members would include providers, representative of local service agencies and members of the community.

Require DHFS and the organization that would administer the life-span respite care project to, by June 1, 2004, evaluate the projects. If, following the evaluation, DHFS and the organization determine that it is feasible to integrate the projects with any integrated, organized system of long-term care services operated by DHFS, require DHFS to submit statutory language to the Department of Administration that would be proposed for inclusion in the 2005-07 biennial budget to effect the integration.

Prohibit the use of funds awarded under this provision to supplant funds otherwise available for respite care and prior to receiving the grant, were dedicated to respite care.

Create an annual GPR appropriation for the life-span respite care project and include definitions for "abuse," "caregiver," "county department," "neglect," "provider," "respite care," "special need," and "tribe or band."

[Act 9 Sections: 447d and 1121g]

27. REPORT ON HUNTINGTON'S DISEASE

Joint Finance/Legislature: Require DHFS, by January 1, 2000, to submit a report to the Joint Committee on Finance on services provided to individuals with Huntington's disease. Specify that the report must include the following: (a) the number of individuals with any type of disability who receive services through the community integration program II (CIP II), the

regular community options program (COP-R) and COP-waiver (COP-W) and county revenues in each of the counties within the state; (b) the number of individuals with Huntington's Disease who receive services through the same programs, including both the number and percentage of individuals served in each program; and (c) the types of services including individuals with Huntington's Disease receive under these programs.

Veto by Governor [C-7]: Delete provision.

[Act 9 Vetoed Section: 9123(8t)]

28. REHABILITATION TEACHERS FOR THE BLIND

	Legislature (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
PR	\$200,000	-\$200,000	\$0

Assembly/Legislature: Provide \$100,000 annually from the universal service fund to support: (a) salary and fringe benefits for 0.7 rehabilitation teachers (\$35,000); (b) travel costs for 14.8 rehabilitation teachers (\$40,000); and (c) adaptive equipment for clients served by the rehabilitation teachers (\$25,000). Earmark \$100,000 SEG annually from the universal service fund administered by the Public Service Commission that would be transferred to DHFS for these purposes. Create a PR continuing appropriation for the DHFS Division of Supportive Living to expend moneys transferred for this purpose.

DHFS is currently authorized 14.8 rehabilitation teachers that assist visually impaired individuals in their home to develop independent living skills. In some cases, DHFS funds the purchase of adaptive equipment, such as magnifiers, large print kitchen equipment and large print or braille clocks and watches for these individuals. These services are currently supported with GPR funds and federal matching funds available under Title IV-B of the 1973 Vocational Rehabilitation Act and transferred from the DWD Division of Vocational Rehabilitation (DVR). This provision is intended to replace revenue that had previously been available from the business enterprise program administered by DVR to support these costs.

Veto by Governor [C-10]: Delete provision. In his veto message, the Governor indicates that he will direct the Secretary of DHFS to use base resources to continue the 1998-99 level of services provided by the rehabilitation teachers.

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.435(6)(kd)), 226c, 445g and 2332n]

29. INDEPENDENT LIVING CENTERS

GPR	\$62,500
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Assembly: Provide \$80,000 in 1999-00 for DHFS to distribute to Choices for Independent Living, Inc. to fund administrative staff and general start-up costs to operate an independent living center serving southwestern Wisconsin.

Senate: Provide \$125,000 in 2000-01 to increase funding for independent living centers.

Independent living centers assist persons with severe disabilities to achieve a greater level of independence in the community. Services provided by these centers include information referral, peer counseling, independent living skills training and advocacy, employment and personal care. There are currently eight independent living centers in the state. Current funding totals \$2,055,800 (\$1,221,000 GPR, \$534,800 FED and \$300,000 PR) annually.

Conference Committee/Legislature: Provide \$62,500 in 2000-01 to increase funding for independent living centers.

30. USE OF COP FUNDS IN CBRFS WITH MORE THAN EIGHT BEDS

Assembly: Specify that counties, private nonprofit agencies or aging units could use COP-R funds to provide services in CBRFs with up to 20 beds, rather than eight beds, without the need to obtain a variance from the Department.

Prohibit counties from denying COP-R funding to a person residing in a CBRF when the individual becomes eligible solely because the maximum total COP allocation amount has been reached. Specify that cost-effectiveness of care in a CBRF versus other options must be determined using the total costs of care, including both state and federally funded services.

Under current law, no county, private nonprofit agency or aging unit may use COP-R funds to provide services in any CBRF that has more than eight beds, unless a variance is obtained from DHFS and the CBRF meets certain quality and cost-effectiveness standards. CBRFs initially licensed after July 29, 1995, with more than 20 beds may not receive a variance. Also, current law requires that counties establish a maximum amount of COP funding that can be used for services in a CBRF, and that COP funding can only be used for services in a CBRF if the CBRF meets DHFS standards for quality of care and cost-effectiveness (or if the CBRF consists entirely of individual apartments).

Conference Committee/Legislature: Include the Assembly provisions except limit the applicability of these changes to a pilot program in Chippewa County.

Veto by Governor [C-6]: Restore the current law provision that allows Chippewa County to deny COP-funded services to a person residing in a CBRF solely on the basis of exceeding the

county's established maximum limit for the use of COP funds for care in a CBRF. The partial veto would maintain the other two parts of the pilot program.

[Act 9 Sections: 1045k and 1048m]

[Act 9 Vetoed Sections: 1045d and 1048m]

31. ALLOWING SUBSTITUTE DECISION MAKER FOR PERSON WITH TERMINAL ILLNESS

Senate: Authorize certain persons to make decisions related to care in a hospice on behalf of an incapacitated individual who does not have a valid living will or a valid power of attorney for health care and who has not been adjudicated incompetent. Specify that the following persons, in the following order of priority, may serve as a substitute decision maker: (a) the spouse; (b) an adult child; (c) a parent; (d) an adult sibling; or (e) a close friend. Specify that the physician who oversees the care will follow the decisions of the substitute decision maker as long as to the best knowledge of the physician, there is no person with a higher priority that would disagree with the proposed decision. Also, prohibit a substitute decision maker from authorizing expenditures related to care in a hospice if the incapacitated individual has an agent under a durable power of attorney who can authorize such expenditures.

Require that for a person to be determined incapacitated for purposes of allowing a substitute decision maker, two physicians or one physician and one psychologist, who have personally examined the individual, must sign a statement specifying that the individual is incapacitated. Specify that neither of the individuals who determine that an individual is incapacitated may be a relative or have knowledge that he or she is entitled to or has a claim on any portion of the individual's estate. Define incapacitated as someone being unable to receive and evaluate information effectively or to communicate decisions to such an extent that the individual lacks the capacity to manage his or her health care decisions. Specify that old age, eccentricity or physical disability, either singly or together, is insufficient to make a finding that an individual is incapacitated. Require that a copy of the statement that the individual is incapacitated be included in the individual's records in the facility to which he or she is admitted.

Conference Committee/Legislature: Include the Senate provisions with the following modifications:

a. Define "terminal condition" as an incurable condition caused by injury, disease or illness that, according to reasonable medical judgment, will produce death within six months.

b. Require the substitute decision maker to sign: (1) an informed consent for the receipt of hospice care by the incapacitated person; and (2) a statement certifying that it is his or her belief, to the best of his or her knowledge, that the incapacitated person would have selected hospice care.

c. Require a physician to certify that the person has a terminal condition and to affirm that the substitute decision maker is acting in accordance with the views or beliefs of the incapacitated person.

d. Allow relatives other than a spouse, adult child, parent or adult sibling to act as a substitute decision maker if the relative is at least 18, has maintained sufficient regular contact with the incapacitated person to be familiar with the person's activities, health and beliefs and has exhibited special care and concern for the incapacitated person.

e. In order for a close friend to serve as a substitute decision maker, require that this close friend would have had to maintain sufficient regular contact with the incapacitated person to be familiar with the person's activities, health and beliefs.

f. Allow the incapacitated person or the substitute decision maker to object to or revoke the election of hospice care at any time.

g. Allow a person who disagrees with the hospice decision to apply for temporary guardianship of the incapacitated person. Specify that the person applying for temporary guardianship has the burden of proving that the incapacitated person would not have consented to admission to a hospice or hospice care.

h. Require the substitute decision maker to provide notice, if feasible, to all other persons who could qualify as a substitute decision maker of the proposed admission to a hospice and of the right to apply for temporary guardianship. Specify that if notice is not feasible prior to admission, then the substitute decision maker must exercise reasonable diligence in providing notice within 48 hours after the admission.

[Act 9 Section: 1531r]

Family Care

1. OVERVIEW [LFB Paper 560]

Governor: Expand the scope and number of pilot projects that are testing the redesign of the long-term care system under the Family Care (FC) program and make statutory changes necessary to establish the FC program as a permanent program that would also apply to the pilot program. The bill does not establish a schedule for DHFS to implement FC on a statewide basis.

The major components of the FC program consist of: (a) resource centers (RCs) or single-entry points that would provide information, assessments, eligibility determinations and other preliminary services; (b) care management organizations (CMOs) that would manage and provide long-term care services for every person enrolled in the FC program under a capitated risk-based payment system; and (c) the new FC benefit that is designed to provide a more flexible and comprehensive long-term care benefit that responds to consumer choice and preferences and avoids financial eligibility cliffs.

Family Care Benefit. Define the FC benefit as financial assistance for long-term care (LTC) and support items for an enrollee. However, the types of services that would be covered under the FC benefit are not specified in the bill. DHFS indicates that the FC benefit would cover a comprehensive range of services, including the types of services currently available under COP, the MA community-based waiver programs, supported livings services, supported employment services, nursing home services and other residential services, such as services provided by residential care apartment complexes, community-based residential facilities (CBRFs) and adult family homes. Statutory provisions on certification requirements for CMOs and hearing rights for FC recipients indirectly imply that services would be comprehensive. However, these references do not detail the specific services covered under FC, and as a result, it would appear that DHFS would have significant discretion in defining the FC benefit.

Service Delivery and Administration. Under FC, resource centers (RCs) would provide information, assistance, referrals and eligibility determinations for publicly-funded LTC services. Care management organizations (CMOs) would manage and provide LTC services for all persons enrolled in FC under a capitated, risk-based payment system. Enrollees would be eligible for a new FC benefit that is intended to provide a more flexible and comprehensive LTC benefit than those offered under current LTC programs. Only persons enrolled in CMOs would be eligible for the FC benefit. Medical assistance (MA) recipients would maintain the option of obtaining MA-funded LTC services on a fee-for-service basis. The bill would authorize the creation of FC districts, which would allow a county or group of counties to operate both a RC and a CMO as separate and distinct entities. These districts are intended to address issues relating to potential conflicts of interest between a RC and a CMO.

Eligibility and Entitlement. Persons who are at least 18 years of age and who do not have a primary disabling condition of mental illness, substance abuse or developmental disability would be eligible for the FC benefit. However, persons with developmental disabilities would be eligible for the FC benefit if they reside in areas in which a CMO pilot program is established before July 1, 2001. Persons who require comprehensive LTC services (individuals who meet current nursing home eligibility criteria), MA-eligible persons who require intermediate level of care, persons already receiving public-funded LTC services at the intermediate level of care, and adults who require adult protective services would be entitled to the FC benefit. DHFS would be required to assure sufficient capacity to serve all entitled persons 24 months after a CMO first accepts a capitated payment. Individuals not eligible for MA who require an intermediate level of services would be eligible for the FC benefit, but would not be entitled to it and could be placed on a waiting list if there is insufficient funding to support services.

Cost Sharing. All persons who receive the FC benefit would be required to share in the cost of their services, based on their ability to pay. Persons would contribute any part of the sum of gross income plus one-twelfth of countable assets that is in excess of permitted deductions and allowances. The permitted deductions and allowances would be determined by DHFS rule.

CMO Pilots. In the 1999-01 biennium, DHFS would increase the number of counties and tribes with CMOs from five to nine. The five counties that currently participate as CMOs are Fond du Lac, La Crosse, Milwaukee, Portage and Richland Counties. The additional four CMO pilots would be established in four counties or multi-county areas (Kenosha, Marathon, Waukesha and a joint pilot CMO combining Forest, Oneida and Vilas Counties) that DHFS has already selected as alternates to the current five counties. By the end of the 1999-01 biennium, it is anticipated that 25% of the state's population would have access to the FC benefit, which could only be provided through a CMO. The bill does not specify the number or names of the counties that would participate in the pilot program, but the funding amounts in the bill assume this level of participation.

Resource Center Pilots. In the 1999-01 biennium, DHFS would increase the number of counties and tribes with RCs from nine to 13. The current counties and tribes that operate RCs are Fond du Lac, Jackson, Kenosha, La Crosse, Marathon, Milwaukee, Portage, and Trempealeau Counties and the Oneida Tribe. DHFS anticipates establishing RCs in all of the CMO pilot counties. The bill does not specify the number or names of the counties that would participate in the pilot program, but the funding amounts in the bill assume this level of participation.

Miscellaneous. The bill would create a 15-member LTC Council to assist DHFS in developing, monitoring and reporting on the FC program. The Board on Aging and Long-Term Care would be required to contract for advocacy services for potential or actual FC recipients. Nursing homes, community-based residential facilities (CBRFs), adult family homes and residential care apartment complexes would be required to inform prospective residents of the FC program and refer them to a RC if one is available in the area. Hospitals would be required to refer a person to a RC, if one is available, before discharging an elderly or physically disabled person who requires LTC services.

Joint Finance: Make several changes to the Governor's proposal, which are described in greater detail under individual items in this section. The most significant changes are described below.

Clarify Pilot Nature and Require Report. Before July 1, 2001, limit the pilot programs to areas of the state that would not exceed 29% of the eligible population, and after June 30, 2001, limit the Department's authority to expand FC to only those areas authorized by the Legislature and for which necessary funding is approved. Require DHFS to prepare and submit, prior to November 1, 2000, a report to the Governor, as part of the Department's 2001-03 biennial budget

request, that describes the implementation and outcomes of the pilot projects and includes program recommendations.

Allow More Flexibility for Separation and Extend Time for Required Separation. Clarify that the necessary separation between the resource centers and CMOs could be achieved by means other than the establishment of a FC district, if approved by DHFS. Delete the requirement that counties must be contiguous in order to combine for the formation of a joint FC district. Authorize DHFS to contract with a FC district for a portion of the functions of the resource center. Extend the time that a pilot county may operate both a resource center and a CMO without restructuring until January 1, 2001, but require structural separation of at least the eligibility determination and enrollment counseling functions from the CMO not later than January 1, 2001.

Compositions of Family Care District. Allow up to 25% of the board members of a FC district to be elected or appointed officials or employees of the county or counties that created the FC district.

Period of Protection Against Competition. Increase the number of years that a county CMO can operate without the threat of competition from two years to four years.

Long-Term Care Councils. Restructure existing long-term support planning committees into local long-term care councils, with specific powers and responsibilities related to FC. Local long-term care councils would have 51% consumer representation (elderly, disabled or their immediate family members or others representatives). The remaining members would be providers of long-term care services, persons residing in the county with recognized ability and interest in long-term care and a limited number of county board supervisors or other elected officials. The county would be responsible for providing training to the consumer members to enable them to participate effectively. Specify that the county, rather than the long-term care council, would determine the final COP plan, although the county must consider the council's recommendation.

Independent Evaluation. Require the Legislative Audit Bureau to contract with an independent organization to evaluate the FC pilots, and require that the evaluation address cost-effectiveness, access to services and quality of care. The bill contains \$100,000 in each year of the biennium for evaluation of the FC pilots.

Alternative Model. Require DHFS to seek necessary waivers from the federal government to implement an alternative model and to seek statutory changes, including a funding request, to implement an alternative model if the state receives the necessary federal waivers.

Assembly/Legislature: Clarify that a person who seeks admission to a CBRF, adult family home or a residential care apartment complex would not be required to disclose financial information to a resource center if that person would utilize their own resources for care in these facilities, unless the person would be eligible for MA within six months after the performance of the financial screen. In addition, specify that the independent evaluation of the

Family Care program must include a comparison of the costs of care in a nursing home versus a community setting and provide a breakdown of individual costs involved.

2. FUNDING [LFB Paper 560]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$11,448,500	2.00	\$1,268,900	0.00	\$12,717,400	2.00
FED	21,179,800	3.50	3,294,500	0.00	24,474,300	3.50
PR	<u>12,069,900</u>	<u>0.00</u>	<u>1,133,600</u>	<u>0.00</u>	<u>13,203,500</u>	<u>0.00</u>
Total	\$44,698,200	5.50	\$5,697,000	0.00	\$50,395,200	5.50

Governor: Provide \$5,967,800 GPR, \$8,516,200 FED, \$3,622,200 PR and 1.25 GPR and 2.75 FED positions in 1999-00 and \$5,480,700 GPR, \$12,663,600 FED, \$8,447,700 PR and 2.00 GPR and 3.50 FED positions in 2000-01 to reflect the net fiscal effect of funding additional pilot projects in selected areas of the state to test the FC program.

FC services would be supported from a variety of sources, including funds budgeted for MA, community aids and the community options program. The bill would modify current appropriations to authorize payments from these appropriations to support RCs and CMOs. In general, the funding reductions identified for MA, community aids and the community options program reflect that services would be provided to enrollees under FC, rather than under existing programs. The following table summarizes funding changes for current and new appropriations relating to FC and the MA purchase plan. The administration combined these two proposals in its budget documents to reflect its intent to partially offset the costs of Family Care with the net cost savings of implementing the MA purchase plan.

	1999-00			
	GPR	FED	PR	Total
Family Care Benefits	\$20,232,500	\$21,640,200	\$1,774,800	\$43,647,500
MA Benefits	-12,404,200	-18,248,500	0	-30,652,700
MA Administration	751,600	3,759,000	0	4,510,600
State Administration	2,596,500	1,878,800	1,482,700	5,958,000
General Program Operations	55,200	0	0	55,200
SSI Caretaker Supplement	0	0	364,700	364,700
Community Aids	-2,770,200	-513,300	0	-3,283,500
HIV/AIDS Insurance				
Continuation Coverage	0	0	0	0
Community Options Program	<u>- 2,493,699</u>	<u>0</u>	<u>0</u>	<u>-2,493,600</u>
Total	\$5,967,800	\$8,516,200	\$3,622,200	\$18,106,200

	2000-01			
	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>Total</u>
Family Care Benefits	\$63,225,700	\$71,957,000	\$5,568,300	\$140,751,000
MA Benefits	-43,644,000	-61,648,700	0	-105,292,700
MA Administration	679,000	4,186,600	0	4,865,600
State Administration	1,973,800	- 232,300	1,405,500	3,147,000
General Program Operations	98,600	0	0	98,600
SSI Caretaker Supplement	0	0	1,473,900	1,473,900
Community Aids	-8,550,200	-1,599,000	0	-10,149,200
HIV/AIDS Insurance				
Continuation Coverage	0	0	0	
COP	<u>-8,302,200</u>	<u>0</u>	<u>0</u>	<u>-8,302,200</u>
Total	\$5,480,700	\$12,663,600	\$8,447,700	\$26,592,000

Joint Finance/Legislature: Provide an additional \$374,100 GPR and \$513,100 FED and delete \$1,774,800 PR in 1999-00 and provide \$894,800 GPR, \$2,781,400 FED and \$2,908,400 PR in 2000-01 to reflect: (a) a reestimate of the projected savings from the MA purchase plan, which are reflected under "Medical Assistance;" and (b) a revised schedule for the implementation of the pilot program.

3. RESOURCE CENTERS (RCs) [LFB Paper 560]

Governor: Repeal DHFS authority to establish in selected areas a pilot project under which DHFS contracts with a private or public entity to serve as a RC. Instead, authorize the Department to establish RCs statewide and create provisions that specify the structure and requirements for the establishment and operation of RCs.

Creation. Authorize a county board and, in counties with a county executive or county administrator, the county executive or county administrator, to decide: (a) whether to authorize one or more county departments or an aging unit to apply to DHFS for a contract to operate a RC, and if so, which to authorize and what client group to serve; (b) whether to create a FC district to apply to DHFS for contract to operate a RC. Authorize the governing body of a tribe or band or the Great Lakes Inter-Tribal Council to apply to operate a RC for tribal members. Authorize counties and tribes to submit joint applications. Require any county department, FC district or tribal agency to contract with DHFS before establishing or operating a RC.

Exclusive Contracts. Prior to July 1, 2001, specify that DHFS could only contract with counties, FC districts, tribes or the Great Lakes Inter-Tribal Council to operate RCs. On or after that date, authorize DHFS to contract with private, nonprofit organizations if: (a) a county board declines in writing to apply for a contract to operate a RC; or (b) a county agency or FC district applies for a contract but fails to meet required standards for operating a RC.

Required Services. Require RCs to provide: (a) information and referral services and other assistance at hours convenient to the public; (b) a determination of functional eligibility for the FC benefit; (c) within the limits of available funding, prevention and intervention services; (d) counseling concerning public and private benefits programs; (e) a determination of financial eligibility and of the maximum amount of cost sharing required for a person seeking LTC services, under standards prescribed by DHFS; (f) assistance to a person who is eligible for the FC benefit with respect to the person's choice of whether or not to enroll in a CMO and, if so, which available CMO would best meet his or her needs; (g) assistance in enrolling in a CMO for persons who choose to enroll; (h) equitable assignment of priority on any necessary waiting lists, consistent with criteria prescribed by DHFS, for persons who are eligible for the FC benefit but who are not entitled to the benefit; (i) assessment of risk for each person on a waiting list and development with the person of an interim plan of care and assistance in arranging services; (j) transitional services to families whose children with physical or developmental disabilities are preparing to enter the adult service system; and (k) eligibility determinations for the state SSI supplement, MA and food stamps. If specified in the contract with DHFS, a RC would be allowed to perform only a portion of these services.

Duties. Require RCs to: (a) provide services within the entire geographical area prescribed for the RC by DHFS; (b) submit all reports and data required or requested by DHFS; (c) implement internal quality improvement and quality assurance processes that meet DHFS standards; (d) cooperate with any review by an external advocacy organization; (e) within six months after the FC benefit is available to all eligible persons in the RC area, provide information on RC services and FC benefits to all elderly and physically disabled persons who are residents of nursing homes, CBRFs, adult family homes and residential care apartment complexes; (f) provide a functional and financial screen to any resident in a nursing home, CBRF, adult family home or residential care apartment complex who requests a screen and to anyone seeking admission to one of these institutions if the secretary of DHFS has certified that a RC is available to the person and facility; (g) provide access to services for elder abuse and protective placement through cooperation with respective county agencies; and (h) assure that emergency calls to the RC are responded to promptly, 24 hours per day.

Governing Board. Require each RC to have a governing board that reflects the ethnic and economic diversity of the area served by the RC. Require that at least one-fourth of the members be older persons with physical or developmental disabilities or their family members, guardians or other advocates.

Funding. Modify DHFS appropriations to fund the contract costs of RCs from current appropriations for MA benefits (GPR only), MA contract administration, community aids and the community options program. Funding would also be budgeted in the federal block grant appropriation for the Division of Supportive Living for this purpose.

Joint Finance/Legislature: Clarify that the necessary separation between RCs and CMOs could be achieved by means other than the establishment of a FC district, if approved by DHFS. Extend the time that a pilot county could operate both a RC and a CMO without restructuring

until January 1, 2001, but require structural separation of at least the eligibility determination and enrollment counseling functions from the CMO no later than January 1, 2001.

Make several technical corrections to the statutory provisions. First, consolidate two sections that are redundant and contradictory regarding the requirement that an entity that operates a RC after June 30, 2001, have no significant connection to an entity that operates a CMO. Second, clarify that a RC must keep a client's records confidential, except in regard to administering the FC program, and must provide DHFS access to these records for administration of the FC program. Third, clarify that the RC would only be required to provide a functional and financial screen for someone seeking admission to a nursing home or other long-term facility if the person is determined by the RC to have a condition expected to last at least 90 days that requires care, assistance or supervision.

[Act 9 Sections: 374, 384, 446, 447, 1012, 1019, 1060, 1068, 1074, 1077, 1113, 1374, 1562 and 1570]

4. CARE MANAGEMENT ORGANIZATIONS (CMOs) [LFB Paper 560]

Governor: Authorize DHFS to establish CMOs statewide and specify the structure and creation of CMOs.

Creation. Authorize a county board and, in counties with a county executive or county administrator, the county executive or county administrator, to decide: (a) whether to authorize one or more county departments or an aging unit to apply to DHFS for a contract to operate a CMO, and if so, which to authorize and what client group to serve; (b) whether to create a FC district to apply to DHFS for a contract to operate a CMO. Authorize the governing body of a tribe or band or the Great Lakes Inter-Tribal Council to apply to operate a CMO for tribal members. Authorize counties and tribes to submit joint applications. Require any county department, FC district or tribal agency to contract with DHFS before establishing or operating a CMO.

Specify that a single entity could not operate both a RC and a CMO but a county could operate a RC and establish a FC district to operate the CMO. Further, specify that the county could operate a CMO while the FC district operates the RC. Specify that a tribe could establish two separate corporations whose governing boards did not share any single individual in which one corporation operated the CMO while the other operated the RC.

Exclusive Contracts. Specify that DHFS could only contract with a county or FC district if the county elects to operate a CMO and the CMO organization meets specified requirements. Within each county, require DHFS to contract initially to operate a CMO for all the target groups or for a selected group or groups. Specify that, during the first 24 months in which the county has a contract under which it accepts a per person per month payment for each enrollee in a CMO, DHFS may not contract with another organization to operate a CMO in the county unless: (a) the county agrees in writing that at least one additional CMO is necessary or

desirable; (b) the county does not have the capacity to serve all county residents who are entitled to the FC benefit in the client group or groups that the county serves and cannot develop the capacity; or (c) the governing body of a tribe, band or the Great Lakes Inter-Tribal Council elects to operate a CMO within the area and is certified to operate a CMO.

For contracts following the initial contracts, require DHFS, after consulting with the Council on Long-Term Care, to prescribe criteria to determine the number of CMOs that are necessary for operation in a county. Require DHFS to solicit applications, certify those applicants that meet requirements for CMOs, select certified applicants for contract and contract with the selected applicants.

Certification Requirements. In order to be certified as a CMO, require all applicants to ensure: (a) adequate availability of providers with the expertise and ability to provide services that are responsive to the disabilities or conditions of all of the applicant's proposed enrollees and sufficient representation of programmatic philosophies and cultural orientations to accommodate a variety of enrollee preferences and needs; (b) adequate availability of providers that can meet the preferences and needs of its proposed service recipients for services at various times, including evenings, weekends and, when applicable, on a 24-hour basis; (c) adequate availability of providers that are able and willing to perform all of the tasks that are likely to be identified in proposed enrollees' service and care plans; (d) adequate availability of residential and day services that are geographically accessible to proposed enrollees' homes, families or friends; (e) adequate supported living arrangements of the types and sizes that meet proposed enrollees' preferences and needs; (f) expertise in determining and meeting the needs of every target population that the applicant proposes to serve and connections to the appropriate service providers; (g) thorough knowledge of LTC and other community resources; (h) the ability to manage and deliver, either directly or through subcontracts or partnerships with other organizations, the full range of benefits to be included in the monthly payment amount; (i) coverage of a geographic area specified by DHFS; (m) the ability to develop strong linkages with systems and services that are not directly within the scope of the applicant's responsibility but that are important to the target group that it proposes to serve, including primary and acute health care services; (n) adequate and competent staffing by qualified personnel to perform all of the functions that the applicant proposes to undertake.

Duties. In addition to meeting certification and contract requirements, require CMOs to: (a) accept the requested enrollment of any person entitled to the FC benefit and, if funding is available, accept the requested enrollment of any person eligible for the FC benefit; (b) conduct a comprehensive assessment for each enrollee, including an in-person interview, using a standard format developed by DHFS; (c) with the enrollee and enrollee's family or guardian, if appropriate, develop a comprehensive care plan reflecting the enrollee's values and preferences; (d) provide or contract for the necessary services and monitor the services; (e) provide, within DHFS guidelines, a mechanism under which an enrollee or a person chosen by the enrollee manages and monitors the services under the FC benefit, and require the CMO to monitor the enrollee's use of a fixed budget for purchase of services or support items for any qualified provider, monitor the health and safety of the enrollee and provide assistance in management

of the enrollee's need and desire for the assistance; (f) provide case management services on a fee-for-service basis for persons who are functionally eligible but not financially eligible for the FC benefit; (g) meet all performance standards required by the federal government or rules promulgated by DHFS; (h) submit all reports and data required or requested by DHFS; (i) implement internal quality improvement and quality assurance processes that meet DHFS standards prescribed by rule; (j) cooperate with external quality assurance reviews; (k) meet DHFS requirements for protection of solvency; and (l) annually submit to DHFS an independent financial audit that meets federal requirements.

Disenrollment. Prohibit a CMO from disenrolling any enrollee except under circumstances specified by DHFS by contract. Prohibit a CMO from encouraging any enrollee to disenroll in order to obtain LTC services under the MA fee-for-service system. Specify that no involuntary disenrollment is effective unless DHFS has reviewed and approved it.

Funding and Risk-Sharing. Authorize DHFS to fund capitated payments to CMOs from amounts budgeted for MA benefits; premium collections, community aids (GPR only), the community options program and amounts recovered under estate recovery provisions. Exempt CMOs from current requirements relating to the purchase of care and services under Chapter 46. Specify that if the expenditures by a CMO exceed payments received from DHFS, as determined by DHFS by contract, DHFS may share the loss with the CMO, within the limits prescribed under the contract with the DHFS. Specify that if the capitation payments exceed the expenditures by a CMO, as determined by DHFS by contract, the CMO may retain a portion of the excess payments, within the limits prescribed under the contract with DHFS and return the remainder to DHFS.

Solvency Protections. Authorize DHFS, by contract, to impose solvency protections that DHFS determines are reasonable and necessary to retain federal financial participation. Specify that these protections could include: (a) the requirement that the CMO segregate a risk reserve from other funds; (b) the requirement that interest accruing to the risk reserve remain in the escrow account for the risk reserve; (c) limitations on the distribution of funds from the risk reserve; (d) the requirement that a CMO place funds in a risk reserve and maintain the risk-reserve in an interest-bearing escrow account with a financial institution, or invest funds in time deposits with a financial institution, if the time deposits mature in not more than two year, or bonds or securities issued or guaranteed as to principal and interest by the federal government or by a commission, board or other instrumentality of the federal government. Specify that moneys in the risk reserve or invested moneys may be expended only for the provision of FC services, and that if a CMO ceases to participate in FC, the funds in the risk reserve or invested funds, less any contributions to the risk reserve that did not derive from excess payments (profits), would be returned to DHFS to pay outstanding CMO debts to providers and to support continuation of FC benefits.

Subcontracts. Authorize CMOs to subcontract with providers on a capitated basis and limit the profits of providers with which they subcontract. Require DHFS to review any

subcontracts, including rates, to ensure that the contract terms protect service access and financial viability of the CMO and authorize DHFS to require contract revisions.

Governing Board. Require a CMO to have a governing board that reflects the ethnic and economic diversity of the area served by the CMO. Specify that at least one-fourth of the members must be 65 years of age or older; persons with physical or developmental disabilities or their family members, guardians or other advocates who are representative of the CMO's enrollee.

Licensure as Home Health Agencies. Exempt CMOs, as well as two other of the state's managed care programs for LTC [the program for all inclusive care for the elderly (PACE) and the Wisconsin Partnership Program] from home health agency licensing requirements.

Exemption from Insurance Statutes. Exempt LTC services provided by a CMO that enrolls only individuals eligible for the FC benefit from insurance regulation unless the services offered by the CMO include hospital, physician or other acute health care services.

Joint Finance/Legislature: Increase the number of years that counties may operate a CMO without competition from two years to four years. Specify that a county-operated CMO would not be subject to any competition in calendar years 2000, 2001 and 2002. In calendar year 2003, a county-operated CMO would also not face any competition as long as the county-operated CMO demonstrates that it is meeting performance standards. If the county cannot demonstrate the capacity to serve all entities in the service area, authorize DHFS to contract with an additional organization to provide the FC benefit in 2003. Beginning in calendar 2004, specify that the contracts for CMOs will be selected on a competitive basis, and that the basis for selection of a CMO will focus on quality of care, rather than the lowest bidder.

Clarify that the necessary separation between RCs and CMOs could be achieved by means other than the establishment of a FC district, if approved by DHFS. Extend the time that a pilot county may operate both a resource center and a CMO without restructuring until January 1, 2001, but require structural separation of at least the eligibility determination and enrollment counseling functions from the CMO not later than January 1, 2001.

Finally, clarify that a CMO must keep a client's records confidential except in regard to administering the FC program, and must provide DHFS access to these records for administration of the FC program.

[Act 9 Sections: 404, 419, 438, 446, 447, 453, 1013, 1020, 1031, 1068, 1075, 1077, 1114, 1530, 1531, 1563, 1571 and 3028]

5. FAMILY CARE DISTRICTS [LFB Paper 560]

Governor: Authorize a county board to create a special purpose district, termed a Family Care district, that is separate and distinct from, and independent of, the state and the county, if the Board: (a) adopts an enabling resolution that declares the need for establishing the district and specifies the FC district's primary purpose, which is to operate under contract with DHFS, either a RC or a CMO, but not both; and (b) files copies of the enabling resolution with DOA, DHFS and DOR. Authorize county boards of two or more contiguous counties to create a multi-county FC district. Specify that the jurisdiction of the FC district would be the county or counties that created the district.

Board Members. Specify that a county board or, in a county with a county administrator or county executive, the county administrator or county executive would appoint FC district Board members. For joint districts, specify that each county board (or county administrator or executive) would appoint a number of directors in proportion to the county's share of the population in the FC district. Specify that the FC district board would consist of 15 persons who are residents of the jurisdiction, except that multi-county districts would have one additional member for each county in excess of two. Require board members to reflect the ethnic and economic diversity of the district, and specify that at least one-quarter of the board members must be either representative of the client group(s) that will be served by the district; or be family members, guardians or other advocates of such persons. Prohibit elected or appointed officials and employees of the county or counties that created the FC district from being board members and prohibit members from having a private, financial interest in any contract or other business of the district.

Specify that board members would serve three-year terms and could serve up to two consecutive terms. The initial board appointments would be staggered as follows: (a) five for three years; (b) five for four years; and (c) the remainder for five years. Specify that a board member would serve until his or her successor is appointed. Specify that board members could be removed for cause by the appointing authority. Specify that if a vacancy occurs in the position of any appointed member of a FC district board, the appointing authority would appoint a person who meets applicable requirements to serve for the residue of the unexpired term. As soon as possible after the appointment of the initial members of the FC district board, the board would organize for the transaction of business and elect a chairperson and other officers. Require each chairperson to be elected by the board from time to time for the term of that chairperson's office as a member of the board or for the term of three years, whichever is shorter, and specify that the chairperson would be eligible for reelection. The presence of a majority of board members would represent a quorum, and the board may act based on the affirmative vote of a majority of a quorum.

Powers. Provide the district the powers necessary and convenient to carry out the operation of a RC or CMO and authorize the district to: (a) adopt and alter an official seal; (b) adopt bylaws and policies and procedures for the regulation of its affairs and the conduct of

business that are consistent with state laws and regulations; (c) sue and be sued; (d) negotiate and enter into leases or contracts to operate a RC or a CMO, but not both; (e) provide services related to services available under the FC benefit to older persons and persons with disabilities, in addition to contracted services; (f) acquire, construct, equip, maintain, improve or manage a resource center or a CMO, but not both; (g) hire and pay employees, fix and regulate compensation and provide employee benefits; (h) mortgage, pledge or otherwise encumber the district's property or funds; (i) buy, sell or lease property, including real estate; (j) invest funds in a financial institution in either an interest-bearing escrow account or a time deposit of two or fewer years or invest in bonds or securities guaranteed by the federal government or its agents; (k) create a risk reserve or other special reserve; (l) accept aid, including loans, from any local, state, or federal governmental agency or accept gifts, loans, grants or bequests from individuals or entities; and (m) make and execute other instruments necessary or convenient to exercise the powers of the family care district. Prohibit a FC district from issuing bonds or levying a tax or assessment.

Duties. Require FC districts to: (a) appoint a director to hold office at the pleasure of the FC board; (b) develop and implement a personnel structure and other employment policies for employees of the FC district; (c) assure compliance with the terms of any contract with DHFS; (d) establish a fiscal operating year and annually adopt a budget for the FC districts; (e) contract for any legal services required for the FC district; and (f) procure liability insurance covering its officers, employees and agents, insurance against any loss in connection with its property and other assets and other necessary insurance; establish and administer a plan of self-insurance; or participate in a governmental plan of insurance or self-insurance.

Duties of Director. Require a director to: (a) manage the property and business of the FC district, subject to the general control of the board; (b) comply with the bylaws and direct enforcement of all policies and procedures adopted by the board; (c) perform other duties prescribed by the board.

Employment and Employee Benefits of Certain Employees. Specify that if a FC district offers employment to any person who was previously employed by the county in a capacity substantially similar to the offered employment, the district would comply with the following requirements: (a) initially provide the same compensation and benefits that the employee received as a county employee; (b) recognize all years of service with the county for any benefit provided or program operated by the district for which years of service affect the benefit; and (c) for employees who were under a collective bargaining agreement at the starting date of employment with the district, abide by the terms of that agreement until it expires or the district adopts a collective bargaining agreement with its employees, whichever occurs first.

Specify that if a county has not established its own retirement system, the district must adopt a resolution to be part of the Wisconsin Retirement System. For counties with their own retirement system, require the county board to allow district employees to be part of the county's retirement system. Specify that, subject to terms of any applicable bargaining unit, FC district

employees are eligible to receive health care coverage under any county health insurance plan and participate in any deferred compensation or other benefit plan offered to county employees.

Treatment of FC Districts as Special Purpose Districts. Specify that a FC district would be subjected to many of the same requirements covering other public entities, including open records laws, open meetings laws, requirements for the publication of legal notices, and auditing by the Legislative Audit Bureau and performance reviews by the Joint Legislative Audit Committee. Require FC districts to comply with the same collective bargaining rules that would allow employees of FC districts to organize and seek to establish all terms of wages, hours and conditions of employment through collective bargaining. Prohibit FC districts from using any public funds for abortions or abortion-related activities.

Specify that FC districts would be subject to regulations affecting both private and public entities. Require FC districts to comply with employer regulations, such as the family and medical leave laws, hours of work and overtime and worker's compensation laws. Include FC districts in the definition of "employer" for purposes of coverage for group and individual health benefits and for small employer health insurance. Include FC districts in the definition of "governmental bodies" as it relates to the state's open meeting law. Specify that FC districts would be subject to laws regulating buildings and safety.

Provide FC districts a number of advantages shared by governmental entities by: (a) exempting FC districts from local property taxation and the state corporate income and franchise taxes; (b) authorizing FC districts to participate in the Wisconsin Retirement System, including disability coverage, local group health insurance, state deferred compensation program, state income continuation program and be included as a coverage group under social security; (c) authorizing FC districts to contract with other local units of government and with federally recognized American Indian tribes and bands in Wisconsin for the receipt or furnishing of services or the joint exercise of required or authorized powers or duties; and (d) permitting FC districts to copy vital records for internal use as long as the copies were marked "for administrative use."

Specify that the obligations and debts of a FC district are not obligations or debts of the county that created the FC district. Authorize counties to appropriate monies to the district as a gift or loan. Authorize a FC district to participate in the local government pooled investment fund.

Specify that a FC district could be dissolved by the joint action of the district board and the county board, subject to the performance of contract obligations and DHFS approval. Provide that if a FC district is dissolved, the property of the FC district would be transferred to the county and if more than one county is involved, require the respective county boards to agree on apportionment of the property before the dissolution can occur. Require that the disposition of any risk reserve be made under the terms of the district's contract with DHFS.

There are a number of regulations, protections, and exemptions that FC districts would be subject to or benefit from that are not described above because this summary only includes items for which there are statutory modifications. In many areas, current statutory language is constructed to apply broadly to all types of governmental units, including special purpose districts and would, consequently, apply to any new type of special purpose district. For example, FC districts would be exempt from the sales and use tax, although the bill does not include any statutory provision to amend the types of entities subject to this tax.

Joint Finance/Legislature: Clarify that the necessary separation between RCs and CMOs could be achieved by means other than the establishment of a FC district, if approved by DHFS. Extend the time that a pilot county may operate both a RC and a CMO without restructuring until January 1, 2001, but require structural separation of at least the eligibility determination and enrollment counseling functions from the CMO not later than January 1, 2001. Delete the requirement that counties must be contiguous in order to combine to form a joint FC district. Also, authorize DHFS to contract with a FC district for a portion of the functions of the resource center.

Allow up to 25% of the board members of the FC district to be elected or appointed officials or employees of the county or counties that created the FC district. Specify that the number of members on a FC district board must be odd and must number between 15 and 21 members. Also, clarify that a member of a FC district board removed for cause does not serve until his or her successor is appointed.

[Act 9 Sections: 5, 6, 118 thru 121, 160, 165, 650, 651, 717, 931b, 931c, 932, 1068, 1082, 1607, 1608, 1621, 1650, 1651, 1652, 1740, 1972, 1999, 2000, 2005, 2034, 3044 and 3240 thru 3242]

6. ELIGIBILITY AND COST-SHARING [LFB Paper 560]

Governor: Specify that a person is eligible for, but not necessarily entitled to, the FC benefit if the person is at least 18 years old or older and does not have a primary disabling condition of mental illness, substance abuse or developmental disability. However, specify that a person whose primary disabling condition is a developmental disability would be eligible if the person is a resident of a county or tribe that has operated a CMO before July 1, 2001.

Functional Eligibility. Specify that a person is functionally eligible for FC if any of the following applies, as determined by DHFS or its designee:

a. The person's functional capacity is at the comprehensive level, which is defined as a long-term or irreversible condition, expected to last at least 90 days or result in death within one year of the date of application, and requires ongoing care, assistance or supervision.

b. The person's functional capacity is at the intermediate level, which is defined as a condition that is expected to last at least 90 days or result in death within 12 months after the

date of application, and is at risk of losing his or her independence or functional capacity unless he or she receives assistance from others;

c. The person has a condition that is expected to last at least 90 days or result in death within 12 months after the date of application, and on the date that the FC benefit became available in the person's county of residence, the person was a resident in a nursing home or was receiving LTC services, as specified by DHFS, funded under COP, MA community-based waivers, the Alzheimer's family caregiver support program, community aids or other county funding documented by the county.

Financial Eligibility. Specify that a person is financially eligible for the FC benefit if, as determined by DHFS or its designee, the person: (a) would qualify for MA except for financial criteria and the projected cost of the person's care plan, as calculated by DHFS or its designee, exceeds the person's gross monthly income, plus one-twelfth of his or her countable assets, less deductions and allowances permitted by DHFS rule; or (b) is eligible for MA and accepts MA unless he or she is exempt from the acceptance under DHFS rules.

Cost-Sharing. Require persons who meet financial eligibility requirements for the FC benefit to contribute to the cost of their care an amount that is calculated by DHFS or its designee after subtracting from the person's gross income, plus one twelfth of countable assets, the deductions and allowances permitted by DHFS rule. Specify that these contributions would be used by CMOs to pay for services under the FC benefit. Specify that if a person fails to make the required cost sharing contribution, that person would be ineligible for the FC benefit unless he or she is exempt from the requirement under DHFS rules.

Entitlement. Specify that a person is entitled to the FC benefit through enrollment in a CMO if he or she meets eligibility requirements, fulfills any applicable cost-sharing requirements and: (a) is functionally eligible at the comprehensive level; (b) is functionally eligible at the intermediate level and is eligible for MA; (c) is functionally eligible at the intermediate level and is determined to be in need of protective services or protective placement; (d) has a condition that is expected to last at least 90 days or result in death within 12 months after the date of application, and on the date that the FC benefit became available in the person's county of residence, the person was a resident in a nursing home or was receiving LTC services, as specified by DHFS, funded under COP, MA community-based waivers, the Alzheimer's family caregiver support program, community aids or other county funding documented by the county; or (e) has a primary disabling condition that is a developmental disability and is a resident of a county or tribe that has operated a CMO before July 1, 2001.

Specify that, within each county and for each client group, entitlement would first apply on the effective date of a contract under which a CMO accepts a capitated payment, and within 24 months after this date, require DHFS to assure that sufficient capacity exists to provide the FC benefit to all entitled persons in that county. Require DHFS to determine the date, no later than July 1, 2000, on which entitlement would first apply to persons not eligible for MA.

Disenrollment of Entitled Persons. Prohibit CMOs from disenrolling entitled individuals except: (a) for cause, under circumstances specified by DHFS by contract and with DHFS review and approval; and (b) if the contract between the CMO and DHFS is canceled or not renewed, in which case DHFS must assure that enrollees continue to receive needed services through another CMO, the MA fee-for-service system or other specified program.

Divestment, Estate Recovery and Spousal Impoverishment. Specify that FC enrollees would be subject to divestment restrictions, estate recovery, the treatment of trust accounts and spousal impoverishment protections applicable under MA. Require DHFS to promulgate rules in each of these areas that are substantially similar to the provisions under MA. Modify statutes relating to state probate and other estate laws to provide for the same methods used for estate recoveries of MA benefits to be used for recoveries of FC benefits.

Joint Finance/Legislature: Clarify that an elderly person or a physically disabled person who also has a mental illness, substance abuse problem or developmental disability would still be eligible for the FC benefit. Clarify that a person who was determined as needing care under the functional screen would not also have to meet the MA disability requirements. Include an additional cross reference to assure that a FC participant who is eligible for MA is able to use MA services, such as physician and hospital services, under the fee-for-service system. Clarify that a person eligible for the FC benefit would be able to receive assistance under FC for long-term services received in a residential care apartment complex.

Clarify that DHFS or its designee would be authorized to involuntarily disenroll an entitled person if it is determined that the person no longer meets eligibility requirements for FC. Specify that a recipient of COP, community aids or similar program would have to have been receiving that assistance for 60 days in order to use the "grandfathering" provision to be entitled to the FC benefit. Finally, clarify that DHFS could recover the costs of services provided to FC recipients if the service was provided based on a misstatement or omission of fact by the applicant or by the failure to report income or assets received by the person, rather than limiting recoveries to correctly paid benefits under estate recovery.

[Act 9 Sections: 404, 453, 1068, 1078, 1433, 1433v, 1435, 1438, 1439, 1501d, 3047 thru 3049 and 3102 thru 3110]

7. CONFLICT RESOLUTION [LFB Paper 560]

Governor: Permit an applicant, an eligible person or enrollee to submit a written request for a hearing, which would be held under procedures for hearing these disputes that are prescribed by DHFS rule, within 45 days after receipt of a notice of the contested matter, to contest: (a) denial of eligibility; (b) determination of cost sharing; (c) denial of entitlement; (d) failure to provide timely services under the care plan; (e) reduction of services under the FC benefit; (f) a care plan that is unacceptable because the care plan requires the enrollee to live in a place that is unacceptable to the enrollee or the plan of care provides care, treatment or support

items that are insufficient to meet the enrollee's needs, are unnecessarily restrictive or are unwanted by the enrollee; and (g) termination of the FC benefit. However, specify that an applicant for MA or an MA recipient is not entitled to a hearing concerning an identical dispute or matter under these provisions and federal MA law.

Specify that an enrollee may also contest a decision of a CMO regarding the type, amount or quality of services other than those specified above or the choice of service provider. In these cases, require the enrollee first to send a written request for review by the unit of DHFS that monitors CMO contracts, which would attempt to resolve the dispute. Specify that if the dispute is not resolved, the person could request a hearing.

Require DHFS to promulgate rules governing hearing rights and procedures. Require RCs and CMOs, in a form and manner as prescribed by DHFS rule, to inform FC clients of the availability of advocacy services, and provide notice of adverse actions taken and appeal rights.

Joint Finance/Legislature: Clarify that hearings would be conducted through the Department of Administration's Division of Hearings and Appeals. Specify that a FC applicant or participant could request a hearing if the RC or CMO did not act on the contested matter within the time frames established by DHFS, rather than limiting the opportunity to a hearing only if the person receives a decision from the RC or CMO. For some matters, a notice of the decision on a contested matter would not be required. Also, allow an enrollee to contest any decision, omission or action of the CMO as long as the enrollee first attempts to resolve the matter through DHFS unit for monitoring CMO contracts. Finally, delete a provision that requires DHFS to promulgate rules on the rights of clients, eligible persons and enrollees because the bill does not specify these rights.

[Act 9 Section: 1079]

8. PREADMISSION REQUIREMENTS FOR NURSING HOMES AND OTHER RESIDENTIAL FACILITIES AND DISCHARGE REQUIREMENTS FOR HOSPITALS
[LFB Paper 560]

Governor: Require nursing homes, community-based residential facilities (CBRFs), adult family homes and residential care apartment complexes to inform prospective residents, within the time specified by DHFS by rule, of the services of RCs, the FC benefit and the availability of functional and financial screens to determine FC eligibility if the DHFS Secretary has certified that a RC is available for the facility that serves the target group under which the prospective resident would be categorized.

Require these facilities to refer persons who are seeking admission to the facility to a RC, within the time period specified by DHFS by rule, if: (a) the person is at least 65 years of age or has a physical disability; and (b) the person's disability or condition is expected to last at least 90 days. Provide that a referral would not be required if the Secretary has not certified that a RC is

available for the facility or prospective resident's group or if one of the following applies: (a) the person has received a screen for functional eligibility within the previous six months; (b) the person is entering the institution only for respite care; or (c) the person is an enrollee of a CMO.

Modify the current requirement that prohibits nursing homes from admitting a person unless that person has received a COP assessment or has waived or is exempt from the assessment to exclude persons for whom the DHFS Secretary has certified a RC is available. This modification, in conjunction with the referral requirement, would require a nursing home to refer the person to a RC if a RC is available, prior to admitting that person. For persons for whom a RC is not available, the person would have to receive a COP assessment (or a waiver or exemption of the assessment) prior to admission.

Eliminate the current requirement that prohibits CBRFs in the area served by a RC pilot project from admitting anyone unless that person has received an assessment from the RC, has waiver or is exempt from the assessment. Instead, require CBRFs and the other specified facilities to refer such persons to the RC, and require the RC to provide a functional and financial screen to any person seeking admission to these facilities.

Require DHFS to promulgate rules that require hospitals to refer a person to a RC before being discharged from the hospital if that person: (a) is age 65 or older, developmentally disabled, or physically disabled; or (b) has a disability or condition requiring LTC services that is expected to last at least 90 days. Specify that this requirement would only apply if the Secretary has certified that a RC is available for the hospital and for the target group under which the person would be categorized.

Penalties. Provide that if a nursing home violates these information or referral requirements, the violation would be treated as a class "C" violation, which would subject the nursing home to a fine of up to \$500 if the nursing does not correct the violation or has a repeat violation.

Establish for CBRFs, residential care apartment complexes and hospitals a forfeiture of up to \$500 for each violation of the above requirements and establish an appeals mechanism to contest this forfeiture. Authorize DHFS to assess directly this forfeiture by sending a notice of assessment to the facility. Specify that the notice include the amount of the assessment, the violation and statute or rule alleged to have been violated, and inform the facility of the right to a hearing. Provide that a facility could contest the forfeiture by sending a written request for a hearing to the DOA Division of Hearings and Appeals within 10 days of notice of the forfeiture. Authorize the Division Administrator to designate a hearing examiner to preside over the case and to recommend a decision to the Division Administrator. Require a hearing to be held within 30 days of the request for a hearing and require that the Division Administrator issue a decision within 15 days after close of the hearing. Specify that proceedings would be governed by Chapter 227 of the statutes.

If the forfeiture is not contested, require the facility to pay DHFS the forfeiture within 10 days of the notice of the forfeiture. If it is contested, specify that the deadline for payment of the fine would be delayed until 10 days after receipt of the final administrative decision, unless the final administrative decision is appealed and the order is stayed by court order. Specify that all forfeitures would be deposited in the school fund and that if a forfeiture has not been paid after all administrative and judicial reviews, the Attorney General would be authorized to bring an action in the name of the state to collect any unpaid forfeiture. Specify that the only issue to be contested in an action by the Attorney General is whether the forfeiture has been paid.

Joint Finance: Include hospitals in the list of entities to whom the Secretary certifies that a RC is available for purposes of providing functional and financial screens.

Assembly/Senate: Clarify that a person who seeks admission to a CBRF, adult family home or a residential care apartment complex would not be required to disclose financial information to a RC if that person would utilize their own resources for paying for their care in these facilities, unless the person would be eligible for MA within six months after the performance of the financial screen. In addition, specify that a RC need not provide a financial screen for a person who seeks admission to a facility on a private pay basis who waives the requirement for a financial screen, unless the person will be eligible for MA within six months after the performance of the financial screen.

Conference Committee/Legislature: Include Assembly provision. In addition, clarify the provision to meet the intent.

[Act 9 Sections: 1039, 1040, 1041, 1055, 1403, 1493, 1496 thru 1501, 1502 thru 1508, 1510 thru 1515, 1525, 1526, 9323(3) and 9423(5)]

9. COP RISK RESERVE AND USE OF COP CARRYOVER FUNDS [LFB Paper 560]

Governor/Legislature: Authorize counties to establish a risk reserve for the community options program (COP) and to place allocated COP funds that are not expended or encumbered for assessments, case plans or services in the risk reserve. Specify that any deposits in the risk reserve would reduce, by an equal amount, the limit on the amount of COP funds that can be carried forward to the subsequent calendar year. Under current law, a county can carry forward up to 10% of its COP allocation for use in the next calendar year if not spent or encumbered in the current year. Require the county to notify DHFS about any amounts placed in a risk reserve and require the county to annually submit to DHFS, on a form prescribed by DHFS, a record of the status of the risk reserve, including revenues and disbursements.

Specify that the county must maintain the risk reserve in an interest-bearing escrow account with a financial institution and that the terms of the escrow account be approved by DHFS. Require that all interest from the principal be reinvested in the escrow account. Limit the annual amount that could be placed in a risk reserve to 10% of the county's most recent COP

allocation or \$750,000, whichever is less. Limit the total amount of the risk reserve, including interest, to a maximum of 15% of the county's most recent COP allocation.

Authorize counties to expend funds from the risk reserve for any of the following purposes: (a) to defray the costs of COP services; (b) to meet costs of a county-operated CMO; (c) to transfer funds to a FC district, if approved by the county board; and (d) to fund COP administrative or staff costs, if approved by DHFS.

Eliminate the current limit of \$500,000 on the amount of unexpended or unencumbered COP funds that DHFS may carry forward into the next fiscal year. Expand the authorized uses of funds carried forward by DHFS to include payments to counties for planning and implementation of RCs and CMOs. Currently, these carryover funds may be used for the improvement or expansion of COP services for clients whose cost of care significantly exceeds the average cost of care under COP.

[Act 9 Sections: 447, 1032, 1043, 1044, 1046, 1047 and 1048]

10. WAIVERS TO COP RULES TO FACILITATE TRANSITION TO FAMILY CARE [LFB Paper 560]

Governor/Legislature: Authorize the DHFS Secretary to grant to a county limited waivers or exemptions from certain state laws and rules governing the COP program and the MA community-based waiver programs for the elderly and physically disabled (COP-Waiver and CIP II), if the Secretary finds that such waivers and exemptions are necessary to facilitate the transition to the FC program and if such waivers and exemptions are consistent with applicable federal statutes and regulations. Specify that the waivers and exemptions could be granted in the following areas: (a) significant proportions requirements that specify minimum shares of COP, COP-W and CIP II funding for the elderly, physically disabled, developmentally disabled, and chronically mentally ill; (b) restrictions on the use of COP, COP-W and CIP II funding for persons residing in CBRFs; (c) rules for COP cost sharing; (d) requirements for assessing and providing COP services to someone residing in a nursing home who wants to be assessed; (e) the provision of COP assessments and case plans; (f) financial eligibility requirements for COP; (g) limiting the number of slots supported under CIP II to the number of closed nursing home beds.

[Act 9 Section: 1081]

11. LONG-TERM CARE COUNCIL [LFB Paper 560]

Governor/Legislature: Create in DHFS a 15-member Council on Long-Term Care that terminates on July 1, 2001, or on the day after publication of the 2001-03 biennial budget act, whichever is later. Specify that Council members and the Council chairperson would be

appointed by the Governor. Require the Council to assist DHFS in developing broad policy issues related to LTC services and developing, implementing, coordinating and guiding LTC services and systems, including the standard contract provisions for RCs and CMOs, the FC benefit (including the per person rate structure for the benefit), the state's other community-based LTC programs and the provision of MA services under a fee-for-service system. Require the Council to monitor patterns of complaints, grievances and appeals related to LTC in order to identify issues of statewide importance, review patterns of various types of services by CMOs and monitor the pattern of CMO enrollments and disenrollments throughout the state.

Require the Council to report annually to the Legislature and Governor on the status, significant achievements and problems of RCs, CMOs and FC benefit, including the number of persons served, the costs of care provided under the FC benefit, the number and service areas of RCs and CMOs, waiting list information and the results of reviews of quality of services provided by RCs and CMOs.

[Act 9 Sections: 31, 32, 1070 thru 1073 and 9423(1)]

12. COP LONG-TERM SUPPORT PLANNING COMMITTEE REQUIREMENTS [LFB Paper 560]

Governor: Expand the required duties of COP county long-term support planning committees to: (a) advise the county board and, if applicable, the county executive or county administrator on whether to apply to operate a RC or CMO and whether to create a FC district for that purpose; (b) review initial plans and existing provider networks of any CMO in the area to assist the CMO in developing a network of providers that includes a sufficient number of accessible, convenient and desirable services; and (c) advise CMOs on the choice to offer optional acute and primary health care services, and if so, on how these benefits should be offered.

Require that the county COP plan prepared by the county long-term support planning committee include a description of how the activities of a CMO pilot project, as well as the activities of a RC pilot project, relate to and are coordinated with the county's proposed COP program, if a pilot project is established in the county.

Joint Finance/Legislature: Delete the provisions that would expand the responsibilities of the COP planning committees. Instead, authorize and require the creation of local long-term care councils (LTCCs) in areas that would participate in the FC pilot program. Specify that in a county where a LTCC is formed and assumes the duties of the COP planning committee, the COP planning committee would be dissolved and the LTCC would be required to advise the county on its COP plan. However, the county would determine the final COP plan that is submitted to DHFS.

Require the county board of supervisors and, in counties with a county executive or county administrator, the county executive or county administrator, subject to confirmation by the county board of supervisors, to appoint the LTCC. A LTCC could also be formed by two or more contiguous counties. If the land of any Indian tribe or band is located in the county or contiguous counties, each tribe or band would appoint at least one member of the LTCC. The members of the LTCC that are consumer representatives (elderly, disabled and their families members, guardians or advocates) could be chosen from a list of nominations that are submitted by consumers or by local organizations that represent these consumers. Any Indian tribe or band that intends to apply for certification as a resource center or CMO would be required to appoint a LTCC.

Specify that a LTCC that serves a single-county area would consist of 17 members, at least nine of whom would be elderly, physically disabled, developmentally disabled or their immediate family members or other representatives. The age or disability represented by these nine members would correspond to the proportion of persons receiving long-term care in this state who are elderly, or have a physical or developmental disability. The remaining membership would consist of providers of long-term care services, persons residing in the county with recognized ability and demonstrated interest in long-term care and up to three members of the county board of supervisors or other elected officials. A LTCC that serves an area of two or more counties would consist of 23 members, at least 12 of which would be consumer representatives. Specify that up to four members of the county boards of supervisors or other elected officials could served, but if there are more than four counties served, the number of county elected officials could increase to allow at least one county official from each participating county. A LTCC council appointed by a tribe, band or by the Great Lakes Inter-Tribal Council, Inc., would consist of 21 members, at least 11 of whom would be consumer representatives, while up to three members of the governing board of the tribe, band or the Great Lakes inter-tribal council could be appointed to the LTCC.

Vacancies in the membership of the LTCC would be filled for the residue of the unexpired term and in the same manner as the original appointments. A member of the LTCC could be removed from office for the following reasons: (a) for cause, by a two-thirds vote of each county board of supervisors; or (b) if the member when appointed was a county elected official but was not reelected.

Members of the LTCC would serve three-year terms. No member could serve more than two consecutive terms. Of the members first appointed for a 17-member council, six would be appointed for three years, six would be appointed for four years and five would be appointed for five years. For a 23-member council, eight would be appointed for three years, eight for four years and seven for five years. The county would provide training to the consumer members of the LTCC to enable them to participate effectively and the county would provide compensation for reasonable expenses associated with membership participation. At the first meeting of the LTCC, members would elect a chairperson, a secretary and other officers as necessary. The chairperson would preside at all meetings when present and countersign all actions taken by the LTCC.

The duties of the LTCC would include all of the following:

- a. Develop the initial plan for the structure of the resource center, CMO, including recommendations to the county board (or other governing board of tribe) and to DHFS on all of the following: (1) whether the county (tribe) should exercise its right of first selection to operate a resource center or CMO and how the operation should proceed; (2) whether local organizations other than the county (or tribe) should serve as alternatives or in addition to county-operated entities to operate a resource center or a CMO; and (3) if applicable, how county-operated functions should interact with a resource center or CMO that is operated by an Indian tribe or band.
- b. Under criteria prescribed by DHFS in consultation with the Council on Long-Term Care, evaluate and determine whether additional CMOs are needed in the area and if so, recommend this to DHFS;
- c. Advise DHFS regarding applications for initial certification or certification renewal of CMOs, including providing recommendations for organizations applying for certification or recertification, and assist DHFS in reviewing and evaluating the applications;
- d. Receive and monitor information about complaints from persons served by the CMOs concerning whether the numbers of providers of long-term care services used by the CMOs are sufficient to ensure convenient and desirable consumer choice and provide recommendations to DHFS;
- e. Review initial plans and existing provider networks of any CMO to assist the CMO in developing a network of service providers that includes a sufficient number of accessible, convenient and desirable services;
- f. Advise CMOs about whether to offer optional acute and primary health care services and, if so, how these benefits should be offered;
- g. Review the utilization of various types of long-term care services by CMOs;
- h. Monitor the pattern of enrollments and disenrollments in the CMOs;
- i. Identify gaps in services, living arrangements and community resources and develop strategies to build local capacity to serve older persons and persons with physical or developmental disabilities;
- j. Perform long-range planning on policy for older persons and persons with physical or developmental disabilities;
- k. Annually review interagency agreements between the resource center and CMOs and make recommendations, as appropriate, on the interaction between the resource center and CMOs to assure coordination among them;

l. Annually review the number and types of complaints and grievances about the long-term care system by persons who receive or may receive care under the system, to determine if a need exists for system changes, and recommend system or other changes, if appropriate;

m. Identify potential new sources of community resources and funding for needed services for the elderly and disabled;

n. Support long-term care system improvements to the elderly and disabled;

o. Annually report to DHFS and to the Long-Term Care Council concerning significant achievements and problems in the local long-term care system; and

p. Advise on whether the county-operated CMO is meeting the performance standards in 2002 and whether the Department should contract with an additional CMO in 2003.

Require DHFS to consult with the LTCC before soliciting applications for CMOs when there is open competition for the function in calendar year 2004 and later. Specify that an entity that is applying for the CMO function could include in its application materials the recommendations about the application from the LTCC. Finally, specify both the county and LTCC, rather than just the county, must agree in writing in order for DHFS to contract for a non county-operated CMO in the period of protection against competition.

[Act 9 Sections: 1033g thru 1038 and 1072]

13. BOARD ON AGING AND LONG-TERM SERVICES -- OMBUDSMAN SERVICES
[LFB Paper 560]

Governor/Legislature: Require the Board on Aging and Long-Term Care to contract with one or more organizations to provide advocacy services to potential or actual recipients of the FC benefit or their families or guardians. Prohibit the Board from contracting with any organization that is a RC, a CMO, a provider of LTC services or an affiliate of a provider of LTC services. Require the advocacy services to include all of the following: (a) information, technical assistance and training about how to obtain needed services; (b) advice and assistance in preparing and filing complaints and appeals of complaints; (c) assistance in negotiation and mediation; (d) assistance regarding the appropriate interpretation of statutes, rules, or regulations; and (e) assistance in administrative hearings and legal representation for judicial proceedings. Funding relating to these ombudsman services totals \$255,200 in 1999-00 and \$443,100 in 2000-01, which would be claimed as MA administration and funded on a 50% GPR/50% FED basis. This funding would support 1.0 additional position for the Board to

provide supervision activities and contract costs for an estimated 5.0 ombudsman positions in 1999-00 and 6.5 ombudsman positions in 2000-01.

[Act 9 Section: 41]

14. DHFS POWERS AND DUTIES [LFB Paper 560]

Governor/Legislature: Require DHFS to do all of the following: (a) provide training to members of the Council on Long-Term Care who are aged 65 or older or who have a physical or developmental disabilities or their family members, guardians or other advocates, to enable these members to participate in the Council's duties; (b) provide information to the Council and seek recommendations of the Council; (c) request from the federal Department of Health and Human Services any waivers of federal MA laws necessary to permit the use of federal moneys to provide the FC benefit to MA recipients, require DHFS to implement any waiver that is approved and consistent with the FC provisions, but specify that, regardless of whether a waiver is approved, DHFS could implement operation of RCs, CMOs and the FC benefit; and (d) prescribe and implement a per person monthly rate structure for costs of the FC benefit.

In order to maintain continuous quality assurance and quality improvement for RCs and CMOs, require DHFS to: (a) prescribe by rule and by contract and enforce performance standards for RCs and CMOs; (b) use performance expectations that are related to outcomes for persons in contracting with CMOs and RCs; (c) conduct ongoing evaluations of the LTC system; (d) require that quality assurances and quality improvement efforts be included throughout the LTC system; (e) ensure that reviews of the quality management and service delivery of RCs and CMOs are conducted by external organizations and make information about specific review results available to the public; (f) require by contract that RCs and CMOs establish procedures under which an individual who applies for or receives the FC benefit could register a complaint or grievance and procedures for resolving complaints and grievances; (g) prescribe criteria to assign priority equitably on any necessary waiting lists for persons who are eligible, for, but not entitled to, the FC benefit.

Require that, before July 1, 2001, DHFS: (a) establish, in geographic areas determined by DHFS, a pilot project under which DHFS contracts with a county, a FC district, a tribe or band or the Great Lakes Inter-Tribal Council, Inc. or with any two or more of these entities, to operate a RC; (b) contract with counties, tribes or bands under a pilot project to demonstrate their ability to manage all LTC programs and administer the FC benefit as a CMO. Require that, after June 30, 2001, DHFS contract with one or more entities as CMOs and one or more entities to provide the services of a RC.

Authorize DHFS to develop risk-sharing arrangements in contracts with CMOs, in accordance with applicable state laws and federal statutes and regulation.

Require the DHFS Secretary to certify to each county, nursing home, CBRF, adult family home and residential care apartment complex the date on which a RC that serves the area of the county or facility is available to provide a functional and financial screen. To facilitate the phase-in or services of RCs, authorize the DHFS Secretary to certify that the RC is available for specified groups of eligible individuals or for specified facilities in the county.

[Act 9 Section: 1069]

15. RULES [LFB Paper 560]

Governor: Exempt DHFS from the requirements to provide evidence that emergency rules are necessary for the preservation of the public peace, health, safety or welfare, and to provide a finding of emergency. Specify that these provisions would apply to rules in the following areas: (a) standards for performance by RCs and for certification of CMOs, including requirements for maintaining quality assurance and quality improvement; (b) hearing rights of clients, eligible persons and enrollees for the FC program; (c) criteria and procedures for determining functional eligibility, cost sharing, and entitlement under the FC benefit; (d) divestment, treatment of trust amounts, spousal impoverishment, and estate recovery rules for the FC benefit; and (e) the information and referral requirements for nursing homes and other institutional providers.

Require DHFS to promulgate as rules all of the following: (a) standards for performance by RCs and for certification of CMOs, including requirements for maintaining quality assurance and quality improvement; (b) rights of persons applying for eligibility for the FC benefit, persons who are eligible for the FC benefit and enrollees; (c) criteria and procedures for determining functional eligibility, cost sharing and entitlement for benefits; and (d) procedures and standards for hearings. Require that the rules be substantially similar to eligibility criteria for COP services. Require that the rules include definitions of the following terms and phrases: (a) primary disabling condition; (b) mental illness; (c) substance abuse; (d) long-term or irreversible; (e) requires ongoing care, assistance or supervision; (f) condition that is expected to last at least 90 days or result in death within one year; (g) at risk of losing independence or functional capacity; (h) gross monthly income; (i) deductions and allowances; and (j) countable assets.

Joint Finance/Legislature: Delete the provision that would require DHFS to promulgate rules relating to the rights of persons applying for eligibility for the FC benefit and enrollees.

[Act 9 Sections: 1080 and 9123(1)]

16. INFORMATION EXCHANGE [LFB Paper 560]

Governor/Legislature: Authorize RCs, CMOs, FC districts, county departments and service providers to exchange client information among these entities without the client's informed consent if necessary to enable these entities to perform their duties.

[Act 9 Sections: 1010, 1017, 1024, 1029, 1566 and 1572]

17. FAMILY CARE -- ALTERNATIVE MODEL [LFB Paper 560]

Joint Finance/Legislature: Require DHFS to seek the necessary waivers from the federal government to implement an alternative model and to seek statutory language, including a funding request, to implement the alternative model as approved under federal waivers. The alternative model would: (a) expand the current MA waiver programs to incorporate some, but not all, of the long-term care services currently covered under the MA fee-for-service system, and would include personal care and home health care; (b) not require competition or separation of the resource center from the CMO; (c) not cost more than the cost under Family Care, and alternative model pilot counties would be expected to reduce the current average costs per person served in the overall long-term care system in order to serve people on the waiting list; (d) be funded on a per person per month basis, using the same methodology as Family Care, with adjustments for the services included in the service package, and would have access to similar risk-sharing arrangements as in Family Care; (e) use resource centers similar to Family Care to conduct preadmission screening, eligibility determinations, and provide information and assistance. Specify that the alternative model would be evaluated, together with the Family Care pilots, and the evaluation of the alternative model would address access, quality and cost effectiveness. The alternative model would be implemented in up to three sites.

[Act 9 Section: 9123(1n)]

18. FAMILY CARE -- EVALUATION

Joint Finance: Require the Legislative Audit Bureau, as soon as possible, to contract with an organization other than an agency of the state, to evaluate the FC pilots and require that the evaluation address cost-effectiveness, access to services and quality of care. The bill contains \$100,000 in each year of the biennium for evaluation of the FC pilots.

Assembly/Legislature: Specify that the independent evaluation of the Family Care program must include a comparison of the costs of care in a nursing home versus community setting and provide a breakdown of the individual costs involved.

[Act 9 Sections: 9123(1m) and 9131(3m)]

HIGHER EDUCATIONAL AIDS BOARD

Budget Summary							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$120,710,400	\$123,505,600	\$122,462,300	\$128,398,400	\$125,070,900	\$4,360,500	3.6%
FED	2,443,600	1,065,400	1,065,400	1,065,400	1,065,400	- 1,378,200	- 56.4
PR	716,600	3,085,000	2,361,600	2,361,600	2,361,600	1,645,000	229.6
SEG	<u>220,000</u>	<u>220,400</u>	<u>220,400</u>	<u>220,400</u>	<u>220,400</u>	<u>400</u>	<u>0.2</u>
TOTAL	\$124,090,600	\$127,876,400	\$126,109,700	\$132,045,800	\$128,718,300	\$4,627,700	3.7%

FTE Position Summary						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change
						Over 1998-99 Base
GPR	11.50	11.00	10.50	12.36	12.36	0.86
FED	3.50	0.00	0.00	0.00	0.00	- 3.50
PR	5.50	5.50	0.00	0.00	0.00	- 5.50
SEG	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>0.64</u>	<u>0.64</u>	<u>- 0.86</u>
TOTAL	22.00	18.00	12.00	13.00	13.00	- 9.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Adjust the base budget for: (a) full funding of salaries and fringe benefits (-\$9,200 GPR, \$60,600 FED, \$20,900 PR and \$200 SEG annually); and (b) reclassification of positions (\$2,100 GPR annually).

GPR	- \$14,200
FED	121,200
PR	41,800
SEG	<u>400</u>
Total	\$149,200

2. TUITION GRANT PROGRAM FUNDING [LFB Paper 570]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Veto (Chg. to Leg.)	Net Change
GPR	\$3,373,900	-\$607,700	\$2,372,200	-\$1,189,400	\$3,949,000

Governor: Provide \$1,102,600 in 1999-00 and \$2,271,300 in 2000-01 to increase funding for the tuition grant program by 6.0% annually. Total funding would increase from \$18,375,900 in 1998-99 to \$19,478,500 in 1999-00 and \$20,647,200 in 2000-01. Tuition grants are need-based and are awarded to resident undergraduates enrolled at private, nonprofit postsecondary institutions and tribal colleges in Wisconsin.

Joint Finance: Reduce funding by \$198,600 in 1999-00 and \$409,100 in 2000-01, to provide a net increase of 4.92% in 1999-00 and 4.97% in 2000-01. Total funding for the program would increase from \$18,375,900 in 1998-99 to \$19,279,900 in 1999-00 and \$20,238,100 in 2000-01.

Assembly: Provide an additional \$299,700 in 1999-00 and \$623,900 in 2000-01. Including the amounts provided under Joint Finance, total funding for the program would increase from \$18,375,900 in 1998-99 to \$19,579,600 in 1999-00 and \$20,862,000 in 2000-01, resulting in annual increases of 6.55%.

Senate/Legislature: Provide \$1,186,100 annually as a change to Joint Finance. Including the amounts provided by the Governor and Joint Finance, total funding for the program would increase from \$18,375,900 in 1998-99 to \$20,466,000 in 1999-00 and \$21,424,200 in 2000-01, resulting in annual increases of 11.37% in 1999-00 and 4.68% in 2000-01.

Veto by Governor [A-4]: Delete \$803,800 in 1999-00 and \$385,600 in 2000-01. Total funding for the program will increase from \$18,375,900 in 1998-99 to \$19,662,200 in 1999-00 and \$21,038,600 in 2000-01, which represents increases of 7.0% annually.

[Act 9 Vetoes Section: 172 (as it relates to s. 20.235(1)(b))]

3. WISCONSIN HIGHER EDUCATION GRANT (WHEG) PROGRAM FUNDING FOR UW STUDENTS [LFB Paper 570]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Veto (Chg. to Leg.)	Net Change
GPR	\$3,166,200	-\$570,100	\$2,529,300	-\$1,814,400	\$3,311,000

Governor: Provide \$1,034,700 in 1999-00 and \$2,131,500 in 2000-01 to increase funding for the WHEG program for UW students by 6.0% annually. Total funding would increase from \$17,244,800 in 1998-99 to \$18,279,500 in 1999-00 and \$19,376,300 in 2000-01.

Joint Finance: Reduce funding by \$186,300 in 1999-00 and \$383,800 in 2000-01, to provide a net increase of 4.92% in 1999-00 and 4.97% in 2000-01. Total funding for the program would increase from \$17,244,800 in 1998-99 to \$18,093,200 in 1999-00 and \$18,992,500 in 2000-01.

Assembly: Provide an additional \$130,900 in 1999-00 and \$266,500 in 2000-01. Including the amounts provided by the Governor and Joint Finance, total funding for the WHEG-UW program would increase from \$17,244,800 in 1998-99 to \$18,224,100 in 1999-00 and \$19,259,000 in 2000-01, resulting in annual increases of 5.68%.

In addition, create a program revenue appropriation within HEAB to supplement funding for the program. Funding for the new appropriation would be transferred annually from the UW System's appropriation for tuition and fee revenues. Require HEAB to determine by February 1, 2000, and annually thereafter, all of the following:

a. The percentage by which resident undergraduate tuition charged in the current academic year at each UW System institution has increased or decreased from the tuition amount charged in the prior academic year.

b. The highest percentage increase determined under a. If resident undergraduate tuition for the current academic year decreased or did not change from the tuition amount charged in the prior academic year, the highest percentage would be zero.

c. The result obtained by multiplying 1.0 plus the highest percentage increase in tuition, as determined under b. expressed as a decimal, by the sum of the amounts appropriated in the current fiscal year under the GPR appropriation for WHEG awards to UW students and the new PR appropriation.

Provide that, on October 1, 2000, and annually thereafter, an amount equal to the amount determined under c. less the GPR amount appropriated for the WHEG program for UW students in that fiscal year, rounded to the nearest \$100, would be transferred from the UW System's appropriation for tuition and fee revenues.

Senate: Provide an additional \$186,300 in 1999-00 and \$383,800 in 2000-01 to provide a 6% annual increase. Including the amounts provided by the Governor and Joint Finance, total funding for the program would increase from \$17,244,800 in 1998-99 to \$18,279,500 in 1999-00 and \$19,376,300 in 2000-01. Funding in the second year would represent the estimated cost of the proposed sum sufficient appropriation described below, if the highest percentage increase in resident undergraduate tuition charged at a UW System institution in 1999-00 would be 6%. At the time the Senate acted, information was not available on what the actual increase would be in 1999-00 and the 6% figure was only an assumption used for purposes of this estimate.

In addition, change the appropriation for the WHEG program for UW students from a biennial sum certain appropriation to a sum sufficient appropriation. Require HEAB to determine, by February 1, 2000, and annually thereafter, the amount to be appropriated for the program in the upcoming fiscal year by determining the percentage by which resident

undergraduate tuition charged for the current academic year at each institution within the UW System has increased or decreased from resident undergraduate tuition charged for the previous academic year. Specify that the appropriation for the WHEG program for UW students for the upcoming fiscal year would be equal to the result obtained by increasing, to the nearest \$100, the amount provided for WHEG awards in the current year by the highest percentage increase in resident undergraduate tuition charged at a UW System institution, as determined by HEAB. Provide that if resident undergraduate tuition charged for the current academic year decreased or did not change from the amount charged in the previous academic year, the appropriation amount would remain at the amount provided in the current fiscal year. Specify that the change from a biennial sum certain to a sum sufficient appropriation would take effect on July 1, 2000.

Conference Committee/Legislature: Include the Senate provision, but increase funding for WHEG-UW by \$807,100 in 1999-00 and \$1,722,200 in 2000-01, as a change to Joint Finance. Including the amounts provided by the Governor and Joint Finance, total funding for the program would increase from \$17,244,800 in 1998-99 to \$18,900,300 in 1999-00 and \$20,714,700 in 2000-01, resulting in an annual increases of 9.6%.

Veto by Governor [A-3]: Delete \$1,814,400 in 2000-01. Delete the modification of the appropriation from a biennial sum certain to a sum sufficient, as well as the methodology described above for the determination of the appropriation amount. Total funding for WHEG-UW will increase from \$17,244,800 in 1998-99 to \$18,900,300 annually in 1999-01, which represents a 9.6% increase in 1999-00 and no increase in 2000-01.

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.235(1)(fe)), 242r, 918g and 9458(6g)]

4. WHEG PROGRAM FOR TECHNICAL COLLEGE STUDENTS [LFB Paper 570]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	\$2,157,300	-\$388,600	\$388,600	\$2,157,300

Governor: Provide \$705,000 in 1999-00 and \$1,452,300 in 2000-01 to increase funding for WHEG awards to technical college students by 6.0% annually. Total funding would increase from \$11,749,600 in 1998-99 to \$12,454,600 in 1999-00 and \$13,201,900 in 2000-01.

Joint Finance: Reduce funding by \$127,000 in 1999-00 and \$261,600 in 2000-01, to provide a net increase of 4.92% in 1999-00 and 4.97% in 2000-01. Total funding for the program would increase from \$11,749,600 in 1998-99 to \$12,327,600 in 1999-00 and \$12,940,300 in 2000-01.

Assembly: Provide an additional \$89,200 in 1999-00 and \$181,600 in 2000-01. Including the amounts provided by the Governor and Joint Finance, total funding for the program would

increase from \$11,749,600 in 1998-99 to \$12,416,800 in 1999-00 and \$13,121,900 in 2000-01, resulting in annual increases of 5.68%.

Senate/Legislature: Provide an additional \$127,000 in 1999-00 and \$261,600 in 2000-01 as a change to Joint Finance to provide a 6% annual increase in funding. Including the amounts provided by the Governor and under Joint Finance, total funding for the program would increase from \$11,749,600 in 1998-99 to \$12,454,600 in 1999-00 and \$13,201,900 in 2000-01, as originally recommended by the Governor.

5. WHEG PROGRAM FOR TRIBAL COLLEGE STUDENTS [LFB
Paper 159]

PR	\$800,000
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Governor/Legislature: Eliminate current law specifying that students enrolled at tribal colleges are eligible to receive awards under the tuition grant (TG) program. Instead, provide \$400,000 annually in a new, biennial appropriation for WHEG awards for tribal college students. Funding for the grants would be derived from Indian gaming compact receipts and would be transferred to the new appropriation under HEAB from an appropriation created for this purpose under the Department of Administration. Students enrolled at least half-time at a tribal college would be eligible for need-based grants ranging from \$250 to \$1,800 per year.

A provision in 1997 Act 27 expanded eligibility for TG awards, beginning in 1997-98, to students enrolled at least half time at tribal colleges in the state. TG awards are based in part on the amount by which a student's tuition exceeds UW-Madison tuition. Since tuition at a tribal college is typically lower than that charged at UW-Madison, the tuition for tribal college students was artificially inflated in order to determine grant amounts under the TG formula.

[Act 9 Sections: 244, 569, 907, 908, 910, 911 and 915]

6. WHEG PROGRAM FORMULA

Governor/Legislature: Eliminate the requirement that the Board promulgate rules establishing policies and procedures for determining the dependent and independent status of students receiving WHEG grants and for the calculation of expected parental and student contributions. In addition, delete current law that specifies the method for determining grant amounts for dependent students. Require the Board to award grants based on a formula that accounts for expected parental and student contributions and that is consistent with nationally approved needs analysis methodology.

[Act 9 Sections: 916 and 917]

7. TALENT INCENTIVE PROGRAM (TIP) FUNDING [LFB Paper 570]

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Veto (Chg. to Leg.)	Net Change
GPR	\$592,100	\$577,000	-\$323,700	\$845,400

Joint Finance: Provide \$193,500 in 1999-00 and \$398,600 in 2000-01 to increase funding for the talent incentive program (TIP) by 4.92% in 1999-00 and 4.97% in 2000-01. Total funding for the program would increase from \$3,933,800 in 1998-99 to \$4,127,300 in 1999-00 and \$4,332,400 in 2000-01.

Senate: Provide an additional \$42,500 in 1999-00 and \$87,600 in 2000-01 to increase funding for the talent incentive program (TIP). Including the amounts provided under Joint Finance, total funding for the program would increase from \$3,933,800 in 1998-99 to \$4,169,800 in 1999-00 and \$4,420,000 in 2000-01, resulting in annual increases of 6%. Funding in the second year would represent the estimated cost of the proposed sum sufficient appropriation described below, if the highest percentage increase in resident undergraduate tuition charged at a UW System institution in 1999-00 would be 6%. At the time the Senate acted, information was not available on what the actual increase would be in 1999-00 and the 6% figure was only an assumption used for purposes of this estimate.

In addition, change the appropriation for TIP from a biennial sum certain appropriation to a sum sufficient appropriation. Require HEAB to determine, by February 1, 2000, and annually thereafter, the amount to be appropriated for the program in the upcoming fiscal year by determining the percentage by which resident undergraduate tuition charged for the current academic year at each institution within the UW System has increased or decreased from resident undergraduate tuition charged for the previous academic year. Specify that the appropriation for TIP in the upcoming fiscal year would be equal to the result obtained by increasing, to the nearest \$100, the amount provided for the program in the current year by the highest percentage increase in resident undergraduate tuition charged at a UW System institution, as determined by HEAB. Provide that if resident undergraduate tuition charged for the current academic year decreased or did not change from the amount charged in the previous academic year, the appropriation amount would remain at the amount provided in the current fiscal year. Specify that the change from a biennial sum certain to a sum sufficient appropriation would take effect on July 1, 2000.

Conference Committee/Legislature: Include the Senate provision, but increase funding for TIP by \$184,100 in 1999-00 and by \$392,900 in 2000-01, as a change to Joint Finance. Including the funding provided in Joint Finance, total funding for the program would increase from \$3,933,800 in 1998-99 to \$4,311,400 in 1999-00 and \$4,725,300 in 2000-01, which would represent 9.6% annual increases.

Veto by Governor [A-3]: Delete \$102,200 in 1999-00 and \$221,500 in 2000-01. Delete the modification of the appropriation from a biennial sum certain to a sum sufficient, as well as the

methodology described above for the determination of the appropriation amount. Total funding for TIP will increase from \$3,933,800 in 1998-99 to \$4,209,900 in 1999-00 and \$4,503,800 in 2000-01, which represents an increase of 7.0% annually.

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.235(1)(fd)), 242g, 918r and 9458(6g)]

8. INDIAN STUDENT ASSISTANCE GRANT PROGRAM [LFB Paper 158]

GPR	- \$1,559,600
PR	<u>1,559,600</u>
Total	\$0

Governor/Legislature: Delete \$779,800 GPR annually and eliminate the related GPR appropriation and provide \$779,800 PR annually in a new, biennial appropriation for the Indian student assistance grant program. The PR funding would be derived from tribal gaming revenue and would be transferred to the new HEAB appropriation from an appropriation created for this purpose under the Department of Administration. Under the program, need-based grants are awarded to resident Native American undergraduate or graduate students who attend accredited institutions of higher education in the state.

[Act 9 Sections: 242, 553 and 912]

9. ACADEMIC EXCELLENCE SCHOLARSHIP FUNDING [LFB Paper 571]

GPR	- \$232,600
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Governor/Legislature: Reduce funding for the academic excellence scholarship program by \$116,300 annually to reflect a reestimate of the amount required to fully fund the scholarships in the 1999-01 biennium. Total funding would decrease from \$3,016,300 in 1998-99 to \$2,900,000 in each year of the 1999-01 biennium. This program provides scholarships to 12th grade students who have the highest grade point average in public and private high schools in the state.

10. RENAME THE ACADEMIC EXCELLENCE SCHOLARSHIP PROGRAM [LFB Paper 571]

Governor: Change the name of the academic excellence scholarship program to the "Governor's scholarship program" and require HEAB, in any printed material or other information disseminated or otherwise distributed by the Board, to refer to the program as the "Governor's scholarship program" and to refer to students who receive the award as "Governor's scholars."

Joint Finance/Legislature: Delete provision.

11. ALTERNATE ACADEMIC EXCELLENCE SCHOLARSHIP RECIPIENTS

Joint Finance/Legislature: Provide that the requirement that alternate academic excellence scholars have the same grade point average as the originally designated scholar or scholars would not apply for high schools which weight different courses differently to determine a pupil's grade point average. Specify that for each senior who attends such a high school of at least 80 pupils and who is designated a scholar, the faculty of the high school would be required to select a senior with the same grade point average as an alternate for the scholar, or if there is no other pupil with the same grade point average, a senior with the next highest grade point average as an alternate for the scholar. Provide that for a senior attending such a high school of less than 80 pupils who is designated as a scholar by the Executive Secretary of HEAB, the faculty of the high school would be required to select one senior with the same grade point average, or if there is no senior with the same grade point average, one senior with the next highest grade point average for certification to HEAB as eligible for the scholarship.

[Act 9 Sections: 913m, 913mr, 913ms and 913mt]

12. MINNESOTA-WISCONSIN TUITION RECIPROCITY

GPR	-\$4,000,000
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Governor/Legislature: Reestimate the amount of funding required for the payment to Minnesota under the Minnesota-Wisconsin tuition reciprocity agreement by -\$2,000,000 annually. The payment, which is made from a sum sufficient appropriation, is estimated to be zero in 1999-00 and 2000-01 due to changes to the agreement relating to student tuition payments. The modifications to the agreement, approved by the Joint Committee on Finance and the Legislature in 1997, will first affect the payment made in December, 1999. Under the agreement, nonresident tuition is waived for residents of one state who attend public universities and community colleges in the adjacent state. Annually, a payment between the states is made to compensate for the net difference in the cost of educating students enrolled under the agreement. Wisconsin's payment to Minnesota for the 1997-98 academic year, which was made in December of 1998, was \$2,075,860.

13. AGENCY POSITION

Assembly/Legislature: Provide \$34,500 GPR annually and 1.86 GPR positions beginning in 1999-00. In addition, delete 0.86 SEG position beginning in 1999-00. Of the positions, 1.0 FTE would be a clerical assistant.

	Chg. to Base Funding Positions	
GPR	\$69,000	1.86
SEG	0	-0.86
Total	\$69,000	1.00

[Act 9 Section: 9158(9z)]

14. REMOVE 1997-99 BUDGET REDUCTION FROM BASE

GPR	-\$26,800
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Governor/Legislature: Delete \$13,400 annually, which would make permanent a 2% lapse from the Board's general program operations appropriation that was required in the 1997-99 state budget.

15. REESTIMATE FEDERAL REVENUES

FED	-\$1,018,600
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Governor/Legislature: Reestimate federal revenues by -\$509,300 annually to reflect an anticipated reduction in the amount of funding provided under the federal Leveraging Educational Assistance Partnership (LEAP) program (formerly the State Student Incentive Grant program). In the 1999-01 biennium, the total amount received under this program is estimated at \$532,700 annually. Federal monies from this program are combined with state funds under the talent incentive program (TIP), which awards grants to the state's most needy and educationally disadvantaged postsecondary students.

16. EDUCATIONAL APPROVAL BOARD FUNDING

FED	\$47,200
PR	- 21,800
Total	\$25,400

Governor/Legislature: Adjust the expenditure authority of the Educational Approval Board (EAB) by \$22,600 FED and -\$11,900 PR in 1999-00 and by \$24,600 FED and -\$9,900 PR in 2000-01 to reflect reestimates of revenues from a contract with the federal Veterans Administration and from license fees charged to proprietary schools.

17. ELIMINATE EDUCATIONAL APPROVAL BOARD AND CREATE EDUCATIONAL APPROVAL COUNCIL [LFB Paper 572]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$69,000	-0.50	-\$69,000	-0.50	-\$138,000	-1.00
FED	-528,000	-3.50	0	0.00	-528,000	-3.50
PR	<u>-11,200</u>	<u>0.00</u>	<u>-723,400</u>	<u>-5.50</u>	<u>-734,600</u>	<u>-5.50</u>
Total	-\$608,200	-4.00	-\$792,400	-6.00	-\$1,400,600	-10.00

Governor: Eliminate the Educational Approval Board, which is currently attached to HEAB for administrative purposes, and transfer its functions to the Department of Veterans Affairs (DVA) and to HEAB on the effective date of the bill. The primary responsibilities of EAB are to approve education and training programs for veterans and to regulate certain private, nonprofit and for-profit schools that offer programs to Wisconsin residents.

Create an Educational Approval Council that would be attached to HEAB. The membership of the Council would be identical to the membership of EAB. Require HEAB to

consult with the Council in carrying out its duties relating to those functions of EAB transferred to HEAB.

Transfer 3.0 FED positions from EAB to DVA and 4.0 PR positions and 1.0 PR project position from EAB to HEAB. Transfer to each agency the incumbent employees holding those positions. Delete the EAB Executive Secretary position, which is a 0.5 PR and 0.5 FED position. Modify the current 1.0 GPR Deputy Executive Secretary position for HEAB so that it would be 50% GPR and 50% PR funded.

Transfer \$222,900 FED in 1999-00 and \$224,900 FED in 2000-01 to reflect the transfer of EAB functions related to the approval of veterans education programs to DVA. Delete \$34,500 GPR, \$5,600 PR and \$40,100 FED annually to reflect the net effect of eliminating the EAB Executive Secretary position and modifying the funding source for the HEAB Deputy Executive Secretary position.

Require DVA and HEAB to jointly determine the employees to be transferred to each agency and to develop and implement a plan for the orderly transfer of the employees. Specify that in the event of a disagreement between HEAB and DVA, the Secretary of Administration would decide the question. Provide that the employees transferred would retain all employment rights and status they held prior to the transfer and that no transferred employee who had attained permanent status in the classified service would be required to serve a new probationary period.

Transfer to DVA all assets, liabilities and tangible personal property, including records, that are primarily related to the approval of veterans education and training on the effective date of the bill. Transfer to HEAB all other assets, liabilities and tangible personal property, including records, of EAB. Require DVA and HEAB to jointly determine the assets, liabilities and tangible personal property to be transferred to each agency and develop and implement a plan for their orderly transfer. Specify that in the event of a disagreement between the two agencies, the Secretary of Administration would decide the question. Transfer any matter pending with EAB that is primarily related to the approval of veterans education and training to DVA, and transfer any other pending matter to HEAB. Specify that all materials submitted to or actions taken by EAB with respect to a pending matter would be considered as having been submitted to or taken by the agency to which the matter was transferred.

Provide that all contracts that are primarily related to the approval of veterans education and training and that are in effect on the effective date of the bill would remain in effect and would be transferred to DVA and all other contracts would remain in effect and would be transferred to HEAB. DVA and HEAB would be required to carry out the contracts until modified or rescinded to the extent allowed in the contract. Require DVA and HEAB to jointly identify the contracts to be transferred and develop and implement a plan for their orderly transfer. Specify that in the event of a disagreement between the two agencies, the Secretary of Administration would decide the question. Provide that all rules and orders promulgated or issued by EAB that are in effect on the effective date of the bill and that are primarily related to

the approval of veterans education and training would remain in effect until their specified expiration date or until amended or repealed by DVA. Provide that all other rules and orders promulgated or issued by EAB that are in effect on the effective date of the bill would remain in effect until their specified expiration date or until amended or repealed by HEAB.

Joint Finance/Legislature: Delete provisions to eliminate the Educational Approval Board and create an Educational Approval Council attached to HEAB. Instead, transfer the attachment of the EAB from HEAB to the Department of Veterans Affairs on the effective date of the bill. Restore statutory authorization for EAB to employ an Executive Secretary and transfer \$326,200 PR in 1999-00 and \$328,200 PR in 2000-01 and 4.0 PR positions and 1.0 PR project position beginning in 1999-00 from HEAB to DVA. In addition, delete \$34,500 GPR and \$34,500 PR annually and 0.5 GPR position and 0.5 PR position to reflect the elimination of all funding and position authority for the Deputy Executive Secretary of HEAB.

Transfer the assets, liabilities and tangible personal property, including records, of HEAB that are primarily related to the functions of EAB, as determined by the Secretary of DOA, to DVA on the effective date of the bill. Transfer all incumbent employes of HEAB performing duties primarily related to the functions of EAB, as determined by the Secretary of DOA, to DVA on the effective date of the bill. Provide that the employes transferred would retain all employment rights and status they held prior to the transfer and that no transferred employe who had attained permanent status in the classified service would be required to serve a new probationary period.

Transfer all contracts entered into by HEAB that are primarily related to the functions of EAB, to DVA on the effective date of the bill. Specify that these contracts would remain in effect and that DVA would be required to carry out the contracts until modified or rescinded to the extent allowed in the contract.

[Act 9 Sections: 40g, 52, 245m, 732, 921m, 923, 923m, 925m, 927, 928, 929m, 1686m, 2308d, 2923m, 3191, 3197 and 9158(2m)]

HISTORICAL SOCIETY

Budget Summary							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$22,976,600	\$23,276,600	\$23,620,600	\$23,951,300	\$23,826,300	\$849,700	3.7%
FED	2,058,600	2,048,600	2,048,600	2,048,600	2,048,600	- 10,000	- 0.5
PR	10,318,800	11,708,400	11,708,400	11,939,100	11,939,100	1,620,300	15.7
SEG	<u>1,030,200</u>	<u>1,025,800</u>	<u>1,025,800</u>	<u>1,025,800</u>	<u>1,025,800</u>	<u>- 4,400</u>	<u>- 0.4</u>
TOTAL	\$36,384,200	\$38,059,400	\$38,403,400	\$38,964,800	\$38,839,800	\$2,455,600	6.7%

FTE Position Summary						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change Over 1998-99 Base
FED	5.85	5.85	5.85	5.85	5.85	0.00
PR	23.30	29.30	25.30	25.30	25.30	2.00
SEG	<u>3.25</u>	<u>3.25</u>	<u>3.25</u>	<u>3.25</u>	<u>3.25</u>	<u>0.00</u>
TOTAL	178.90	177.90	174.90	174.90	173.90	- 5.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide adjustments to the base budget for: (a) full funding of continuing salaries and fringe benefits (\$262,300 GPR, -\$5,900 FED, -\$6,500 PR and -\$2,200 SEG annually); (b) full funding of financial services charges (\$4,600 GPR and \$5,700 PR annually); (c) reclassifications (\$25,800 GPR, \$900 FED and \$3,900 PR annually); (d) overtime (\$4,200 GPR annually); (e) night and weekend differential (\$10,200 GPR annually); (f) fifth week of vacation as cash (\$25,900 GPR and \$900 PR annually); and (g) full funding of lease costs and directed moves (\$1,000 GPR annually).

GPR	\$668,000
FED	- 10,000
PR	8,000
SEG	<u>- 4,400</u>
Total	\$661,600

2. HERITAGE TRUST PROGRAM

	Jt. Finance/Leg. (Chg. to Base)		Veto (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
BR	\$20,000,000		-\$20,000,000		\$0	
GPR	\$125,000	1.00	-\$125,000	-1.00	\$0	0.00

Joint Finance/Legislature: Create a heritage trust program. Specify that the Legislature determines that the provision of assistance by the state under this program and the awarding of grants to the Wisconsin Trust for Historic Preservation serve a statewide public purpose by assisting in the protection, restoration and rehabilitation of property located in this state that is significant in the history, prehistory, architecture, archeology or culture of this state, its rural and urban communities or the nation.

Provide general obligation bonding for the Society to award grants under the heritage trust program. Provide that the total amount of debt authorized may not exceed \$2,000,000 prior to July 1, 2000, and an additional \$2,000,000 annually until June 30, 2009. The total amount of general fund supported bonding authorized may not exceed \$20,000,000. Create a sum sufficient GPR appropriation under the Society's historic and burial sites preservation program for the principal and interest costs incurred in financing the grants and to make the payments, if needed, to comply with federal requirements relating to arbitrage. Provide \$50,000 GPR in 2000-01 for this purpose. Provide that the Society may not award a grant under this program after June 30, 2010.

Provide \$25,000 GPR in 1999-00 and \$50,000 GPR in 2000-01 and 1.0 GPR position beginning on January 1, 2000, in the appropriation for historic and burial sites preservation program general program operations, for the performance of services for the heritage trust program.

Grants to Governmental Units and Nonprofit Organizations. Require the Society to award grants to state agencies, local governmental units and nonprofit organizations for historic preservation. Require a grant recipient to provide matching funds equal to 25% of the amount of the grant, except that the Society may require a recipient to provide matching funds equal to a higher percentage. Require the Society to ensure that all grant recipients comply with federal standards for rehabilitation. Permit the Society to award up to \$1,000,000 in grants for this purpose in 2000-01 and up to \$1,500,000 in grants in each of the nine succeeding fiscal years, except that if the Society awards less than the maximum amount allowed in any fiscal year the maximum amount allowed in the succeeding fiscal year would be increased by an amount equal to the difference between the amount awarded in the current fiscal year and the maximum amount allowed in the current fiscal year.

Grants to the Wisconsin Trust for Historic Preservation. Require the Society to annually award a grant to the Trust. Require that the amount of the grant be \$1,000,000 in 2000-01 and \$500,000 in each of the nine succeeding fiscal years. Provide that the Society may only award a grant to the Trust if the following conditions are satisfied: (a) the bylaws of the Trust state that the purpose of the Trust is to develop and support statewide initiatives promoting historic preservation and that, if the Trust dissolves, it is required in good faith to take all reasonable measures to ensure that all moneys paid to the Trust under this program revert to the state; and (b) the Trust provides public access to any meeting held for the purpose of deliberations regarding the awarding of grants under the program, to the same extent as is required of, and subject to the same terms and enforcement provisions that apply to, a governmental body under state law.

Require the Trust to ensure that all grant recipients comply with federal standards for rehabilitation. Require the Trust to contract with an independent certified public accountant to biennially audit the endowment fund and submit a detailed report of the audit to the Governor and the Joint Finance Committee within 30 days after the completion of each audit.

Provide that the moneys received under this program would constitute an endowment fund. Require that the Trust use the earnings of the endowment fund for the following purposes: (a) to award grants to state agencies, local governmental units and nonprofit organizations for historic preservation, including historic preservation to commemorate the 200th anniversary of Wisconsin statehood. Require a grant recipient to provide matching funds equal to 25% of the amount of the grant, except that the Trust may require a recipient to provide matching funds equal to a higher percentage; and (b) to temporarily acquire historic property for the purpose of historic preservation. Repeal the humanities grants program, which provided funds in the 1989-91 biennium to a nonprofit corporation that supports and conducts public humanities programming.

Veto by Governor [A-15]: Delete the entire heritage trust program, the bonding authorization, and the positions and funding. The repeal of humanities grants program is not vetoed.

[Act 9 Sections: 247k and 945m]

[Act 9 Vetoed Sections: 172 (as it relates to ss. 20.245(3)(a)&(e)), 247g, 628, 628b, 641m and 946m]

3. NORTHERN GREAT LAKES CENTER [LFB Papers 158 and 575]

Governor: Delete \$170,100 GPR and 3.0 GPR positions annually from the Society's general program operations for archives and research services. Provide \$170,100 PR and 3.0 PR positions annually in a new,

	Funding	Positions
GPR	-\$340,200	- 3.00
PR	<u>340,200</u>	<u>3.00</u>
Total	\$0	0.00

annual appropriation under the Society's historic sites program for the operation of the Northern Great Lakes Center. Funding for the new program would be derived from Indian gaming compact receipts and would be transferred to the new appropriation under the Historical Society from an appropriation created for this purpose under the Department of Administration. Also transfer \$33,700 SEG annually and 1.0 SEG position from the Society's executive and administrative services program to the historic sites program for the Center's interpretive programming. Provide that the Society would operate and maintain the Northern Great Lakes Center as an historic site.

Joint Finance/Legislature: Delete the requirement that the Society operate and maintain the Center as an historic site.

[Act 9 Sections: 247, 248 and 552]

4. HISTORIC SITES LIMITED-TERM EMPLOYE WAGES

GPR	\$230,700
PR	230,700
Total	\$461,400

Assembly/Senate/Legislature: Provide \$107,100 GPR and \$107,100 PR in 1999-00 and \$123,600 GPR and \$123,600 PR in 2000-01 to provide wage increases to limited-term employes (LTEs) working at the Society's historic sites. The program revenue would be derived from admissions and sales at the historic sites.

5. PROGRAM REVENUE REESTIMATES

PR	\$806,900
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Governor/Legislature: Reestimate program revenues by \$280,700 in 1999-00 and \$526,200 in 2000-01 to reflect increased revenues from the following: (a) \$185,700 in 1999-00 and \$431,200 in 2000-01 from admissions and sales at the historic sites; (b) \$89,000 annually from gifts and grants for archives, library and research; and (c) \$6,000 annually from admissions, sales and fines for the historic preservation program.

6. H.H. BENNETT STUDIOS [LFB Paper 575]

PR	\$252,500
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Governor: Provide \$52,000 in 1999-00 and \$200,500 in 2000-01 for the opening of the H.H. Bennett Studios in Wisconsin Dells. The Bennett Studios is part of a project to create a new historic site based on the life and career of 19th century photographer Henry Hamilton Bennett.

Joint Finance/Legislature: Require the Society to operate and maintain the Studios as an historic site.

[Act 9 Section: 946]

7. DEBT SERVICE REESTIMATES [LFB Paper 245]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$27,800	\$239,000	\$211,200
PR	-18,000	0	-18,000
Total	-\$45,800	\$239,000	\$193,200

Governor: Reestimate debt service by \$7,900 GPR and -\$53,100 PR in 1999-00 and -\$35,700 GPR and \$35,100 PR in 2000-01.

Joint Finance/Legislature: Reestimate debt service by \$156,700 GPR in 1999-00 and \$82,300 GPR in 2000-01.

8. DISTRIBUTION OF THE HISTORY OF WISCONSIN [LFB Paper 577]

GPR	-\$70,000
GPR-Lapse	135,000

Joint Finance/Legislature: Delete the requirement that the Society distribute a six-volume history of Wisconsin to each of the currently existing public middle school, junior high school, senior high school, technical college, state-supported college and university libraries; all public libraries; and upon their request, to county and local affiliated historical societies in this state. The final volume of the set was completed in 1998 and has been distributed to each of the institutions required under state law. Delete \$35,000 annually and the related appropriation. Because an estimated \$135,000 of spending authority from prior years remains available in a continuing appropriation, these monies would lapse to the general fund upon repeal of the appropriation.

[Act 9 Section: 246m]

9. NEENAH CITY CLOCK TOWER PROJECT

GPR	\$50,000
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Joint Finance/Legislature: Provide \$50,000 in 1999-00 to be used to pay the City of Neenah to restore the Neenah city clock tower. Specify that the City of Neenah would have to contribute matching funds of at least \$25,000 before the state monies could be expended. Create a biennial appropriation for this purpose. Provide that no monies could be encumbered from this appropriation after June 30, 2001.

[Act 9 Sections: 247d and 945g]

10. PLOVER HERITAGE PARK

GPR	\$50,000
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Senate/Legislature: Provide \$50,000 in 1999-00 in a new biennial appropriation for a grant to the Portage County historical society for the continuation of the

Plover Heritage Park restoration project. The amount of the grant would be required to equal the amount of local contributions toward the project, not to exceed \$50,000.

[Act 9 Sections: 247c and 9124(1x)]

11. STATE CAPITOL RESTORATION CD-ROM

GPR	\$50,000
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Conference Committee/Legislature: Provide \$50,000 in 1999-00 in a new biennial appropriation and require the Society to produce a CD-ROM with information about the State Capitol restoration project.

[Act 9 Sections: 246p and 946g]

12. FUNDING TRANSFERS

	Positions
GPR	- 4.00

Governor/Legislature: Transfer \$102,500 GPR in 1999-00 and \$205,000 GPR in 2000-01 from general program operations for archives and research services to general program operations for library services. Under 1997 Act 27 (the 1997-99 state budget), the Society was required to submit its 1999-01 budget request to include this funding shift. In 1995 Act 27 (the 1995-97 state budget) \$200,000 GPR in 1995-96 and \$205,000 GPR in 1996-97 and 4.0 GPR project positions beginning in 1995-96 were provided for the Society to fund a four-year archives appraisal project. Under this provision, the Society would retain the \$205,000 GPR base funding. Delete 4.0 FTE positions in 2000-01; the positions expire on December 31, 1999. Transfer \$25,300 PR annually and 0.5 PR position from the Society's executive and administrative services program to the archives, research and library services program.

13. CREATE HISTORIC RECORD OF WISCONSIN WORKS [LFB Paper 576]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	3.00	- 3.00	0.00

Governor: Provide 3.0 PR project positions beginning in 1999-00. According to the Executive Budget documents, these positions would be to create an historic record of the Wisconsin Works (W2) program. These positions would be funded through the gifts and grants appropriation under the Society's archives, research and library services program. DOA staff indicate that no gifts or grants are currently available to support these positions; however, the Governor's Office and the Society are working to secure future funding.

Joint Finance/Legislature: Delete provision.

14. WISCONSIN HISTORY FOUNDATION

Positions	
PR	- 1.00

Joint Finance/Legislature: Permit the Society to contract with the Wisconsin History Foundation, Inc., for the purpose of administering the Society's membership program. Delete 1.0 PR position, which administers the membership program, from the Society's executive and administrative services, admissions, sales and other receipts appropriation. Provide that the funding for this position, approximately \$38,800 PR, would be used to fund the contract with the Foundation. The Wisconsin History Foundation is a nonprofit organization that was created to benefit the Society through fundraising and other services.

[Act 9 Sections: 945e and 945f]

15. CIRCUS WORLD MUSEUM

Joint Finance/Legislature: Change the name of the Historic Sites Foundation, Inc. to the Circus World Museum Foundation. Under current law, the Historical Society may enter into a lease agreement with the Historic Sites Foundation, Inc., for the purpose of operating Circus World Museum, located in Baraboo, Wisconsin.

[Act 9 Section: 945s]