

2005-07 WISCONSIN STATE BUDGET

Comparative Summary of Budget Provisions

Enacted as 2005 Act 25

Volume II



**Legislative Fiscal Bureau
October, 2005**

2005-07 WISCONSIN STATE BUDGET

Comparative Summary of Budget Provisions

Enacted as 2005 Act 25

Volume II

LEGISLATIVE FISCAL BUREAU

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STATE AGENCY BUDGET SUMMARIES

Higher Educational Aids Board

Through Workforce Development

HIGHER EDUCATIONAL AIDS BOARD

Budget Summary							
Fund	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	2005-07 Legislature	2005-07 Act 25	Act 25 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$143,690,800	\$199,155,200	\$193,072,100	\$193,031,500	\$201,031,500	\$57,340,700	39.9%
FED	2,792,800	3,415,800	3,415,800	3,415,800	3,415,800	623,000	22.3
PR	32,450,800	2,385,200	2,385,200	2,385,200	2,385,200	-30,065,600	-92.6
SEG	<u>155,600</u>	<u>153,200</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-155,600</u>	-100.0
TOTAL	\$179,090,000	\$205,109,400	\$198,873,100	\$198,832,500	\$206,832,500	\$27,742,500	15.5%

FTE Position Summary						
Fund	2004-05 Base	2006-07 Governor	2006-07 Jt. Finance	2006-07 Legislature	2006-07 Act 25	Act 25 Change
						Over 2004-05 Base
GPR	10.36	9.86	11.86	11.86	11.86	1.50
SEG	<u>0.64</u>	<u>0.64</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>-0.64</u>
TOTAL	11.00	10.50	11.86	11.86	11.86	0.86

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$79,300
SEG	<u>-2,400</u>
Total	\$76,900

Governor/Legislature: Adjust the base budget by \$38,300 GPR and -\$1,200 SEG in 2005-06 and \$41,000 GPR and -\$1,200 SEG in 2006-07 for:

(a) full funding of salaries and fringe benefits (\$35,300 GPR and -\$1,200 SEG annually); and (b) reclassifications (\$3,000 GPR in 2005-06 and \$5,700 GPR in 2006-07).

2. FUNDING AND POSITION REDUCTIONS

	Funding Positions	
GPR	-\$53,200	-0.50

Governor/Legislature: Delete \$26,600 and 0.50 position annually related to the following: (a) reduce office management

specialist position from 1.0 to 0.5 position (\$21,600 annually and 0.5 position); and (b) reduce office space by 270 square feet and reduce office lease payment (\$5,000 annually).

3. ACROSS-THE-BOARD BUDGET REDUCTIONS

GPR	-\$40,600
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Senate/Legislature: Reduce the agency's GPR appropriation for general program operations by \$20,300 annually. This reduction amount is equal to approximately 2.3% of the agency's total GPR state operations appropriations, excluding appropriations for energy costs and debt service payments, in each fiscal year. Provide that the agency may submit a request to the Joint Committee on Finance under s. 13.10 to reallocate the reduction to any of the agency's other sum certain GPR state operations appropriations. Provide further that the agency may submit a request to the Committee for restoration of the GPR funding reduction, or in the case of a sum sufficient appropriation, to re-estimate expenditure level under the appropriation, in either case in an amount not to exceed the amount of reduction made to the agency's appropriation under this provision. In the case of an appropriation restoration or sum sufficient re-estimate, the funding amounts would come from total funding of \$96,000,000 GPR placed in reserve in the Committee's biennial appropriation for this purpose. See also "Budget Management and Compensation Reserves" and "Program Supplements".

Veto by Governor [E-2]: By partial veto, modify the language relating to release of funds from the Committee's supplemental GPR appropriation to create alternative language specifying that the Secretary of Administration, not the Joint Finance Committee, shall (not may) transfer monies from the Committee's appropriation to state agencies in any amount not to exceed the amount of the reduction indicated for that agency (which for this agency is the amount of the reduction indicated above).

[Act 25 Section: 9155(5dv)]

[Act 25 Vetoed Sections: 9155(4)(c)&(5dv)]

4. WHEG-UW PROGRAM FUNDING INCREASE AND DELETE PR FUNDED WHEG-UW APPROPRIATION [LFB Paper 440]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR	\$47,501,300	-\$11,017,100	\$8,000,000	\$44,484,200
PR	<u>- 30,065,600</u>	<u>0</u>	<u>0</u>	<u>- 30,065,600</u>
Total	\$17,435,700	-\$11,017,100	\$8,000,000	\$14,418,600

Governor: Provide \$20,556,400 GPR in 2005-06 and \$26,944,900 GPR in 2006-07 and reduce funding by \$15,032,800 PR annually to replace base funding provided to the Wisconsin higher education grant (WHEG) program from the UW System auxiliary reserve. Delete the program revenue appropriation for the WHEG-UW program related to the 2003-05 auxiliary reserve transfer. Under 2003 Act 33, funding was provided for WHEG-UW from the UW

System's auxiliary enterprises. In 2004-05, \$34,959,600 was provided for WHEG-UW grants with \$19,926,800 GPR and \$15,032,800 PR. This provision would increase total funding by 15.8% in 2005-06 to \$40,483,200 and an additional 15.8% increase in 2006-07 to \$46,871,700, as shown in the following table:

	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
GPR	\$19,926,800	\$40,483,200	\$46,871,700
PR	<u>15,032,800</u>	<u>0</u>	<u>0</u>
Total	\$34,959,600	\$40,483,200	\$46,871,700
Change to Prior Year (All Funds)			
Amount		\$5,523,600	\$6,388,500
Percent		15.8%	15.8%

In addition, modify the statutory base funding reference for calculating future WHEG-UW GPR sum-sufficient appropriation increases to reflect total funding provided under the Governor's provision in 2005-06 and 2006-07. Under 2001 Act 109, WHEG-UW funding increases were linked to the highest prior year increase for resident undergraduate tuition at any UW System institution, and the appropriation was modified from a biennial sum certain to a sum sufficient appropriation starting in 2003-04. Under 2003 Act 33, the link between prior year percentage increases in UW System undergraduate tuition and GPR funding for WHEG-UW grants was suspended until 2005-06. In 2004-05, the highest UW System resident undergraduate tuition increase was 15.8%. The Governor's budget estimates that the resident undergraduate tuition would increase by 5.9% in 2005-06; however, additional funding beyond the 5.9% necessary for the sum-sufficient appropriation increase would be provided for WHEG-UW grants in 2006-07.

Joint Finance/Legislature: Reduce funding by \$3,426,000 GPR in 2005-06 and \$7,591,100 GPR in 2006-07 and modify the WHEG-UW sum sufficient link to, beginning in 2007-08, provide an increase equal to the average percentage increase for resident undergraduate tuition at UW System institutions, rather than the current law link to the prior year highest average percentage increase at UW System institutions. Specify that the Board would, biennially by February 1, estimate the percentage by which undergraduate resident tuition will increase in each year of the next biennium at each UW institution. In each year of the next biennium, funding for the program would increase by the average of these estimated percentage increases for that year from the funding level in the prior year, rounded to the nearest \$100. In addition, modify the statutory base funding reference for calculating future sum sufficient appropriation increases to reflect total funding of \$37,057,200 in 2005-06 and \$39,280,600 in 2006-07 provided for the program. The provision would provide 6% annual increases in total funding for the program in the 2005-07 biennium.

Veto by Governor [A-2]: Increase funding by \$8,000,000 GPR in 2005-06 by increasing the statutory reference for the WHEG-UW sum sufficient appropriation cap from \$37,057,200 to \$45,057,200 in 2005-06, by using a partial veto to restore some digits and eliminate others.

[Act 25 Sections: 166d, 167, 199, and 727 thru 730]

[Act 25 Vetoed Section: 166d]

5. WHEG FUNDING FOR TECHNICAL COLLEGE STUDENTS [LFB Paper 440]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$745,000	\$1,985,800	\$2,730,800

Governor: Provide \$250,000 in 2005-06 and \$495,000 in 2006-07 to increase funding for the WHEG program for technical college students by 1.7% in 2005-06 and 1.6% in 2006-07. Total funding would increase from \$14,874,000 in 2004-05 to \$15,124,000 in 2005-06 and \$15,369,000 in 2006-07.

Joint Finance/Legislature: Provide \$642,400 in 2005-06 and \$1,343,400 in 2006-07 additional funding for the WHEG-WTCS program, which would provide total funding increases of 6% annually.

6. WHEG TUITION GRANT -- MAXIMUM AWARD

Governor: Increase the maximum grant award for the WHEG grant recipients from \$2,500 to \$3,000 for any academic year, effective beginning with WHEG grants awarded for the 2005-06 academic year. The WHEG program provides grants to resident undergraduate students enrolled at least half-time at UW, technical college institutions, and tribal colleges located in Wisconsin. Under current law, eligible students may receive grants of \$250 to \$2,500 per year for no more than 10 consecutive semesters.

Joint Finance/Legislature: Delete provision.

7. TUITION GRANT PROGRAM [LFB Paper 441]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$1,110,000	\$2,948,200	\$4,058,200

Governor: Provide \$370,000 in 2005-06 and \$740,000 in 2006-07 to increase funding for the tuition grant program by approximately 1.7% annually. Total funding would increase from \$22,103,700 in 2004-05 to \$22,473,700 in 2005-06 and \$22,843,700 in 2006-07.

The tuition grant program provides need-based grants to resident undergraduates who attend private, nonprofit postsecondary institutions in Wisconsin.

Joint Finance/Legislature: Provide \$956,200 in 2005-06 and \$1,992,000 in 2006-07 for the TG program, which would provide total funding increases of 6% annually.

8. REESTIMATE MINNESOTA WISCONSIN RECIPROCITY EXPENDITURES

GPR	\$5,800,000
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Governor/Legislature: Provide \$2,900,000 annually above the base level of \$3,200,000 to reflect estimated tuition reciprocity payments to Minnesota during the 2005-07 biennium. Over the past few years Wisconsin has made a reciprocity payment to Minnesota, the 2002-03 payment was \$3,106,725 and the 2003-04 payment was \$6,163,200. In recent years the reciprocity payment has increased because tuition charged to Minnesota residents continues to be higher than Wisconsin resident tuition and there is higher participation by Wisconsin residents attending Minnesota schools under the reciprocity program. The increased payment to Minnesota is partially offset by greater GPR-Earned from the program through the tuition differential charged to Minnesota students attending UW-System institutions. In 2003-04, GPR-Earned from the Minnesota students attending UW-System was \$7.7 million; with the reciprocity payment to Minnesota, net revenue for Minnesota-Wisconsin tuition reciprocity was \$1.5 million. For the 2005-07 biennium, GPR-Earned under the UW System from this source is projected at \$8.3 million annually.

9. MAINFRAME UPGRADE PROJECT [LFB Paper 442]

	<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
GPR	\$255,000	0.00	\$0	2.00	\$255,000	2.00

Governor: Provide \$134,100 in 2005-06 and \$120,900 in 2006-07 to fund mainframe computer upgrades. These upgrades would update the current system and make it easier to adapt to future programming changes. Under the bill, this funding is included in the tuition grant appropriation; a technical correction to shift this funding to the proper appropriation is needed.

Joint Finance/Legislature: Modify the Governor's provision to authorize 2.0 two-year project positions in HEAB's general program operations appropriation starting in 2005-06.

**10. WISCONSIN HEALTH EDUCATION ASSISTANCE
LOAN REPAYMENT TRANSFER [LFB Paper 443]**

Funding Positions		
GPR-REV	\$1,002,000	
SEG	-\$153,200	-0.64

Joint Finance/Legislature: Require the Higher Educational Aids Board to transfer to the general fund in 2005-06 the available balance of funds related to Wisconsin health education assistance loan (WHEAL) repayments and require that the bank account for WHEAL loan repayments be closed and that the loan repayments shall be deposited to the general fund. In addition, delete 0.64 SEG position and \$76,600 SEG annually related to the administration of the WHEAL repayments, as well as two existing appropriations related to the program. The current WHEAL repayment account balance is approximately \$906,000 and an additional \$48,000 annually in estimated WHEAL principal and interest will be collected during the 2005-07 biennium.

[Act 25 Sections: 167g, 167k, 725m, and 9222(1f)]

**11. REESTIMATE ACADEMIC EXCELLENCE SCHOLARSHIP
PROGRAM EXPENDITURES**

GPR	\$27,000
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Governor/Legislature: Provide \$13,500 annually to reflect a reestimate of the amount required to fully fund the GPR share of scholarships in the 2005-07 biennium for the academic excellence scholarship program. This program provides college scholarships to 12th grade students who have the highest grade point average in public and private high schools in the state. Students may attend the UW System, private nonprofit colleges or a Wisconsin Technical College. The maximum annual award is \$2,250, of which half is funded from this GPR sum sufficient appropriation and half is matched by the institution. Base funding of \$3,133,000 is currently provided for this program.

12. REESTIMATE FEDERAL REVENUES

FED	\$623,000
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Governor/Legislature: Provide \$311,500 annually above the base level of \$1,396,400 to reflect an anticipated increase in the amount of federal funding under the leveraging education assistance partnership (LEAP) grant program and the special leveraging educational assistance partnership (SLEAP) grant program. These federal monies are distributed to states on a formula basis and must be matched on a dollar-for-dollar basis with state funds. Federal monies from this program are combined with state funds under the talent incentive program (TIP). TIP grants are intended to encourage attendance in post-secondary educational institutions and are restricted to the most needy and educationally disadvantaged pupils. In 2003-04, total TIP expenditures were \$5,841,669 (\$4,454,329 GPR, \$1,387,340 FED).

HISTORICAL SOCIETY

Budget Summary							
Fund	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	2005-07 Legislature	2005-07 Act 25	Base Year Doubled Amount	Percent
GPR	\$22,882,800	\$23,119,600	\$23,242,000	\$22,795,200	\$22,795,200	-\$87,600	-0.4%
FED	2,452,800	2,259,800	2,259,800	2,259,800	2,259,800	-193,000	-7.9
PR	4,995,600	4,684,700	4,684,700	4,684,700	4,684,700	-310,900	-6.2
SEG	<u>7,581,800</u>	<u>7,746,800</u>	<u>7,746,800</u>	<u>7,746,800</u>	<u>7,746,800</u>	<u>165,000</u>	2.2
TOTAL	<u>\$37,913,000</u>	<u>\$37,810,900</u>	<u>\$37,933,300</u>	<u>\$37,486,500</u>	<u>\$37,486,500</u>	<u>-\$426,500</u>	<u>-1.1%</u>

FTE Position Summary						
Fund	2004-05 Base	2006-07 Governor	2006-07 Jt. Finance	2006-07 Legislature	2006-07 Act 25	Act 25 Change Over 2004-05 Base
GPR	109.90	106.15	106.15	106.15	106.15	-3.75
FED	6.36	6.36	6.36	6.36	6.36	0.00
PR	13.00	13.00	13.00	13.00	13.00	0.00
SEG	<u>13.53</u>	<u>13.53</u>	<u>13.53</u>	<u>13.53</u>	<u>13.53</u>	<u>0.00</u>
TOTAL	<u>142.79</u>	<u>139.04</u>	<u>139.04</u>	<u>139.04</u>	<u>139.04</u>	<u>-3.75</u>

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Adjust the base budget by \$210,800 GPR, -\$96,500 FED, -\$4,900 PR, and \$82,500 SEG in 2005-06, and by \$212,800 GPR, -\$96,500 FED, -\$4,900 PR, and \$82,500 SEG in 2006-07 for: (a) turnover (-\$162,000 GPR annually); (b) full funding of continuing salaries and fringe benefits (\$336,400 GPR, -\$96,500 FED, -\$4,900 PR, and \$82,500 SEG annually); (c) overtime (\$7,600 GPR annually); (d) night and weekend differential (\$13,000 GPR annually); and (e) full funding of lease costs (\$15,800 GPR in 2005-06 and \$17,800 GPR in 2006-07).

GPR	\$423,600
FED	-193,000
PR	-9,800
SEG	<u>165,000</u>
Total	<u>\$385,800</u>

2. FUNDING AND POSITION REDUCTION

	Funding	Positions
GPR	-\$549,600	- 3.00

Governor/Legislature: Reduce the Historical Society's GPR-funded general program operations appropriation by \$274,800 annually and delete 3.0 positions starting in 2005-06, including an unclassified division administrator position, a supervisory position in the Division of Historic Preservation/Public History, and a supervisory position in the Division of Administrative Services.

[Act 25 Section: 2107]

3. ACROSS-THE- BOARD REDUCTIONS

GPR	-\$446,800
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Senate/Legislature: Reduce the agency's GPR appropriation for general program operations by \$221,700 in 2005-06 and by \$225,100 in 2006-07. This reduction amount is equal to approximately 2.3% of the agency's total GPR state operations appropriations, excluding appropriations for energy costs and debt service payments, in each fiscal year. Provide that the agency may submit a request to the Joint Committee on Finance under s. 13.10 to reallocate the reduction to any of the agency's other sum certain GPR state operations appropriations. Provide further that the agency may submit a request to the Committee for restoration of the GPR funding reduction, or in the case of a sum sufficient appropriation, to re-estimate expenditure level under the appropriation, in either case in an amount not to exceed the amount of reduction made to the agency's appropriation under this provision. In the case of an appropriation restoration or sum sufficient re-estimate, the funding amounts would come from total funding of \$96,000,000 GPR placed in reserve in the Committee's biennial appropriation for this purpose. See also "Budget Management and Compensation Reserves" and "Program Supplements".

Veto by Governor [E-2]: By partial veto, modify the language relating to release of funds from the Committee's supplemental GPR appropriation to create alternative language specifying that the Secretary of Administration, not the Joint Finance Committee, shall (not may) transfer monies from the Committee's appropriation to state agencies in any amount not to exceed the amount of the reduction indicated for that agency (which for this agency is the amount of the reduction indicated above).

[Act 25 Section: 9155(5dv)]

[Act 25 Vetoed Sections: 9155(4)(c)&(5dv)]

4. FUEL AND UTILITIES FUNDING

GPR	\$383,500
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Governor/Legislature: Provide \$179,500 in 2005-06 and \$204,000 in 2006-07 for fuel and utility expenses. Increased funding reflects projected fuel and utility costs in the 2005-07 biennium. Base funding for fuel and utilities is \$408,000.

5. DEBT SERVICE REESTIMATE [LFB Paper 184]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$20,700	\$122,400	\$101,700
PR	-301,100	0	-301,100
Total	-\$321,800	\$122,400	-\$199,400

Governor: Reestimate debt service by \$52,300 GPR and -\$150,500 PR in 2005-06 and -\$73,000 GPR and -\$150,600 PR in 2006-07.

Joint Finance/Legislature: Reestimate debt service by \$37,500 GPR in 2005-06 and \$84,900 GPR in 2006-07.

6. INFORMATION TECHNOLOGY SERVER AND NETWORK CONSOLIDATION [LFB Paper 111]

	Positions
GPR	- 0.75

Governor: Reallocate \$60,300 from salaries and fringe benefits to supplies and services and delete 0.75 position in 2006-07 associated with the consolidation of information technology server and network infrastructure support in the Department of Administration. [See "Administration -- Transfers to the Department."]

Joint Finance/Legislature: Modify the Governor's proposal by reallocating \$60,300 from salaries and fringe to unallotted reserve rather than supplies and services.

7. HISTORICAL FOUNDATION EMPLOYEE HEALTH CARE COVERAGE [LFB Paper 445]

Governor: Provide that the Wisconsin Historical Foundation, Inc., employees who were previously employed by the Wisconsin Historical Society (WHS) would be eligible for health care coverage under a state employee plan if WHS contracts with the Foundation. Modify current law authorizing the Wisconsin Historical Society (WHS) to contract with the Wisconsin Historical Foundation, Inc., to require that if WHS enters into a contract with the Foundation, the Foundation must provide health care coverage under a plan offered to state employees through the public employee trust fund to any Foundation employee who was previously employed by WHS. Specify that eligible Foundation employees would have to enroll in the state health care coverage plan during an applicable enrollment period and would be subject to any conditions established by contract or rule.

Under current law, WHS may contract with the Foundation to administer WHS's membership program, solicit and accept contributions, gifts, grants, and bequests, market WHS goods and services, provide support for the operation and management of WHS programs, and perform other functions approved by the WHS Board of Curators. [See "Employee Trust Funds" for more information on this item.]

Joint Finance/Legislature: Delete provision.

INSURANCE

Budget Summary							
Fund	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	2005-07 Legislature	2005-07 Act 25	Act 25 Change Over Base Year Doubled	
						Amount	Percent
PR	\$34,341,600	\$35,480,800	\$100,277,500	\$100,277,500	\$35,812,900	\$1,471,300	4.3%
SEG	<u>174,269,000</u>	<u>175,504,400</u>	<u>175,479,400</u>	<u>175,479,400</u>	<u>175,479,400</u>	<u>1,210,400</u>	0.7
TOTAL	\$208,610,600	\$210,985,200	\$275,756,900	\$275,756,900	\$211,292,300	\$2,681,700	1.3%

FTE Position Summary						
Fund	2004-05 Base	2006-07 Governor	2006-07 Jt. Finance	2006-07 Legislature	2006-07 Act 25	Act 25 Change
						Over 2004-05 Base
PR	117.25	110.55	118.25	118.25	118.25	1.00
SEG	<u>13.75</u>	<u>13.75</u>	<u>13.75</u>	<u>13.75</u>	<u>13.75</u>	<u>0.00</u>
TOTAL	131.00	124.30	132.00	132.00	132.00	1.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	\$15,400
SEG	<u>- 21,600</u>
Total	<u>- \$6,200</u>

Governor/Legislature: Provide \$7,700 PR annually and reduce funding by \$10,800 SEG annually to adjust the agency's base budget for:

(a) turnover reduction (-\$145,200 PR annually); (b) full funding of salaries and fringe benefits (\$152,900 PR annually and -\$10,800 SEG annually); and (c) minor transfers within appropriations.

2. INJURED PATIENTS AND FAMILIES COMPENSATION FUND TRANSFER [LFB Paper 450]

Governor: Transfer \$169,703,400 in 2005-06 and \$9,714,000 in 2006-07 from the injured patients and families compensation fund (IPFCF) to the health care quality improvement fund (HCQIF), which would be created in the bill.

The IPFCF provides excess medical malpractice coverage for medical malpractice claims that exceed the provider liability limits of \$1 million per claim and \$3 million per policy year in the aggregate. Health care providers must obtain primary medical malpractice insurance up to the liability limits. The IPFCF is funded through annual assessments paid by providers and through investment income. Annual assessments are determined based on actuarial estimates of the IPFCF's loss liabilities. The State of Wisconsin Investment Board makes long-term investments for the IPFCF. As of June 30, 2004 the Investment Board reported net assets of the fund to be approximately \$695.6 million.

The Governor's provisions regarding the creation of the HCQIF fund are summarized under "Health and Family Services -- Medical Assistance, BadgerCare, and SeniorCare -- Base Reestimates and Funding."

Joint Finance/Legislature: Delete provision.

3. IPFCF -- ACTUARIAL SERVICES [LFB Paper 451]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$75,000	-\$25,000	\$50,000

Governor: Provide \$75,000 in 2005-06 to contract for an audit of the actuarial methods and assumptions used in estimating the loss liabilities for the injured patients and families compensation fund (IPFCF). Annually, based on recommendations from actuaries, the IPFCF Board of Governors establishes reserves to pay for estimated loss liabilities, and sets provider assessments.

The IPFCF was created to provide excess medical malpractice coverage for Wisconsin health care providers. By law, health care providers must maintain primary medical malpractice insurance coverage of \$1 million for each incident and \$3 million per policy year. Coverage in excess of the primary insurance is provided by the IPFCF.

Joint Finance/Legislature: Modify the Governor's recommendation by reducing funding in the bill by \$25,000 SEG in 2005-06 so that \$50,000 SEG would be provided to support supplies and services related expenses that OCI incurred in 2004-05, but for which OCI delayed payment until 2005-06, because OCI instead made a \$50,000 payment to purchase actuarial auditing services in 2004-05.

4. STATE LIFE INSURANCE FUND -- REESTIMATE BENEFITS COSTS

SEG	\$1,025,000
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Governor/Legislature: Provide \$441,000 in 2005-06 and \$584,000 in 2006-07 to reflect a reestimate of the funding necessary to pay claims and other authorized expenses from the state life insurance fund (SLIF). The SLIF is a state-sponsored, non-profit, life insurance program for

Wisconsin residents. The maximum level of coverage is \$10,000, and applicants must be Wisconsin residents at the time of application for coverage. Projected increased expenditures from the SLIF are based on prior years' experience, actuarial estimates, and changes in existing policies.

5. LGPIF -- ADMINISTRATION

SEG	\$157,000
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Governor/Legislature: Provide \$67,000 in 2005-06 and \$90,000 in 2006-07 to fund projected increases in contracted costs of administering the local government property insurance fund (LGPIF). The LGPIF offers property insurance for tax-supported local government property, such as government buildings, schools, and libraries. Administrative expenses include such activities as underwriting, rating and policy issuance, claims and loss adjustment administration, dividend payouts, and reinsurance costs.

6. FINANCIAL ANALYSIS AND EXAMINATIONS STAFF [LFB Paper 452]

	<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	\$4,703,000		-\$4,703,000		\$0	
GPR-REV	\$0		\$4,703,000		\$4,703,000	
PR	\$416,300	3.00	\$332,100	3.00	\$748,400	6.00

Governor: Provide \$200,900 in 2005-06 and \$215,400 in 2006-07 and 3.0 financial examiner positions, beginning in 2005-06. The positions would: (a) audit interstate reciprocal premium tax returns; (b) process a backlog of insurer license applications to do business in Wisconsin; and (c) recapture prior year tax assessment credits. The administration estimates that these activities would increase program revenue credited to the agency's general program operations appropriation by \$4,703,000 in the 2005-07 biennium. The administration proposes to, in turn, lapse the \$4,703,000 to the general fund in 2006-07, as referenced in the "Program Revenue Lapse to the General Fund" entry below.

Joint Finance/Legislature: Modify the Governor's recommendation by: (a) providing an additional \$158,800 in 2005-06 and \$173,300 in 2006-07 to support an additional 3.0 financial examiner positions, beginning in 2005-06; and (b) characterizing the estimated \$4,703,000 attributable to premium tax collections as revenue to the general fund, rather than program revenue to OCI.

7. PROGRAM REVENUE LAPSE TO GENERAL FUND [LFB Paper 452]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	\$9,279,600	-\$4,703,000	\$4,576,600

Governor: Lapse \$1,538,300 in 2005-06 and \$7,741,300 in 2006-07 to the general fund from OCI's general operations PR appropriation.

As discussed in the "Financial Analysis and Examinations Staff" entry above, the administration estimates that \$4,703,000 of additional revenue would be collected as a result of the efforts of these positions. The administration has characterized this additional revenue as program revenue. However, based on administration representations that the revenue would be additional premium tax revenue, it may more accurately be characterized as general purpose revenue (GPR). That is, if OCI collected an additional \$4,700,000 in premium tax revenue, it would be deposited directly to the general fund, and would not be available to lapse from the PR appropriation designated by the administration.

Joint Finance/Legislature: Modify the Governor's recommendation by reducing the amount that OCI must lapse from its general program operations PR appropriation to the general fund by \$4,703,000 to reflect that the \$4,703,000 will instead be received as tax revenue to the general fund. The estimated net effect on the general fund is the same under either proposal. Consequently, OCI would be required to lapse \$1,538,300 in 2005-06 and \$3,038,300 in 2006-07 to the general fund.

Veto by Governor [E-1]: Delete the specific lapse amount for this agency as required under the bill as passed by the Legislature. Instead, by partial veto, create a general non-statutory provision directing the Secretary of Administration to make lapses from unspecified appropriation accounts to the general fund that total \$71,234,800. The Governor's veto message indicates his intent that the Secretary is to achieve this overall lapse amount by including a lapse of monies from this agency to the general fund in an amount equal to the lapse amounts as specified for this agency in the budget bill as passed by the Legislature.

[Act 25 Sections: 9255(1)(a)&(b)]

[Act 25 Vetoed Sections: 9255(1) title and (1)(a)&(b)]

8. SENIOR CITIZEN CONSUMER PROTECTION

	Funding	Positions
PR	\$129,300	1.00

Governor/Legislature: Provide \$60,900 in 2005-06, \$68,400 in 2006-07, and 1.0 market regulation examiner position, beginning in 2005-06 to: (a) investigate insurance products and marketing activities that target the senior citizen population; (b) carry out enforcement actions related to fraudulent marketing and sales of annuity and life insurance products to senior citizens; and (c) provide information and education to senior citizens related to insurance products and annuities.

9. PAY PROGRESSION ADJUSTMENTS

PR	\$87,100
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Governor/Legislature: Provide \$31,900 in 2005-06 and \$55,200 in 2006-07 to fund pay progressions for insurance examiners and insurance financial examiners pursuant to an agreement between the state and the Wisconsin Professional Employee Council through the collective bargaining process.

10. REGULATORY EXAMINATION TRAVEL COSTS

PR	\$85,600
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Governor/Legislature: Provide \$85,600 in 2005-06 to fund projected travel expenses of financial examiners. OCI monitors the solvency of over 300 domestic insurance companies, which requires staff to travel both in-state and out-of-state to conduct periodic, on-site financial examinations.

11. MEDIGAP HELPLINE

PR	\$46,700
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Governor/Legislature: Provide \$21,500 in 2005-06 and \$25,200 in 2006-07 to increase funding for the Medigap helpline administered by the Board on Aging and Long-Term Care. The Board's staff provide information and counseling on Medicare supplemental insurance, long-term care insurance, and medical assistance to individuals who call the toll-free helpline. The helpline is supported from insurance revenues collected by OCI and transferred to the Board. In 2004-05, OCI is budgeted \$327,000 to support the helpline.

**12. INSURANCE REGULATORY COMPUTER SYSTEM MAINTEN-
ANCE AND CONVERSION**

PR	\$358,800
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Governor/Legislature: Provide \$40,000 in 2005-06 and \$318,800 in 2006-07 to fund the annualized costs of a maintenance contract for OCI's insurance regulatory computer system (COSMOS), and to fund the master lease costs associated with transitioning COSMOS and two other OCI systems related to legal actions and consumer complaints to a new, single platform web-browser system designed for state insurance regulation (SIRCON-gov). OCI uses the COSMOS system to administer several regulatory functions, including company and agent licensing, rates and forms filing and revenue management. The SIRCON system will allow insurance companies and consumers to transact business on-line and around the clock, rather than submit applications or forms that must be keyed or scanned into an OCI database. This item includes \$20,000 in 2005-06 and \$159,400 in 2006-07 for OCI's administrative and support services appropriation to reflect that these costs would be assessed to OCI's PR general program operations budget on a charge-back basis and are, therefore, "double-counted" in the agency's budget.

13. HUMAN RESOURCES AND PAYROLL BENEFITS SERVICES
 CONSOLIDATION [LFB Paper 112]

	Positions
PR	- 4.80

Governor/Legislature: Reallocate \$47,900 from salaries and fringe benefits to unallotted reserve and delete 0.80 positions in 2006-07 associated with the consolidation of payroll services in the Department of Administration (DOA). In addition, reallocate \$293,600 from salaries and fringe benefits to supplies and services and delete 4.0 positions in 2006-07 associated with the consolidation of human resources services in DOA.

14. CONSOLIDATION OF EXECUTIVE BRANCH ATTORNEYS AND LEGAL STAFF
 UNDER DOA [LFB Paper 110]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	- 4.70	4.70	0.00

Governor: Delete 4.70 positions annually to reflect the consolidation of the agency's attorneys and legal staff under DOA, effective January 1, 2006. Reallocate \$233,400 in 2005-06 and \$466,900 in 2006-07 from budgeted salaries and fringe benefits to the agency's supplies and services budget to pay for legal services supplied by DOA. Authorize the Secretary of DOA to identify one attorney position in OCI as general counsel for the agency and authorize 1.0 PR unclassified position for this purpose. The general counsel position would be funded from base level salary and fringe benefits amounts associated with the position identified by the Secretary of DOA.

Specify that all transferred attorneys and legal staff would have the same rights and status as in the agency in which they originated. Specify that attorneys and legal staff that have obtained permanent status would not have to undergo a probationary period in DOA. Provide that all equipment, supplies, and furniture related to the duties of the transferred employees, as specified by the Secretary of DOA, must be transferred to DOA on January 1, 2006. [See "Administration -- Transfers to the Department."]

Joint Finance: Delete provision. Direct the Secretary of DOA to delete 13.0 FTE executive branch agency attorney positions, other than attorney positions at the University of Wisconsin System, that become vacant before June 30, 2007, and lapse or transfer at least \$724,900 from associated non-FED salary and fringe benefits amounts to the general fund in 2006-07. If fewer than 13.0 FTE agency attorney positions are vacant on June 30, 2007, authorize the Secretary of DOA to delete sufficient additional state agency attorney positions, other than at the University of Wisconsin System, to ensure the elimination of a total of 13.0 FTE state agency attorney positions.

Senate/Legislature: Add the Department of Employee Trust Funds and the Investment Board to the executive branch agencies that would be exempted from the attorney position deletion and lapse or transfer of funds requirements.

Vetoed by Governor [A-4, E-1, and E-5]: Delete: (a) the specific requirement that the Secretary of DOA lapse or transfer \$724,900 from non-FED salary and fringe benefits amounts related to the net reduction of 13.0 FTE executive branch attorney positions in 2006-07; and (b) the University of Wisconsin System from the enumeration of executive branch state agencies that would be exempt from any reduction of attorney positions. The Governor's veto message indicates that the Secretary of DOA would lapse \$724,900 as part of a larger lapse or transfer requirement totaling \$71,234,500.

[Act 25 Sections: 9155(1w)&(2)]

[Act 25 Vetoed Sections: 9155(1w)&(2)]

15. INFORMATION TECHNOLOGY SERVER AND NETWORK CONSOLIDATION [LFB Paper 111]

	Positions
PR	- 1.20

Governor/Legislature: Reallocate \$101,800 from salaries and fringe benefits to unallotted reserve and delete 1.20 positions in 2006-07 associated with the consolidation of information technology server and network infrastructure support in the Department of Administration. [See "Administration -- Transfers to the Department."]

16. BENEFITS SPECIALISTS [LFB Paper 420]

Joint Finance/Legislature: Transfer \$600,000 in unallocated OCI program revenues in 2006-07 to increase support for the Department of Health and Family Services (DHFS) elderly benefits specialist program. DHFS provides funding to area agencies on aging to provide benefit specialist services for Wisconsin residents age 60 and older. Benefit specialists offer information, advice, and assistance relating to individuals' eligibility for, and problems with, public benefits and services, and health care financing, insurance, housing, and other financial and consumer concerns. See "Health and Family Services -- Community, Disability, and Elder Services".

17. HEALTH INSURANCE RISK-SHARING PLAN -- INSURER ASSESSMENTS

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
PR	\$64,464,600	-\$64,464,600	\$0

Joint Finance/Legislature: Provide \$25,171,800 in 2005-06 and \$39,292,800 in 2006-07 from moneys OCI receives from insurer assessments to pay the Board of Directors of the health insurance risk-sharing plan (HIRSP) to operate the plan. The substitute amendment contains numerous changes to HIRSP, which are summarized under "Department of Health and Family Services -- HIRSP and Public Health."

Veto by Governor [C-1]: Delete provision.

[Act 25 Vetoed Sections: 140 (as it relates to s. 20.145(5)) and 156w]

INVESTMENT BOARD

Budget Summary							
Fund	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	2005-07 Legislature	2005-07 Act 25	Act 25 Change Over Base Year Doubled Amount	Percent
PR	\$38,780,600	\$38,780,600	\$39,743,100	\$39,743,100	\$39,743,100	\$962,500	2.5%

FTE Position Summary						
Fund	2004-05 Base	2006-07 Governor	2006-07 Jt. Finance	2006-07 Legislature	2006-07 Act 25	Act 25 Change Over 2004-05 Base
PR	104.50	104.50	104.50	104.50	104.50	0.00

Under s. 25.187 of the statutes, the agency's budget for a fiscal year is indexed to 0.0275% of assets under management on April 30 of the preceding fiscal year, or \$17,720,500, whichever amount is greater. On April 30, 2004, the State of Wisconsin Investment Board (SWIB) had \$70,510,000,000 of assets under management. As a result, budget authority for the 2004-05 adjusted base year was established at \$19,390,300.

The Governor did not recommend any changes to the Investment Board's adjusted base amount.

Budget Change Items

1. OPERATING BUDGET AUTHORITY

PR	\$962,500
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Joint Finance/Legislature: Modify SWIB's operating budget authority by increasing its statutory budget floor from \$17,720,500 to \$20,352,800 in 2006-07. The increased floor would result in an increase in agency expenditure authority in 2006-07 of \$962,500 from base funding under the bill (from \$19,390,300 to \$20,352,800). Further, beginning with the 2006-07 fiscal year, establish SWIB's operating budget for the following fiscal year based on the average month-end assets under management during the six-month period between November 30 and April 30 of the prior fiscal year.

Actual budget levels for the 2005-06 fiscal year are determined by the amount of assets under management on April 30, 2005, and the actual budget levels for the 2006-07 fiscal year will be determined by the amount of assets under management on April 30, 2006. Estimated assets under management on April 30, 2005, were \$74,010,000,000, resulting in an estimated operating budget for 2005-06 of \$20,352,800 ($\$74,010,000,000 \times 0.0275\% = \$20,352,800$). This is also the amount used for establishing the new statutory budget floor for 2006-07 and beyond.

[Act 25 Sections: 528m, 528r, 528w, and 9326(1c)]

2. EXTERNAL MANAGEMENT AUTHORITY

Joint Finance/Legislature: Increase the current limit on external management of total assets in the fixed or variable retirement trust funds from 15% to 20%. In addition, specify that the limit applies to accounts where SWIB directly holds title to securities purchased in the accounts. Specify that the limit excludes: (a) appreciation above 20% on assets delivered to investment advisers; and (b) shares or participation interests in mutual funds, index funds, commingled funds, partnership funds, or similar collective investment vehicles where SWIB does not hold title to the underlying investments purchased by the manager of the fund or collective investment vehicle.

Under current law, SWIB may contract with, and delegate to, investment advisers the management and control over assets from any fund or trust delivered to such investment advisers for investment in real estate, mortgages, equities, and debt and pay such advisers fees from the current income of the fund or trust being invested. However, no more than 15% of the total assets of the fixed and the variable retirement investment trusts may be delivered to these external investment advisers.

[Act 25 Sections: 528d and 528g]

3. REPORTING REQUIREMENTS

Joint Finance/Legislature: Require SWIB to report, on a quarterly basis, all direct charges to the trust funds managed by the Board and include a breakdown of the amount and percentage of assets managed under each type of dedicated and commingled account or partnership, and the change from the prior calendar quarter.

Include the Joint Legislative Audit Committee as a recipient of the quarterly report, in addition to DOA and the Joint Committee on Finance, which currently receive the report.

Current law requires SWIB to submit a report to DOA and to the Co-chairs of the Joint Committee on Finance, no later than 45 days after the end of each calendar quarter, detailing all costs and expenses charged to funds associated with employment of special legal or investment counsel or employment of professionals, contractors, or other agents necessary to evaluate or operate any property during that calendar quarter.

[Act 25 Section: 525t]

4. CONSOLIDATION OF EXECUTIVE BRANCH ATTORNEYS AND LEGAL STAFF UNDER DOA

Senate/Legislature: Specify that the Department of Employee Trust Funds and SWIB would not be deemed a "state agency" from which a total of 13.0 FTE attorney positions would have to be eliminated by June 30, 2007. As a result, neither agency would be subject to any portion of a required lapse to the general fund of \$724,900 in 2006-07 from associated salary and fringe benefits savings. [The Governor's budget recommendation would delete 11.0 positions annually to reflect the consolidation of agency attorneys and legal staff under the Department of Administration (DOA). The Joint Committee on Finance would delete the Governor's recommendation and authorize the Secretary of DOA to eliminate 13.0 state agency attorney positions. See Administration -- Transfers to the Department.]

Vetoed by Governor [A-4, E-1, and E-5]: Delete: (a) the specific requirement that the Secretary of DOA lapse or transfer \$724,900 from non-FED salary and fringe benefits amounts related to the net reduction of 13.0 FTE executive branch attorney positions in 2006-07; and (b) the University of Wisconsin System from the enumeration of executive branch state agencies that would be exempt from any reduction of attorney positions. The Governor's veto message indicates that the Secretary of DOA would lapse \$724,900 as part of a larger lapse or transfer requirement totaling \$71,234,500.

[Act 25 Sections: 9155(1w)&(2)]

[Act 25 Vetoed Sections: 9155(1w)&(2)]

JUDICIAL COMMISSION

Budget Summary							
Fund	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	2005-07 Legislature	2005-07 Act 25	Act 25 Change Over Base Year Doubled Amount	Percent
GPR	\$441,600	\$476,200	\$476,200	\$465,100	\$465,100	\$23,500	5.3%

FTE Position Summary						
Fund	2004-05 Base	2006-07 Governor	2006-07 Jt. Finance	2006-07 Legislature	2006-07 Act 25	Act 25 Change Over 2004-05 Base
GPR	2.00	2.00	2.00	2.00	2.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$34,600
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Governor/Legislature: Provide standard adjustments to the base budget totaling \$17,300 annually for full funding of continuing salaries and fringe benefits.

2. ACROSS-THE-BOARD REDUCTIONS

GPR	-\$11,100
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Senate/Legislature: Reduce the Judicial Commission's general program operations appropriation by \$5,500 in 2005-06 and by \$5,600 in 2006-07. This reduction amount is equal to approximately 2.3% of the agency's total GPR state operations appropriations. Provide that the agency may submit a request to the Joint Committee on Finance under s. 13.10 to reallocate the reduction to any of the agency's other sum certain GPR state operations appropriations. Provide further that the agency may submit a request to the Committee for restoration of the GPR funding reduction in an amount not to exceed the amount of reduction made to this appropriation. In the case of an appropriation restoration, the funding amounts would come from total funding of \$96,000,000 GPR placed in reserve in the Committee's biennial

appropriation for this purpose. See also "Budget Management and Compensation Reserves" and "Program Supplements."

Veto by Governor [E-2]: By partial veto, modify the language relating to the release of funds from the Committee's GPR supplemental appropriation to create alternative language specifying that the Secretary of Administration, not the Joint Finance Committee shall (not may) transfer monies from the Committee's appropriation to state agencies in any amount not to exceed the amount of the reduction indicated for that agency (which for the Judicial Commission is the amount of the reduction indicated above).

[Act 25 Section: 9155(5dv)]

[Act 25 Vetoed Sections: 9155(4)(c)&(5dv)]

JUSTICE

Budget Summary							
Fund	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	2005-07 Legislature	2005-07 Act 25	Act 25 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$67,924,000	\$69,473,000	\$67,068,700	\$65,639,700	\$65,639,700	-\$2,284,300	- 3.4%
FED	15,431,400	15,896,600	15,792,000	15,792,000	15,792,000	360,600	2.3
PR	70,313,200	70,950,000	77,966,400	77,966,400	77,066,400	6,753,200	9.6
SEG	<u>632,800</u>	<u>2,669,500</u>	<u>649,700</u>	<u>649,700</u>	<u>649,700</u>	<u>16,900</u>	2.7
TOTAL	\$154,301,400	\$158,989,100	\$161,476,800	\$160,047,800	\$159,147,800	\$4,846,400	3.1%

FTE Position Summary						
Fund	2004-05 Base	2006-07 Governor	2006-07 Jt. Finance	2006-07 Legislature	2006-07 Act 25	Act 25 Change
						Over 2004-05 Base
GPR	341.53	339.71	324.08	324.08	324.08	- 17.45
FED	27.25	26.65	25.25	25.25	25.25	- 2.00
PR	178.65	185.82	183.15	183.15	183.15	4.50
SEG	<u>2.75</u>	<u>5.75</u>	<u>2.75</u>	<u>2.75</u>	<u>2.75</u>	<u>0.00</u>
TOTAL	550.18	557.93	535.23	535.23	535.23	- 14.95

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 467]

Governor: Request standard adjustments to the base budget totaling \$1,219,700 GPR, \$264,700 FED, \$339,100 PR, and \$8,100 SEG in 2005-06 and \$1,219,700 GPR, \$264,700 FED, \$353,900 PR, and \$8,800 SEG in 2006-07. Adjustments are for: (a) turnover reduction (-\$452,800 GPR and -\$108,200 PR annually); (b) full funding of continuing salaries and fringe benefits (\$1,154,700 GPR, \$264,700 FED, -\$150,000 PR, and -\$8,800 SEG annually); (c) reclassifications (\$30,300 PR and \$5,400 SEG in 2005-06 and \$45,100 PR and \$6,100 SEG in 2006-07); (d) overtime (\$158,200 GPR, \$561,500 PR, and \$11,500 SEG annually); (e) night and weekend differential (\$10,200 GPR and \$2,300 PR annually); (f) full funding of lease costs and directed moves (\$349,400 GPR and \$3,200 PR annually); and (g) a series of offsetting transfers within the same appropriation, which

GPR	\$2,439,400
FED	529,400
PR	693,000
SEG	<u>16,900</u>
Total	\$3,678,700

collectively would implement a budgetary restructuring of the agency.

Joint Finance/Legislature: Modify the budgetary restructuring of the agency to ensure that funding and position authority associated with the Department's Narcotics Bureau remain separately identifiable for budgetary purposes.

2. **TRANSFER OF CONSUMER PROTECTION STAFF AND FUNCTIONS FROM THE DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION [LFB Paper 140]**

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$3,160,800	28.00	-\$3,160,800	-28.00	\$0	0.00
PR	<u>1,517,100</u>	<u>6.50</u>	<u>-1,517,100</u>	<u>-6.50</u>	<u>0</u>	<u>0.00</u>
Total	\$4,677,900	34.50	-\$4,677,900	-34.50	\$0	0.00

Governor: Provide \$2,029,800 in 2005-06 (\$1,354,600 GPR and \$675,200 PR) and \$2,648,100 in 2006-07 (\$1,806,200 GPR and \$841,900 PR) and 34.5 positions annually (28.0 GPR and 6.5 PR) to reflect the transfer of most consumer protection functions from the Department of Agriculture, Trade and Consumer Protection (DATCP) to the Department of Justice (DOJ). Specify that the Division of Legal Services in DOJ would be renamed the Division of Legal and Regulatory Services.

Expand the Consumer Protection Surcharge to Apply to Fines and Forfeitures Under Chapter 133 (Trusts and Monopolies). Provide that a court must impose a consumer protection surcharge equal to 25% of the fine or forfeiture imposed for a violation of Chapter 133 (Trusts and Monopolies), or for a violation of a rule or ordinance promulgated or enacted under the trusts and monopolies chapter. Under current law, this consumer protection surcharge equal to 25% of the fine or forfeiture is only assessed on fines and forfeitures for statutory, rule and ordinance violations under Chapter 98 (Weights and Measures) and Chapter 100 (Marketing; Trade Practices). A technical correction is needed to eliminate reference to imposing this surcharge on forfeitures relating to ordinances enacted under Chapter 133. Ordinances are not enacted under this chapter. The bill does not identify, and it is not known at this time, how much program revenue would be generated as a result of this surcharge change.

Consumer Protection, Information, and Education Appropriation. Create a PR annual consumer protection, information, and education appropriation under DOJ and authorize the agency to expend funds credited to the appropriation for consumer protection and consumer information and education. Require the State Treasurer to credit the consumer protection surcharges under Chapter 100 (Marketing; Trade Practices) or Chapter 133 (Trusts and Monopolies) to this appropriation. Specify, however, that the amount of consumer protection surcharges credited to the appropriation may not exceed \$375,000 in each fiscal year. The bill would provide \$175,000 PR annually in expenditure authority for supplies and services costs under this appropriation.

Telephone Solicitation Regulation Appropriation. Create a PR continuing telephone solicitation regulation appropriation under DOJ. Provide that all moneys received from telephone solicitor registration and registration renewal fees would be credited to this appropriation in order to establish and maintain the telephone solicitation ("no-call") program. The bill would transfer \$500,200 PR and 6.5 PR positions in 2005-06 and \$666,900 PR and 6.5 PR positions in 2006-07 from DATCP for the administration of the no-call program under this appropriation. As a continuing appropriation, DOJ would have the authority under this appropriation to expend all telephone solicitor registration and registration renewal fees credited to this appropriation, subject to the Department of Administration allotment process. [For a more detailed description of this recommendation, see "Agriculture, Trade and Consumer Protection."]

Joint Finance/Legislature: Delete provision.

3. TRANSFER OF THE STATE ADMINISTRATION OF THE DISTRICT ATTORNEYS FUNCTION TO DOJ [LFB Paper 261]

Governor: Transfer the duties and responsibilities associated with the state administration of the District Attorneys function from the Department of Administration (DOA) to DOJ.

Current Law. In order to administer the state's responsibility as employer of district attorneys, deputy district attorneys and assistant district attorneys, 1989 Wisconsin Act 31 created a State Prosecutors Office in DOA. The State Prosecutors Office is responsible for coordinating DOA's administrative duties relating to district attorney offices.

The major responsibilities of the Office include: (a) payroll; (b) fringe benefits; (c) budgets; (d) billing counties for program revenue positions; (e) collective bargaining; (f) advising elected district attorneys on their rights and responsibilities under the assistant district attorney collective bargaining agreement; (g) producing fiscal notes and bill analyses for legislative proposals affecting district attorneys; and (h) serving as a central point of contact for all prosecutors.

Currently, the State Prosecutors Office is budgeted \$118,900 GPR and 1.0 GPR position in 2004-05. Under the Governor's recommendation, neither the funding nor the position authority for this Office would be transferred to DOJ. Further, as part of a base budget reduction under DOA, \$96,300 GPR and 1.0 GPR position annually associated with the Office would be deleted. The remaining \$22,600 GPR annually in base level funding associated with the Office would remain at DOA under the recommendation.

Any additional costs or workload incurred by DOJ associated with administering the District Attorneys function would have to be supported by that agency through a reallocation of base level resources. [For more information on the transfer of the District Attorneys function, see "District Attorneys."]

Joint Finance/Legislature: Delete provision, but retain the repeal of certain obsolete provisions relating to DOA's payment of certain unfunded pension liabilities of Milwaukee County district attorneys who became state employees on January 1, 1990.

[Act 25 Sections: 57 and 371]

4. CONVERSION OF THE TRANSACTION INFORMATION FOR MANAGEMENT OF ENFORCEMENT (TIME) SYSTEM APPROPRIATION FROM THE GENERAL FUND TO THE TRANSPORTATION FUND [LFB Papers 465 and 717]

	<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	-\$2,019,800	-3.00	\$281,700	0.00	-\$1,738,100	-3.00
PR	0	0.00	1,738,100	3.00	1,738,100	3.00
SEG	<u>2,019,800</u>	<u>3.00</u>	<u>-2,019,800</u>	<u>-3.00</u>	<u>0</u>	<u>0.00</u>
Total	\$0	0.00	\$0	0.00	\$0	0.00

Governor: Provide \$1,009,900 SEG and 3.0 SEG positions annually and delete an equal amount of GPR funding and position authority to reflect the conversion of the TIME system appropriation from the general fund to the transportation fund. This item is part of an initiative to convert several appropriations outside the Department of Transportation from the general fund to the transportation fund. A summary listing of these appropriations is included in a related item titled "Transfer from the Transportation Fund to the General Fund," which can be found under the Transportation Finance section of the Department of Transportation.

Under current law, Wisconsin law enforcement agencies have access to the TIME system, which accesses information on state and national wanted, missing and unidentified persons; national criminal history record information; stolen motor vehicles records; driver and vehicle registration data; and identifiable stolen property listings.

Joint Finance/Legislature: Delete provision. Restore the TIME System annual GPR appropriation for 2005-06 only and provide \$281,700 GPR in that fiscal year. Create a TIME System annual PR appropriation and provide \$728,200 PR in 2005-06 and \$1,009,900 PR in 2006-07 and authorize 3.0 PR positions annually to reflect the funding conversion of the TIME System appropriation from the transportation fund to penalty surcharge revenues.

[Act 25 Sections: 356c, 358t, and 9429(3p)]

5. BUDGET REDUCTIONS

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$1,559,800	-15.57	\$3,200	1.12	-\$1,556,600	-14.45
FED	<u>-64,200</u>	<u>-0.60</u>	<u>-104,600</u>	<u>-1.40</u>	<u>-168,800</u>	<u>-2.00</u>
Total	-\$1,624,000	-16.17	-\$101,400	-0.28	-\$1,725,400	-16.45

Governor: Reduce various agency GPR and FED state operations appropriations by \$779,900 GPR and \$32,100 FED and 15.57 GPR and 0.6 FED positions annually. Apply the reductions as indicated in the following table.

<u>Appropriation</u>	<u>Funding</u>		<u>Positions</u>		<u>Funding Source</u>
	<u>2005-06</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2006-07</u>	
Legal services general program operations	\$176,700	\$176,700	3.00	3.00	GPR
Law enforcement services general program operations	231,200	231,200	5.67	5.67	GPR
Administrative services general program operations	355,600	355,600	6.40	6.40	GPR
Victims and witnesses general program operations	<u>16,400</u>	<u>16,400</u>	<u>0.50</u>	<u>0.50</u>	GPR
GPR reductions subtotal	\$779,900	\$779,900	15.57	15.57	GPR
Indirect cost reimbursements	\$32,100	\$32,100	0.60	0.60	FED

Joint Finance/Legislature: Reallocate the agency's GPR and FED budget reductions as indicated in the following table. Provide \$1,600 GPR and 1.12 GPR positions annually and delete \$52,300 FED and 1.4 FED positions annually in connection with these reallocations. Additional DOJ budget reductions are summarized under Item #10.

<u>Appropriation</u>	<u>Funding</u>		<u>Positions</u>		<u>Funding Source</u>
	<u>2005-06</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2006-07</u>	
Legal services general program operations	\$414,300	\$414,300	6.45	6.45	GPR
Law enforcement services general program operations	135,700	135,700	4.00	4.00	GPR
Administrative services general program operations	211,900	211,900	3.50	3.50	GPR
Victims and witnesses general program operations	<u>16,400</u>	<u>16,400</u>	<u>0.50</u>	<u>0.50</u>	GPR
GPR reductions subtotal	\$778,300	\$778,300	14.45	14.45	GPR
Law enforcement services federal aid, state operations	\$32,800	\$32,800	1.00	1.00	FED
Federal aid, victim assistance	<u>51,600</u>	<u>51,600</u>	<u>1.00</u>	<u>1.00</u>	FED
FED reductions subtotal	\$84,400	\$84,400	2.00	2.00	FED

6. CONSOLIDATION OF EXECUTIVE BRANCH ATTORNEYS AND LEGAL STAFF UNDER DOA [LFB Paper 110]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$378,600	-2.00	\$378,600	2.00	\$0	0.00

Governor: Delete 2.0 attorney positions annually and \$126,200 in 2005-06 and \$252,400 in 2006-07 to reflect the consolidation of attorneys and legal staff under DOA. Specify that effective January 1, 2006, 2.0 attorney positions under DOJ with duties entailing tax litigation would be transferred to the new Division of Legal Services in DOA and provide that the Secretary of DOA would identify the DOJ positions to be transferred.

A separate budget recommendation under the Department of Revenue would provide that agency with \$126,200 GPR in 2005-06 and \$252,400 GPR in 2006-07 to purchase tax litigation legal services that would now be provided by DOA.

Specify that all transferred attorneys and legal staff would have the same rights and status as in the agency in which they originated. Specify that attorneys and legal staff that have obtained permanent status would not have to undergo a probationary period in DOA. Provide that all equipment, supplies, and furniture related to the duties of the transferred employees, as specified by the Secretary of DOA, must be transferred to DOA on January 1, 2006. [See "Administration -- Transfers to the Department."]

Joint Finance: Delete provision. Direct the Secretary of DOA to delete 13.0 FTE executive branch agency attorney positions, other than attorney positions at the University of Wisconsin System, that become vacant before June 30, 2007, and lapse or transfer at least \$724,900 from associated non-FED salary and fringe benefits amounts to the general fund in 2006-07. If fewer than 13.0 FTE agency attorney positions are vacant on June 30, 2007, authorize the Secretary of DOA to delete sufficient additional state agency attorney positions, other than at the University of Wisconsin System, to ensure the elimination of a total of 13.0 FTE state agency attorney positions.

Senate/Legislature: Add the Department of Employee Trust Funds and the Investment Board to the executive branch agencies that would be exempted from the attorney position deletion and lapse or transfer of funds requirements.

Vetoes by Governor [A-4, E-1, and E-5]: Delete: (a) the specific requirement that the Secretary of DOA lapse or transfer \$724,900 from non-FED salary and fringe benefits amounts related to the net reduction of 13.0 FTE executive branch attorney positions in 2006-07; and (b) the University of Wisconsin System from the enumeration of executive branch state agencies that would be exempt from any reduction of attorney positions. The Governor's veto message indicates that the Secretary of DOA would lapse \$724,900 as part of a larger lapse or transfer requirement totaling \$71,234,500.

[Act 25 Sections: 9155(1w)&(2)]

[Act 25 Vetoed Sections: 9155(1w)&(2)]

7. REDUCTION FOR EXPERT WITNESS EXPENSES [LFB Paper 110]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$93,000	\$93,000	\$0

Governor: Delete \$46,500 annually under the agency's legal expenses biennial appropriation to reflect the transfer of funding for expert witness services in connection with tax litigation from DOJ to the Department of Revenue. A separate budget recommendation under the Department of Revenue would provide an identical increase for the costs of expert witness fees under that agency.

The legal expenses appropriation is utilized by the Division of Legal Services to fund the payment of expenses (other than agency personnel costs) incurred by the Department in the prosecution or defense of legal proceedings. Base level funding for the appropriation is \$825,100 annually.

Joint Finance/Legislature: Delete provision.

8. INFORMATION TECHNOLOGY SERVER AND NETWORK CONSOLIDATION [LFB Paper 111]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- 9.25	9.25	0.00

Governor: Reallocate \$784,400 from salaries and fringe benefits to unallotted reserve and delete 9.25 positions in 2006-07 associated with the consolidation of information technology server and network infrastructure support in DOA. [See "Administration -- Transfers to the Department."]

Joint Finance/Legislature: Delete the reallocation of \$784,400 from salaries and fringe benefits to unallotted reserve and restore 9.25 positions in 2006-07 associated with the consolidation of information technology server and network infrastructure support in DOA. As a result, DOJ will maintain its own servers and network support.

9. TRANSFER OF THE COUNTY-TRIBAL LAW ENFORCEMENT GRANT PROGRAM TO THE OFFICE OF JUSTICE ASSISTANCE [LFB Paper 120]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
PR	-\$1,575,200	- 1.00	\$4,975,200	1.00	-\$900,000	0.00	\$2,500,000	0.00

Governor: Delete \$787,600 and 1.0 position annually and transfer the county-tribal law enforcement grant program and the incumbent program staff from DOJ to the Office of Justice Assistance (OJA) in DOA. Eliminate the state operations and the local assistance appropriations for the county-tribal program and associated statutory authority for the program under DOJ. Specify that the transferred employee would retain the same rights and employee status held prior to the transfer and would not be required to serve a probationary period if the employee had already achieved permanent status in his or her classified position.

Under current law, in order to receive grant funding, a county that has one or more federally-recognized Indian reservations within or partially within its boundaries must enter into an agreement with an Indian tribe located in the county to establish a cooperative county-tribal law enforcement program. The county and tribe must also develop and annually submit to DOJ a joint program plan and report on the performance of law enforcement activities on the reservation in the previous fiscal year. Tribal gaming receipts provide the program revenue for the county-tribal law enforcement grant program.

Joint Finance/Legislature: Delete provision. Transfer the administration and funding of both the county law enforcement services grant program and the tribal law enforcement grant program from OJA to DOJ. Reallocate \$950,000 annually of base level funding for the two programs and renumber the respective PR annual appropriations for the programs to reflect the transfer of the programs from OJA to DOJ.

Provide an additional \$750,000 annually from tribal gaming revenue to the county law enforcement services grant program. Specify that \$300,000 annually under the county law enforcement services grant program be allocated to Forest County. [For additional information, see "Administration -- Office of Justice Assistance."]

Veto by Governor [D-11]: Reduce the expenditure authority for the county law enforcement services grant program appropriation by \$450,000 annually by deleting the annual amounts in the appropriations schedule (\$1,000,000) and writing in the lower annual amounts (\$550,000). The Governor indicates that the intent of the veto is to maintain base level funding for the grant program in addition to the earmarked funding for Forest County. This reduction of tribal gaming revenue to the appropriation results in a corresponding increase in the amount of such revenue credited to the general fund. The fiscal effect of this tribal gaming revenue change is shown under "Administration -- Division of Gaming."

[Act 25 Sections: 87t thru 88b, 416g, 416h, 423m, 424b, 2086s, 2088m, and 9101(10r)]

[Act 25 Vetoed Section: 140 (as it relates to s. 20.455(2)(kq))]

10. BUDGET REDUCTIONS AND LAPSES FROM PROGRAM REVENUE BALANCES

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV	\$176,400		\$89,800		\$266,200	
PR	-\$176,400	-2.33	-\$89,800	-0.17	-\$266,200	-2.50

Governor: Reduce the expenditure authority in various agency PR state operations appropriations by \$88,200 and 2.33 positions annually. Apply the reductions to the following appropriation accounts: (a) criminal history searches and fingerprint identification (-\$32,800 and -1.0 position annually); (b) TIME system terminal charges (-\$35,400 and -1.0 position annually); and (c) law enforcement training fund state operations (-\$20,000 and -0.33 position annually).

Require the Secretary of DOA to lapse \$88,200 annually to the general fund from the available balances in these appropriations and reestimate GPR-Earned receipts under the agency by these amounts. The amounts would be generated from the base level reductions described above.

Joint Finance/Legislature: Delete an additional \$44,900 and 0.17 position annually from the agency and lapse the additional base level funding reductions to the general fund. Implement the additional base level PR reductions by: (a) deleting the Governor's recommended PR expenditure and position reductions and associated lapses to the general fund; and (b) reducing the expenditure and position authority under the Legal Services interagency and intra-agency assistance PR appropriation by \$133,100 and 2.5 positions annually and lapsing these amounts to the general fund.

Veto by Governor [E-1]: Delete the specific lapse amount for this agency as required under the bill as passed by the Legislature. Instead, by partial veto, create a general nonstatutory provision directing the Secretary of DOA to make lapses from unspecified appropriation accounts to the general fund that total \$71,234,800. The Governor's veto message indicates his intent that the Secretary is to achieve this overall lapse amount by including a lapse of monies from this agency to the general fund in an amount equal to the lapse amounts as specified for DOJ in the budget bill as passed by the Legislature.

[Act 25 Sections: 9255(1)(a)&(b)]

[Act 25 Vetoed Sections: 9255(1) title and (1)(a)&(b)]

11. PENALTY SURCHARGE SHORTFALL [LFB Paper 465]

PR	-\$697,000
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Governor/Legislature: Reduce expenditure authority under the following agency appropriations that are supported by penalty surcharge revenues by the amounts indicated to address a deficit in the penalty surcharge account. The reductions represent a decrease of 3%

annually (after standard budget adjustments). [For additional information on the penalty surcharge deficit, see "Administration -- Office of Justice Assistance."]

<u>Appropriation</u>	<u>Reduction Amounts</u>	
	<u>2005-06</u>	<u>2006-07</u>
(2)(ke) Drug Enforcement Intelligence Operations	\$48,300	\$48,500
(5)(kp) Reimbursement to Counties for Victim-Witness Services	23,100	23,100
(2)(j) Law Enforcement Training Fund, Local Assistance	159,600	159,600
(2)(ja) Law Enforcement Training Fund, State Operations	106,100	106,100
(2)(jb) Crime Laboratory Equipment and Supplies	<u>11,300</u>	<u>11,300</u>
Total	\$348,400	\$348,600

12. FEDERAL BYRNE AND PENALTY SURCHARGE FUNDING
 [LFB Paper 122]

PR	\$1,827,600
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Joint Finance/Legislature: Establish the following funding priorities for available penalty surcharge dollars previously utilized to match federal funding received under the Byrne Anti-Drug Grant Program: (a) delete \$74,100 annually under the interagency and intra-agency assistance; reimbursement to counties appropriation to reflect that penalty surcharge funding will no longer be received as a part of a larger federal Byrne award to the agency; (b) provide an additional \$139,300 annually to the reimbursement to counties for victim-witness services appropriation, to increase the funding available to reimburse counties for up to 90% of their victim and witness assistance program costs; and (c) provide \$848,600 annually under a new PR annual local anti-drug task forces appropriation to provide funding to local anti-drug task forces, including funding for anti-drug prosecutors in Dane, Milwaukee and St. Croix Counties.

Include nonstatutory provisions directing DOJ to allocate local anti-drug task forces penalty surcharge funding of: (a) \$38,500 annually for 2.0 anti-drug prosecutors in Milwaukee County; (b) \$12,500 annually for 0.75 anti-drug prosecutor in Dane County; and (c) \$34,900 in 2005-06 and \$72,500 in 2006-07 for 1.0 anti-drug prosecutor in St. Croix County. The remaining funding for the Milwaukee and Dane County anti-drug prosecutors would be supported from Justice Assistance Grant funding under OJA.

Under the federal budget for federal fiscal year (FFY) 2005, the Byrne formula and Local Law Enforcement Block Grant Programs have been replaced with the new Edward Byrne Memorial Justice Assistance Grant Program. Unlike the previous Byrne program, the new Justice Assistance Grant Program does not require states to provide a 25% state match in order to receive the federal funding. Under the President's FFY 2006 federal budget proposal submitted to the Congress, the Justice Assistance Grant program would be eliminated altogether. [For additional information, see "Administration -- Office of Justice Assistance."]

[Act 25 Sections: 359v, 415m, and 9111(1c),(1d)&(1e)]

13. REIMBURSEMENT FOR COUNTY VICTIM AND WITNESS ASSISTANCE PROGRAMS [LFB Paper 466]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR-REV	\$1,208,800	-\$571,900	\$636,900
PR	-\$172,800	-\$640,000	-\$812,800

Governor: Make the following modifications to the crime victim and witness assistance surcharge and provide decreased funding of \$406,400 in 2005-06 and increased funding of \$233,600 in 2006-07 to the reimbursement funding available to counties for up to 90% of their crime victim and witness assistance program costs.

Increase "Part A" of the Crime Victim and Witness Assistance Surcharge. Increase "Part A" of the surcharge from the current \$30 for each misdemeanor offense to \$40 and from the current \$50 for each felony offense to \$65. When a court imposes a sentence or places a person on probation, a crime victim and witness assistance surcharge is also imposed (\$50 for each misdemeanor offense and \$70 for each felony offense). The initial \$30 of the surcharge for a misdemeanor and \$50 for a felony is termed the "Part A" portion of the surcharge. The "Part A" portion is allocated for victim and witness assistance programs.

The Governor estimates that the recommended surcharge increases would result in additional revenues of \$360,000 PR-REV in 2005-06 and \$848,800 PR-REV in 2006-07. The proposed surcharge change would first apply to moneys collected on and after the general effective date of the biennial budget act.

Reduced County Crime Victim and Witness Assistance Payments Due to Federal Byrne Funds Decreases. Reduce expenditure authority by \$406,400 annually under the Department's reimbursement to counties from interagency assistance appropriation. This appropriation is funded from federal Byrne anti-drug grant funds and associated state penalty surcharge match funding and may be used to reimburse counties for up to 90% of their victim and witness assistance program costs. The recommended reduction is made to reflect a 48% reduction in Wisconsin's federal fiscal year (FFY) 2005 Byrne grant award amounts compared to its FFY 2004 award level. In 2004-05, this appropriation was budgeted to receive \$850,800 in Byrne and matching penalty surcharge funds for this purpose. [See "Administration -- Office of Justice Assistance" for additional information on Byrne fund adjustments.]

Additional County Crime Victim and Witness Assistance Payments Due to the "Part A" Surcharge Increase. Provide \$640,000 in 2006-07 under the agency's general services appropriation that makes payments to counties for up to 90% of their victim and witness assistance program costs. These additional amounts would be funded from the increased "Part A" crime victim and witness assistance surcharge revenues.

Joint Finance/Legislature: Reestimate revenue from the increase to "Part A" of the crime victim and witness assistance surcharge by -\$147,700 PR-REV in 2005-06 and by -\$424,200 PR-

REV in 2006-07. Delete the Governor's recommendation to provide an additional \$640,000 in 2006-07 under the agency's general services appropriation that makes payments to counties for up to 90% of their victim and witness assistance program costs. It is estimated that the increase to "Part A" of the crime victim and witness assistance surcharge coupled with the deletion of this expenditure authority will permit the deficit in "Part A" funded appropriations to be reduced from -\$571,600 in 2004-05 to -\$384,500 in 2006-07. [Additional funding for county victim and witness assistance programs is summarized under Item #12.]

Expand the applicability of the crime victim and witness assistance surcharge to provide that if a complaint is issued charging a person with a crime for an offense that could subject the person to a civil forfeiture or to prosecution for a crime, the prosecutor decides to defer or suspend the criminal prosecution, and as a result the person agrees to pay a civil forfeiture, the court would also have to impose a crime victim and witness assistance surcharge in addition to imposing a forfeiture. The amount of the surcharge would be based on whether the criminal complaint charged the individual with either a felony or a misdemeanor violation.

[Act 25 Sections: 2450d thru 2450r, 2468m thru 2471, 9307(2e), and 9329(1)&(2)]

14. CRIME LABORATORIES AND DRUG LAW ENFORCEMENT SURCHARGE INCREASE [LFB Paper 467]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR-REV	\$1,700,000	\$210,100	\$175,000	\$2,085,100
PR-REV	\$1,046,300	\$603,800	\$0	\$1,650,100

Governor: Make the following modifications to the crime laboratories and drug law enforcement surcharge and to the DOJ appropriations funded from the surcharge:

Increase the Crime Laboratories and Drug Law Enforcement Surcharge. Increase the amount of the surcharge from the current \$7 to \$8. When a court imposes a sentence, places a person on probation, or imposes a forfeiture for a violation of state law or municipal or county ordinance, a surcharge of \$7 is generally imposed. Currently, the surcharge supports: (a) the DNA databank; (b) DNA evidence prosecution efforts; (c) the state crime laboratories; and (d) drug law enforcement efforts. The Governor estimates that the recommended surcharge increase would result in additional revenues of \$1,046,300 PR-REV in 2006-07.

Lapse of Unencumbered Year-end Crime Laboratories and Drug Law Enforcement Surcharge Balances. Provide that all unencumbered balances in the DOJ appropriation accounts funded by the crime laboratories and drug law enforcement surcharge on June 30 of each fiscal year would lapse to the general fund. Estimate increased GPR-Earned receipts under DOJ of \$400,000 in 2005-06 and \$1,300,000 in 2006-07 to reflect this lapse requirement.

Joint Finance/Legislature: Reestimate revenue from the increase to the crime laboratories and drug law enforcement surcharge by \$696,900 PR-REV in 2005-06 and by -\$93,100 PR-REV in 2006-07. Modify the lapse requirement to provide that all unencumbered balances on June 30 of each fiscal year in excess of \$175,000 in the DOJ appropriation accounts funded by the surcharge would lapse to the general fund during the 2005-07 biennium only. Reestimate total lapse amounts at \$818,600 in 2005-06 and \$1,091,500 in 2006-07, and adjust lapse estimates under the bill by \$418,600 in 2005-06 and -\$208,500 in 2006-07.

Veto by Governor [D-12]: Delete the authority of DOJ to retain \$175,000 in unencumbered surcharge balances at the end of each fiscal year during the 2005-07 biennium. As a result, an additional \$175,000 in surcharge balances are projected to lapse to the general fund in 2005-06.

[Act 25 Sections: 359b, 2086, and 9229(2k)]

[Act 25 Vetoed Section: 9229(2k)]

15. DNA ANALYST POSITION INCREASES [LFB Paper 467]

	Funding	Positions
PR	\$393,600	4.00

Governor/Legislature: Provide \$188,100 in 2005-06 and \$205,500 in 2006-07 and 4.0 positions annually to provide the Madison and the Milwaukee Crime Laboratories with two additional DNA analysts each. The Department currently employs 25.0 DNA analysts. The new positions would be used to address existing DNA sample testing backlogs and to process additional DNA samples from criminal investigations to determine any matches to DNA profiles developed in the investigation or previously included in the state's DNA database. There are approximately 74,000 DNA profiles in the state's DNA database, with approximately 1,000 additional profiles added each month. The positions would be funded from the current \$7 crime laboratories and drug law enforcement surcharge and from the \$250 DNA surcharge. In a separate recommendation, the crime laboratories and drug law enforcement surcharge would be increased from \$7 to \$8.

Under current law, the following persons are required to submit a DNA specimen for inclusion in the state's DNA database: (a) those found guilty or delinquent of first or second degree sexual assault or of engaging in repeated sexual assaults of the same child (this category includes those found not guilty of such crimes by reason of mental disease or defect); (b) those committed as sexually violent persons; (c) those in prison for a felony committed in Wisconsin; (d) those sentenced to prison or placed on probation for a felony conviction; (e) those convicted of certain serious crimes ordered by a judge to submit a DNA sample; or (f) those on parole, extended supervision or on probation in another state (but supervised in Wisconsin) for a violation in the other state that the Department of Corrections determines would be subject to (a) or (d) above, if committed in Wisconsin.

16. METHAMPHETAMINE TRAINING AND EQUIPMENT FUNDING [LFB Paper 467]

PR	\$216,900
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Governor/Legislature: Provide \$196,300 in 2005-06 and \$20,600 in 2006-07 to support two methamphetamine drug enforcement efforts: (a) \$97,300 in 2005-06 and \$20,600 in 2006-07 for the Department's Clandestine Laboratory Enforcement and Response (CLEAR) team; and (b) \$99,000 in 2005-06 to establish a Drug Endangered Children training program. The funding would be provided from the \$7 crime laboratories and drug law enforcement surcharge and from the \$250 DNA surcharge. In a separate recommendation, the crime laboratories and drug law enforcement surcharge would be increased from \$7 to \$8.

Currently, the Department's Division of Criminal Investigation coordinates CLEAR team activities. Approximately 100 state and local officers are currently members of CLEAR and are trained to dismantle methamphetamine laboratories, collect evidence and prepare these laboratory sites for outside contractors to dispose of hazardous chemicals. The CLEAR team is also involved in community education and prevention efforts.

Under the CLEAR team recommendation, the team would be provided the following funding: (a) \$10,300 in 2005-06 and \$20,600 in 2006-07 to support master lease payments to purchase six sets of updated air monitoring equipment estimated to cost \$90,000; (b) \$62,000 in 2005-06 to train and equip five Milwaukee police officers to be members of CLEAR; and (c) \$25,000 in 2005-06 to train and equip five Division of Criminal Investigation agents to process methamphetamine laboratories in unventilated or confined spaces.

Under the Drug Endangered Children recommendation, the training program would be provided with the following funding: (a) \$35,000 for two, two-day training sessions for countywide or regional Drug Endangered Children teams; (b) \$20,000 for an advertising campaign for the program; (c) \$20,000 for urinalyses and physical examinations for 100 children removed from methamphetamine-contaminated homes; (d) \$18,000 for two, one-day basic training conferences; and (e) \$6,000 to provide clothing and supplies to children removed from methamphetamine-contaminated homes.

17. TIME SYSTEM UPGRADE [LFB Paper 468]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$337,600	\$647,400	\$985,000

Governor: Provide \$112,500 in 2005-06 and \$225,100 in 2006-07 to fund the initial payments under a six-year master lease agreement for hardware, software, and development costs associated with the first phase of a projected three-phase upgrade to the Transaction Information for the Management of Enforcement (TIME) system. Upon completion of the upgrade project, the TIME System will be accessible over the Internet by authorized users. DOJ has projected a need of \$985,000 to complete the first phase of the project.

The PR funding to support this phase of the upgrade request would be provided from the

available balances in the agency's TIME system terminal charges appropriation, which is supported by fees assessed on local and tribal law enforcement agencies for use of the system.

Under current law, the TIME system provides Wisconsin law enforcement agencies with access to information on state and national wanted, missing and unidentified persons; national criminal history record information; stolen motor vehicles records; driver and vehicle registration data; and identifiable stolen property listings.

Joint Finance/Legislature: Delete provision. Provide \$985,000 in 2005-06 to DOJ's terminal charges appropriation to permit the Department to fund the development of its e-TIME System with available TIME System user fees.

18. HANDGUN PURCHASER RECORD CHECK PROGRAM DEFICIT REDUCTION [LFB Papers 465 and 468]

Governor: Transfer \$647,400 PR in 2005-06 from the balances in DOJ's Transaction Information for the Management of Enforcement (TIME) System terminal charges appropriation account to the Department's handgun purchaser record check appropriation account to offset a portion of the deficit in that appropriation. The handgun purchaser record check appropriation concluded the 2003-04 fiscal year with a deficit of \$918,200 PR.

Revise the purposes of the handgun purchaser record check appropriation to permit such a transfer from the TIME System terminal charges appropriation and repeal that revised treatment, effective July 1, 2006.

Handgun Purchaser Record Check Program. Under current law, when a firearms dealer sells a handgun, the dealer may not transfer possession of that handgun until: (a) the dealer has inspected photographic identification from the purchaser; (b) the purchaser has completed a notification form with the purchaser's name, date of birth, gender, race and social security number so that DOJ may perform an accurate record search; (c) the dealer has submitted the information to DOJ and has requested a firearms restrictions record search; and (d) 48 hours have lapsed (subject to certain extensions) and DOJ has not notified the dealer that the transfer would be a violation of state or federal law. An \$8 fee is assessed on the dealer (who may pass the charge on to the purchaser) for each background check. The fee revenues are remitted to DOJ and are intended to fund the cost of operating the record check program.

TIME System. Under current law, the TIME System gives Wisconsin law enforcement agencies access to information on state and national wanted, missing and unidentified persons; national criminal history record information; stolen motor vehicles records; driver and vehicle registration data; and identifiable stolen property listings. The transferred funding under this recommendation would come from the TIME System terminal charges appropriation that is supported by fees assessed on local and tribal law enforcement agencies for use of the TIME system.

Joint Finance/Legislature: Delete provision. Transfer \$351,400 PR in 2006-07 of penalty surcharge balances to DOJ's PR handgun purchaser record check appropriation to reduce the

projected deficit in that account.

[Act 25 Sections: 357c, 358c, 9229(1p), and 9429(2p)]

19. AUTOMATED FINGERPRINT IDENTIFICATION SYSTEM MAINTENANCE COSTS

PR	\$100,000
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Governor/Legislature: Provide \$100,000 in 2006-07 for increased maintenance costs associated with an upgrade of the agency's automated fingerprint identification system (AFIS). Funding would be provided under from Department's criminal history searches and fingerprint identification appropriation that is funded from criminal history search fees and fingerprint card record check fees assessed on searches unrelated to criminal justice.

AFIS provides for the electronic storage of fingerprints that are required to be submitted to the Department. The system permits law enforcement agencies to compare fingerprints against the system's database of electronically stored fingerprint records.

20. SEXUAL ASSAULT FORENSIC EXAMS [LFB Paper 467]

PR	\$75,000
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Joint Finance/Legislature: Create a PR annual appropriation under DOJ and provide \$37,500 annually to fund sexual assault forensic exams. The appropriation would be supported by revenue from the crime laboratories and drug law enforcement surcharge (which would be increased from \$7 to \$8 in a separate recommendation) and by the \$250 DNA surcharge. Sexual assault forensic exams are utilized to collect forensic evidence from victims of sexual assault.

[Act 25 Sections: 359s and 362c]

21. ENFORCEMENT OF OPEN HOUSING LAW

Joint Finance/Legislature: Modify the state open housing law to require the Department of Workforce Development (DWD) to refer cases to the Attorney General where probable cause of discrimination has been determined. Authorize the Attorney General, based on his or her concurrence, to represent the discrimination complainant and the state's interest in eliminating probable discrimination at a hearing or in court. Provide that these changes would take effect January 1, 2006.

Provide \$85,000 GPR in 2006-07 in the Joint Committee on Finance GPR supplemental appropriation for possible future release to DOJ or to DWD to assist these agencies in meeting the representation requirements of administering the state open housing law. The fiscal effect of this provision is shown under "Program Supplements." [For additional information, see "Workforce Development -- Employment, Training, and Vocational Rehabilitation Programs."]

[Act 25 Sections: 1839u thru 1839z, 9353(3k), and 9454(3k)]

22. ACROSS-THE-BOARD REDUCTIONS

GPR	- \$1,429,000
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Senate/Legislature: Reduce the agency's Division of Legal Services general program operations appropriation by \$712,400 in 2005-06 and by \$716,600 in 2006-07. This reduction amount is equal to approximately 2.3% of the agency's total GPR state operations appropriations. Provide that DOJ may submit a request to the Joint Committee on Finance under s. 13.10 to reallocate the reduction to any of the Department's other sum certain GPR state operations appropriations. Provide further that DOJ may submit a request to the Committee for restoration of the GPR funding reduction in an amount not to exceed the amount of reduction made to this appropriation. In the case of an appropriation restoration, the funding amounts would come from total funding of \$96,000,000 GPR placed in reserve in the Committee's biennial appropriation for this purpose. See also "Budget Management and Compensation Reserves" and "Program Supplements."

Veto by Governor [E-2]: By partial veto, modify the language relating to release of funds from the Committee's GPR supplemental appropriation to create alternative language specifying that the Secretary of DOA, not the Joint Finance Committee, shall (not may) transfer monies from the Committee's appropriation to state agencies in any amount not to exceed the amount of the reduction indicated for that agency (which for DOJ is the amount of the reduction indicated above).

[Act 25 Section: 9155(5dv)]

[Act 25 Vetoed Sections: 9155(4)(c)&(5dv)]

LEGISLATURE

Budget Summary							
Fund	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	2005-07 Legislature	2005-07 Act 25	Act 25 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$124,664,000	\$126,724,500	\$126,724,500	\$123,789,900	\$123,789,900	-\$874,100	- 0.7%
PR	<u>3,429,200</u>	<u>3,555,000</u>	<u>3,555,000</u>	<u>3,555,000</u>	<u>3,555,000</u>	<u>125,800</u>	3.7
TOTAL	\$128,093,200	\$130,279,500	\$130,279,500	\$127,344,900	\$127,344,900	-\$748,300	- 0.6%

FTE Position Summary						
Fund	2004-05 Base	2006-07 Governor	2006-07 Jt. Finance	2006-07 Legislature	2006-07 Act 25	Act 25 Change
						Over 2004-05 Base
GPR	769.17	769.17	769.17	769.17	769.17	0.00
PR	<u>19.80</u>	<u>19.80</u>	<u>19.80</u>	<u>19.80</u>	<u>19.80</u>	<u>0.00</u>
TOTAL	788.97	788.97	788.97	788.97	788.97	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$2,060,500
PR	<u>60,800</u>
Total	\$2,121,300

Governor/Legislature: Provide standard adjustments to the base budget totaling \$1,029,800 GPR and \$22,000 PR in 2005-06 and \$1,030,700 GPR and \$38,800 PR in 2006-07. Adjustments are for: (a) turnover reduction (-\$103,500 GPR annually); (b) full funding of continuing positions salaries and fringe benefit (\$1,089,200 GPR and -\$4,200 PR annually); (c) reclassifications (\$20,600 PR in 2005-06 and \$37,400 PR in 2006-07); and (d) full funding of lease costs (\$44,100 GPR and \$5,600 PR in 2005-06 and \$45,000 GPR and \$5,600 PR in 2006-07).

2. REQUIRED GPR LAPSE

GPR-Lapse	\$9,350,000
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Governor/Legislature: Require the Co-chairs of the Joint Committee on Legislative Organization (JCLO) to ensure that during the biennium an amount equal to \$4,675,000

annually be lapsed from the GPR appropriations of the Legislature to the general fund. The \$4,675,000 amount represents 7.5% of the adjusted base budget of the Legislature. In addition, require the JCLO Co-chairs to reduce the number of total authorized positions of the Legislature by 38.0 FTE positions (4.8% of the Legislature's adjusted base authorized positions). The position reduction would be reflected in the 2006-07 base budget in establishing the Legislature's budget for the 2007-09 biennium.

[Act 25 Section: 9130(1)]

3. ACROSS-THE- BOARD REDUCTIONS

GPR	-\$2,934,600
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Senate/Legislature: Reduce each of the Legislature's state operations GPR appropriations in 2005-06 and 2006-07 by the amounts shown in the table below. The total GPR reduction equals \$1,456,200 in 2005-06 and \$1,478,400 in 2006-07. These reduction totals are equal to approximately 2.3% of the Legislature's total GPR state operations appropriations in each fiscal year. Provide that the Legislature may submit a request to the Joint Committee on Finance under s. 13.10 to reallocate the reductions among its GPR appropriations. Provide further that the Legislature may submit a request to the Committee for restoration of any of the GPR funding reductions, or in the case of sum sufficient appropriations, to re-estimate expenditure levels under such appropriations, but in either case in an amount not to exceed the total amount of reductions made to the Legislature's GPR appropriations under this provision. In the case of an appropriation restoration or sum sufficient re-estimate, the funding amounts would come from total funding of \$96,000,000 GPR placed in reserve in the Committee's biennial appropriation for this purpose. See also "Budget Management and Compensation Reserves" and "Program Supplements".

Reduction Amounts by Individual GPR Appropriation

<u>Appropriation Unit</u>	<u>Appropriation Reduction Amounts</u>	
	<u>2005-06</u>	<u>2006-07</u>
Assembly	\$503,500	\$511,100
Senate	350,500	355,800
Legislative Documents	94,800	96,300
Retirement Committee	1,400	1,400
Retirement Actuarial Studies	300	300
Revisor of Statutes Bureau	19,900	20,200
Legislative Reference Bureau	123,300	125,200
Legislative Audit Bureau	118,700	120,600
Legislative Fiscal Bureau	80,500	81,700
Legislative Council	81,200	82,400
Legislative Technology Services Bureau	78,700	79,900
Memberships in National Associations	<u>3,400</u>	<u>3,500</u>
Total	\$1,456,200	\$1,478,400

Veto by Governor [E-2]: By partial veto, modify the language relating to release of funds from the Committee's supplemental GPR appropriation to create alternative language specifying that the Secretary of Administration, not the Joint Finance Committee, shall (not may) transfer monies from the Committee's appropriation to state agencies in any amount not to exceed the amount of the reduction indicated for that agency (which for this agency is the amount of the reductions indicated above). In the case of the sum sufficient appropriations that were reduced for this agency, the Secretary would be required to re-estimate the expenditure level for those appropriations.

[Act 25 Section: 9155(5dv)]

[Act 25 Vetoed Sections: 9155(4)(c)&(5dv)]

4. LEGISLATIVE AUDIT BUREAU

PR	\$65,000
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Governor/Legislature: Provide one-time funding of \$65,000 PR in 2005-06 for the statutorily-required quintennial actuarial audit of the Wisconsin Retirement System. The Audit Bureau must contract with an outside audit firm for the conduct of this audit. The cost of the audit is assessed against the segregated retirement trust fund.

5. REVISOR OF STATUTES BUREAU [LFB Paper 104]

Governor: Modify the current law provision that requires the Revisor of Statutes shall attend the Midwest and National Legislative Service Conferences of the Council of State Governments (CSG) to provide that the Revisor is not required to attend such conference meetings if Secretary of DOA takes actions to reduce or eliminate the state's dues payments to the Council of State Governments and the state discontinues membership in the Council.

Joint Finance/Legislature: Delete provision.

6. REPEAL ONE-TIME CONSOLIDATED APPROPRIATION FOR LEGISLATURE

Governor/Legislature: Repeal the consolidated GPR appropriation created in the 2003-05 budget (2003 Act 33) that placed all the GPR funds provided for the operation of the Legislature into a single, sum sufficient appropriation. Act 33 specified that the single, consolidated appropriation expire upon the enactment of the 2005-07 biennial budget.

[Act 25 Sections: 3 thru 9, 16, 20 thru 25, 27, 28, 30, 31, 33, 441 thru 445, 685, 693, and 694]

LIEUTENANT GOVERNOR

Budget Summary						
Fund	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	2005-07 Legislature	2005-07 Act 25	Act 25 Change Over Base Year Doubled Amount Percent
GPR	\$709,200	\$781,800	\$781,800	\$763,700	\$763,700	\$54,500 7.7%

FTE Position Summary						
Fund	2004-05 Base	2006-07 Governor	2006-07 Jt. Finance	2006-07 Legislature	2006-07 Act 25	Act 25 Change Over 2004-05 Base
GPR	4.00	4.00	4.00	4.00	4.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$78,600
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Governor/Legislature: Provide standard adjustments to the base budget of \$39,300 annually for full funding of continuing positions salaries and fringe benefits.

2. BUDGET REDUCTIONS

GPR	- \$6,000
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Governor/Legislature: Reduce base supplies and services funding by \$3,000 annually.

3. ACROSS-THE- BOARD REDUCTIONS

GPR	- \$18,100
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Senate/Legislature: Reduce the agency's GPR appropriation for general program operations by \$9,000 in 2005-06 and by \$9,100 in 2006-07. This reduction amount is equal to approximately 2.3% of the agency's total GPR state operations appropriations in each fiscal year. Provide that the agency may submit a request to the Committee for restoration of the GPR funding reduction in an amount not to exceed the amount of reduction made to the agency's appropriation under this provision. The funding amount for any restoration would come from

total funding of \$96,000,000 GPR placed in reserve in the Committee's biennial appropriation for this purpose. See also "Budget Management and Compensation Reserves" and "Program Supplements".

Veto by Governor [E-2]: By partial veto, modify the language relating to release of funds from the Committee's supplemental GPR appropriation to create alternative language specifying that the Secretary of Administration, not the Joint Finance Committee, shall (not may) transfer monies from the Committee's appropriation to state agencies in any amount not to exceed the amount of the reduction indicated for that agency (which for this agency is the amount of the reduction indicated above).

[Act 25 Section: 9155(5dv)]

[Act 25 Vetoed Sections: 9155(4)(c)&(5dv)]

LOWER WISCONSIN STATE RIVERWAY BOARD

Budget Summary							
Fund	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	2005-07 Legislature	2005-07 Act 25	Act 25 Change Over Base Year Doubled Amount	Percent
SEG	\$311,400	\$332,800	\$332,800	\$332,800	\$332,800	\$21,400	6.9%

FTE Position Summary						
Fund	2004-05 Base	2006-07 Governor	2006-07 Jt. Finance	2006-07 Legislature	2006-07 Act 25	Act 25 Change Over 2004-05 Base
SEG	2.00	2.00	2.00	2.00	2.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

SEG	\$21,400
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Governor/Legislature: Provide \$10,700 annually from the conservation fund (75% water resources account and 25% forestry account) for full funding of continuing salaries and fringe benefits.

MEDICAL COLLEGE OF WISCONSIN

Budget Summary							
Fund	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	2005-07 Legislature	2005-07 Act 25	Act 25 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$11,170,800	\$14,101,000	\$13,384,500	\$13,384,500	\$13,384,500	\$2,213,700	19.8%
PR	<u>1,500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>- 1,000,000</u>	- 66.7
TOTAL	\$12,670,800	\$14,601,000	\$13,884,500	\$13,884,500	\$13,884,500	\$1,213,700	9.6%

FTE Position Summary
<p>The state does not budget nonstate revenues or authorize positions of the Medical College of Wisconsin, which is a private, state-aided institution governed by a Board of Trustees.</p>

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	- \$1,000,000
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Governor/Legislature: Adjust the base budget by -\$500,000 annually. Beginning in 2000-01, the Medical College received \$500,000 annually for tobacco use prevention and cessation activities. This provision was repealed under 2003 Act 33.

2. DEBT SERVICE REESTIMATE [LFB Paper 184]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$2,930,200	-\$716,500	\$2,213,700

Governor: Reestimate debt service costs by \$743,200 in 2005-06 and \$2,187,000 in 2006-07.

Joint Finance/Legislature: Reestimate debt service costs by -\$430,500 in 2005-06 and -\$286,000 in 2006-07.

MILITARY AFFAIRS

Budget Summary							
Fund	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	2005-07 Legislature	2005-07 Act 25	Act 25 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$40,696,000	\$38,911,400	\$40,236,100	\$39,932,200	\$39,932,200	-\$763,800	- 1.9%
FED	65,170,200	91,522,700	91,598,400	91,598,400	91,598,400	26,428,200	40.6
PR	10,499,200	10,755,000	10,755,000	10,755,000	10,755,000	255,800	2.4
SEG	<u>949,000</u>	<u>4,852,800</u>	<u>949,000</u>	<u>949,000</u>	<u>949,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$117,314,400	\$146,041,900	\$143,538,500	\$143,234,600	\$143,234,600	\$25,920,200	22.1%

FTE Position Summary						
Fund	2004-05 Base	2006-07 Governor	2006-07 Jt. Finance	2006-07 Legislature	2006-07 Act 25	Act 25 Change
						Over 2004-05 Base
GPR	100.35	88.82	88.82	88.82	88.82	- 11.53
FED	238.86	243.35	243.35	243.35	243.35	4.49
PR	<u>45.95</u>	<u>45.74</u>	<u>45.74</u>	<u>45.74</u>	<u>45.74</u>	<u>-0.21</u>
TOTAL	385.16	377.91	377.91	377.91	377.91	-7.25

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide standard budget adjustments to the base budget totaling \$137,100 GPR, \$1,151,700 FED, and \$127,900 PR annually. Adjustments are for: (a) turnover reduction (-\$95,700 GPR and -\$185,300 FED annually); (b) full funding of continuing salaries and fringe benefits (\$194,200 GPR, \$926,100 FED, and \$72,300 PR annually); (c) overtime (\$37,200 GPR, \$327,500 FED, and \$42,900 PR annually); and (d) night and weekend differential (\$1,400 GPR, \$83,400 FED, and \$12,700 PR annually).

GPR	\$274,200
FED	2,303,400
PR	<u>255,800</u>
Total	\$2,833,400

2. CONVERSION OF CERTAIN EMERGENCY MANAGEMENT PROGRAMS FROM THE GENERAL FUND TO THE TRANSPORTATION FUND [LFB Paper 717]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$3,903,800	\$3,903,800	\$0
SEG	<u>3,903,800</u>	<u>-3,903,800</u>	<u>0</u>
Total	\$0	\$0	\$0

Governor: Provide \$1,951,900 SEG annually and delete an equal amount of GPR to reflect the conversion of funding from the general fund to the transportation fund for the following programs in the agency's Division of Emergency Management: (a) regional emergency response teams (-\$1,400,000 GPR and \$1,400,000 SEG annually); (b) emergency response equipment grants (-\$468,000 GPR and \$468,000 SEG annually); (c) emergency response team training (-\$64,900 GPR and \$64,900 SEG annually); (d) civil air patrol aids (-\$19,000 GPR and \$19,000 SEG annually); and (e) emergency response team supplements (no associated funding).

This item is part of an initiative to convert several appropriations outside the Department of Transportation from the general fund to the transportation fund. A summary listing of these appropriations is included in a related item titled "Transfer from the Transportation Fund to the General Fund," which can be found under the Transportation Finance section of the Department of Transportation.

Joint Finance/Legislature: Delete provision.

3. FUEL AND UTILITY COST INCREASES

GPR	\$1,879,600
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Governor/Legislature: Provide \$895,900 in 2005-06 and \$983,700 in 2006-07 for increased fuel and utility costs at agency facilities. Base level funding for agency energy costs is \$1,539,600 annually.

4. DEBT SERVICE REESTIMATE [LFB Paper 184]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$251,500	\$199,700	\$451,200

Governor: Reestimate debt service costs related to National Guard facilities operated by the Department by \$181,500 in 2005-06 and \$70,000 in 2006-07.

Joint Finance/Legislature: Reestimate the agency's debt service costs related to National Guard facilities operated by the Department by \$75,300 in 2005-06 and \$124,400 in 2006-07.

5. REALIGNMENT OF MILITARY FACILITIES OPERATIONS AND MAINTENANCE STAFFING [LFB Paper 495]

	Funding	Positions
GPR	-\$197,800	-9.50
FED	0	6.10
Total	-\$197,800	-3.40

Governor/Legislature: Realign operations and maintenance staffing at the state's armories and military facilities, as follows:

Deletion of GPR-Funded Facilities Repair Worker Positions. Delete \$308,900 GPR (\$210,000 GPR for salaries and \$98,900 GPR for fringe benefits) and 9.5 GPR facilities repair worker and related positions annually at state armories and military installations. This recommended adjustment represents the combined effects of converting the funding for 6.1 FTE positions from GPR to FED and of deleting base level funding and position authority for 3.4 FTE vacant GPR-funded positions.

Repair and Maintenance Supplies and Services Funding. Provide \$210,000 GPR annually for supplies and services under the agency's separate repair and maintenance appropriation, which supports the costs of such activities at state armories and military installations. This amount is equivalent to the deleted base level salary funding for facility repair workers and related positions described above. The additional funding would enable the agency to replace retiring state facilities repair workers with contracted, private sector personnel. The net GPR fiscal effect of these two components is to delete \$98,900 GPR annually of fringe benefits funding.

Increased FED Position Authority. Provide 6.1 FED positions annually to reflect the funding conversion of certain facilities repair workers and related positions from GPR to FED. The Department reexamined the current funding split in each of its administrative regions and requested the realignment based on that review. Separate federal aid reestimates recommended by the Governor and described below would provide sufficient additional expenditure authority for these positions.

6. PROCUREMENT AND PURCHASING SERVICES CONSOLIDATION [LFB Paper 112]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$88,300	-1.50	\$88,300	0.00	\$0	-1.50
FED	-75,700	-1.50	75,700	0.00	0	-1.50
Total	-\$164,000	-3.00	\$164,000	0.00	\$0	-3.00

Governor: Delete \$164,000 (\$88,300 GPR and \$75,700 FED) from salaries and fringe benefits and 3.0 positions (1.5 GPR and 1.5 FED) in 2006-07 associated with the consolidation of procurement and purchasing services functions in the Department of Administration. [See "Administration -- Transfers to the Department."]

Joint Finance/Legislature: Provide \$88,300 GPR and \$75,700 FED in 2006-07 for supplies and services related to charges from the Department of Administration for procurement services for the following National Guard operations appropriations: (a) general program operations (\$88,300 GPR in 2006-07); (b) federal aid (\$46,800 FED in 2006-07); and (c) indirect cost reimbursements (\$28,900 FED in 2006-07).

7. INFORMATION TECHNOLOGY SERVER AND NETWORK CONSOLIDATION [LFB Paper 111]

	Positions
GPR	- 0.53
FED	- 0.11
PR	<u>- 0.21</u>
Total	- 0.85

Governor: Delete 0.85 position (0.53 GPR, 0.11 FED, and 0.21 PR) in 2006-07 associated with the consolidation of information technology server and network infrastructure support in the Department of Administration. [See "Administration -- Transfers to the Department."]

Joint Finance/Legislature: Transfer the following amounts from salaries and fringe benefits to unallotted reserve for information technology server and network consolidation services provided by the Department of Administration: (a) \$35,100 GPR in 2006-07 under the National Guard program operations appropriation; (b) \$6,800 FED in 2006-07 under the indirect cost reimbursements appropriation; and (c) \$14,000 PR in 2006-07 under the Wisconsin Emergency Management program services appropriation.

8. FEDERAL AID REESTIMATES [LFB Paper 495]

FED	\$24,124,800
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Governor: Reestimate the agency's anticipated federal aid expenditures by \$12,062,400 annually. The adjustments would more accurately reflect actual federal revenue receipts and expenditures for the following purposes: (a) \$5,881,100 annually associated with increased federal aid for Army and Air National Guard general program operations (base level funding is \$18,118,900 annually), (b) \$1,688,000 annually associated with increased federal aid for state operations of emergency management and homeland security services (base level funding is \$1,812,000 annually); and (c) \$4,493,300 annually associated with increased federal aid for emergency management and homeland security local assistance payments (base level funding is \$8,306,700 annually). The reestimates are based on an analysis of actual federal receipts and expenditures over the last four fiscal years.

Joint Finance/Legislature: Shift \$222,900 annually associated with the federal aid reestimates for Army and Air National Guard general program operations from supplies and services to salaries and fringe benefits to support the personnel costs of the 6.1 facilities repair worker and related positions.

9. NATIONAL GUARD TUITION GRANTS [LFB Paper 496]

GPR	- \$2,867,100
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Joint Finance/Legislature: Convert the National Guard Tuition Grant appropriation from a biennial basis to a sum sufficient basis and reestimate program funding by -\$1,584,600 in 2005-

06 and -\$1,282,500 in 2006-07 related to the following changes: (a) anticipated savings related to decreased program utilization (-\$522,100 in 2005-06 and -\$137,200 in 2006-07); and (b) anticipated savings due to a partial tuition remission for veterans and certain current National Guard members enrolled at the University of Wisconsin System and the Wisconsin Technical College System (-\$1,062,500 in 2005-06 and -\$1,145,300 in 2006-07).

Specify that the UW System Board of Regents and each technical college district board would be required to remit 50% of all academic fees and segregated fees and 100% of all nonresident tuition, minus any federal tuition reimbursement, for up to 128 credits or eight semesters, whichever is longer, for any student who meets the following qualifications: (a) is classified as a veteran under Chapter 45 of the statutes; (b) is classified as a resident under Chapter 45 of the statutes; and (c) has entered or reentered service from Wisconsin. Members of the Wisconsin National Guard who have served at least 90 days on active duty during a war period, have entered or reentered service from Wisconsin, and are classified as a Wisconsin resident under Chapter 45 of the statutes would be eligible for these remissions. This provision would first apply for the academic year commencing after the effective date of the biennial budget act.

Require tuition grant reimbursement applications to be received by the Department within 60 days of completing coursework, rather than the current 90 days. Direct the Department to require program participants to provide the agency with the following minimum information regarding the student's intent to seek reimbursement: (a) the participant's name; (b) the institution attended; (c) whether the participant is enrolled full-time or part-time; and (d) the estimated amount of tuition reimbursement that will be claimed at the end of the academic term. Require the Department to establish by rule the number of days after the commencement of an academic term in which this information must be provided.

[Act 25 Sections: 364g, 488g, 488m, 702n, 708d, 709n, 745h, and 9353(2r)]

10. ACROSS-THE-BOARD REDUCTIONS

GPR	- \$303,900
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Senate/Legislature: Reduce the agency's GPR appropriation for general program operations by \$150,800 in 2005-06 and by \$153,100 in 2006-07. This reduction amount is equal to approximately 2.3% of the agency's total GPR state operations appropriations, excluding appropriations for energy costs and debt service payments, in each fiscal year. Provide that the agency may submit a request to the Joint Committee on Finance under s. 13.10 to reallocate the reduction to any of the agency's other sum certain GPR state operations appropriations. Provide further that the agency may submit a request to the Committee for restoration of the GPR funding reduction, or in the case of a sum sufficient appropriation, to reestimate expenditure level under the appropriation, in either case in an amount not to exceed the amount of reduction made to the agency's appropriation under this provision. In the case of an appropriation restoration or sum sufficient reestimate, the funding amounts would come from total funding of \$96,000,000 GPR placed in reserve in the Committee's biennial appropriation

for this purpose. See also "Budget Management and Compensation Reserves" and "Program Supplements".

Veto by Governor [E-2]: By partial veto, modify the language relating to the release of funds from the Committee's GPR supplemental appropriation to create alternative language specifying that the Secretary of Administration, not the Joint Finance Committee, shall (not may) transfer monies from the Committee's appropriation to state agencies in any amount not to exceed the amount of the reduction indicated for that agency (which for the Department of Military Affairs is the amount of the reduction indicated above).

[Act 25 Section: 9155(5dv)]

[Act 25 Vetoed Sections: 9155(4)(c)&(5dv)]

MISCELLANEOUS APPROPRIATIONS

Budget Summary							
Fund	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	2005-07 Legislature	2005-07 Act 25	Act 25 Change Over	
						Base Year Doubled Amount	Percent
GPR	\$211,833,600	\$187,298,100	\$209,727,400	\$209,727,400	\$209,727,400	-\$2,106,200	- 1.0%
SEG	<u>53,344,200</u>	<u>55,001,400</u>	<u>322,517,100</u>	<u>322,517,100</u>	<u>54,450,000</u>	<u>1,114,800</u>	2.1
TOTAL	<u>\$265,177,800</u>	<u>\$242,299,500</u>	<u>\$532,244,500</u>	<u>\$532,244,500</u>	<u>\$264,186,400</u>	<u>-\$991,400</u>	<u>- 0.4%</u>

FTE Position Summary	
There are no authorized positions for Miscellaneous Appropriations.	

Budget Change Items

1. SUPPLEMENTAL TITLE FEE MATCHING APPROPRIATION [LFB Paper 717]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$21,390,000	\$22,500,000	\$1,110,000

Governor: Delete \$10,695,000 annually and the associated supplemental title fee matching appropriation used to provide an annual transfer from the general fund to the nonpoint account.

Under current law, the nonpoint account of the environmental fund receives an annual GPR payment equal to the amount of the prior year's supplemental title fee revenues (a \$7.50 fee for the transfer of automobiles and manufactured homes with the revenues deposited to the transportation fund), minus \$555,000. Under the bill, the nonpoint account would annually receive revenues, beginning July 1, 2005, directly from supplemental title fees collected by the Department of Transportation. The \$7.50 title transfer fee is estimated to generate \$11,250,000 each year in segregated nonpoint account revenues.

Prior to 1997 supplemental title fees were deposited to the nonpoint account. 1997 Act 27 directed these revenues to the transportation fund and instead created the GPR appropriation transfer to the nonpoint account (the GPR transfer being based on the prior year supplemental title revenues). This provision is in addition to an initiative that either creates or converts several appropriations outside the Department of Transportation to the transportation fund. [A summary listing of these appropriations is included under the Transportation Finance section of the Department of Transportation.]

Joint Finance/Legislature: Delete provision. Rather, restore an annual GPR transfer to the nonpoint account based on the amount of supplemental title fee revenue deposited to the transportation fund. However, modify the current transfer from the general fund to the nonpoint account, by specifying the amount transferred be equal to the amount generated by the supplemental title fee in the prior year, instead of the amount generated in the prior year minus \$555,000. (This would provide the same level of revenue to the nonpoint account, \$11,250,000 annually, as under the Governor's recommendations.)

[Act 25 Section: 455m]

2. **OPERATING NOTE AND ESTIMATED GENERAL FUND INTEREST EARNINGS** GPR - \$16,400,000

Governor/Legislature: Reestimate the sum sufficient appropriations for obligations on operating notes and for operating note expenses at zero in each year. This provision would reduce estimated expenditures by \$8,000,000 annually in the appropriation for obligation on operating notes and by \$200,000 annually in the appropriation for operating note expenses. The provision reflects the administration's recommendation to rely on temporary borrowing from other state funds, as authorized in the statutes, rather than issuing operating notes during the 2005-07 biennium.

3. **TRANSFERS TO THE CONSERVATION FUND** [LFB Paper 524]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$4,200	\$0	\$4,200
SEG	<u>2,124,800</u>	<u>- 633,300</u>	<u>1,491,500</u>
Total	<u>\$2,129,000</u>	<u>- \$633,300</u>	<u>\$1,495,700</u>

Governor: Reestimate the revenue to the segregated snowmobile, all-terrain vehicle (ATV), and water resources accounts of the conservation fund from the motor fuel tax transfer based on expected fuel tax rates and an increase in the number of registered boats, snowmobiles, and ATVs. Estimated increases by year and category include:

	<u>2005-06</u>		<u>2006-07</u>	
	<u>Change</u>	<u>Total</u>	<u>Change</u>	<u>Total</u>
Snowmobile Transfer	\$311,900	\$4,600,500	\$499,900	\$4,788,500
ATV Transfer	267,100	1,672,700	555,400	1,961,000
Water Resources Transfer	<u>22,300</u>	<u>12,747,400</u>	<u>468,200</u>	<u>13,193,300</u>
Total	\$601,300	\$19,020,600	\$1,523,500	\$19,942,800

Also, reestimate the reimbursement to the conservation fund for debt service on certain land acquisitions by \$100 GPR (to \$233,500) in 2005-06 and by \$4,100 GPR (to \$237,500) in 2006-07.

Joint Finance/Legislature: Delete \$326,400 SEG in 2005-06 and \$306,900 SEG in 2006-07 related to the motor fuel tax transfers to the conservation fund as follows: (a) delete \$48,300 SEG in 2005-06 and \$50,300 SEG in 2006-07 from the snowmobile account; (b) delete \$99,700 SEG in 2005-06 and \$226,700 SEG in 2006-07 from the ATV account; and (c) delete \$178,400 SEG in 2005-06 and \$29,900 SEG in 2006-07 from the water resources account. Total gas tax transfers are estimated as follows:

	<u>2005-06</u>	<u>2006-07</u>
Snowmobile	\$4,552,200	\$4,738,200
ATV	1,573,000	1,734,300
Water Resources	<u>12,569,000</u>	<u>13,163,400</u>
	\$18,694,200	\$19,635,900

4. CANCELLED DRAFTS APPROPRIATION REESTIMATE

GPR	- \$700,000
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Governor/Legislature: Reduce by \$350,000 annually the estimated expenditures from the sum sufficient appropriation that exists for re-issuance of state checks originally issued against other GPR-funded appropriations. In general, any state checks that have not been cashed within 12 months of their issuance are cancelled. Where situations warrant the issuance of a new check, the funds for the costs of such checks that were originally drawn against individual agencies' GPR appropriations are paid from this central GPR appropriation since the original monies for such checks will have been credited to the state's general fund as GPR-Earned. Under the bill, total expenditures for this purpose are estimated at \$850,000 annually.

5. AVIATION FUEL PETROLEUM INSPECTION FEE REFUND REESTIMATE

SEG	- \$420,000
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Governor/Legislature: Delete \$180,000 in 2005-06 and \$240,000 in 2006-07 to reestimate payments of the aviation fuel petroleum inspection fee refund from \$600,000 currently to \$420,000 in 2005-06 and \$360,000 in 2006-07. Purchasers of aviation fuel are eligible for a refund of two cents of the three cents per gallon petroleum inspection fee for each gallon of aviation fuel purchased in excess of 1,000,000 gallons per month. Eligible purchasers may submit a claim to the Department of Revenue not later than 12 months after the date of purchase.

6. TERMINAL TAX DISTRIBUTION -- TRANSPORTATION FUND [LFB Paper 715]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	-\$47,600	\$90,900	\$43,300

Governor: Decrease payments from the transportation fund by \$54,600 in 2005-06 and increase payments by \$7,000 in 2006-07 to reflect a reestimate of terminal tax payments at \$1,276,500 in 2005-06 and \$1,338,100 in 2006-07. Terminal tax payments are calculated by multiplying the value of terminal storage and railroad repair facility property held by railroads by the statewide average effective tax rates. These amounts are paid to towns, villages, and cities where terminal storage property or repair facilities are located.

Joint Finance/Legislature: Increase funding by \$50,900 in 2005-06 and \$40,000 in 2006-07 to reflect a reestimate of terminal tax payments at \$1,327,400 in 2005-06 and \$1,378,100 in 2006-07.

7. MARQUETTE DENTAL SCHOOL DEBT SERVICE [LFB Paper 184]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$33,200	\$54,300	\$87,500

Governor: Provide \$16,100 in 2005-06 and \$17,100 in 2006-07 over annual base level funding of \$978,000 to reflect estimated increases in debt service costs on bans issued to fund a portion of the dental clinic and education facility for the Marquette Dental School.

Joint Finance/Legislature: Modify to reestimate debt service by \$66,100 in 2005-06 and by -\$11,800 in 2006-07.

8. ELECTION CAMPAIGN FUND REESTIMATE [LFB Paper 272]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$35,000	-\$125,000	-\$160,000

Governor: Reestimate expenditures by -\$30,000 in 2005-06 and -\$5,000 in 2006-07 for the election campaign payments sum sufficient appropriation to reflect a budgeted decrease in \$1 individual income tax check-off designations to the Wisconsin Election Campaign Fund (WECF). Total budgeted expenditures would be \$300,000 in 2005-06 and \$325,000 in 2006-07. Under current law, a taxfiler may designate on his or her individual income tax return that \$1 be transferred from the general fund to the WECF. Since the check-off does not affect taxpayer

refunds or liabilities, an amount equivalent to the number of designations is transferred annually to the WECF from the election campaign payments sum sufficient appropriation. In 2004-05, \$241,852 was transferred to the WECF.

Joint Finance/Legislature: Reduce estimated transfers from the election campaign payments sum sufficient appropriation by an additional \$50,000 (to \$250,000) in 2005-06 and by an additional \$75,000 (to \$250,000) in 2006-07 to reflect trends in the current level of \$1 individual income tax check-off designations to the WECF.

9. TRANSFER FROM THE TRANSPORTATION FUND TO THE GENERAL FUND [LFB Paper 717]

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
SEG	\$268,058,100	-\$268,058,100	\$0

Joint Finance/Legislature: Modify the transfer in the Governor's bill from the transportation fund to the general fund by deleting the nonstatutory provision that requires transfers of \$250,000,000 in 2005-06 and \$18,058,100 in 2006-07, and, instead, create an appropriation in Miscellaneous Appropriations for making the transfer entirely in 2005-06. Provide \$268,058,100 SEG in 2005-06 in the appropriation. Delete the transfer appropriation on June 30, 2006. The fiscal effect of deleting the transfer is reflected under "Transportation-Transportation Finance." Relative to the bill, general fund revenues would be higher by \$18,058,100 in 2005-06 and lower by \$18,058,100 in 2006-07, for a biennial fiscal effect of zero.

Senate/Legislature: Modify the appropriation for making a transfer to the general fund to, instead, make a transfer of \$268,058,100 to the medical assistance trust fund. Specify that the transferred amount is a revenue of the medical assistance trust fund. Reduce general fund revenue by \$268,058,100 in 2005-06 and increase medical assistance trust fund revenue by \$268,058,100 in 2005-06 to reflect this change. The fiscal effect of the this change on general fund revenues is shown under "Transportation-Transportation Finance," while the increase in medical assistance trust fund revenues is shown under "DHFS—Medical Assistance, BadgerCare, and SeniorCare Base Reestimates and Funding." In conjunction with this change, another item, also shown under DHFS, would reduce funding for the medical assistance program benefits appropriation by \$268,058,100 GPR in 2005-06 and provide a corresponding increase in that year in the medical assistance trust fund appropriation for medical assistance benefits.

Veto by Governor [B-35]: Delete the appropriation for making a transfer to the medical assistance trust fund. Require, instead, that DOT transfer \$427,000,000 from the transportation fund to the general fund. This requirement is created by striking certain words and digits contained in various unrelated nonstatutory transportation provisions. The text created as the result of the veto reads, as follows: "the department of transportation shall transfer to the general fund from the transportation fund In the 2005-07 fiscal biennium \$427000,000." The net

increase in funds transferred from the transportation fund as the result of the veto, relative to Enrolled AB 100, is \$158,941,900. In his veto message, the Governor indicates that he is instructing the Department to make transfers of \$338,449,000 in 2005-06 and \$88,551,000 in 2006-07. This item is discussed in more detail under "Transportation-Transportation Finance."

[Act 25 Section: 9148(4f)]

[Act 25 Vetoed Sections: 456g, 456r, 533g, 533r, 537d, 537e, 9148(4f),(4w),(5f)&(5g), and 9448(4m)]

10. OTHER MISCELLANEOUS APPROPRIATIONS CHANGES

The descriptions and fiscal effects of miscellaneous appropriations changes related to the Minnesota-Wisconsin and Illinois-Wisconsin income tax reciprocity items and to a new appropriation for distribution of the oil terminal pipeline tax are summarized as individual entries under "General Fund Taxes."

NATURAL RESOURCES

Budget Summary							
Fund	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	2005-07 Legislature	2005-07 Act 25	Act 25 Change Over Base Year Doubled Amount	Percent
GPR	\$288,419,200	\$276,944,900	\$287,081,600	\$285,625,400	\$285,740,400	-\$2,678,800	- 0.9%
FED	103,207,400	109,594,400	109,594,400	109,594,400	109,594,400	6,387,000	6.2
PR	72,211,800	74,067,200	72,485,400	72,485,400	72,485,400	273,600	0.4
SEG	<u>520,902,000</u>	<u>567,546,700</u>	<u>552,206,900</u>	<u>552,206,900</u>	<u>549,280,900</u>	<u>28,378,900</u>	5.4
TOTAL	\$984,740,400	\$1,028,153,200	\$1,021,368,300	\$1,019,912,100	\$1,017,101,100	\$32,360,700	3.3%
BR		\$13,700,000	\$10,500,000	\$10,500,000	\$10,500,000		

FTE Position Summary						
Fund	2004-05 Base	2006-07 Governor	2006-07 Jt. Finance	2006-07 Legislature	2006-07 Act 25	Act 25 Change Over 2004-05 Base
GPR	373.12	293.10	296.85	296.85	296.85	- 76.27
FED	480.35	451.85	457.85	457.85	457.85	- 22.50
PR	265.14	262.14	261.64	261.64	261.64	- 3.50
SEG	<u>1,705.14</u>	<u>1,647.84</u>	<u>1,687.34</u>	<u>1,687.34</u>	<u>1,687.34</u>	<u>- 17.80</u>
TOTAL	2,823.75	2,654.93	2,703.68	2,703.68	2,703.68	- 120.07

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Delete \$2,828,500 and 13.50 positions in 2005-06 and delete \$2,940,200 and 13.50 positions in 2006-07 for adjustments to the base budget as follows: (a) -\$2,797,400 annually for turnover reduction (-\$389,800 GPR,

	Funding	Positions
GPR	\$5,670,000	0.00
FED	4,186,900	- 12.00
PR	473,800	- 1.50
SEG	<u>- 16,099,400</u>	<u>0.00</u>
Total	<u>-\$5,768,700</u>	<u>- 13.50</u>

-\$338,700 FED, -\$162,800 PR, and -\$1,906,100 SEG annually); (b) -\$12,467,000 in 2005-06 and -\$12,578,700 in 2006-07 with an annual reduction of 13.50 positions for removal of non-continuing elements from the base (-\$445,400 FED, -\$310,600 PR, and -\$11,711,000 SEG in 2005-06; and -\$557,100 FED, -\$310,600 PR, and -\$11,711,000 SEG in 2006-07; and a reduction of 12.0 FED and 1.5 PR positions annually); (c) \$10,128,600 annually for full funding of continuing salaries and fringe benefits (\$3,193,300 GPR, \$2,933,400 FED, \$701,900 PR, and \$3,300,000 SEG annually); (e) \$2,275,800 annually for overtime (\$8,400 PR and \$2,267,400 SEG annually); and (f) \$31,500 GPR annually for full-funding of leases and directed moves.

2. ADMINISTRATIVE REORGANIZATION [LFB Paper 505]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$0	0.00	-\$192,000	- 1.00	-\$192,000	- 1.00

Governor: The bill would implement DNR's merger of the Division of Administration and Technology with the Division of Customer Assistance and External Affairs to form the Division of Customer and Employee Services. Transfers and reductions associated with this reorganization are detailed in the following entries. DNR undertook the consolidation of the two Divisions primarily in response to budget reductions in the past biennium and in anticipation of further reductions in 2005-07. The table compares 2002-03 base funding, 2004-05 cost-to-continue (base funding plus standard budget adjustments), and 2006-07 funding provided under the bill as a result of the reorganization.

	FY 2003 Base		FY 2005 Cost-to-Continue		FY 2007 AB 100	
	Funding	Staff	Funding	Staff	Funding	Staff
Division of Administration and Technology						
Administration	\$1,186,400	13.30	\$1,241,000	12.30	\$1,217,400	11.10
Legal Services	2,748,500	21.50	2,108,400	16.50	2,339,600	4.00
Finance	7,597,800	80.50	7,399,600	75.70	6,547,700	60.00
Management & Budget	917,500	11.00	1,068,600	11.00	965,300	9.00
Administrative & Field Services	6,494,000	45.75	5,266,600	33.55	668,700	12.00
Information Technology	14,566,500	108.30	13,873,800	97.30	11,878,100	68.80
Human Resources	2,422,100	38.21	2,661,600	36.05	3,915,900	51.35
Facility Rental Costs	6,809,100	0.00	4,775,200	0.00	4,775,200	0.00
Subtotal	\$42,741,900	318.56	\$38,394,800	282.40	\$32,307,900	216.25
Division of Customer Assistance and External Relations						
Customer Service & Licensing	\$11,300,900	140.42	\$12,041,400	133.99	\$12,614,400	114.65
Cooperative Environmental Assistance*	1,455,800	11.75	1,244,900	8.77	1,366,300	9.00
Communication & Education	3,931,800	33.00	3,731,700	27.70	4,073,400	31.80
Community Financial Assistance	5,379,200	61.00	5,898,200	58.77	5,620,800	56.50
CAER Program Management	1,763,000	16.25	1,860,200	12.84	3,319,300	15.50
Subtotal	\$23,830,700	262.42	\$24,776,400	242.07	\$26,994,200	227.45
Total	\$66,572,600	580.98	\$63,171,200	524.47	\$59,302,100	443.70

*Transferred to the Division of Air and Waste under the bill.

Joint Finance/Legislature: Reduce the number of unclassified division administrators from seven to six and delete \$96,000 conservation fund SEG annually with 1.0 position to reflect the merger of two divisions.

Under s. 230.08 (2) (e) 8 of the statutes, each division within DNR is provided with one unclassified Division Administrator position. There are currently seven divisions within the Department. Under the bill, DNR would reduce the number of Divisions by one (to six).

Veto by Governor [B-32]: Delete the reduction in unclassified division administrators. The effect of the veto would be to convert an existing classified position to unclassified status.

[Act 25 Vetoed Section: 2107d]

3. BUDGET REDUCTIONS [LFB Paper 530]

	<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	-\$4,012,900	-46.52	\$0	0.00	-\$4,012,900	-46.52
FED	-147,300	-6.50	0	0.00	-147,300	-6.50
PR	-670,600	-10.00	0	0.00	-670,600	-10.00
SEG	<u>-2,651,700</u>	<u>-79.30</u>	<u>0</u>	<u>34.75</u>	<u>-2,651,700</u>	<u>-44.55</u>
Total	-\$7,482,500	-142.32	\$0	34.75	-\$7,482,500	-107.57

Governor: Delete \$3,681,000 in 2005-06 (-\$1,979,100 GPR, -\$97,800 FED, -\$271,100 PR and -\$1,333,000 SEG) and \$3,801,500 in 2006-07 (-\$2,033,800 GPR, -\$49,500 FED, -\$399,500 PR and -\$1,318,700 SEG) with 71.47 positions in 2005-06 (-42.02 GPR, -5.0 PR, and -24.45 SEG) and 142.32 positions in 2006-07 (-46.52 GPR, -6.5 FED, -10.0 PR and -79.3 SEG) to eliminate vacant positions, consolidate organizational units and reduce supervisory staff, reduce staff support positions, and reduce lower priority programs. Reductions are applied to programs as follows:

	<u>Fund</u>	<u>2005-06</u>		<u>2006-07</u>	
		<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
1. Waste Management – Subteam Leaders	GPR	\$0	0.00	-\$34,700	-2.00
2. Watershed Management – Bureau Structure	GPR	0	0.00	-20,000	-1.00
3. Fisheries Management – Training	GPR	0	0.00	0	-0.50
4. Drinking Water and Groundwater – Section Chief	GPR	0	0.00	0	-1.00
5. Integrated Science Services – Library	FED	0	0.00	0	-0.50
6. Watershed Management – WPDES Permits	FED	-97,800	0.00	0	-4.00
7. Watershed Management – Reduced Wastewater Plan Review	FED	0	0.00	-49,500	-2.00
8. Cooperative Environmental Assistance	PR	0	0.00	-14,800	-1.00
9. Waste Management – Solid and Hazardous Waste Regulation	PR	-271,000	-5.00	-271,000	-5.00
10. Waste Management – Subteam Leader	PR	0	0.00	-17,400	-1.00
11. Waste Management – Mining Regulation	PR	0	0.00	-36,900	-2.00
12. Fisheries Management – Water Permitting	PR	0	0.00	-59,300	-1.00
13. Parks and Recreation – Bureau Operations	SEG	-71,000	0.00	0	-1.00

	Fund	2005-06		2006-07	
		Amount	Positions	Amount	Positions
14. Facilities and Lands -- Local Government Planning Assistance	SEG	0	0.00	0	-1.60
15. Forestry -- Forest Management	SEG	0	0.00	0	-40.75
16. Waste Management -- Section Chief	SEG	0	0.00	-17,300	-1.00
17. Waste Management -- Environmental Repair and Groundwater Cleanup	SEG	-\$263,900	-4.00	-\$263,900	-4.00
18. Remediation and Redevelopment -- Environmental Cleanup	SEG	-573,200	-10.00	-573,200	-10.00
19. Integrated Science Services -- Research	SEG	-118,600	-2.00	-118,600	-2.00
20. Integrated Science Services -- Library	SEG	0	0.00	-6,000	-0.50
21. Fisheries and Water Program Managers	SEG	0	0.00	0	-10.00
22. Administration	GPR	-58,100	-1.30	-58,100	-1.30
23. Legal Services	GPR	-78,100	-1.00	-78,100	-1.00
24. Finance	GPR	-558,900	-11.25	-558,900	-11.25
25. Management and Budget	GPR	-118,400	-2.00	-118,400	-2.00
26. Information Technology	GPR	-376,600	-7.00	-376,600	-7.00
27. Human Resources	GPR	-92,500	-2.00	-92,500	-2.00
28. Finance - Operations Reductions	SEG	-62,100	-1.20	-62,100	-1.20
29. Management and Budget	SEG	-40,900	-0.90	-40,900	-0.90
30. Technology Services - Reorganization	SEG	-145,100	-1.30	-145,100	-1.30
31. Customer Service and Licensing	GPR	-573,300	-14.87	-573,300	-14.87
32. Community Financial Assistance	GPR	-99,200	-2.00	-99,200	-2.00
33. CAER Program Management	GPR	-24,000	-0.60	-24,000	-0.60
34. Customer Service	SEG	-58,200	-5.05	-91,600	-5.05

Explanation

1. Eliminate 2.0 subteam leaders in 2006-07.
2. Eliminate \$20,000 and 1.0 section chief in 2006-07 by reducing the number of sections in the Bureau of Watershed Management.
3. Eliminate 0.5 training officer position in 2006-07. Transfer \$22,700 from salary and fringe benefits to supplies and services.
4. Eliminate 1.0 drinking water quality section chief position in 2006-07. Transfer \$69,300 in each year from salary and fringe benefits to supplies and services.
5. Eliminate 0.5 position in 2006-07 to reduce librarian services. Funding associated with the position would remain.
6. Eliminate \$97,800 in 2005-06 and 4.0 positions in 2006-07 to reduce resources available for Water Pollution Discharge Elimination System (WPDES) permit issuance and compliance.
7. Eliminate \$49,500 and 2.0 positions in 2006-07.
8. Eliminate \$14,800 and 1.0 position in 2006-07 from solid and hazardous waste program revenue for assisting businesses with environmental regulatory compliance.
9. Eliminate \$271,100 and 5.0 positions annually that regulate solid and hazardous waste collection, treatment, storage and disposal. The positions are currently vacant to maintain expenditures within available revenues.
10. Eliminate \$17,300 and 1.0 position in 2006-07.
11. Eliminate \$37,000 and 2.0 positions in 2006-07 to reduce the number of positions that regulate metallic mining. The two positions are in the Bureau of Waste Management. The staff worked on the permitting of the Crandon mine, and were funded from program revenue paid by the mine owners who sought a mining permit.
12. Eliminate \$59,300 and 1.0 water permitting position in 2006-07.
13. Eliminate \$71,000 in 2005-06 and 1.0 position in 2006-07 associated with administrative operations within the Bureau of Parks and Recreation. Transfer \$57,800 from salary and fringe benefits to supplies and services. This would combine the operations of three sections within the bureau into two sections, eliminating one section chief position.
14. Eliminate 1.6 conservation fund positions in 2006-07 associated with local government planning assistance. Transfer \$108,600 from salary and fringe benefits to supplies and services.
15. Eliminate 34.75 positions for work related to forest management on private lands, 4.0 positions for work related to forestry education and public awareness, 1.0 position related to statewide forestry skills training, and 1.0 position for data management in the Karner blue butterfly program. Transfer \$2,267,600 from salary and fringe benefits to supplies and services in 2006-07.

16. Eliminate \$17,300 from the environmental fund and 1.0 position in 2006-07.
17. Eliminate \$263,900 from the environmental fund and 4.0 positions annually to reduce the resources available for regulation of solid and hazardous waste collection, treatment, storage and disposal. The positions are currently vacant.
18. Eliminate \$573,200 from the environmental fund and 10.0 positions annually to reduce the resources available for regulating the cleanup of contaminated land and groundwater, and for assisting persons who are voluntarily cleaning up contaminated sites. The positions are currently vacant.
19. Eliminate \$59,300 annually and 1.0 research scientist each from the environmental and conservation funds.
20. Eliminate \$6,000 and 0.5 position in 2006-07 from the conservation fund.
21. Eliminate 10.0 positions in 2006-07, 3.0 fisheries managers and 7.0 multi-disciplinary water manager positions. Reduce fisheries salary and fringe benefit funding by \$177,800 and increase supplies and services funding by \$592,600 for a net increase of \$414,800 for fisheries operations in 2006-07. Reduce water program management salaries and fringe benefits by \$414,800 in 2006-07.
22. Eliminate \$58,100 annually with a 0.5 resource support technician and a 0.8 information systems development position.
23. Eliminate \$78,100 annually with 1.0 bureau director position.
24. Eliminate \$558,900 annually with 11.25 positions to delete 0.25 financial management supervisor, 3.0 purchasing agents, 2.0 financial specialists, 1.0 auditor, 2.0 accountants, 1.0 financial clerk, 1.0 information technologies specialist, and 1.0 information technology management services chief.
25. Eliminate \$118,400 annually with 2.0 positions to eliminate an information technology position and one budget and policy analyst responsible for organization and development activities.
26. Eliminate \$376,600 annually and 7.0 positions due to a reorganization to reduce administrative functions and information technology services. Positions eliminated include 1.0 information technology supervisor, 3.0 information technology development positions, 2.0 management information chiefs, and a program assistant.
27. Eliminate \$92,500 annually and 2.0 positions, reducing resources available for payroll, classification, and compensation functions.
28. Eliminate \$62,100 and 1.2 positions (0.55 financial management supervisor and 0.65 financial specialist) annually from the conservation fund. Position reductions would affect operations in purchasing, auditing, systems and grant accounting, and administration.
29. Eliminate \$40,900 annually from the conservation fund with 0.9 position. This would reduce resources available for organizational development services, management systems analysis, maintenance of Department organizational charts, and other administrative functions.
30. Eliminate \$145,100 annually and 1.3 positions (0.8 information technology services staff and 0.5 financial specialist) from the conservation fund due to a reorganization to reduce administrative functions and information technology services.
31. Eliminate \$573,300 annually with 14.87 positions, including 2.5 program assistants, 10.87 customer service representatives, 0.5 librarian, and 1.0 mail clerk. This would result in a reduction in customer service center staff, and reduced hours at most service centers.
32. Eliminate \$99,200 annually and 2.0 positions including one budget and policy analyst and one customer service representative.
33. Eliminate \$24,000 and 0.6 positions annually to eliminate a customer service representative.
34. Eliminate \$58,200 in 2005-06 and \$91,600 in 2006-07 with 5.05 positions from the conservation fund to reflect reduced hours of operation at several service centers and a reduction in support staff services.

Joint Finance/Legislature: Modify the Governor's recommendation by eliminating 6.0 forestry positions (rather than 40.75) under item #15 in the table for work related to forestry education and public awareness (4.0), statewide forestry skills training (1.0), and data management in the Karner blue butterfly program (1.0). Transfer \$355,600 from salary and fringe benefits to supplies and services in 2006-07. The funding would be available for the Department to contract for forestry services as necessary. The remaining 34.75 forester positions would be retained.

4. ACROSS-THE- BOARD REDUCTIONS

GPR	-\$1,456,200
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Senate/Legislature: Reduce the agency's GPR appropriation for general water program operations by \$723,100 in 2005-06 and by \$733,100 in 2006-07. This reduction amount is equal to approximately 2.3% of the agency's total GPR state operations appropriations, excluding appropriations for energy costs and debt service payments, in each fiscal year. Provide that DNR may submit a request to the Joint Committee on Finance under s. 13.10 to reallocate the reduction to any of the agency's other sum certain GPR state operations appropriations. Provide further that DNR may submit a request to the Committee for restoration of the GPR funding reduction in an amount not to exceed the amount of reduction made to the agency's appropriation under this provision. In the case of an appropriation restoration, the amounts would come from total funding of \$96,000,000 GPR placed in reserve in the Committee's biennial appropriation for this purpose. See also "Budget Management and Compensation Reserves" and "Program Supplements".

Veto by Governor [E-2]: By partial veto, modify the language relating to release of funds from the Committee's supplemental GPR appropriation to create alternative language specifying that the Secretary of Administration, not the Joint Finance Committee, shall (not may) transfer monies from the Committee's appropriation to state agencies in any amount not to exceed the amount of the reduction indicated for that agency (which for this agency is the amount of the reduction indicated above).

[Act 25 Section: 9155(5dv)]

[Act 25 Vetoed Sections: 9155(4)(c)&(5dv)]

5. TRANSFERS WITHIN APPROPRIATIONS

Governor/Legislature: Authorize the following transfers between programs within the same appropriation:

	<u>Amount</u>	<u>FTE</u>	<u>Fund</u>	<u>Transfer From</u>	<u>Transfer To</u>
Division of Customer & Employee Services					
Administration & Technology	\$69,500	0.80	FED	Administrative & Field Services	Administration
Administration & Technology	20,300	0.50	FED	Administrative & Field Services	Human Resources
Administration & Technology	44,100	1.00	SEG	Information Technology	Human Resources
Administration & Technology	49,800	1.00	SEG	Finance	Human Resources
Administration & Technology	15,500	0.50	SEG	Administrative & Field Services	Human Resources
Customer Assistance & External Relations	54,200	1.00	SEG	Customer Service & Licensing	CAER Program Management
Administration & Technology	79,000	1.30	FED	Administrative & Field Services	Human Resources
Administration & Technology	11,400	0.20	SEG	Administrative & Field Services	Human Resources
Administration & Technology	18,600	0.30	SEG	Administration	Human Resources
Administration & Technology	545,800	6.05	SEG	Administrative & Field Services	Human Resources
Administration & Technology	10,000	0.00	FED	Administrative & Field Services	Administration
Administration & Technology	532,800	5.70	FED	Administrative & Field Services	Human Resources

	<u>Amount</u>	<u>FTE</u>	<u>Fund</u>	<u>Transfer From</u>	<u>Transfer To</u>
Position Realignment					
Administration & Technology	\$3,300	0.10	SEG	Management & Budget	Administration
Administration & Technology	78,100	1.00	SEG	Administrative & Field Services	Legal Services
Administration & Technology	59,300	1.00	SEG	Information Technology	Management & Budget
Administration & Technology	58,100	1.30	SEG	Information Technology	Administration
Administration & Technology	114,700	2.00	SEG	Information Technology	Finance
Administration & Technology	29,900	0.75	SEG	Finance	Human Resources
Customer Assistance & External Relations	23,400	0.50	SEG	Communication & Education	Customer Service & Licensing
Customer Assistance & External Relations	32,500	0.50	SEG	Community Financial Assistance	Customer Service & Licensing
Customer Assistance & External Relations	67,200	1.00	SEG	Community Financial Assistance	Communication & Education
Customer Assistance & External Relations	111,800	1.00	GPR	Customer Service and Licensing	Cooperative Enviro. Assistance
Customer Assistance & External Relations	102,700	2.10	SEG	Customer Service and Licensing	CAER Program Management
Customer Assistance & External Relations	39,900	1.00	SEG	Customer Service and Licensing	Community Financial Assistance
Administration & Technology	231,200	2.00	GPR	Finance	Legal Services
Customer Assistance & External Relations	17,500	0.23	SEG	Customer Service and Licensing	Cooperative Enviro. Assistance
Customer Assistance & External Relations	8,700	0.09	SEG	Customer Service and Licensing	Community Financial Assistance
Customer Assistance & External Relations	13,500	0.14	SEG	Communication & Education	Community Financial Assistance
Customer Assistance & External Relations	22,100	0.16	SEG	Communication & Education	CAER Program Management
Corrections to 2003-05 Budget					
Land & Forestry	\$285,000	4.75	SEG	Wildlife Management	Facilities and Lands
Debt Service & Development	50,000	0.00	PR	Unassigned Debt	Water Quality Debt Service
Debt Service & Development	1,114,900	0.00	GPR	Resource Acquisition & Devel.	Resource Debt Service
Debt Service & Development	32,500	0.00	GPR	Resource Acquisition & Devel.	Water Quality Debt Service
Debt Service & Development	38,900	0.00	GPR	Water Quality Debt Service	Resource Acquisition & Devel.
Debt Service & Development	4,700	0.00	GPR	Admin. Facility Debt Service	Resource Acquisition & Devel.
Water	19,600	0.00	GPR	Fisheries Mgmt. & Habitat Protection	Watershed Management
Air and Waste Supplies					
Air & Waste	\$9,000	0.00	PR	Air Management	Air & Waste Program Management
Air & Waste	4,500	0.00	GPR	Waste Management	Air & Waste Program Management
Air & Waste	1,000	0.00	SEG	Waste Management	Air & Waste Program Management
Air & Waste	4,500	0.00	GPR	Remediation & Redevelopment	Air & Waste Program Management
Air & Waste	1,000	0.00	SEG	Remediation & Redevelopment	Air & Waste Program Management
Law Enforcement Supplies					
Enforcement & Science	\$32,100	0.00	SEG	Integrated Science Services	Law Enforcement
Transfer of Chapter 30 Workload					
Water	\$164,900	2.00	SEG	Watershed Management	Fisheries Mgmt. & Habitat Protection
Water	130,200	2.00	FED	Fisheries Mgmt. & Habitat Protection	Watershed Management
Water	204,600	3.00	GPR	Watershed Management	Fisheries Mgmt. & Habitat Protection
Miscellaneous					
Air & Waste	\$0	0.13	SEG	Waste Management	Air & Waste Program Management
Water	59,300	1.00	GPR	Water Program Management	Fisheries Mgmt. & Habitat Protection
Customer Assistance & External Relations	4,400	0.00	SEG	Communication & Education	Cooperative Enviro. Assistance
Customer Assistance & External Relations	2,500	0.00	SEG	CAER Program Management	Cooperative Enviro. Assistance

The changes fall into several categories. First, DNR reorganized staff and funding between its Division of Administration and Technology and Division of Customer Assistance and External Relations to attempt to maximize budget efficiencies and reallocate workload and staff as a result of reductions implemented under 2003 Act 33 (the 2003-05 biennial budget) and reductions included in the 2005-07 biennial budget bill. In some cases (as noted under the section headed "Position Realignment"), position transfers are made to reflect where budget reductions were actually taken by DNR.

Second, several coding errors that occurred with the implementation of the 2003-05

biennial budget are corrected. These include debt service payments assigned to improper bureaus, a transfer of funding from Fisheries Management to Watershed Management to correct the distribution of GPR reductions initially taken under the 2003-05 budget and subsequently reallocated based on workload, and the movement of positions from the Bureau of Wildlife Management back to the Bureau of Facilities and Lands. These Wildlife Management positions had been mistakenly transferred out of the Bureau of Facilities and Lands under the 2003-05 budget as part of DNR's reorganization to obtain direct line supervision for field staff.

Third, bureaus within the Division of Air and Waste have been contributing supplies and services funding for the Air and Waste Management program in previous fiscal years. This transfer makes those voluntary supplements permanent to Air and Waste Management's base funding. A similar transfer is made between the Bureau of Integrated Science Services (ISS) and the Bureau of Law Enforcement, building previous voluntary supplies and services supplements from ISS into Law Enforcement's base funding.

In order to consolidate program activities and eliminate duplicative functions, the staff associated with issuing waterway permits (including application reviews, inspections, and permit writing) are transferred from the Bureau of Watershed Management to the Bureau of Fisheries Management and Habitat Protection.

Finally, a fraction of a position (0.13 FTE) is moved from the Bureau of Waste Management to the Bureau of Air and Waste's program management to reflect a reprioritization of workload management. One position is transferred from the water program management to the Bureau of Fisheries Management and Habitat Protection to reflect changes in the position's responsibilities. Funding is transferred from Customer Assistance program management to the Bureau of Cooperative Environmental Assistance to reflect adjustments made to correct an inaccurate distribution of GPR reductions between bureaus within the same appropriation enacted under the 2003-05 budget.

6. TRANSFERS BETWEEN APPROPRIATIONS

Governor/Legislature: Transfer funds and positions between appropriations within DNR as follows:

	<u>Amount</u>	<u>FTE</u>	<u>Transfer From</u>	<u>Transfer To</u>
Consolidate Functions between the Division of Administration and Technology and the Division of Customer Assistance and External Relations	\$1,672,200 15,000 1,361,400 153,800	5.00	Administrative & Field Services Administrative & Field Service Administrative & Field Services Administrative & Field Services	Customer Service & Licensing Facilities & Lands CAER Program Management Customer Service & Licensing
Move the Bureau of Cooperative Environmental Assistance from the Division of Customer Assistance and External Relations to the Division of Air and Waste	\$1,381,200	10.00	Customer Assistance & External Relations	Air & Waste

	<u>Amount</u>	<u>FTE</u>	<u>Transfer From</u>	<u>Transfer To</u>
Transfer Internet Management Efforts to the Bureau of Communication and Education	\$269,800 33,300 34,800	2.90 0.50 0.50	Information Technology Administrative & Field Services Finance	Communication & Education Communication & Education Communication & Education
Transfer the Ecological Inventory and Monitoring Section to the Bureau of Endangered Resources	\$787,000	7.00	Integrated Science Services	Endangered Resources
ATRI to Surface Water Quality	\$39,300		Endangered Resources	Integrated Science Services
Certification of Operators of Water Systems	\$102,900	1.50	Watershed Management	Integrated Science Services
Administrative Support Staff Transfer	\$37,900 25,000 25,000	0.80 0.50 0.50	Administration Administration Administration	Water Program Management Forestry Enforcement & Science Program Mgmt.
Smart Growth Transfer	\$54,900		Customer Service Program Management	Integrated Science Services
Transfer Portage Levee Administration	\$5,900 5,900 5,900		Watershed Management Fisheries Management Fisheries Operations	Facilities & Lands Facilities & Lands Fisheries Management
Fox River Clean-up Coordinator	\$67,500	1.00	Remediation & Redevelopment	Watershed Management
ATRI to Surface Water Quality	\$25,000		ISS – ATRI	ISS – Water Quality
Hunter Safety Education Fees	\$171,200		Hunter Education Reimbursement	Law Enforcement Education

The changes fall into several categories. First, DNR reorganized staff and funding between its Division of Administration and Technology, and its Division of Customer Assistance and External Relations to attempt to maximize budget efficiencies and reallocate workload and staff as a result of reductions implemented under 2003 Act 33 and reductions included in the 2005-07 biennial budget bill. In some cases, position transfers are made to reflect where budget reductions were actually taken. (This restructuring is also addressed under Item #4, "Transfers Within Appropriations," and independently summarized under the entry "Administrative Reorganization," -- Item #2). As a result, the Division of Administration and Technology would be merged with the Division of Customer Service and External Relations to form a single division, Customer and Employee Services. Under this initiative, the Bureau of Administrative and Field Services is reduced and restructured, and the staff and funding associated with its mailroom functions is moved to the Bureau of Customer Service and Licensing. Funding for supplies and services and limited-term employee (LTE) funding from Administrative and Field Services is also transferred to Customer Service appropriations, along with the remaining responsibilities from that bureau.

As part of the administrative reorganization, the Bureau of Cooperative Environmental Assistance is moved from the new Division of Customer and Employee Services to the Division of Air and Waste to better accommodate the interactions, communication, and workload management between the Cooperative Environmental Assistance staff and the programs in Air and Waste that they work with. Also, a portion of the Enterprise Information, Technology, and Applications Bureau is being redefined as a internet management section to better meet

Department technology needs, and combined with the Bureau of Communication and Education.

The Ecological Inventory and Monitoring (EIM) section, which identifies, collects, and integrates data for ecosystem management and environmental decision making projects is transferred from the Bureau of Integrated Science Services (ISS) to the Bureau of Endangered Resources. This is intended to allow greater cooperation and consolidation of effort among similar projects, and in particular with the Aquatic and Terrestrial Resources Inventory (ATRI) project. Funding for the EIM section is currently provided by the fish and wildlife and forestry accounts of the conservation fund. These two accounts would continue to fund the EIM section after it moves from the Bureau of Integrated Science Services to the Bureau of Endangered Resources. The bill would expand the purpose of the general conservation fund appropriation that supports land conservation activities, state parks, wildlife, and hunting activities to include support for the endangered resources program in order to allow the transfer of funding to occur.

The bill would create an annual appropriation in the Bureau of Integrated Science Services (ISS) and transfer \$102,600 PR and 1.5 PR positions annually from the existing Water Division program revenue appropriation. Both appropriations would be for certification of operators of water systems, wastewater treatment plants, and septage servicing vehicles. The Bureau is currently responsible for collecting environmental fees and administering the operator certification exam requirements and fees. The ISS Bureau had previously used GPR positions to perform these activities but the GPR positions were deleted in previous budgets. Currently, the Bureau utilizes 1.0 of the 1.5 positions that would be transferred from the Water Division under the bill, to administer the certification program.

Further, modify the existing Water Division appropriation to specify that the fees currently deposited in the appropriation would include only the existing fees that are not transferred to the new ISS appropriation. Under the bill, \$141,700 PR and 1.5 PR positions would remain in the Water Division operator certification appropriation, which may also be used for general wastewater management activities. The Water Division appropriation is used for the Department's wastewater management, septage management, and septage hauling programs.

Support staff would be transferred from the Bureau of Administration to the Water and Forestry Divisions in order to reflect the actual duties of the administrative support staff. In addition, funding related to DNR's efforts to coordinate Smart Growth program planning with participating counties is transferred to the Bureau of Integrated Science Services to reflect the transfer of responsibilities and consolidation of workload within that Bureau.

Also, funding to support the maintenance of the Portage Levee is moved from the Division of Water to the Division of Land to reflect the actual workload of the divisions. In addition, the contract coordinator for the Fox River clean-up is transferred from the Division of Air and Waste to the Division of Water to more accurately reflect the supervisory structure of the project.

The bill would create an annual appropriation for the purpose of supporting public health activities in the Integrated Science Services Bureau relating to surface water quality. Funding for these activities (\$25,000 annually) is transferred from the Aquatic and Terrestrial Resources Inventory (ATRI) program (which would be moved from integrated science services to the endangered resources program and funded at \$129,800 annually).

Finally, funding from the hunter safety education instructor reimbursement appropriation is transferred to the general safety education appropriation, which also receives safety education course fee revenues from the recreational vehicle safety programs to support DNR safety education efforts statewide.

[Act 25 Sections: 230, 238, 240, 241, and 242]

7. WARREN KNOWLES-GAYLORD NELSON STEWARDSHIP 2000 PROGRAM REVIEW [LFB Paper 506]

Joint Finance/Legislature: Restore authority of the Joint Committee on Finance to review projects under the Warren Knowles-Gaylord Nelson Stewardship 2000 program through a 14-day passive review process. Specify that all projects (including development projects) in excess of \$300,000 would be subject to review. If the Committee would not hold a meeting to review the proposal within 75 days after the Co-Chairpersons notified the Department that a meeting would be scheduled to review the proposal, the Department could proceed with the transaction.

Prior to the passage of 2003 Act 33, DNR was prohibited from obligating any funding from the Warren Knowles-Gaylord Nelson Stewardship program for any project or activity that exceeded \$250,000 unless the Department first notified the Joint Committee on Finance in writing of the proposal. If the Co-Chairpersons of the Committee did not notify DNR within 14 working days after the date of the Department's notification that the Committee had scheduled a meeting to review the proposal, the Department was permitted to obligate the moneys. If, within 14 working days after the date of the notification by DNR, the Co-Chairpersons of the Committee notified the Department that the Committee had scheduled a meeting to review the proposal, DNR could only obligate the funding upon approval of the Committee.

During the deliberations on the 2003-05 biennial budget, the Legislature proposed lowering the threshold of the Joint Committee on Finance review of stewardship land acquisition and property development projects from \$250,000 to zero. As passed by the Legislature, all land acquisition and property development activities under stewardship would have been reviewed by Joint Finance under the 14-day passive review process. The \$250,000 threshold of review by the Committee would have been maintained for local assistance or non-profit conservation (NCO) grants provided under the stewardship program. However the Governor, in his partial vetoes of 2003 Act 33, deleted this provision. Further, the partial veto repealed all passive review requirements for land acquisition, property development, and grant activities supported by funding from the stewardship program. The bill would restore

legislative review, but increase the threshold to \$300,000 and specify that if Joint Finance did not meet within 75 days of notice to DNR that a meeting would be scheduled, DNR may proceed.

Veto by Governor [B-18]: Delete provision.

[Act 25 Vetoed Sections: 491g and 491k]

8. STEWARDSHIP LAND ACQUISITION

Joint Finance/Legislature: Prohibit DNR from acquiring land in a township in which 35% or more of the land is under public ownership, unless the Department first receives approval from the town board to do so. Specify that a majority vote by the town board would be required to approve each purchase. Require the town to post notices of the possible acquisition.

Under current law, the Department may not acquire land using funding from the Warren Knowles-Gaylord Nelson Stewardship 2000 program without the prior approval of a majority of the members-elect of the county board of supervisors of a county in which the land is located if at least 66% of the land in the county is owned or under the jurisdiction of the state, the federal government or a local governmental unit. Before determining whether to approve the acquisition, the county in which the land is located must post notices that inform the residents of the community surrounding the land of the possible acquisition. While no county is currently subject to this provision, Forest County is closest with approximately 57% of its total land area under public ownership.

Veto by Governor [B-19]: Delete provision.

[Act 25 Vetoed Section: 491n]

9. CONSOLIDATION OF EXECUTIVE BRANCH ATTORNEYS AND LEGAL STAFF UNDER DOA [LFB Paper 110]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- 3.00	3.00	0.00
FED	- 6.00	6.00	0.00
PR	- 1.00	1.00	0.00
SEG	<u>- 6.50</u>	<u>6.50</u>	<u>0.00</u>
Total	- 16.50	16.50	0.00

Governor: Delete 16.5 positions (3.0 GPR, 1.0 PR, 6.0 FED and 6.50 SEG) annually to reflect the consolidation of the agency's attorneys and legal staff under DOA, effective January 1, 2006. Reallocate \$911,800 (\$133,100 GPR, \$37,900 PR, \$392,100 FED and \$348,700 SEG) in 2005-06 and \$1,822,100 (\$265,800 GPR, \$75,600 PR, \$783,800 FED and \$696,900 SEG) in 2006-07 from budgeted salaries and fringe benefits to the agency's supplies and services budget to pay for legal services supplied by DOA. Further, authorize the Secretary of DOA to identify one attorney position in DNR as general counsel for the agency and convert 1.0 GPR position from

classified to unclassified for this purpose. The general counsel position would be funded from base level salary and fringe benefits amounts associated with the position identified by the Secretary of DOA. [See "Administration -- Transfers to the Department."]

Specify that any transferred attorneys and legal staff would have the same rights and status as in the agency in which they originated. Specify that attorneys and legal staff that have obtained permanent status would not have to undergo a probationary period in DOA. Provide that all equipment, supplies, and furniture related to the duties of the transferred employees, as specified by the Secretary of DOA, must be transferred to DOA on January 1, 2006.

Joint Finance: Delete provision. Direct the Secretary of DOA to delete 13.0 FTE executive branch agency attorney positions, other than attorney positions at the University of Wisconsin System, that become vacant before June 30, 2007, and lapse or transfer at least \$724,900 from associated non-FED salary and fringe benefits amounts to the general fund in 2006-07. If fewer than 13.0 FTE agency attorney positions are vacant on June 30, 2007, authorize the Secretary of DOA to delete sufficient additional state agency attorney positions, other than at the University of Wisconsin System, to ensure the elimination of a total of 13.0 FTE state agency attorney positions.

Senate/Legislature: Add the Department of Employee Trust Funds and the Investment Board to the executive branch agencies that would be exempted from the attorney position deletion and lapse or transfer of funds requirements.

Vetoes by Governor [A-4, E-1, and E-5]: Delete: (a) the specific requirement that the Secretary of DOA lapse or transfer \$724,900 from non-FED salary and fringe benefits amounts related to the net reduction of 13.0 FTE executive branch attorney positions in 2006-07; and (b) the University of Wisconsin System from the enumeration of executive branch state agencies that would be exempt from any reduction of attorney positions. The Governor's veto message indicates that the Secretary of DOA would lapse \$724,900 as part of a larger lapse or transfer requirement totaling \$71,234,500.

[Act 25 Sections: 9155(1w)&(2)]

[Act 25 Vetoed Sections: 9155(1w)&(2)]

10. INFORMATION TECHNOLOGY SERVER AND NETWORK CONSOLIDATION [LFB Paper 111]

	Positions
FED	- 4.00
PR	- 3.00
SEG	<u>- 5.00</u>
Total	- 12.00

Governor/Legislature: Reallocate \$1,158,800 (\$372,500 PR, \$341,200 FED and \$445,100 SEG) from salaries, fringe benefits, and supplies and services to unallotted reserve and delete 12.0 positions (3.0 PR, 4.0 FED and 5.0 SEG) in 2006-07 associated with the consolidation of information technology server and network infrastructure support in the Department of Administration. [See "Administration -- Transfers to the Department."]

11. CAR-KILLED DEER REMOVAL -- CONVERSION FROM GPR TO THE TRANSPORTATION FUND [LFB Paper 717]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$829,200	\$1,016,700	\$187,500
SEG	<u>1,204,200</u>	<u>- 1,016,700</u>	<u>187,500</u>
Total	\$375,000	\$0	\$375,000

Governor: Convert \$414,600 annually for car-killed deer removal from GPR to transportation fund SEG. In addition, provide \$175,000 SEG (\$87,500 each from the transportation fund and from the fish and wildlife account) in 2005-06 and \$200,000 SEG (\$100,000 from each fund) in 2006-07. Funding for the program would total \$1,004,200 in 2005-06 and \$1,029,200 in 2006-07, funded equally between the transportation fund and the fish and wildlife account of the conservation fund.

Prior to 1997, funding for car killed deer removal was divided between these two SEG sources. However, 1997 Act 27 converted one-half of the expenditures for this purpose from the transportation fund to the general fund.

This item is part of an initiative to convert several appropriations outside of the Department of Transportation from the general fund to the transportation fund. A summary listing of these appropriations is included under the Transportation Finance section of the Department of Transportation.

Joint Finance/Legislature: Delete the Governor's recommended conversion of GPR to transportation fund SEG. Funding for the program would total \$1,004,200 in 2005-06 and \$1,029,200 in 2006-07, funded equally between fish and wildlife account SEG and GPR.

12. STATE PARK ROAD MAINTENANCE CONVERSION FROM GPR TO TRANSPORTATION FUND [LFB Paper 717]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$642,800	\$642,800	\$0
SEG	<u>642,800</u>	<u>- 642,800</u>	<u>0</u>
Total	\$0	\$0	\$0

Governor: Convert \$321,400 annually for the maintenance and development of state forest, park, and riverway roads from GPR to the transportation fund.

Roadway development and maintenance on DNR properties has been funded by GPR since 1997. However, prior to 1997 Act 27, these expenditures had been supported by the transportation fund. This item is part of an initiative to convert several appropriations outside of the Department of Transportation from the general fund to the transportation fund. A

summary listing of these appropriations is included under the Transportation Finance section of the Department of Transportation.

Joint Finance/Legislature: Delete provision.

13. INFRASTRUCTURE MAINTENANCE AND DEVELOPMENT SEG \$557,200

Governor/Legislature: Provide \$278,600 annually from the forestry account of the conservation fund to address preventative maintenance and development needs at DNR recreational lands, facilities, and roadways.

14. PRE-1992 AIDS IN LIEU OF PROPERTY TAXES -- REESTIMATE SEG - \$183,200

Governor/Legislature: Delete \$91,600 SEG annually to represent a reestimate of payments due to certain municipalities for conservation land owned by the state within the boundaries of cities, villages, or towns. For lands acquired after July 1, 1969 but prior to December 31,1991, DNR has made payments based on the statewide average property tax rate for municipal, county, and school taxes for the tax year after purchase applied to the land's assessed value. For this category of land, each year after the initial year the payment is reduced by 10% of the first year amount until the greater of 10% or a payment of 50¢ per acre is reached in the tenth and subsequent years.

15. DEBT SERVICE REESTIMATES [LFB Paper 184]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$35,223,000	-\$3,397,600	\$31,825,400
SEG	<u>- 307,200</u>	<u>0</u>	<u>- 307,200</u>
Total	\$34,915,800	-\$3,397,600	\$31,518,200

Governor: Provide \$15,267,800 in 2005-06 (\$15,830,500 GPR and -\$562,700 SEG) and provide \$19,648,000 in 2006-07 (\$19,392,500 GPR and \$255,500 SEG) to fund estimates of principal repayments and interest on state issued general obligation bonds. Debt service estimates include adjustments for administrative facilities, conservation land acquisition, dam repair and removal, environmental repair, rural and urban non-point source grants, combined sewer overflow, municipal clean drinking water, and pollution abatement grants.

Joint Finance/Legislature: Adopt the Governor's recommendation, but delete \$3,031,000 GPR in 2005-06 and \$366,600 GPR in 2006-07 to reflect reestimated debt service payments.

16. SEGREGATED REVENUE REESTIMATES

SEG	\$995,000
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Governor/Legislature: Provide \$197,500 in 2005-06 and \$797,500 in 2006-07 to reflect the anticipated receipt of segregated revenues as follows:

	<u>2005-06</u>	<u>2006-07</u>
Wild Turkey Restoration	\$250,000	\$250,000
Trapper Education Program	20,000	20,000
Education and Safety Programs	225,000	225,000
Trout Habitat	-51,900	-51,900
Sturgeon Stocking and Habitat	134,400	134,400
Wildlife Damage Claims and Abatement	0	600,000
Handling, Issue, and Approval Fees	<u>-380,000</u>	<u>-380,000</u>
Total	\$197,500	\$797,500

17. FEDERAL REVENUE REESTIMATES

FED	\$2,347,400
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Governor/Legislature: Provide \$1,173,700 annually to reflect anticipated federal grant awards to DNR.

Water Quality Monitoring Grants	\$744,800
Long-term Resource Monitoring Grants	<u>428,900</u>
Total	\$1,173,700

18. PROGRAM REVENUE REESTIMATES

PR	-\$1,712,400
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Governor/Legislature: Delete \$856,200 annually to reflect the anticipated level of program revenue receipts for the following purposes.

	<u>Annual Adjustment</u>
Water Regulation and Zoning - Computer Access Fees	-\$50,000
Fisheries Operations - Public & Private sources	87,700
Fisheries Operations - Service Fees	34,400
Geographical Information Systems	38,700
Administrative General Operations- Service Fees	<u>-966,600</u>
Total	-\$856,200

The almost \$1 million annual reduction for administrative services primarily reflects a decision by DNR to directly bill DNR programs for certain DNR or state services (such as internet connections) rather than centrally paying these costs and then charging-back to the various programs using the service.

19. ENDANGERED RESOURCES FUNDING [LFB Paper 507]

Joint Finance/Legislature: Reduce the maximum amount appropriated from a GPR sum sufficient appropriation for the endangered resources program to \$364,000 in 2005-06 and 2006-07. This change would reflect expenditures estimated under the bill. The maximum match would revert to \$500,000 annually beginning in 2007-08.

Donations made as part of the tax check-off donation program for endangered resources are matched dollar-for-dollar by a sum-sufficient GPR appropriation, up to a maximum amount of \$500,000. Under 2003 Act 33, this statutory provision was reduced to equal a maximum GPR match of \$312,200 in 2003-04 and a maximum of \$364,000 in 2004-05 only. Beginning in 2005-06, the maximum GPR match reverts to the previous level of \$500,000 annually. However, under the bill, the administration did not reestimate the payment from the sum-sufficient GPR appropriation (\$364,000). As the statutes would have specified that up to \$500,000 be made available for this purpose on an annual basis during the 2005-07 biennium, an adjustment was required to either reduce the match limit or increase GPR funding.

[Act 25 Section: 226m]

Fish, Wildlife, and Recreation

1. HUNTING AND FISHING LICENSE FEES [LFB Papers 510, 511, and 512]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	\$17,865,300	-\$2,950,000	\$14,915,300

Governor: Increase the fees for certain hunting and fishing licenses. In addition, increase the wildlife damage surcharge currently applied to most hunting licenses from \$1 per license to \$2 per license. Increase the surcharge on conservation patron licenses from \$2 to \$4. The surcharge is currently added to the cost of resident and nonresident deer, elk, Class A and Class B bear, archer, wild turkey, small game, and sports licenses, as well as to nonresident five day small game and furbearing animal licenses. The following table displays the fees charged in 1997 (the last general hunting and fishing fee increase), fees under current law (certain fees were increased under 2003 Act 33) and the fees recommended by the Governor. Fees shown include the issuing fee, and the wildlife damage surcharge where applicable.

The fee increases would apply upon the general effective date of the budget act. Increased hunting and fishing fees are estimated to generate additional revenues to the fish and wildlife account of \$4.62 million in 2005-06 and \$11.13 million in 2006-07. The increase in the wildlife damage surcharge is estimated to generate additional revenues totaling \$1,068,200 in 2005-06

and \$1,047,100 in 2006-07 to support wildlife damage program activities, the venison donation program, and certain DNR expenditures related to the control of Chronic Wasting Disease in the wild deer herd.

Joint Finance/Legislature: Approve the Governor's recommendation to increase the wildlife damage surcharge currently applied to most hunting licenses. In addition, transfer \$2.9 million SEG in 2005-06 from the recycling fund to the fish and wildlife account appropriation for wildlife damage claims and abatement to fully fund estimated costs for the 2005-07 biennium. The Governor's recommendation would have provided revenues approximately \$2.9 million short of expected demand for wildlife damage related programs.

Delete the Governor's provision as it relates to the changes in hunting and fishing license fees. Instead, effective with the passage of the budget bill, create \$20 youth deer gun and archery licenses for residents age 17 and younger, and provide for the hunting and fishing fee modifications shown in the following table:

	<u>Prior Fee</u>	<u>Governor</u>	<u>Act 25</u>	<u>Act 25 Change to Prior Law</u>
Resident Hunting				
Small Game	\$16.00	\$20.00	\$18.00	\$2.00
Senior Small Game	8.00	10.00	9.00	1.00
Youth Small Game	9.00	9.00	9.00	0.00
Deer	20.00	32.00	24.00	4.00
Youth Deer	NA	NA	20.00	NA
Bonus Deer	12.00	12.00	12.00	0.00
Elk	45.00	45.00	49.00	4.00
Class A Bear	45.00	49.00	49.00	4.00
Class B Bear	14.00	14.00	14.00	0.00
Archery	20.00	32.00	24.00	4.00
Youth Archery	NA	NA	20.00	NA
Wild Turkey	13.00	15.00	15.00	2.00
Trapping	20.00	20.00	20.00	0.00
Nonresident Hunting				
Annual Small Game	80.00	80.00	85.00	5.00
Five-day Small Game	50.00	50.00	55.00	5.00
Deer	160.00	160.00	160.00	0.00
Bonus Deer	20.00	20.00	20.00	0.00
Elk	251.00	251.00	251.00	0.00
Class A Bear	251.00	251.00	251.00	0.00
Class B Bear	110.00	110.00	110.00	0.00
Archer	160.00	160.00	160.00	0.00
Furbearing Animal	160.00	160.00	160.00	0.00
Wild Turkey	60.00	60.00	60.00	0.00
Hunting Stamps				
Pheasant Stamp	7.25	10.00	10.00	2.75
Waterfowl	7.00	10.00	7.00	0.00
Wild Turkey	5.25	5.25	5.25	0.00

	<u>Prior Fee</u>	<u>Governor</u>	<u>Act 25</u>	<u>Act 25 Change to Prior Law</u>
Resident Fishing				
Annual	\$17.00	\$20.00	\$20.00	\$3.00
Senior Annual	7.00	10.00	7.00	0.00
Youth Annual	7.00	7.00	7.00	0.00
Husband and Wife	29.00	35.00	31.00	2.00
Disabled	7.00	10.00	7.00	0.00
Disabled Veteran	3.00	3.00	3.00	0.00
Sturgeon Spearfishing	20.00	20.00	20.00	0.00
Nonresident Fishing				
Individual:				
Annual	40.00	40.00	50.00	10.00
Fifteen-day	24.00	24.00	28.00	4.00
Four-day	18.00	18.00	24.00	6.00
Family:				
Annual	65.00	65.00	65.00	0.00
Fifteen-day	40.00	40.00	40.00	0.00
Sturgeon Spearfishing	50.00	50.00	65.00	15.00
Fishing Stamps				
Inland Trout Stamp	7.25	10.00	10.00	2.75
Great Lakes Trout and Salmon	10.00	10.00	10.00	0.00
Two Day Great Lakes Fishing	14.00	14.00	14.00	0.00
Resident Multiple Licenses				
Conservation Patron	140.00	140.00	165.00	25.00
Junior Patron	75.00	77.00	75.00	0.00
Sports License	45.00	64.00	60.00	15.00
Junior Sports	35.00	36.00	35.00	0.00
Nonresident Multiple Licenses				
Conservation Patron	600.00	600.00	600.00	0.00
Junior Patron	75.00	77.00	77.00	2.00
Sports License	275.00	275.00	275.00	0.00
Junior Sports	35.00	36.00	36.00	1.00
Duplicate Licenses				
Gun Deer Hunting	13.00	15.00	15.00	2.00
Archer - tags	13.00	15.00	15.00	2.00
Archer - no tags	10.00	12.00	12.00	2.00
Patron - tags	13.00	15.00	15.00	2.00
Patron - no tags	10.00	12.00	12.00	2.00
Sports - tags	13.00	15.00	15.00	2.00
Sports - no tags	10.00	12.00	12.00	2.00
Other hunting licenses	8.00	10.00	10.00	2.00
Fishing license	9.00	10.00*	10.00	1.00
Application Fee	3.00	3.00	3.00	0.00

*\$10 or the cost of the original license, whichever is less.

While it was the intent of the Legislature to provide a modification to the Governor's bill in order to maintain the fee for junior patron and junior sports licenses at prior levels for both resident and nonresident youth despite an increase in the wildlife damage surcharge, through a technical error, the act only adjusts the price for the resident junior patron and sports licenses.

Consequently, the fee for nonresident junior patron and sports licenses increased with the change in the wildlife damage surcharge by \$2 and \$1, respectively.

It is estimated that the fee package, as modified, would generate additional fish and wildlife account revenues of approximately \$5.0 million in 2005-06 and \$7.8 million in 2006-07. In addition, the increased wildlife damage surcharge is expected to provide almost \$1.1 million in 2005-06 and over \$1.0 million in 2006-07. (A total revenue change of \$390,000 in 2005-06 and -\$3.34 million in 2006-07 from the fee package recommended by the Governor).

Veto By Governor [F-11]: Under an item veto related to the method used to create a different sunset date for county and municipal property tax levy limits, the Governor deletes a cross reference change under the definition of the charter sport fishing boats property tax exemption that reflected a renumbering related to changes made to hunting and fishing stamp organization in the statutes. Due to the veto, the definition of the charter sport fishing boats property tax exemption will refer to a nonexistent definition of Great Lakes rivers and tributaries.

[Act 25 Sections: 567, 569, 570, 574, 595 thru 612, 616, 621, 623, 624e thru 630, 647 thru 653, 1259, and 9235(1g)]

[Act 25 Vetoed Section: 1259]

2. FISH AND WILDLIFE ACCOUNT TRANSFER

Joint Finance/Legislature: Transfer \$1.0 million from the environmental management account of the environmental fund and \$355,100 from the recycling fund to the fish and wildlife account of the conservation fund in 2005-06 only, in order to fully fund authorized fish and wildlife account expenditure levels.

[Act 25 Sections: 9235(3m)&(4m)]

3. VENISON PROCESSING DONATION PROGRAM [LFB Paper 512]

Joint Finance/Legislature: Create a biennial appropriation for the venison donation program and provide \$600,000 SEG annually from wildlife damage surcharge revenues. Delete an equivalent amount in each year from the wildlife damage claims and abatement program appropriation. Specify that if venison processing costs exceed the amounts available in the new appropriation and voluntary donations, that wildlife damage claims and abatement funding, if available, may be used.

Under 2001 Act 16, an option was created to allow any applicant for a deer, bear, or small game hunting license to elect to make a voluntary contribution of at least \$1 to be used for the venison processing and donation program. Monies received are used to reimburse counties for the cost of processing donated venison (including administrative costs incurred). If voluntary contributions are insufficient to reimburse county costs, funds may be made available for

county reimbursement from the wildlife damage program (and prorated as necessary). In the event that available revenues are not sufficient to cover all wildlife damage program costs, current law requires the Department to first pro-rate (or eliminate) funding for the venison processing donation program before reducing other program expenditures. Voluntary contributions have totaled about \$20,000 annually. Under the bill at least \$1.24 million would be available for the venison donation program in the 2005-07 biennium.

[Act 25 Sections: 248g, 248j, 657m, and 657p]

4. CHRONIC WASTING DISEASE MANAGEMENT [LFB Paper 512]

Joint Finance/Legislature: Transfer \$400,000 SEG annually for the management of chronic wasting disease (CWD) in the state deer herd from wildlife damage revenues to the general fish and wildlife account.

One-time funding of \$3,344,000 in 2002-03 was provided from the available balance of the wildlife damage program for efforts relating to CWD management in the state deer herd. An additional \$1,000,000 was provided for CWD management in 2002-03 from the recycling fund under provisions of 2001 Act 108. In 2003-04, \$1,954,700 was provided (\$1,594,700 from the wildlife damage and \$360,000 FED) and \$1,465,800 in 2004-05 (also from wildlife damage). Funds are used to support limited-term employees and overtime costs for staff, for testing and disposal costs, increased law enforcement efforts related to CWD, and public outreach and education programs. Under the bill, \$1,476,600 is provided annually for CWD control efforts (\$1,076,600 from wildlife damage and \$400,000 from general fish and wildlife revenues).

5. EXTRA TURKEY TAGS [LFB Paper 513]

SEG-REV	\$490,000
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Governor/Legislature: Allow both resident and nonresident hunters to purchase tags permitting the harvest of additional wild turkeys if the number of tags allotted for a given wild turkey hunting zone or season time period exceeds the number of applications received for that zone or time period. Under current practice, if the number of tags available for the harvest of turkeys exceeds the number of applications received for a given hunting zone or season time, hunters may receive additional permits at no extra charge, with the distribution of tags at random, based on the cumulative preference system (the first up to 30% of tags to resident landowners, then residents who did not receive a permit the prior year, third to all other residents, fourth to nonresident landowners, and finally to all other nonresidents). There were 2,286 extra tags available for the fall 2004 season and 34,248 extra tags during the spring 2005 turkey hunting season.

Require a \$10 fee for residents and a \$15 fee for non-residents (both of which include a 15¢ issuing fee to be retained by the vendor) to be paid for each additional turkey tag. Allow DNR to promulgate emergency administrative rules, without the finding of an emergency, to implement the extra turkey tag provisions. The "extra" turkey tags would likely be available on a first come, first served basis (similar to bonus deer permits). Specify that choosing to purchase

an additional tag would not affect the hunter's standing under the cumulative preference system for subsequent tag allocations. (If a hunter failed to get a preferred season/location under the allotment system, he/she could still purchase one of the "extra" tags for a less-preferred zone and then purchase a turkey hunting license. Under this scenario, the hunter would retain his/her preference point for the season under the cumulative system.) This provision would take effect on March 1, 2006. Creating a fee for extra turkey tags is expected to generate an additional \$200,000 in 2005-06 and \$290,000 in 2006-07 to the fish and wildlife account of the conservation fund.

[Act 25 Sections: 559 thru 565, 571, 594, 619, 620, 656, 9135(3), and 9435(2)]

6. PHEASANT HUNTING ON STATE OWNED LANDS [LFB Paper 514]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	\$396,000	-\$396,000	\$0
SEG	\$0	\$60,300	\$60,300

Governor: Require that any individual hunting pheasant on public lands under DNR's ownership, management, supervision, or control that are stocked with pheasants must purchase a pheasant hunting permit. The pheasant permit would be required in addition to both a license that authorizes small game hunting and a pheasant stamp. Individuals who are exempt from the requirement to have a license authorizing the hunting of small game or who are not required to pay a fee for a license authorizing the hunting of small game are exempt from the permit requirement (including recent graduates of state hunter education programs and certain disabled veterans who are residents at the Great Lakes Naval Hospital). Set the fee for the permit at \$10 for both residents and nonresidents (which includes a 15¢ issuing fee to be retained by the vendor). Allow DNR to promulgate an administrative rule requiring that each person who is issued a pheasant hunting permit must record the number of pheasants taken under that permit. The rule could be promulgated initially as an emergency rule without the finding of emergency. Specify that all revenues generated from the sale of the license be deposited in a new continuing appropriation to be used for the stocking and propagation of pheasants on Department lands. This provision would take effect on March 1, 2006. The permit is expected to generate revenues totaling \$396,000 in 2006-07.

Joint Finance/Legislature: Delete the provision. Rather, specify that beginning on March 1, 2006, 40% of all revenues generated by the sale of pheasant stamps be used for developing, managing, preserving, restoring, and maintaining the wild pheasant population in the state, and 60% be deposited in a new continuing appropriation for the stocking and propagation of pheasants on DNR lands (\$270,000 in 2006-07). Reestimate pheasant stamp revenues used for wild pheasant habitat at \$180,000 in 2006-07 (a reduction of \$209,700 from the base).

[Act 25 Sections: 226r, 227, 567d, 567g, and 9435(1q)]

7. GROUSE AND WOODCOCK HUNTING STAMP [LFB Paper 515]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	\$49,500	-\$49,500	\$0

Governor: Create a hunting stamp for the pursuit of ruffed grouse and woodcock. Require that the stamp be purchased in addition to a small game or sports license. Individuals who are exempt from the requirement to have a license authorizing the hunting of small game or who are not required to pay a fee for a license authorizing the hunting of small game are also exempt from the hunting stamp requirement. Set the fee for the stamp at \$10 (which includes a 15¢ issuing fee to be retained by the vendor). Add the grouse and woodcock hunting stamp to the privileges included with the purchase of a conservation patron license for both residents and nonresidents. Specify that all revenues received from the sale of this stamp be deposited in a new continuing appropriation to be used for developing, managing, preserving, restoring, and maintaining the wild ruffed grouse and woodcock population of the state. Artwork for the stamp would be selected in the same manner as currently used for waterfowl, pheasant, and turkey stamps. This provision would take effect on March 1, 2006. The stamp is estimated to generate revenues totaling \$49,500 in 2006-07.

Joint Finance/Legislature: Delete provision.

8. BEAR HUNTING LICENSES

SEG-REV	\$200
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Joint Finance/Legislature: Direct DNR to issue two certificates, each one for the approval to purchase one Class A bear hunting license, to the Wisconsin Bear Hunters' Association, Inc. Specify that the two licenses sold to the holders of these certificates be issued in addition to any other Class A bear hunting licenses that the Department would issue for that season. Require each individual who presents a certificate to the Department authorizing them to purchase a Class A bear license pay the required fees for each license. The certificate would be valid for one season only. Specify that the Association be allowed to raffle one of the certificates and to conduct an auction for the other certificate. Require the Association to use the proceeds of the raffle and auction to promote bear management and for bear research.

Certificates may only be provided to individuals who are qualified to receive a resident or nonresident Class A bear hunting license. Specify that certificates not transferred to qualified individuals would become invalid, and that no individual may receive more than one Class A Bear License by means of the Association's raffle or auction during their lifetime.

Under current law, in addition to authority to issue elk hunting licenses to individuals, DNR would be required to issue one resident elk hunting license to the Rocky Mountain Elk Foundation. The Foundation may raffle off the license and use the money from the raffle to promote elk management and the reintroduction of elk, and to further elk research.

[Act 25 Section: 565g]

9. STURGEON HOOK AND LINE TAG [LFB Paper 516]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	\$156,000	-\$18,700	\$137,300
SEG	\$0	\$137,300	\$137,300

Governor: Require that any angler who harvests (possesses) a lake sturgeon using a hook and line hold a tag issued for this purpose. Create a hook and line tag for sturgeon fishing, with the fee set at \$20 for residents and \$50 for non-residents (which includes a 15¢ issuing fee to be retained by the vendor). This tag would be required in addition to any other license required under current law (such as a fishing license, or a sportsmens license that included general fishing privileges). Require that any person who takes a lake sturgeon by means of hook and line fishing immediately attach a current, validated sturgeon hook and line tag to the tail of the sturgeon. Individuals who are exempt from the requirement to have a license authorizing fishing or who are not required to pay a fee for a fishing license (such as individuals who are under 16 years of age) would not be exempt from the sturgeon tag requirement. Add a sturgeon hook and line tag to the privileges included with the purchase of a conservation patron license for both residents and nonresidents. Specify that all revenues received from the sale of the hook and line tag be deposited in a new continuing appropriation to be used for assessing and managing the lake sturgeon stock and fishery in inland waters, for improving and maintaining habitat in those waters and for administering the sturgeon tag system. This provision would take effect on March 1, 2006. In calendar year 2004, approximately 9,200 free tags were given out. The creation of the sturgeon hook and line tag requirement is expected to generate revenues totaling \$156,000 in 2006-07.

Joint Finance/Legislature: Adopt the Governor's recommendation. Reestimate revenues to reflect that the bill would include a hook and line tag for sturgeon with the privileges included under the conservation patron license. Further, provide \$137,300 SEG in 2006-07 to reflect estimated revenues.

[Act 25 Sections: 243 thru 245, 575 thru 578, 582, 583, 594, 626, 656, and 9435(4)]

10. INLAND LAKE TROUT FISHING LICENSE

Joint Finance/Legislature: Create a resident two-day inland lake trout fishing license (for use on inland lakes only), priced at \$14 (which would include a 50¢ issuing fee) effective March 1, 2006. Specify that individuals on lakes with the two-day license would not be required to purchase a fishing license or inland waters trout stamp to fish for lake trout. Further, specify that one-half of the revenues generated by the sale of this approval be deposited to the continuing appropriation for improving and maintaining trout habitat in inland waters, and for conducting trout surveys. Remaining revenues would be deposited to the general fish and wildlife account of the conservation fund.

Under current law, a two-day Great Lakes fishing license is available to residents and nonresidents for \$14. Individuals fishing in outlying waters with the two-day license are not required to purchase a Great Lakes trout and salmon stamp. When the two-day Great Lakes fishing license was created, sales shifted somewhat from longer-term fishing licenses to the new lower-cost two-day license. However, the potential revenue loss to the fish and wildlife account from the creation of a two-day inland lake trout fishing license is not readily determinable.

[Act 25 Sections: 572 thru 574c, 587, 623c, and 9435(4q)]

11. GREAT LAKES COMMERCIAL FISHING FEES [LFB Paper 517]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	\$119,100	-\$119,100	\$0

Governor: Authorize DNR to charge a fee of \$100 for the second and any subsequent commercial fishing permit issued to allot individual licensee catch quotas for a given year. Allow the Department to charge a reduced fee of \$25 for the issuance of any such permit for a species for which there is no open fishing season during the year that the permit is in effect. Authorize DNR to charge \$100 for the second and any subsequent permit issued to regulate commercial fishing in outlying waters for a species for which there is a harvest limit but for which there is no allotment of catch quota to individual licensees. Authorize DNR to charge \$50 for the transfer of either of these types of permits between licensees.

Under current law, the Department is responsible for the establishment of Great Lakes commercial fishing quotas based on a species estimated population, health, and location, and for assigning harvest quotas to licensed commercial fishermen based on geographical zones fished and species pursued. The creation of these fees would allow DNR to recover a portion of the cost of overseeing and managing the harvest targets and fish population management goals associated with the commercial fishing program. The new permit fees would become effective on April 1, 2006, and are expected to generate revenues totaling \$16,400 in 2005-06 and \$18,900 in 2006-07 to the fish and wildlife account.

In addition, increase the fees for certain Great Lakes commercial fishing licenses as follows:

	<u>Current Law</u>	<u>AB 100</u>
Resident		
Guide	\$40	\$60
Sport Trolling	100	150
Commercial Fishing, Each Boat	900	1,000
Commercial Fishing, No Boat (Ice)	900	1,000
Nonresident		
Guide	100	150
Sport Trolling	400	600
Commercial Fishing, Each Boat	6,500	7,500
Commercial Fishing, No Boat (Ice)	6,500	7,500

	<u>Current Law</u>	<u>AB 100</u>
Other Licenses		
License Transfer between Boats	\$25	\$50
Commercial Catch Quota Permit (second and subsequent)	0	100
Commercial Fishing Quota Permit Transfer	0	50
Reduced Fee Second Catch Quota Permit (no season)	0	25
Wholesale Fish Dealer	100	250

License fees include a 50¢ issuing fee to be retained by the vendor. General increases in commercial fishing licenses (excluding the new permits created above) are expected to generate an additional \$9,200 in 2005-06 and \$74,600 in 2006-07 to the fish and wildlife account. The fee increase would be effective April 1, 2006.

Joint Finance/Legislature: Delete provision.

12. ICE SHANTIES

	Jt. Finance /Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
SEG-REV	\$268,800	-\$268,800	\$0

Joint Finance/Legislature: Create a seven-day nonresident and an annual nonresident ice shanty placement permit. Set the fee for the seven-day permit at \$20, and the fee for the annual permit at \$34. Specify that 50¢ of each permit fee be retained by the vendor as an issuing fee. Require that any nonresident wishing to place an ice shanty over State waters have either a seven-day or an annual permit to do so. Specify that revenues from the sale of nonresident ice shanty placement permits (minus the 50¢ transaction fee, where applicable) be deposited to the fish and wildlife account of the conservation fund. Any ice fishing shanty belonging to a nonresident that does not possess a permit may be declared a public nuisance, and may be removed or destroyed by the Department after DNR has given the owner (if known) a ten-day notice to remove the structure. The provision would take effect upon the first day of the fourth month beginning after the effective date of the bill.

Currently, there is no state fee charged or permit required to place an ice shanty over the waters of the state. However, current law requires that any individual placing an ice shanty clearly affix their name and address to the outside of the shelter. Minnesota charges a fee to nonresidents to place an ice shanty. If a similar percentage of individuals who purchased both a nonresident fishing approval and an ice shanty permit in Minnesota did the same in Wisconsin, annual permit sales may be estimated to generate approximately \$64,600 each year, and the sale of seven-day permits would be estimated to generate approximately \$69,800 annually to the fish and wildlife account of the conservation fund.

Veto by Governor [B-24]: Delete provision.

[Act 25 Vetoed Sections: 587d, 587dm, 594g, 646d, 646g, and 9435(7d)]

13. HUNTER EDUCATION COURSE FEES [LFB Paper 518]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	\$450,000	-\$112,500	\$337,500
SEG	\$0	-\$572,300	-\$572,300

Governor: Require DNR to promulgate an administrative rule establishing a fee to be charged for hunter safety education classes. Specify that instructors would be allowed to collect the fee from attendees, and retain up to \$5 for each student to compensate the instructor for allowable costs. Direct that the remaining fees be remitted to DNR and deposited in a fish and wildlife account continuing appropriation for the costs associated with providing recreational safety education courses. Allow the Department to offer an advanced hunter education course and an advanced bow hunter education course for an additional fee to be determined by the Department. Since September 2001, hunter safety courses have been offered by DNR free of charge. Prior to 2001, the statutory maximum fee for hunter safety courses was \$3. However, DNR allowed volunteer instructors to establish their own fee levels. Additional revenues to the fish and wildlife account as a result of this fee change are expected to total \$225,000 annually.

Joint Finance/Legislature: Approve the Governor's recommendation. Also, provide DNR with the authority to promulgate an emergency rule without the finding of an emergency in order to immediately implement the provision. Reestimate expenditures from the continuing appropriation for DNR education and safety courses by deleting \$229,900 annually (providing an additional \$166,300 SEG annually rather than \$396,200 annually under the bill) to reflect estimated revenues. Specify that the appropriation for safety education courses be made an annual, rather than a continuing, appropriation, and that uncommitted balances would lapse to the appropriate conservation fund account at the end of each fiscal year. Further, decrease estimated revenues by \$112,500 in 2005-06.

Veto by Governor [B-26]: Maintain a continuing appropriation.

[Act 25 Sections: 236, 237, 657, and 9135(4q)]

[Act 25 Vetoed Sections: 140 (as it relates to s. 20.370(3)(at)) and 236]

14. JUNIOR CONSERVATION PATRON LICENSES

Governor/Legislature: Remove the free subscription to Natural Resources Magazine and the free admission to state parks and recreation areas from the privileges included in the conservation patron license for persons under age 18. Under current law, both residents and nonresidents under the age of 18 may purchase a conservation patron license for a reduced fee

of \$75. Department officials indicate that in general, it is assumed that most youth who purchase patron licenses reside in households where at least one other adult holds a patron license, and therefore would already have access to these benefits. Further, a portion of the revenues deposited to the fish and wildlife account for the sale of patron licenses is transferred to the parks account and to the natural resources magazine account of the conservation fund in recognition of benefits received by license holders (in the form of the magazine subscription and free park admission). Eliminating the magazine subscription and the state parks pass from the privileges included in the youth patron license would allow the fish and wildlife account to retain a greater portion of the revenues received for the sale of each of these licenses.

[Act 25 Sections: 542, 547, 584, 585, 586, and 9335(1)]

15. CONSERVATION PATRON AGE LIMIT

Governor/Legislature: Clarify that any person 12 years of age or older may purchase a conservation patron license. Under current law, one section of the statutes specifies that only individuals aged 14 years old or older may purchase a conservation patron license, while another specifies that hunters aged 12 to 17 years old may purchase a reduced price junior conservation patron license.

[Act 25 Section: 581]

16. FISHERIES MANAGEMENT ON TRIBAL LANDS [LFB Paper 519]

Governor/Legislature: Direct DNR to provide \$50,000 annually from tribal gaming compact revenues to the Lac du Flambeau band of the Lake Superior Chippewa to support fisheries management activities on reservation lands.

Under current law, the Lac du Flambeau band has an agreement with the state under which they agree to limit their treaty-based, off-reservation rights to fish in exchange for permission to issue certain DNR fishing licenses and stamps as an agent of DNR. The band also allows other DNR agents to issue these licenses and stamps on the Lac du Flambeau reservation. The band further agrees to not sell its own permits to hunt and fish on reservation lands. In return, DNR pays the Lac du Flambeau an amount equal to the amount that the band would have received if the band had sold its own licenses on the reservation. The payment is made from a tribal gaming compact revenues appropriation with base level funding of \$100,000 annually. In 2003-04, this payment totaled \$8,200. Payments made to the band for this purpose are to be used for fisheries management activities on reservation lands. The \$50,000 annual payment would be made in addition to the annual transfer of license sales revenue, and would be used for the same purpose. If the tribal PR appropriation is insufficient to meet required payments in any year the remainder is paid from the fish and wildlife account. Currently, the fish and wildlife account receives \$3 million annually in tribal gaming revenues.

[Act 25 Sections: 271, 579, and 580]

17. WARDEN OVERTIME FUNDING [LFB Paper 520]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$850,000	-\$105,100	\$744,900

Governor: Provide \$400,000 in 2005-06 and \$450,000 in 2006-07 for anticipated conservation warden overtime costs. Expenditure authority would be provided as follows:

	<u>2005-06</u>	<u>2006-07</u>
Conservation Fund		
Fish and Wildlife Account	\$305,900	\$344,200
ATV Account	20,500	23,100
Water Resources Account	5,000	5,600
Boat Account	44,500	50,000
Environmental Fund	18,600	20,900
Recycling Fund	<u>5,500</u>	<u>6,200</u>
Total	\$400,000	\$450,000

The Department indicates that while it negotiated 420 hours of overtime annually per warden under the collective bargaining agreement reached with the warden's union, base funding levels would only support approximately 300 of those 420 hours.

Joint Finance/Legislature: Adopt the Governor's recommendation. However, provide no funding from the boat or water resources accounts of the conservation fund. The provision would be funded at \$350,500 in 2005-06 and \$394,400 in 2006-07 from the recycling, environmental, and conservation funds (fish and wildlife and ATV accounts only).

18. WARDEN RECRUIT CLASS SUPPORT [LFB Paper 521]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$450,000	-\$55,600	\$394,400

Governor: Provide \$225,000 annually to support a law enforcement warden recruit class. Annual expenditure authority would be provided as follows:

	<u>2005-06</u>	<u>2006-07</u>
Conservation Fund		
Fish and Wildlife Account	\$172,100	\$172,100
ATV Account	11,500	11,500
Water Resources Account	2,800	2,800
Boat Account	25,000	25,000
Environmental Fund	10,500	10,500
Recycling Fund	<u>3,100</u>	<u>3,100</u>
Total	\$225,000	\$225,000

Funding would support costs associated with recruitment, testing, background checks, mileage, initial equipment costs (including uniforms, basic gear, and firearms), and training costs.

Joint Finance/Legislature: Adopt the Governor's recommendation. However, provide no funding from the boat or water resources accounts of the conservation fund. The provision would be funded at \$197,200 annually from the recycling, environmental, and conservation funds (fish and wildlife and ATV accounts only).

19. MOBILE DATA COMMUNICATIONS [LFB Paper 522]

SEG	\$330,700
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Governor/Legislature: Provide \$110,200 in 2005-06 and \$220,500 in 2006-07 in one-time funding to support the initial two years of a three to four-year master lease for a mobile data communication system for use by the conservation wardens. The lease would cover a data transmitter compatible with portable computers, a docking station, and accompanying software for 180 warden vehicles. Total cost over the life of the lease is estimated to be \$607,100. Since the bill provides funding for the 2005-07 biennium only, additional costs to support a master lease would need to come from agency base resources or through future budget requests. Currently, DNR wardens share a mobile data communication network with the State Patrol, which is upgrading the shared system. The transition is expected to be complete by 2007. Expenditure authority would be provided as follows:

	<u>2005-06</u>	<u>2006-07</u>
Conservation Fund		
Fish and Wildlife Account	\$84,300	\$168,500
ATV Account	5,700	11,400
Water Resources Account	1,400	2,800
Boat Account	12,200	24,500
Environmental Fund	5,100	10,200
Recycling Fund	<u>1,500</u>	<u>3,100</u>
Total	\$110,200	\$220,500

20. WARDEN RADIOS [LFB Paper 523]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$217,800	-\$27,000	\$190,800

Governor: Provide \$72,600 in 2005-06 and \$145,200 in 2006-07 in one-time funding to fund the first two years of a master lease to purchase new radios for conservation wardens. Expenditure authority would be provided as follows:

	<u>2005-06</u>	<u>2006-07</u>
Conservation Fund		
Fish and Wildlife Account	\$55,500	\$111,100
ATV Account	3,700	7,400
Water Resources Account	900	1,800
Boat Account	8,100	16,200
Environmental Fund	3,400	6,700
Recycling Fund	<u>1,000</u>	<u>2,000</u>
Total	\$72,600	\$145,200

The master lease would provide mobile (vehicle-mounted) radios and portable radios for the conservation wardens, as well as cover maintenance costs. Since the bill provides funding for the 2005-07 biennium only, additional costs to support a master lease would need to come from agency base resources or through future budget requests.

Joint Finance/Legislature: Adopt the Governor's recommendation. However, provide no funding from the boat or water resources accounts of the conservation fund. The provision would be funded at \$63,600 in 2005-06 and \$127,200 from the recycling, environmental, and conservation funds (fish and wildlife and ATV accounts only).

21. ENVIRONMENTAL ENFORCEMENT TRAINING

SEG	\$20,400
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Governor/Legislature: Provide \$10,200 annually from the environmental management account of the environmental fund to increase training opportunities for environmental law enforcement staff, including technical, scientific, and legal training.

22. ENFORCEMENT AND SCIENCE PROGRAM MANAGEMENT

SEG	-\$1,152,600
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Joint Finance/Legislature: Delete \$576,300 SEG each year split funded from the fish and wildlife, ATV, and boat accounts of the conservation fund for salary and fringe benefits related to five enforcement and science program management staff (however, no positions would be reduced). Of the amounts reduced annually, \$472,900 would be credited to the fish and wildlife account, \$31,100 to the ATV account, and \$72,300 to the boat account.

23. CHIEF WARDEN

Joint Finance/Legislature: Direct DNR to designate a conservation warden as the chief warden, and specify that the chief warden has the duty to direct, supervise, and control conservation wardens in the performance of their duties. Specify that the Department may also designate one or more deputy chief wardens.

Veto by Governor [B-25]: Delete provision.

[Act 25 Vetoed Section: 491p]

24. ALL-TERRAIN VEHICLE TRAIL AIDS [LFB Paper 524]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$1,289,900	-\$326,400	\$963,500

Governor: Provide \$500,800 in 2005-06 and \$789,100 in 2006-07 from the ATV account for ATV trail aids and grants. The increase is a result of anticipated increases in revenues from ATV registrations totaling \$233,700 in each year of the biennium as well as an increase in the ATV fuel tax transfer of \$267,100 in 2005-06 and of \$555,400 in 2006-07. The expected increase in the motor fuel tax transfer is driven by both an estimated increase in the number of registered ATVs and by expected increases in the motor fuel excise tax (which is included in the formula for determining the amount of the ATV fuel tax transfer). Under the bill, local trail aids would total approximately \$3.3 million in 2005-06 and \$3.6 million in 2006-07.

Joint Finance/Legislature: Decrease ATV trail aids by \$99,700 SEG in 2005-06 and by \$226,700 SEG in 2006-07 to reflect reestimates of the motor fuel tax revenue transfer.

25. STATE PARK ALL-TERRAIN VEHICLE AIDS

SEG	-\$200,000
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Governor/Legislature: Delete \$100,000 annually from the ATV account, and the associated appropriation, for state park trail maintenance. Currently, trails that accommodate ATVs on state property, including parks, are provided with maintenance, rehabilitation, and development funds from the ATV program under a separate appropriation (\$225,000 annually in base funding under 2003 Act 251).

[Act 25 Section: 229]

26. SNOWMOBILE TRAIL AIDS [LFB Paper 524 and 525]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$245,800	\$11,400	\$257,200

Governor: Provide \$18,400 in 2005-06 and \$227,400 in 2006-07 from the snowmobile account of the conservation fund for snowmobile trail aids. The reestimates are a result of an estimated increase in revenues from the sale of non-resident trail pass stickers (an increase of \$7,500 in 2005-06 and \$28,500 in 2006-07), which would increase resources available for supplemental snowmobile trail aids. An increase in the snowmobile fuel tax transfer is also anticipated, resulting in increases totaling \$311,900 in 2005-06 and \$499,900 in 2006-07 for snowmobile trail aids. These increases are countered by an adjustment from base level snowmobile registration revenues of -\$301,000 annually. In total, local snowmobile trail aids would be estimated at \$7.6 million in 2005-06 and \$7.9 million in 2006-07.

Joint Finance/Legislature: Increase snowmobile trail aids by \$17,200 SEG in 2005-06 and decrease trail aids by \$5,800 SEG in 2006-07 from the snowmobile account of the conservation fund. The reestimates are a result of an estimated increase in revenues from the sale of non-resident trail pass stickers, and a decrease in the motor fuel tax revenue transfer (primarily as a result of a more modest increase in the overall number of snowmobiles registered).

27. SNOWMOBILE TRAIL AIDS PAYMENTS

SEG	\$40,000
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Joint Finance/Legislature: Direct DNR to make an advance payment of 50% of the unaudited claim for supplemental snowmobile trail aids to counties no later than the September 15th following the August 1st submission of an eligible claim. If the Department's audit of the claim shows that the full claim should not be paid, direct the Department to deduct any unallowable amount from the final audited payment. Provide \$20,000 SEG annually from the snowmobile account to support limited-term employee staff to assist in completing the annual audits in a timely manner.

Further, require DNR to notify each county, that submitted a supplemental snowmobile trail aid request by August 1st, of the amount of the final supplemental payment that would be made to the county (including any anticipated proration of eligible costs) from funds available out of combined revenues from the fuel tax transfer and the non-resident trail pass sticker no later than December 1st of that same year.

[Act 25 Sections: 2278m, 2278s, 2279m, and 2279p]

28. SUPPLEMENTAL SNOWMOBILE TRAIL AIDS

Governor/Legislature: Increase the annual grooming expenditures required to be eligible for supplemental snowmobile trail aids funding from \$130 per mile to \$150 per mile.

Under current law, supplemental snowmobile trail aids funding is available if the total cost of snowmobile trail maintenance exceeds \$250 per mile in a given year, and of those maintenance costs, the cost for grooming the trails exceeds \$130 per mile in the same year.

[Act 25 Section: 2279]

29. SNOWMOBILE AND ENDANGERED RESOURCES ACCOUNT ADJUSTMENT [LFB Paper 527]

Joint Finance/Legislature: Lapse the following amounts from the continuing, uncommitted balance of the identified appropriations to the general balance of the respective conservation fund account. (This action would allow the snowmobile and endangered resources accounts to maintain positive balances through June 30, 2007.)

<u>Appropriation Account</u>	<u>Lapse Amount</u>
Snowmobile registration	\$1,350,000
Snowmobile fuel tax transfer	500,000
Nonresident trail sticker	300,000
Endangered resources voluntary payments	722,000

This action does not delete or transfer funds out of the account. Rather, it changes the budgetary status of the funds from "reserved" for expenditure under a specific appropriation to becoming available for appropriation for purposes with existing revenue streams. By this method, the Legislature would not need to reduce 2005-07 expenditure authority for these programs in order to balance the accounts. Under the Governor's recommendations, snowmobile account commitments would be expected to exceed available revenues by \$2.15 million and endangered resources by \$721,000.

Veto by Governor [B-27]: Delete the lapse related to the snowmobile fuel tax transfer (\$500,000) and the lapse related to revenues generated by the nonresident trail sticker (\$300,000). Under the act, DNR and DOA would be required to reduce snowmobile account expenditures by an estimated \$800,000 for the biennium to maintain a positive balance.

[Act 25 Sections: 9235(3r)&(3u)]

[Act 25 Vetoed Sections: 9235(3s)&(3t)]

30. MOTORCYCLE RECREATION PROGRAM REPEAL [LFB Paper 526]

Governor: Eliminate the requirement that DNR administer a program to distribute funds to local units of government and federal agencies for the operation of off-the-road Type I motorcycle trails and facilities, and for such trails at the Black River State Forest and the Bong State Recreation Area. Delete the appropriation for the expenditure of revenues from the motorcycle account of the conservation fund.

The motorcycle recreation program had its sole source of external revenue (a \$2 surcharge on motorcycle registrations) eliminated in 1981. Remaining funds in the motorcycle account of the conservation fund are expected to be depleted in 2004-05.

Joint Finance/Legislature: Adopt the Governor's recommendation. Further, specify that any remaining balance as of July 1, 2005, in the motorcycle account of the conservation fund (approximately \$88,900) be transferred to an appropriation supporting the development of ATV off-road trail projects in the ATV account of the conservation fund.

[Act 25 Sections: 247c, 247g, 248, 491, and 9435(9m)]

31. RECREATIONAL VEHICLE REGISTRATION DATA SYSTEM

SEG	\$106,200
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Governor/Legislature: Provide \$35,400 in 2005-06 and \$70,800 in 2006-07 on a one-time basis, split funded from the boat, ATV, and snowmobile accounts of the conservation fund to begin work on an upgrade to the automated system that processes vehicle registrations for boat, ATVs, and snowmobiles.

32. BOAT, ATV, AND SNOWMOBILE REGISTRATION

Governor/Legislature: Specify that if an individual registers a snowmobile or all-terrain vehicle directly with DNR, the applicant will receive a receipt allowing the immediate operation of the recreational vehicle. If the individual wishes to receive a decal at that time (rather than receiving one later in the mail after the registration is processed), allow DNR to provide a decal immediately for a \$5 fee. If an individual registers a snowmobile or all-terrain vehicle through a licensed agent (rather than the Department directly), the applicant will be charged a \$3 fee (which is to be retained by the issuing agent) and a receipt allowing the immediate operation of the recreational vehicle. If the individual wishes to receive a decal at that time (rather than receiving one later in the mail after the registration is processed), allow the agent to provide a decal immediately for a \$5 fee. Of the \$5 collected by the agent, require that \$1 be remitted to DNR.

Individuals wishing to register a boat will still have the ability to self-validate their registration by retaining a receipt when their registration is mailed to DNR for processing, and to use this self-validated receipt as proof of registration for the immediate operation of the boat. Individuals wishing to register their boat through the Department or an agent in order to immediately receive a decal (rather than receiving one later in the mail after the registration is processed) may do so by paying the \$5 fee. If the registration is completed through an agent, \$1 of the \$5 fee is required to be remitted to DNR.

This provision updates current language specifying separate procedures for computerized and non-computerized processes for the registration of recreational vehicles, standardizing the statutory language for one procedure and allowing both the Department and its agents to issue decals immediately upon request for an additional fee. While DNR would be authorized to

institute the expedited licensing provisions upon the bill becoming law, DNR indicates that the service would not be generally available until the overhaul and upgrade of the recreational vehicle computerized registration system was completed (potentially by the end of 2007). Consequently, no additional revenues are expected as a result of this provision during the 2005-07 biennium. Increased revenues are expected to total approximately \$300,000 annually to DNR and \$400,000 annually to vendors who offer the expedited service when the upgrade and implementation of this initiative are completed.

[Act 25 Sections: 499 thru 507, 659 thru 668, 2270 thru 2278, and 2280]

33. LAKE WINNEBAGO COMPREHENSIVE PROJECT

Joint Finance/Legislature: Expand the area where structures or fill may be placed on the beds of lakes to implement the Lake Winnebago comprehensive restoration project to include the following areas in Winnebago County: (a) on Lake Butte des Morts add the South ½ of Sections 35 and 36, T19N-R15E (Town of Winneconne), and the North ½ of Sections 01 & 02, T18N-R15E (Town of Omro); and, (b) on Lakes Winneconne and Poygan add the South ½ of Section 26 and Southeast ¼ of Section 27 and East ½ of Section 35, T20N-R14-E (Town of Wolf River) and the Northeast ¼ of Section 02, T19N-R14E (Town of Poygan).

The Lake Winnebago comprehensive restoration project is a joint effort of the federal, state, and local organizations to improve the water quality, navigability, habitat and productivity of the Winnebago pool lakes. DNR is authorized to assist the project through use of conservation fund SEG and previously authorized general obligation bonding. The bill would expand the areas of the lakes where work on the management plan may be conducted (through federal, state, or local funds that may become available).

[Act 25 Sections: 657t and 657v]

Forestry and Parks

1. STEWARDSHIP DEBT SERVICE [LFB Papers 531 and 685]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$39,500,000	\$11,900,000	-\$27,600,000
SEG	<u>39,500,000</u>	<u>- 11,900,000</u>	<u>27,600,000</u>
Total	\$0	\$0	\$0

Governor: Provide \$20 million in 2005-06 and \$19.5 million annually beginning in 2006-07 from the segregated forestry account to support debt service payments for the Warren

Knowles-Gaylord Nelson Stewardship 2000 program and delete an equal amount of GPR that would otherwise be used for debt service. The 2003-05 budget designated \$10 million forestry SEG each year, for that biennium only, for stewardship debt service. The provision requiring these forestry payments to be one-time would be removed, making the 2006-07 appropriation ongoing.

Joint Finance/Legislature: Provide a total of \$14.1 million SEG in 2005-06 and \$13.5 million SEG annually beginning in 2006-07 from the forestry account to support stewardship debt service payments. As a result of this reduction, forestry SEG debt service payments would decline, and GPR payments would increase, by \$5.9 million in 2005-06 and by \$6 million in 2006-07 compared to the Governor's recommendation. This provision is related to an anticipated \$11.9 million decline in forestry mill tax revenues for the biennium as a result of property tax limits included in the bill.

[Act 25 Section: 258]

2. AIDS IN LIEU OF PROPERTY TAXES [LFB Paper 532]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR	-\$1,775,000	-\$115,000	\$115,000	-\$1,775,000
SEG	<u>4,000,000</u>	<u>0</u>	<u>0</u>	<u>4,000,000</u>
Total	\$2,225,000	-\$115,000	\$115,000	\$2,225,000

Governor: Delete \$1,473,000 GPR in 2005-06 and \$302,000 GPR in 2006-07 for payment of aids in lieu of property taxes. Instead, provide an additional \$2,000,000 SEG annually for this purpose from the forestry account. Total payments for aids in lieu of property taxes are estimated to be \$7.15 million in 2005-06 and \$8.32 million in 2006-07 (with \$4,000,000 annually being paid from forestry account SEG).

Since 1992, when DNR acquires land, the state pays aids in lieu of property taxes on the land to the city, village, or town in which the land is located in an amount equal to the tax that would be due on the estimated value of the property at the time it was purchased (generally the purchase price), adjusted annually to reflect changes in the equalized valuation of all land, excluding improvements, in the taxation district. The municipality then pays each taxing jurisdiction (including the county and school district) a proportionate share of the payment, based on its levy.

Joint Finance/Legislature: Adopt the Governor's recommendation. Further, for lands purchased after the effective date of the budget act, adjust the current aids in lieu of property taxes formula by defining the estimated value of the property to mean the lower of the equalized value of the property in the year prior to purchase by the Department or the purchase price (instead of the purchase price, as currently provided in statute). In cases where the property had previously been tax exempt, the last recorded equalized value would be used, or a payment of \$1 per acre would be made, whichever amount was greater. The amount

determined under this formula would continue to be adjusted annually to reflect changes in the equalized valuation of all land, excluding improvements, in the taxation district. (While savings of only \$115,000 would be realized in 2006-07, GPR payments for aids in lieu of property taxes would be expected to decline by more than one-half for future purchases.)

Veto by Governor [B-20]: Delete provision that would adjust the current aids in lieu of property taxes formula.

[Act 25 Vetoed Sections: 1260m and 1260n]

3. PUBLIC ACCESS GRANT PROGRAM [LFB Paper 533]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$4,000,000	-\$4,000,000	\$0

Governor: Provide \$2,000,000 annually from the forestry account of the conservation fund to create a public access grant program funded by closed acreage fees under the managed forest law (MFL) program. Revenues from closed acreage fees would be deposited in a new continuing appropriation to be used to provide grants for the purpose of acquiring easements or purchasing land for public access. Revenues are estimated to total \$2 million annually.

The grant program would be administered by a Managed Forest Land Board, which would consist of five members: (a) the DNR chief state forester (or designee); (b) one member appointed by the Governor from a list of five nominees submitted by the Wisconsin Counties Association; (c) a one member appointed by the Governor from a list of five nominees submitted by the Wisconsin Towns Association; (d) one member appointed by the Governor from a list of five nominees submitted by an association that represents counties that have county forests; and (e) one member appointed by the Governor from a list of five nominees submitted by the Council on Forestry. Appointed board members would serve three-year terms, with the exception of the initial appointees. Two of the initial members of the MFL Board (excluding the state forester) would serve for terms expiring on May 1, 2007, and the remaining two of the initial members' terms would expire on May 1, 2009. Specify that the individual appointed from those nominated by the Wisconsin Counties Association serve as chairperson of the Board.

Direct the Board to promulgate rules establishing requirements for awarding grants. Specify that those requirements include giving higher priority to counties over other grant applicants, and giving higher priority to counties containing higher numbers of closed acres under MFL. When awarding grants to towns, direct the Board to give higher priority to towns that have higher numbers of acres that are closed under MFL. No grant may be awarded under this program without the approval of the board of each county in which the land to be purchased is located.

Direct the Board to establish requirements concerning the use of sound forestry practices on land acquired with these grants. The board may award grants to cities, towns, counties, the DNR, and nonprofit conservation organizations to acquire land for outdoor recreation, including hunting, fishing, hiking, sight-seeing, and cross-country skiing. Land acquired with an MFL public access grant may be used for other purposes, as long as those purposes are compatible with outdoor recreation.

Under 2003 Act 228, an enrollee in the MFL program may currently close up to 160 acres (or up to 80 acres for lands entered prior to April 28, 2004) to public access by paying an additional per-acre fee (\$1 per acre for lands entered prior to April 28, 2004, and \$5.79 per acre for lands entered after that date).

Joint Finance/Legislature: Delete provision.

4. MANAGED FOREST LAW PLAN MANAGEMENT

SEG	- \$1,130,400
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Governor/Legislature: Provide \$64,300 SEG in 2005-06 and \$405,300 SEG in 2006-07 from the forestry account for improvements in processing applications, transfers, withdrawals, and corrections in the MFL program. Of the amounts provided, \$25,400 in 2005-06 and \$362,400 in 2006-07 would be one-time funding. Funds would be used to develop and implement a process to make the MFL application and plan monitoring process more efficient, including the development of internet-based applications, purchasing hardware and software, and the acquisition of scanning technology. The recommendation would also support the upgrade of dial up internet connections to DSL network connections in 18 field offices to improve the efficiency of processing MFL transactions between field offices and the forest tax section located in DNR's central office.

Further, delete \$800,000 SEG annually to represent expenditure authority authorized from the forestry account to contract with consultant foresters to prepare MFL plans for new program enrollees. Under 2003 Act 228, an appropriation was created to fund these contracts using new applicant fees. However, the original general forestry SEG-supported appropriation for this purpose was not reduced. The net effect of these two actions is a reduction in expenditure authority from the forestry account of -\$735,700 in 2005-06 and of -\$394,700 in 2006-07. Under the bill, revenues available for consultant forester contracts are estimated at \$1,120,000 annually.

5. STATE FORESTRY OPERATIONS

SEG	\$1,163,400
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Governor/Legislature: Provide \$581,700 annually from the forestry account for the management and operation of state forest land properties. Of the amount provided, \$207,900 would be used to support LTE assistance to implement site work, conduct timber sale contract monitoring, and conduct forest health monitoring surveys on DNR managed properties. In addition, \$248,800 annually would be provided to implement sustainable forestry projects on Department lands (such as the management of backlogged timber harvests, reforestation efforts,

and forest pest monitoring and control). Finally, \$125,000 would be provided each year on a one-time basis to modernize and maintain the forest reconnaissance and timber sale database software used by forest managers for planning and tracking resource management.

6. FIREFIGHTER SAFETY AND COMMUNICATIONS

SEG	\$877,800
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Governor/Legislature: Provide \$539,900 in 2005-06 and \$337,900 in 2006-07 in one-time funding for safety equipment and an upgraded public safety communication system primarily for DNR's fire-fighting personnel. Expenditure authority would be provided as follows:

	<u>2005-06</u>	<u>2006-07</u>
Conservation Fund		
Forestry Account	\$528,900	\$317,200
ATV Account	2,400	4,500
Water Resources Account	600	1,100
Boat Account	5,200	9,800
Environmental Fund	2,200	4,100
Recycling Fund	<u>600</u>	<u>1,200</u>
Total	\$539,900	\$337,900

Include \$384,000 in 2005-06 to purchase 1,500 new fire shelters. Further, provide funding for the initial two-year portion of a three- to four-year master lease contract to replace base station repeaters and related equipment for DNR's public safety communications network. The base station repeater network upgrade (which includes a system of towers and equipment that receives and amplifies radio signals to improve reception over long distances) would provide a modernized infrastructure to support DNR radio operations statewide, including both structures (such as radio towers) and signal broadcasting equipment. Since the bill would provide funding for the 2005-07 biennium only, any additional costs to support a master lease would need to come from agency base resources or through future budget requests.

7. FOREST FIRE PROTECTION

SEG	\$359,000
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Governor/Legislature: Provide \$184,500 in 2005-06 and \$174,500 in 2006-07 from the forestry account for forest land-urban interface fire protection activities. Of the funds provided, \$174,500 would be available annually for LTE assistance to support a staff expert on forestry land - urban interface issues, and to promote forest fire awareness through the creation of educational materials, school programs, media contacts, and landowner workshops. Staff would also coordinate with the federal hazard mitigation grant program. Other projects supported by these funds would include conducting home and community forest fire risk assessments, the development and implementation of hazard mitigation fuels reduction projects, and providing structural mapping coordination cooperatively with local fire departments. Finally, provide one-time funding of \$10,000 in 2005-06 to support the purchase of

four portable radio repeaters for use by the forest fire cooperatives throughout the state. (Repeaters are used in remote locations to boost radios signals over greater distances, facilitating reliable communications with fire fighting units in the field.)

8. FORESTRY OVERTIME FUNDING

SEG	\$1,174,000
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Joint Finance/Legislature: Provide \$587,000 SEG annually from the forestry account to fund estimated overtime costs primarily relating to forest fire management.

9. INVASIVE SPECIES MANAGEMENT [LFB Paper 534]

SEG	\$882,000
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Governor/Legislature: Provide \$441,000 annually from the forestry account of the conservation fund for the management of terrestrial invasive species. Of the amount provided, \$102,000 would be available annually for undergrowth control and reforestation efforts, including monitoring, inventory, mapping, and the development of control plans for existing invasive plant infestations in state forests. An additional \$339,000 would be available annually for the protection, restoration, and reforestation of state owned lands. Forestry reforestation efforts would be coordinated through DNR's nurseries, and would measure overall survival and growth of reforestation plantings throughout the state as well as detect the presence of non-native species (including insects, diseases, and plants) that are interfering with the restoration process. Funds would also be used for LTE salaries and supplies to remove invasive species from forested state natural areas, provide additional resources for gypsy moth suppression and management on state owned lands, and to test new invasive species control efforts on Department properties.

10. STATE FOREST CERTIFICATION [LFB Paper 535]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$741,200	\$200,000	\$941,200

Governor: Provide \$358,100 in 2005-06 and \$383,100 in 2006-07 from the forestry account to acquire and maintain sustainable forest certification for State Forests. Of the amount provided, \$83,100 annually would be used to maintain certification registration for state forest lands (\$27,600), county forests (\$31,900), and private forestry programs (\$23,600). Funds would be used for annual registration costs and the regular contracting services from required third-party audits. The audits include contracting consultants to audit and review the business systems for the Department regarding required management planning, record keeping systems, and verification processes.

In addition, \$275,000 in 2005-06 and \$300,000 in 2006-07 would be available to develop and maintain a continuous monitoring process of state forest properties to provide the

information required to maintain certification. The process is expected to provide the scientifically supportable, accurate, detailed, and up to date information necessary to maintain the certification of sustainability.

Forest certification is a process in which a forest landowner undergoes an audit of their practices by a third party organization. If the forest practices of the landowner meet the standards of long-term sustainability identified by the third party organization, then that organization will "certify" that the forest is "well managed". Wood products originating from that forest can be marketed as having been grown and harvested in a way that will assure long-term sustainability for biological, social, and economic benefits. Currently, global purchasers of forest products (such as Time-Warner, Home Depot, and Staples) are increasing pressure on suppliers to provide certified products.

Joint Finance/Legislature: Approve the Governor's recommendation. Further, provide \$100,000 SEG annually from the forestry account for the maintenance of roads and logging trails within state forests.

11. FORESTRY EDUCATION AND AWARENESS CENTER [LFB Paper 536]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$600,000	-\$285,000	\$315,000

Governor: Provide \$200,000 in 2005-06 and \$400,000 in 2006-07 from the forestry account to plan for, and begin operating, a facility on 67 acres of land that the state has offered to purchase from Milwaukee County on the former Milwaukee County grounds to promote public awareness of sustainable forestry and its benefits. The funding would support program management, fundraising, program and exhibit design, contract staffing, exhibit development, and property and facility maintenance.

Joint Finance/Legislature: Provide \$150,000 in 2005-06 and \$165,000 in 2006-07 to contract for an executive director to oversee the project, pursue partnership building and outreach, and begin program development, as well as to support a contract for fundraising and marketing efforts (a reduction of \$50,000 in 2005-06 and \$235,000 in 2006-07). Groundbreaking for a forestry center is not expected before 2009.

12. FORESTRY GRANT PROGRAMS

SEG	\$469,000
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Governor/Legislature: Provide \$161,000 in 2005-06 and \$308,000 in 2006-07 from the forestry account for the county forest administrator grant program, increase the expenditure authority for the county forest sustainable forestry grant program, and fully fund statutorily required managed forest law, forest crop law, and county forest law program payments.

Of the amount provided, \$81,000 in 2005-06 and \$191,000 in 2006-07 would be available to cover the expected increase in salary and fringe benefit costs associated with the county forest administrator grant program, as well to allow an additional county to participate in the program. Currently, this program contributes 50% of the salary and fringe benefit costs of a professional forester serving as a county forest administrator or assistant county forest administrator, assisting counties in ensuring that professional forestry expertise is available to manage county forest lands. With the addition of Monroe County to the program expected in 2006-07, all 29 counties with existing county forests would be participating in the program. Base funding of \$1,157,200 is available for this program.

Funds would also be provided (\$50,000 annually) to increase resources available for the county forest sustainable forestry grant program (currently funded at \$200,000 annually). This grant program promotes short-term sustainable forestry projects on county forest lands, including GIS mapping efforts, expediting backlogged timber sales, and forest improvement practices. Other uses of grants include invasive plant surveys, mapping roads and survey corners, and timber theft abatement efforts. Grant applications have exceeded available funding in each of the first three years of the program.

The Department is required to pay towns and villages 20¢ for every acre of MFL and FCL land in the municipality, and to pay towns 30¢ for every acre of county forest land in the municipality. Participation in the MFL program continues to increase, requiring payment to municipalities for additional acres (an additional \$30,000 in 2005-06 and \$67,000 in 2006-07 would be provided for this purpose).

13. TIMBER MANAGEMENT ON STATE OWNED LAND

	Jt. Finance /Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
SEG-REV	\$600,000	\$0	\$600,000
SEG	\$600,000	-\$600,000	\$0

Joint Finance/Legislature: Direct DNR to prioritize reducing the backlog of incomplete timber harvest, reconnaissance, and forest inventory work on state-owned land. Create a continuing appropriation for revenues received from the sale of timber harvested from state forests or land under the management or control of the Division of Forestry in excess of \$3.77 million for 2005-06 and 2006-07 (the amount expected under current law), and for all revenues received from the sale of timber from these properties in subsequent biennia.

a. From this continuing appropriation, provide an additional \$400,000 (or the amount available under the appropriation, whichever is less) annually in private forest grants to owners of 500 acres or less of non-industrial private forest land. (Currently \$1,250,000 SEG annually is available for this program.)

b. After allocating funds for private forest grants, provide \$500,000 (or the remaining amount available under the appropriation, whichever is less) in 2006-07 and \$3.5 million in 2007-08 only to fund a biomass (byproducts and waste generated by forestry practices) grant program within DNR. Specify that under the program DNR may make grants: (1) for research and development of technologies that use forestry biomass as energy sources; (2) to encourage the use of forestry biomass as energy sources; (3) to increase the beneficial uses of forestry biomass; and (4) to encourage the development of bio-chemicals from forestry bio-mass. Specify that a grant, to the extent allowed by federal law, would not exceed \$300,000 for one project, of which up to \$150,000 could be for planning and \$150,000 for implementation and that a grant would not be allowed to exceed 50% of project costs. Specify forestry SEG revenues may only be used by DNR for state matching requirements for federal forestry biomass grants.

c. After allocating the amounts specified for the two prior purposes from the continuing appropriation, provide \$250,000 (or the remaining amount available under the appropriation, whichever is less) annually to support a forestry education grant program within DNR. Direct DNR to use this funding to award grants to nonprofit organizations to develop forestry educational programs and instructional materials for use in public schools. Specify that DNR may not award a grant unless it enters into a memorandum of understanding with the grant recipient and the director of the timber management program at the University of Wisconsin-Stevens Point regarding the use of the funds. Further, delete an appropriation in the Department of Commerce that had previously been used for this purpose.

d. After allocating the amounts specified for the preceding three purposes from the continuing appropriation, provide \$446,000 (or the remaining amount available under the appropriation, whichever is less) annually to provide funding to school districts that have school forests for the purpose of transporting students to and from the school forest. Direct DNR to develop administrative rules to administer this program, including educational and forest management requirements that school districts must meet in order to receive funding for this purpose.

e. After allocating the amounts specified for the preceding four purposes from the continuing appropriation, direct DNR to provide \$100,000 (or the remaining amount available under the appropriation, whichever is less) annually to the Wisconsin Technical College System (WTCS) for a Master Logger apprenticeship grant program. Direct the Technical College System Board to use the available funding to award grants to businesses that provide technical college students with forest product internships for the purpose of placing eligible apprentices with loggers who are certified by the Wisconsin Professional Loggers Association as "Master Loggers".

f. After allocating the amounts specified for the preceding five purposes from the continuing appropriation, provide \$100,000 (or the remaining amount available under the appropriation, whichever is less) annually for forestry internships. Direct DNR to use the funding to provide internships to University of Wisconsin System students who are enrolled in a course of study that would result in a bachelor's or higher degree in forestry. Direct the

Department to establish an application process and criteria for receipt of an internship under administrative rule.

The following table shows the maximum amount, by year, provided from the continuing timber harvest appropriation created under the bill. Each program would be funded to the extent of available revenues, by priority, as shown in the table. That is, private forestry grants would be funded first, then the next program and so on until all revenues are committed.

Appropriations from Timber Harvest Revenues

<u>Program</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
a. Private Forestry Grants	\$400,000	\$400,000	\$400,000
b. Biomass Grant Program	0	500,000	3,500,000
c. Forestry Education Grant Program	250,000	250,000	250,000
d. School Forest Transportation Program	446,000	446,000	446,000
e. Master Logger Apprenticeship Program	100,000	100,000	100,000
f. Forestry Internships	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
	<u>\$1,296,000</u>	<u>\$1,796,000</u>	<u>\$4,796,000</u>

The Department estimates a current timber harvest backlog of 170,000 acres. Several additional provisions in the bill are expected to allow DNR to significantly increase its timber harvest efforts (including funding fire fighter overtime and making MFL plan preparation optional). Several factors are likely to affect the rate at which the forestry account experiences an increase in revenues as a result of these efforts, including the timing of timber sales, the length of time required for private timber contractors to complete marked harvests, the ability of the Division of Forestry to hire and train foresters to assist with the work, and market conditions at the time of harvest. While the timing is uncertain, increased revenues of up to \$870,000 may be received in 2006-07. However, it should be noted that as revenues from timber sales are returned to the account of the conservation fund that is responsible for funding the property's management costs, not all funds will be deposited to the forestry account. For example, if the timber harvest occurs on property managed by the Bureau of Wildlife Management for public hunting, revenues from the harvest would be deposited to the fish and wildlife account. Of the timber sale revenues received annually, an average of over 70% has been credited to the forestry account. If this trend continues, the forestry account may be expected to receive, perhaps, \$600,000 in additional revenues from increased timber sales in 2006-07. Revenues to the timber harvest appropriation could, potentially, increase to over \$5.8 million in 2007-08 (\$3.77 million under current law and an additional \$2 million under this provision) and \$7.7 million in 2008-09.

Veto by Governor [B-22]: Expand the purpose of a separate, annual forestry account appropriation created under the bill to include the provisions listed above as eligible expenditures. Under the enrolled bill, two new appropriations would have been created (one annual and one continuing) for various new or expanded forestry related programs. The

Governor item vetoes the creation of the continuing appropriation (and the associated \$600,000 SEG in estimated expenditure authority in 2006-07), but retains certain language that is added to the expanded language of the annual appropriation. Further, the Governor retains certain fragments of the statutory language that specify the programs (but not the priority or amounts) that would have been funded from the continuing appropriation. As a result, as vetoed, the annual appropriation and relevant reference reads as follows in the act:

"20.370 (5) (ax) Resource aids - forestry. The amounts in the schedule for forestry education and professional development and for the programs and purposes under s. 28.085.

28.085 Timber. the department shall Allocate for private forest grants under s. 26.38, for forestry research and development grants under s. 26.385, for the forestry education grant program under s. 26.40, for school forest transportation funding under s. 26.39 (5), for transfer to the appropriation under s. 20.292 (1) (km) for master logger apprenticeship grants under s. 38.04 (29), or for forestry internships under s. 26.39."

The annual appropriation is provided \$200,000 in 2005-06 and \$300,000 in 2006-07 of forestry SEG under the act, with these funds directed to the Paper Discovery Center in Appleton, North Central Technical College (to initiate a mechanized timber harvest equipment training program), and for grants to support individuals pursuing master logger certification through the Wisconsin Professional Loggers Association. (These items were provided from the annual appropriation in the enrolled bill and remain in the act.) No funds would be expected to be available for the other programs created under the bill (as described in "a." through "f." above). In his veto message, the Governor requests DNR to pursue additional expenditure authority through the s. 13.10 process (Joint Finance quarterly meetings) or the 2007-09 biennial budget as additional forestry revenues become available. (Provisions would remain in the Act prioritizing backlogged timber harvests and limiting DNR managed forest law plan workload.)

[Act 25 Sections: 156m, 221m, 246g, 246m, 541b thru 541j, 557d, 557g, 557m, 707g, and 2361m]

[Act 25 Vetoed Sections: 140 (as it relates to s. 20.370(5)(ax)&(az)), 221m, 246g, 246m, 246p, 246t, 541b, 541h, 541j, 557m, and 9435(7k)]

14. FORESTRY MANAGEMENT PLANS

Joint Finance/Legislature: Delete the current requirement that DNR prepare a management plan for private forest landowners intending to enroll property under MFL. Instead, allow DNR to prepare such plans, and direct DNR to establish, by rule, on an annual basis a fee that the Department would charge to prepare a management plan, or to contract for a certified plan writer to prepare a plan for the landowner. Require DNR to base the fee on the comparable commercial market rate that would be charged for such a plan. This fee would be charged in addition to any recording or other fee required under current law. However, the current law requirement that any MFL application submitted without a management plan prepared by DNR or a certified plan writer be charged an additional \$280 would be deleted. Any applications for enrollment under

MFL that are submitted by May 31, 2005, would be processed under prior provisions. However, specify that any applications submitted beginning June 1, 2005, would be subject to the new provisions. Revenues generated by the fee would be available for both contracting and DNR forestry staff costs. The first \$280 of each fee collected for the preparation of a management plan would be deposited in the existing continuing appropriation for contracting for forest management plans. Any additional funds would be available for general forestry account expenditures.

This change is expected to reduce the number of forestry management plans that the Department is required to prepare, freeing up additional forestry staff to address issues such as backlogged timber harvests. Although rates for individual plans may vary significantly, an average rate of approximately \$770 is currently paid by DNR for contracts to prepare MFL plans.

[Act 25 Sections: 225g, 1684b thru 1684w, 9135(4p), 9335(2k), and 9435(8k)]

15. MANAGED FOREST LAW CLOSED ACREAGE PAYMENTS

	Jt. Finance /Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
SEG	\$2,326,000	-\$2,236,000	\$0

Joint Finance/Legislature: Provide \$1,213,000 forestry SEG in 2005-06 and \$1,113,000 beginning in 2006-07 for payments to local units of government whose taxation district contains land enrolled as closed acreage under the Managed Forest Law program (MFL). Specify that DNR distribute the funding proportionally between these municipalities, based on the number of closed acres located in each. Direct each municipality, in turn, to pay the county treasurer 20% of the amount received.

Veto by Governor [B-21]: Delete provision. Further, delete the appropriation amounts in the schedule and writes in lower amounts (\$1,250,000 in each year) to reflect the elimination of the aid payment. In his veto message, the Governor requests the Department of Administration Secretary not to allot the additional funds.

[Act 25 Vetoed Sections: 140 (as it relates to s. 20.370(5)(br)), 246t, and 490m]

16. LOGGING CERTIFICATION

SEG	\$200,000
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Joint Finance/Legislature: Provide \$50,000 in 2005-06 and \$150,000 beginning in 2006-07 for grants to assist individuals pursuing Master Logger certification through the Wisconsin Professional Loggers Association (WPLA). Direct DNR to implement, through administrative rule, a scholarship program for up to 50% of the costs of individuals pursuing certification.

[Act 25 Sections: 246g and 541m]

17. FORESTRY EQUIPMENT TRAINING

SEG	\$200,000
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Joint Finance/Legislature: Provide \$150,000 SEG in 2005-06 and \$50,000 SEG in 2006-07 on a one-time basis from the forestry account to North Central Technical College to initiate a program, designed collaboratively with Fox Valley Technical College, to train students to use mechanized equipment for the harvesting of timber.

[Act 25 Sections: 246g and 9135(6p)]

18. PAPER DISCOVERY CENTER

SEG	\$100,000
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Joint Finance/Legislature: Provide \$100,000 forestry SEG in 2006-07 only to the Paper Industry Hall of Fame, Inc., to support the development and operation of the Paper Discovery Center in Appleton, Wisconsin.

[Act 25 Sections: 246g and 9135(5p)]

19. NEW BUILDING OPERATIONS

SEG	\$248,000
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Governor/Legislature: Provide \$124,000 annually (\$106,000 from the parks account and \$18,000 from the forestry account) to support the operation and maintenance of new buildings that have been developed over the last four years in state parks and southern forests. Operational costs include maintenance, cleaning, and utility costs (electric, sewer, and heat). The funds would support operations increases for 24 sites where the new buildings are either additions or replacements that are larger or require increased operating expenses over previous facilities. Buildings constructed in state parks include two storage facilities, two shelters, a maintenance service shop, three park entrance visitor stations/park offices, six toilet/shower buildings, an accessible cabin at High Cliff and an observation dome at Wyalusing. New buildings in the southern forests include five entrance stations/offices, one toilet facility, a picnic shelter, and a storage facility.

20. STATE PARK ADMISSIONS FEE INCREASE [LFB Paper 537]

	Governor (Chg. to Base)	Jt. Finance /Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
SEG-REV	\$1,428,700	\$9,700	-\$43,800	\$1,394,600

Governor: Increase certain park vehicle admissions fees as follows:

	<u>Prior Law</u>	<u>Act 25</u>	<u>Increase</u>
Resident Annual	\$20.00	\$25.00	\$5.00
Nonresident Annual	30.00	35.00	5.00
Additional Resident Annual*	10.00	12.50	2.50
Additional Nonresident Annual*	15.00	17.50	2.50
Daily Resident	5.00	7.00	2.00
Daily Nonresident	10.00	10.00	0.00
Resident Senior Annual	10.00	10.00	0.00
Resident Senior Daily	3.00	3.00	0.00
Bus Daily	10.00	10.00	0.00
Nonresident Bus Daily	14.00	14.00	0.00
Nursing Home Bus Daily	3.50	3.50	0.00
Nonresident Nursing Home Bus	6.00	6.00	0.00

*Issued to an individual for a second vehicle if a full-price annual sticker has already been purchased.

Certain state park admissions fees were last increased in 2002. Increased revenues to the parks account are estimated at \$411,000 in 2005-06 and \$1,017,700 in 2006-07. This provision would take effect upon the general effective date of the budget.

Joint Finance/Legislature: Reestimate revenues as a result of the Governor's proposed fee increase to be \$563,200 in 2005-06 and \$981,400 in 2006-07 (an increase of \$115,900 over the biennium). Further, maintain the fee for a resident senior citizen annual park sticker at one-half the price of a resident annual state park admission sticker (\$12.50, the same fee as for a second vehicle sticker). Additional revenues of \$17,900 in 2005-06 and \$25,900 in 2006-07 would be anticipated. Finally, specify that the new fees be effective January 1, 2006, to coincide with the start of the state park admission sticker season. Delaying the effective date of the fee increase is expected to decrease anticipated revenues by approximately \$150,000 in 2005-06.

Veto by Governor [B-23]: Delete the park admissions fee increase for a senior citizen annual park sticker, retaining the current \$10 annual fee.

[Act 25 Sections: 543 thru 546 and 9435(7f)]

[Act 25 Vetoed Sections: 546m and 9435(7f)]

21. CAMPING FEE INCREASE [LFB Paper 537]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	\$990,600	-\$122,200	\$868,400

Governor: Increase the minimum camping fees for DNR properties as follows:

	<u>Prior Law</u>	<u>Act 25</u>	<u>Increase</u>
Type "A" Campground, Resident	\$8	\$10	\$2
Type "A" Campground, Nonresident	10	12	2
Type "B" Campground, Resident	7	9	2
Type "B" Campground, Nonresident	9	11	2
Type "C" Campground, Resident	6	8	2
Type "C" Campground, Nonresident	8	10	2

Campgrounds in all state parks, southern forests, recreation areas, on state trails, as well as campgrounds located at Crystal Lake, Musky Lake, Firefly Lake, and Clear Lake in the Northern Highland-American Legion State Forest and Castle Mound campground in the Black River state forest are classified as type "A". All other northern forest campgrounds are classified as type "B" campgrounds. There are currently no campsites categorized as type "C".

While minimum fees are established in statute, some additional fees have been implemented by administrative rule (including an extra fee of \$5 per night per campsite for electricity, additional weekend and holiday fees for certain campground areas from Memorial Day weekend through Labor Day, and additional fees not to exceed \$5 per night for certain campsites that have water views). Increased revenues to the parks account are estimated at \$198,100 in 2005-06 and \$792,500 in 2006-07. This provision would take effect with the general effective date of the budget.

Joint Finance/Legislature: Adopt the Governor's recommendation. However, reestimate revenues as a result of the fee increase to be \$202,600 in 2005-06 and \$665,800 in 2006-07 (a decrease of \$122,200 from the administration's estimate).

[Act 25 Sections: 548 thru 553]

22. CAMPGROUND RESERVATION FEE APPROPRIATION

Governor/Legislature: Create a continuing appropriation to receive campground reservation fees paid to a vendor under contract with DNR to manage the state's campground reservation system. Specify that if under the contract DNR collects the entire reservation fee that the Department would retain \$1 of each fee remitted, and transfer remaining revenues to the vendor. Under current law, DNR may enter a contract with a vendor to operate the Department's campground reservation system. DNR receives \$1 of each reservation fee collected by the vendor. The vendor currently collects the entire fee and remits the \$1 to the Department. The creation of this appropriation would allow either the current practice, or the Department to collect the entire reservation fee instead, retain \$1 of each fee, and transfer remaining revenues to the vendor.

[Act 25 Sections: 226 and 554 thru 557]

23. BADGER STATE TRAIL OPERATIONS

SEG	\$90,000
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Governor/Legislature: Provide \$45,000 annually from the parks account for the operation of the Badger State Trail. The trail runs for approximately 45 miles from Madison to the Illinois border south of Monroe. The trail will connect to a regional trail system in Illinois and links six other trails in Dane and Green Counties. Funding would support seasonal law enforcement, maintenance staff, trail maintenance supplies, signage, kiosks, and equipment rental costs.

24. GREAT WISCONSIN BIRDING AND NATURE TRAIL

SEG	\$70,000
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Governor/Legislature: Provide \$35,000 annually from the parks account to support the Wisconsin Birding Trails project, as well as nature-viewing in state natural areas and other nature-based recreational opportunities. The Birding Trail project focuses on providing information on outstanding nature-based viewing sites throughout the state and promoting them to nature viewers. Regional viewing guides are being developed for this purpose in partnership with the Department of Tourism. Funding would support the production of viewing guides, and resources to increase the number of communities and organizations involved in the project.

25. RADIO REPLACEMENT [LFB Paper 523]

SEG	\$70,800
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Governor/Legislature: Provide \$23,600 in 2005-06 (\$18,200 from the parks account and \$5,400 from the forestry account) and \$47,200 in 2006-07 (\$36,300 from the parks account and \$10,900 from the forestry account) on a one-time basis for a master lease for the replacement of radio equipment and associated radio infrastructure support costs in order to upgrade communication equipment available to state parks and southern forest law enforcement personnel. The mobile and portable radios would be used for security, search and rescue operations, safety patrols, and management of the property.

Water Quality

1. AQUATIC INVASIVE SPECIES PROGRAM [LFB Paper 550]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$0	-\$445,000	-\$445,000

Governor: Reduce funding available for recreational boating projects from the water

resources account of the conservation fund by \$520,000 SEG in 2005-06 and by \$1,425,000 SEG in 2006-07. Provide this same amount for efforts related to the control of aquatic invasive species. Of the funds provided, \$20,000 in 2005-06 and \$300,000 in 2006-07 would support additional water resources law enforcement efforts including boat patrol, boat inspections, and public education. Also, \$125,000 for supplies and services would be available in 2006-07 to support general program activities, including the development and distribution of educational materials, surveying for purple loosestrife and evaluating the effectiveness of biocontrol initiatives, conducting research on new invasive species, conducting citizen training of watercraft inspectors, and training citizen volunteers to conduct sampling efforts and input data into a central database.

Of the total, \$500,000 in 2005-06 and \$1,000,000 in 2006-07 would be provided to increase the funding available for lake protection grants to local units of government for up to 50% of the costs of projects to prevent or control aquatic invasive species, and for education and inspection programs at boat landings. Further, expand eligibility for earmarked funds from the aquatic invasive species grant program to include nonprofit conservation organizations and qualified lake associations (organizations that currently participate in the lake protection grant program, and in aquatic invasive species management activities).

The lake protection grant program is currently funded from the water resources account at \$2,675,400 annually, with at least \$500,000 to be made available in each year for grants related to aquatic invasive species. The bill would increase the total funding available for lake protection grants to \$3,175,400 in 2005-06 and to \$3,675,400 in 2006-07. However, no change would be made to the statutory requirement that DNR allocate at least \$500,000 annually for the control of aquatic invasive species; therefore, although the administration intends the additional resources to be used for invasive species grants, the additional funds could also be used for other lake-protection grant purposes. After the reduction to support the funding of the aquatic invasive species program, the recreational boating aids program would be funded at \$4,027,000 in 2005-06 and \$3,122,000 in 2006-07.

Joint Finance: Adopt the Governor's recommendation, with the following modifications. Specify that at least \$1,000,000 in 2005-06 and \$1,500,000 beginning in 2006-07 be available from lake grants for efforts related to the control of aquatic invasive species. Delete \$20,000 in 2005-06 and \$300,000 in 2006-07 related to additional law enforcement efforts for invasive species control. Also, delete \$125,000 in 2006-07 for general water program activities relating to invasive species. Finally, delete the provisions under the bill that would expand the eligibility for funds earmarked in the aquatic invasive species grant program to include nonprofit conservation organizations and qualified lake associations. (Under DNR administrative rule, nonprofits and lake associations are eligible for grants to the extent that local units of government do not utilize earmarked funds, or additional grant amounts are made available.)

Assembly/Legislature: Make a technical correction related to the allotted amounts to reflect Joint Finance Committee action.

[Act 25 Section: 495]

2. ZEBRA MUSSEL REMOVAL

Governor: Specify that an individual may not place a boat, boat trailer, or boating equipment in any navigable water of the state if the person has reason to believe that the equipment has zebra mussels attached. Expand the authority of law enforcement officers to require individuals to remove any aquatic plants or zebra mussels from their boat or equipment before or while it is being transported, while on a highway or other thoroughfare, or before it is placed in any navigable water of the state.

Joint Finance/Legislature: Delete provision.

3. BEACH WATER TESTING AND MONITORING

SEG	\$40,000
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Governor/Legislature: Provide \$20,000 annually from the forestry account for continued drinking water and wastewater testing and monitoring as well as the testing of water at inland public beaches at state forests and parks. Funding would support laboratory test costs, postage, sampling efforts, signage, and educational materials.

4. PERMIT FEES FOR ACTIVITIES IN NAVIGABLE WATERS [LFB Paper 552]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR-REV	\$269,400	-\$269,400	\$0

Governor: Eliminate the requirement that DNR charge only the highest applicable fee for permits or approvals relating to activities affecting navigable waters, dams, bridges, and wetlands. Instead, the Department could charge for each applicable permit or approval required for a given project or activity. Increased revenues are estimated to be \$134,700 annually.

Joint Finance/Legislature: Delete the provision. Further, specify that the program revenue appropriation be converted from continuing to annual.

Veto by Governor [B-31]: Delete the conversion of the continuing appropriation to annual.

[Act 25 Vetoed Sections: 140 (as it relates to s. 20.370(4)(bi)) and 241m]

5. WATER RESOURCES ACCOUNT FUNDING [LFB Paper 551]

SEG	-\$128,500
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Joint Finance/Legislature: Reestimate the water resources account supported sum-sufficient debt service appropriation for bonding related to dam repair and removal projects to

\$452,300 in 2005-06 and \$448,900 in 2006-07 to reflect updated estimates of anticipated debt service payments over the biennium (a reduction of \$62,800 and \$65,700). Further, lapse the following amounts, from the continuing, uncommitted, balance of the identified appropriations to the general balance of the water resources account of the conservation fund. (These amounts represent the estimated uncommitted balances in the appropriations at the end of 2004-05.) Further, correct statutory language referring to the two boating access appropriations to accurately reflect each appropriation's title.

<u>Appropriation</u>	<u>Lapse Amount</u>
Lake Protection, Planning, and Management	\$150,000
Mississippi and St. Croix. Rivers acquisition	307,700
Statewide Boating Access Acquisition and Development	311,700
Recreational Boating Aids	<u>1,400,000</u>
 TOTAL	 \$2,169,400

These actions would increase the estimated available balance of the water resources account of the conservation fund by \$2,297,900 over the 2005-07 biennium. While the account is not expected to realize a cash deficit, commitments are expected to exceed available revenues by approximately \$3.75 million for the biennium (compared to over \$6.3 as submitted by the Governor). Under s. 20.9045 DNR and DOA are required to develop a plan to maintain expenditure levels within available revenues.

Veto by Governor [B-30]: Delete the provision designating lapses from the continuing, uncommitted balances of the appropriations identified in the above table. Under the Act, DNR and DOA would be required to reduce water resources account commitments by an estimated \$6 million for the biennium.

[Act 25 Sections: 269g and 269r]

[Act 25 Vetoed Sections: 9235(4w),(4x),(4y)&(4z)]

6. LAKE RESOURCES VOLUNTARY CONTRIBUTION

SEG-REV	\$37,000
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Governor/Legislature: Increase the amount of the voluntary contribution for lakes research that an applicant for a boat certificate number may pay, in addition to paying the fee charged for that certificate, from \$1 to \$3. Revenues from the \$1 voluntary contribution from buyers of fishing licenses and boat registrations totaled \$48,700 in 2003-04. Under the bill, revenues are estimated to increase by \$1,600 in 2005-06 and \$35,400 in 2006-07 for the fish and wildlife account under the bill.

[Act 25 Section: 669]

7. SOUTHEASTERN WISCONSIN FOX RIVER COMMISSION

Joint Finance/Legislature: Direct DNR to provide a grant for \$250,000 in 2005-06 from the recreational boating aids grant program to the Southeastern Wisconsin Fox River Commission to support ongoing activities consistent with the organizations implementation plan, including: (a) initiating and coordinating surveys and research projects relating to the Southeastern Wisconsin Fox River Basin; (b) acting as a liaison between federal, state, and local agencies and other organizations involved in protecting, rehabilitating, and managing water resources; and (c) providing public information relating to the Southeastern Wisconsin Fox River.

The Southeastern Wisconsin Fox River Commission was created in 1997 in order to address water resource concerns within the Fox River system. Under the implementation plan, goals of the commission include the improvement of water quality and the scenic, economic, and environmental value of the waters of the Illinois Fox River basin as well as the protection and enhancement of the recreational use of the basin's navigable waters. Prior to this provision, \$575,000 has been provided to the Commission from the water resources account since its creation in 1997.

[Act 25 Sections: 247b and 9135(4w)]

8. MARSH RESTORATION

Joint Finance/Legislature: Direct DNR to identify 10 state-owned wildlife wetland areas throughout the state that are critical to waterfowl breeding, production, staging, and hunting. Further, require DNR to prepare a qualitative and quantitative baseline assessment of each marsh by August 30, 2006. Specify that the assessment should describe vegetation, wildlife use, water quality, water chemistry, hunting success, and public use. Direct DNR to provide the assessment to the Joint Committee on Finance and to the appropriate standing committees of the Legislature. Direct DNR to develop marsh restoration goals based on the findings included in the assessment, and to include a proposal to contract with nongovernmental partners to meet those objectives in their 2007-09 budget.

Veto by Governor [B-29]: Delete provision.

[Act 25 Vetoed Section: 9135(5c)]

9. RURAL NONPOINT BONDING [LFB Paper 553]

BR	\$6,000,000
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Governor: Provide an increase in general obligation bonding authority of \$6,000,000 (from \$85.3 million currently to \$91.3 million) for cost-share grants for rural landowners to install nonpoint source pollution abatement projects in designated priority watersheds. Bond revenues may also be used for competitive projects under the targeted runoff management (TRM) program.

Joint Finance/Legislature: Modify the Governor's recommendation to provide an increase in general obligation bonding authority of \$4,000,000 (from \$85.3 million currently to \$89.3 million) for cost-share grants for rural landowners to install nonpoint source pollution abatement projects in designated priority watersheds. Further, provide \$2,000,000 in general obligation bonding authority specified for targeted runoff management (TRM) grants.

[Act 25 Sections: 463 and 463c]

10. URBAN NONPOINT BONDING [LFB Paper 553]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
BR	\$4,700,000	-\$3,200,000	\$1,500,000

Governor: Provide an increase in general obligation bonding of \$4,700,000 (from \$22.4 million currently to \$27.1 million) for the urban nonpoint source water pollution abatement, storm water management and the municipal flood control and riparian restoration programs. Bonding revenue would provide cost-share grants for landowners to install nonpoint source water pollution abatement projects and provide financial assistance to municipalities and sewerage districts for the construction of facilities and structures that aid in the collection and transmission of storm water.

Joint Finance/Legislature: Modify the Governor's recommendation to provide an increase in general obligation bonding of \$1,500,000 (from \$22.4 million currently to \$23.9 million) for the urban nonpoint and flood control programs.

[Act 25 Section: 465]

11. SUPPLEMENTAL VEHICLE TITLE FEE REVENUE [LFB Paper 717] SEG-REV \$1,110,000

Governor: Specify that revenue generated from the \$7.50 supplemental vehicle title fee, including the corresponding fee collected for manufactured homes, is to be deposited in the nonpoint account of the environmental fund instead of, under current law, the transportation fund. Require the DOT Secretary, if the effective date of the bill is after July 1, 2005, to certify to the DOA Secretary, within 60 days after the effective date, the amount from the supplemental title fee that had been deposited in the transportation fund between July 1, 2005, and the effective date. Require the DOA Secretary to transfer this amount from the transportation fund to the environmental fund in 2005-06.

In addition, delete provisions that require an annual transfer from the general fund (through a GPR appropriation under miscellaneous appropriations) to the environmental fund equal to the amount generated by the supplemental title fee in the previous fiscal year (with an

adjustment to reduce this amount each year by \$555,000). Due to the elimination of this provision, revenues deposited to the account are expected to increase by \$555,000 annually (nonpoint account revenues are estimated at \$11.25 million annually under the bill). Specify that no transfer may be made from the GPR appropriation after the effective date of the bill. Require the DOA Secretary, if the effective date is after October 1, 2005, (the date by which DOT currently certifies the amount collected under the supplemental title fee), to transfer from the environmental fund to the general fund the amount of GPR funds that had been transferred to the environmental fund under the current law provision between July 1, 2005, and the effective date.

The segregated nonpoint account, along with the environmental management account, makes up the environmental fund. The nonpoint account funds appropriations in DNR and the Department of Agriculture, Trade and Consumer Protection (DATCP) that are used to aid the state's nonpoint water pollution abatement efforts. These funds are used for a variety of purposes, including funding agency administrative costs and making grants to counties for staffing and the implementation of nonpoint water pollution abatement practices by landowners.

Joint Finance/Legislature: Delete provision (meaning revenues from the \$7.50 supplemental vehicle title fee would continue to be deposited into the transportation fund, as under current law). However, modify the current transfer from the general fund to the nonpoint account by specifying the amount transferred be equal to the amount generated by the supplemental title fee in the prior year (instead of the amount generated in the prior year minus \$555,000). (This would provide the same level of estimated revenue to the nonpoint account, \$11,250,000 annually, as under the Governor's recommendation.)

[Act 25 Section: 455m]

12. NONPOINT POSITION FUNDING TRANSFER [LFB Paper 152]

	Funding	Positions
GPR	-\$712,400	- 4.75
SEG	712,400	4.75
Total	\$0	0.00

Governor/Legislature: Convert \$356,200 annually and 4.75 positions from GPR to nonpoint account SEG. Transferred amounts are based on 1.75 program and planning analysts, 1.0 wastewater engineer, 1.0 natural resources program specialist, and 1.0 water resources management specialist.

13. STORM WATER MANAGEMENT [LFB Paper 554]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$1,405,900	10.50	-\$245,900	- 1.50	\$1,160,000	9.00

Governor: Provide \$681,800 in 2005-06 and \$724,100 in 2006-07 and 10.5 positions

annually for the administration and state implementation of federal Phase 2 storm water requirements for municipalities, industrial facilities and construction sites, which became effective in March, 2003, (associated DNR administrative rules became effective in August, 2004).

Phase 2 requirements expanded areas that are required to obtain storm water discharge permits to include smaller municipalities and construction sites of one acre or more (five acres, previously). In addition, municipally-owned industrial facilities, which were previously exempted from obtaining a storm water permit, are now required to have a storm water discharge permit. Further, industrial sites where no permit is required are now required to certify to DNR that their facilities have no exposure of storm water to industrial materials or activities that could contaminate storm water (with certification required every five years). Program revenues are derived from certain annual municipal and industrial storm water fees and one-time construction site application fees.

Joint Finance/Legislature: Modify the Governor's recommendation, based on reestimated revenues, to provide \$515,300 PR in 2005-06 and \$644,700 PR in 2006-07 (including \$75,000 on a one-time basis) and 9.0 PR positions annually for the administration and state implementation of federal Phase 2 storm water requirements for municipalities, industrial facilities and construction sites. This would reduce PR expenditures by \$166,500 in 2005-06 and \$79,400 in 2006-07 and 1.5 positions.

14. ELIMINATION OF FOX RIVER LOCKS FUNDING AND APPROPRIATIONS [LFB Paper 305]

PR	- \$89,200
SEG	- 192,000
Total	- \$281,200

Governor/Legislature: Delete \$44,600 PR and \$96,000 water resources SEG annually, and delete the two associated DNR appropriations that had been used to fund the Fox River Management Commission, and seasonal operations of the Fox River locks.

In September, 2004, the 17 locks and associated property were transferred from the United States Army Corps of Engineers to the state, and the Fox River Navigational System Authority subsequently signed a lease with the state to assume responsibility for the locks. For more information, see the "Fox River Navigational System Authority."

[Act 25 Sections: 272 and 273]

15. GROUNDWATER MANAGEMENT POSITIONS [LFB Paper 555]

	<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	\$770,600	5.00	-\$770,600	0.00	\$0	5.00

Governor: Provide \$339,000 in 2005-06 and \$431,600 in 2006-07 with 5.0 positions

annually to administer the groundwater management provisions enacted in 2003 Wisconsin Act 310, known as the groundwater protection act. Act 310 establishes groundwater protection areas and groundwater management areas, creates a groundwater advisory committee, requires DNR to review applications for certain high capacity wells, requires landowners to notify DNR of the location of a well that is not a high capacity well before construction of the well begins and to pay a registration fee of \$50, and requires applicants for high capacity wells to pay a fee of \$500. DNR estimated that the fees authorized in the act would generate annual revenue of approximately \$1,000,000. The act created appropriations in DNR for groundwater mitigation grants, groundwater quantity research and DNR administration. However, the act did not authorize positions or administrative funding.

The positions provided in the bill would be located in the Bureau of Drinking Water and Groundwater in the Water Division and would include three hydrogeologists, one water supply engineer and one information resources technician. The positions would perform the following activities: (a) track well notifications submitted by owners of non- high capacity wells and process the \$50 notification fee; (b) review applications for high capacity wells to determine if they meet the environmental criteria for additional review; (c) inspect activities of well drillers and pump installers during construction of wells; and (d) collect and manage data related to groundwater use.

Joint Finance/Legislature: Provide \$306,200 in 2005-06 and \$387,900 in 2006-07 with 5.0 PR positions annually to administer the groundwater management provisions. In addition: (a) provide \$100,000 annually for groundwater research and monitoring; and (b) reduce groundwater mitigation and local assistance by \$406,200 in 2005-06 and \$487,900 in 2006-07 to reestimate the revenue that would be available for the appropriation as \$593,800 in 2005-06 and \$512,100 in 2006-07.

16. TRIBAL GAMING REVENUE FOR TOWN OF SWISS AND ST. CROIX BAND OF CHIPPEWA [LFB Paper 556]

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

Governor: Provide \$250,000 in tribal gaming revenue each year for a grant to the Town of Swiss (Danbury) in Burnett County and the St. Croix Band of Chippewa for design, engineering, and construction of wastewater and drinking water treatment facilities. Change from June 30, 2005, currently, to June 30, 2007, the date after which no moneys could be encumbered from the appropriation. In each of 2003-04 and 2004-05, \$250,000 was provided in grant funds. (This funding is removed from DNR's budget under standard budget adjustments.) A total of \$1,900,000 has been granted from tribal gaming revenues for the project in 1999-00 through 2004-05. Under the bill, a total of \$2,400,000 would be granted in 1999-00 through 2006-07.

Joint Finance/Legislature: Delete provision.

17. **GREAT LAKES SHORE WATER MONITORING** [LFB Paper 557]

SEG	\$220,000
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Governor: Provide \$110,000 annually from the environmental management account of the environmental fund to monitor the quality and condition of the waters of Lake Michigan and Lake Superior that are near the shore. Funds would include \$26,100 for limited-term employees and \$83,900 for supplies.

Joint Finance/Legislature: Approve the Governor's recommendation. In addition, direct DNR to designate \$25,000 in the 2005-07 biennium for a research grant to Manitowoc County to study cladophora algae in Lake Michigan at Hika Bay. The study may include monitoring of Fischer Creek and Point Creek (two streams that open into Hika Bay) in Manitowoc County.

Veto by Governor [B-28]: Delete the requirement that DNR provide a \$25,000 grant to Manitowoc County.

[Act 25 Vetoed Sections: 245m and 9135(2e)]

18. **WELL COMPENSATION GRANT PROGRAM ELIGIBILITY** [LFB Paper 558]

Governor: Expand eligibility for the well compensation grant program to include claims for compensation for a well that is subject to abandonment, that is, for a well that is required to be abandoned or that DNR may require to be abandoned because it is unused or poses a hazard to health or safety. The bill would authorize claims for well abandonment, even though a new private water supply would not be constructed or a connection is not provided to a public or private water supply (as required under current law). The bill would direct DNR to establish requirements for the filling and sealing of wells subject to abandonment. Current requirements for household income and grant maximum would apply to the new eligible use of grant funds. The current requirement of a \$250 copayment by claimants with a contaminated private water supply would not apply to claimants where a claim is solely for well abandonment.

Currently, persons eligible for a well compensation grant include landowners or lessees of property on which is located a contaminated private water supply well that serves a residence or is used for watering livestock. The family income of the grant recipient may not exceed \$65,000, and the grant maximum is 75% of eligible costs up to a maximum grant of \$9,000. The following activities are eligible for well compensation: (a) obtaining an alternate water supply; (b) providing equipment to treat the water; (c) reconstructing the contaminated well; (d) constructing a new well; (e) connecting to an existing private or public water supply to replace the contaminated well; (f) properly abandoning the contaminated well, if a new well is constructed or if connection to a public or private water supply is provided; (g) testing of water if it shows that the well is contaminated and if the cost of those tests was originally paid by the claimant; (h) purchasing and installing a pump, if a new pump is necessary for the new or

reconstructed private water supply; and (i) relocating pipes, if necessary, to connect the replacement water supply to the buildings served by it.

The well compensation program is funded from a continuing appropriation from the environmental management account of the environmental fund. Program expenditures were \$95,400 SEG in 2003-04. The program is appropriated \$294,000 SEG in 2004-05 and, in addition, had an unencumbered July 1, 2004, appropriation balance of \$936,400. The bill would continue base funding of \$294,000 annually.

Joint Finance/Legislature: Delete provision. In addition, lapse \$1,000,000 in 2005-06 from the balance of the well compensation appropriation to the segregated environmental management account.

[Act 25 Section: 9235(3f)]

19. SAFE DRINKING WATER LOAN PROGRAM APPROPRIATION

Governor/Legislature: Modify the federal appropriation for safe drinking water loan program (SDW) administrative activities in the Water Division's Bureau of Drinking Water and Groundwater to allow the Bureau to spend all moneys received from the federal safe drinking water grant instead of being limited to the amounts in the appropriation schedule. (While financial assistance provided through the safe drinking water loan program and clean water fund program is summarized under the separate agency, "environmental improvement fund," DNR administrative staff are provided under DNR rather than under the environmental improvement fund.) Currently, there are two SDW administrative appropriations in DNR to fund SDW staff activities. The SDW administrative appropriation in the Customer Assistance and External Relations Division is authorized to spend all moneys received from the federal SDW grant, and the SDW administrative appropriation in the Water Division is limited to the amounts in the schedule. Under the bill, both of the SDW appropriations would be authorized to spend all moneys received from the federal SDW grant.

[Act 25 Section: 246]

Air, Waste, and Contaminated Land

1. AIR PERMIT SYSTEM STREAMLINING [LFB Paper 565]

PR	\$1,672,000
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Governor: Provide \$756,100 in 2005-06 and \$915,900 in 2006-07 in ongoing funding for several air permit database system and permit issuance activities. The revenue source would be air construction (new source review) permit fee revenue from new, modified, reconstructed,

relocated or replaced air pollutant sources that are required to obtain an air construction permit before beginning construction. A construction permit allows a company to build, initially operate and test the air pollution source. The construction permit expires after 18 months and can have one 18-month extension under certain instances. The following funding would be provided:

a. \$259,600 in 2005-06 and \$517,200 beginning in 2006-07 for several master leases over a six-year period that would cost approximately \$2,129,000 (including interest) to redesign the existing air management permit system and to provide access to information for regulated facilities on the Internet. The funds would be used to pay private contractors for information technology development and maintenance, and to purchase computer hardware and software.

b. \$225,300 in 2005-06 and \$263,100 in 2006-07 to pay for DNR staff to perform computer programming activities. The funds would pay for two existing positions in the Bureau of Technology Services through departmental charges and for limited-term employees in the Bureau of Air Management.

c. \$271,200 in 2005-06 and \$135,600 in 2006-07 to pay four private contractors to issue operation and construction permits in 2005-06 and two beginning in 2006-07. The same sources subject to construction permit requirements are required to file an operation permit application at the same time they file a construction permit application. DNR issues federally-required operation permits for major sources (major sources have the potential to emit over a certain threshold amount of air pollutants) and for synthetic minor sources (a major source that wants to reduce emissions enough to become a minor source). The owner or operator is required to have a complete operation permit for the source of air pollutants on file with DNR by the time the construction permit expires in order to continue operating the source.

Joint Finance/Legislature: Approve provision, but provide the \$484,900 in 2005-06 and \$780,300 in 2006-07 for master leases [(a) above] and DNR computer programming staff and limited term employees (b) as one-time funding during the 2005-07 biennium rather than as ongoing funding.

2. AIR OPERATION PERMIT FEES AND STAFF [LFB Paper 565]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR-REV	\$1,286,700	-\$1,638,500	-\$351,800

Governor: Transfer \$1,626,700 PR in 2006-07 from the existing air operation permit program revenue appropriation (air emissions tonnage fees) to a new state permit sources annual appropriation. Make changes to the fee structure for operation permits effective January 1, 2006, to create several new fees for types of operation permits created in 2003 Wisconsin Act 118, for air pollution stationary sources that are required to obtain an operation permit under state law but not under the federal Clean Air Act. The bill would not change fees applicable to

stationary sources that are required to obtain an operation permit or construction permit under the federal Clean Air Act. 2003 Act 118 required DNR to promulgate rules for registration operation permits and general operation permits, but does not authorize DNR to assess fees for these permits.

DNR is currently promulgating administrative rules under Act 118 authority to create eligibility criteria for registration operation permits and general operation permits, and anticipates submitting the rule to the Legislature in approximately April, 2005. DNR anticipates that if the rules become effective by approximately September, 2005, facilities could begin to apply for a registration operation permit or general operation permit in the fall of 2005. If that occurs, the Department could begin assessing fees under the bill as part of DNR's consolidated environmental billing in the spring of 2006 for facilities that obtain these permits by December 31, 2005, and the new fees under the bill would be received in each of 2005-06 and 2006-07. If the administrative rules would not become effective by the fall of 2005, there would be a minimal fiscal effect in 2005-06, and the first full year of revenue would be received in 2006-07.

Under the proposed administrative rule, facilities that obtain registration operation permits or general operation permits would become exempt from the requirement to obtain a construction permit. DNR estimates that this would result in a reduction in construction permit fee revenue of approximately \$1,174,500 annually. If this rule is promulgated, it would offset a portion of the fees created in the bill.

Although information to project the number of facilities likely to qualify for registration or general permits is limited, the air program fee changes under the bill would be expected to generate an annual net fee increase of approximately \$1,286,700 (or up to \$2,573,400 for the biennium if the proposed administrative rules go into effect by the fall of 2005). However, when the fee decreases of \$1,174,500 resulting from the proposed administrative rule are combined with the revenue changes in the bill, the annual net fee increase would be \$112,200 (or potentially \$224,400 in the biennium). Subsequent to the development of the original revenue estimates, the revenue changes under the bill were reestimated to an increase of \$1,036,700, and the changes under the rule were reestimated to a decrease of \$1,023,400, for a net increase of \$13,300.

The changes under the bill, and the revenue effect of each, include:

a. Create a program revenue "state permit sources" appropriation for purposes related to air pollution stationary sources that are required to obtain an operation permit under state law but not under the federal Clean Air Act. Deposit the new fees described in the following sections into the appropriation.

b. Provide \$1,626,700 beginning in 2006-07 for the state permit sources appropriation. Delete the same amount from the existing air operations appropriation (air emissions tonnage fees). (While the bill transfers funds, a technical correction would be required to transfer the 14.0 associated positions the administration intended to transfer from the existing air operation permit appropriation to the new appropriation.)

c. Specify that the new fees collected under the bill and deposited in the state permit sources appropriation must be used for the following costs as related to stationary sources for which an operation permit is required under state law but not under the federal clean air act, including the costs of: (1) reviewing and acting on applications for operation permits; (2) implementing and enforcing operation permits except for court costs or other costs associated with an enforcement action; (3) monitoring emissions and ambient air quality; (4) preparing rules and materials to assist persons who are subject to the operation permit program; (5) monitoring ambient air quality; (6) preparing and maintaining emission inventories; (7) any other direct and indirect costs of the operation permit program; and (8) any other activities related to stationary sources of air contaminants.

d. Create a \$300 fee that would be paid by an owner or operator of a stationary source that requests a waiver of the requirement to obtain a construction permit prior to beginning construction. Deposit the fees in the existing air construction permit appropriation. The administration estimates the fee would generate revenue of \$1,800 annually.

e. Create an annual \$300 fee to be deposited in the state permit sources appropriation that would be paid by an owner or operator of a stationary source that is exempt from the requirement to obtain an air operation permit, if the stationary source had actual emissions of a regulated pollutant in excess of three tons in the preceding year. Deposit the fees in the new state permit sources appropriation. The administration estimates the fee would generate revenue of \$210,900 annually.

f. Create an annual \$1,500 fee to be deposited in the state permit sources appropriation to be paid by the owner or operator of an entire facility for which an operation permit is required under state statute, but not under the federal Clean Air Act, if the entire facility was covered by a registration operation permit in the preceding year. "Entire facility" would mean all stationary sources that are under the control of one person or under the control of persons who are under common control and that are located on contiguous properties. 2003 Wisconsin Act 118 authorized DNR to issue a registration permit authorizing construction or operation or both for a stationary source with low actual or potential emissions. DNR must promulgate rules that include criteria for identifying categories of sources the owners or operators of which may elect to obtain registration permits. The administration estimates the fee would generate revenue of \$426,000 annually.

g. Create an annual \$1,500 fee to be deposited in the state permit sources appropriation to be paid by the owner or operator of an entire facility for which an operation permit is required under state statute but not under the federal Clean Air Act if the entire facility was covered by a general operation permit in the preceding year. 2003 Wisconsin Act 118 authorized DNR to issue general permits authorizing construction or operation, or both, for similar stationary sources. DNR must promulgate rules that include criteria for identifying categories of sources the owners or operators of which may elect to obtain general permits and general requirements applicable to sources that qualify for general permits. The administration estimates the fee would generate revenue of \$402,000 annually.

h. Create an annual \$3,000 fee to be deposited in the state permit sources appropriation to be paid by the owner or operator of an entire facility for which a state operation permit is required (but not a federal permit), if the entire facility was not covered by a registration operation permit or a general operation permit in the preceding year. The administration estimates the fee would generate revenue of \$696,000 annually.

i. Specify that the current annual emission tonnage fees for persons required to obtain air operation permits would be for persons required to have air operation permits "under federal law." Under the bill, persons who are not required to obtain operation permits under federal law would no longer have to pay emission tonnage fees but would instead pay one of the state operation permit fees described in the preceding sections. Currently, owners or operators of a stationary source that are required to obtain an air operation permit are required to pay an air emissions tonnage fee of \$35.71 per ton for billable emissions of at least five tons. The current emissions tonnage fees are deposited in the existing air operations appropriation. The administration estimates that the provision would decrease revenue in the existing air operation permit emission tonnage fee appropriation by \$450,000 annually. (This is reestimated to \$700,000 under Joint Finance Committee action.)

Joint Finance/Legislature: Modify the Governor's recommendations as follows:

a. Adopt the Governor's recommendation to create a state permit sources appropriation, and to specify the eight allowable types of costs that can be paid from the appropriation.

b. Transfer \$1,142,000 PR and 10.0 PR positions to the appropriation from the existing air emission operation permit appropriation in 2006-07 (instead of \$1,626,700 and 14.0 positions recommended by the Governor).

c. Adopt the Governor's recommendation to create a \$300 fee to be paid by an owner or operator of a stationary source that requests a waiver from the requirement to obtain an air construction permit prior to construction, and deposit the fee in the existing air construction permit appropriation.

d. Specify that the existing air operation permit appropriation, which currently receives all annual emission tonnage fees, would receive annual emission tonnage fees from persons required to have air operation permits under federal law.

e. Specify that persons who are required to obtain an operation permit under state statute, but not under the federal Clean Air Act, would pay operation permit fees or emission tonnage fees that would be deposited in the new state permit sources appropriation, effective with fees assessed as of January 1, 2006. The fees would include:

(1) Sources that are required to obtain an operation permit under state statute but not under the federal Clean Air Act would pay the current emission tonnage fees (\$35.71 per ton) unless they obtain an operation permit exemption, registration operation permit, or general

operation permit. This would generate estimated revenue of \$375,900 in 2005-06 and \$477,700 in 2006-07.

(2) Adopt the Governor's recommendation to create a \$300 annual fee for an operation permit exemption if the stationary source is exempt from the requirement to obtain an air operation permit, and if the stationary source had actual emissions of a regulated pollutant in excess of three tons in the preceding year. This would generate estimated revenue of \$181,800 in 2005-06 and \$185,400 in 2006-07.

(3) Modify the amount of the registration operation permit fee from \$1,500 to \$1,100, assess the fee as one-time (rather than annually) for the first year the stationary source has a registration operation permit, and deposit the fee into the state permit sources appropriation. Specify that in the second and subsequent years that a stationary source holds a registration operation permit, the source would pay the current emissions tonnage fees (\$35.71 per ton). Deposit the emission tonnage fees paid by stationary sources with registration operation permits into the state permit sources appropriation. This would generate estimated revenue of \$55,000 in 2005-06 and \$38,500 in 2006-07.

(4) Modify the amount of the general operation permit fee from \$1,500 to \$2,300, assess the fee as an initial one-time fee (rather than annually) for the first year the stationary source has a general operation permit, and deposit the fee into the state permit sources appropriation. Specify that in the second and subsequent years that a stationary source holds a general operation permit, the source would pay the current emissions tonnage fees. Specify that stationary sources currently operating under an individual air operation permit or a general operation permit would not have to pay the \$2,300 general operation permit fee, but would instead continue to pay emissions tonnage fees. Deposit the emission tonnage fees paid by stationary sources with general operation permits into the state permit sources appropriation. This would generate estimated revenue of \$11,500 in 2005-06 and \$46,000 in 2006-07.

(5) Delete the Governor's recommendation to create an annual \$3,000 fee to be paid by the owner or operator of an entire facility for which a state operation permit is required, but not a federal permit, if the entire facility was not covered by a registration operation permit or a general operation permit in the preceding year. Instead, specify that these stationary sources would have the choice of one of the following two options. The first option would be for the stationary source to pay a \$7,500 one-time fee, and in subsequent years pay the current emissions tonnage fees. The second option for individual sources would be to continue to pay emissions tonnage fees according to the same methodology as current law. Deposit the emission tonnage fees paid by these stationary sources into the state permit sources appropriation. This would generate estimated revenue of \$375,900 in 2005-06 and \$477,700 in 2006-07.

f. Specify that sources holding a registration operation permit or a general operation permit would be exempt from construction permit fees under administrative rule NR 410. State operation permit holders not covered by a registration operation permit or general operation permit that opt to pay the \$7,500 one-time fee would be exempt from construction permit fees

under administrative rule NR 410, but not from the requirement to obtain a construction permit. This would result in an estimated revenue decrease in the construction permit revenue appropriation of \$586,300 in 2005-06 and \$888,400 in 2006-07. (Note that under a proposed DNR administrative rule, sources that obtain a registration operation permit or a general operation permit would become exempt from obtaining a construction permit, and thus, also would not pay construction permit fees. Under the original AB 100 estimates by the administration of the number of sources that would become exempt from obtaining a construction permit, the revenue reduction under the rule would have been \$1,174,500 annually. Under Joint Finance action, the bill would exempt these sources from paying construction permit fees, but any exemption from obtaining a construction permit would still occur under the proposed rule.)

g. Direct DNR to submit a report to the Joint Committee on Finance by December 15, 2006, that describes DNR's progress on air permit streamlining, including development of an information technology system; the number of registration, general and individual air minor source permits issued; the average number of days from receipt of a complete application until the Department issues a determination of coverage, a registration permit, a general permit, or an operation permit that is not a registration or general permit; and an analysis of program costs and revenues necessary to operate the program in future years after the new air permit systems are implemented.

h. Transfer \$175,000 in fiscal year 2006-07 from the existing emissions tonnage fee appropriation to the state sources appropriation.

i. Specify that for 2005-06 only, the owner of a stationary source where the entire facility is required to have an operation permit under s. 285.60 but not under the federal clean air act, and is not a synthetic minor source as defined in NR 407.02 (9), would pay \$300 instead of emission tonnage fees. The \$300 would be deposited in the state sources appropriation. (NR 407.02 (9) defines "synthetic minor source" as any stationary source that has its potential to emit limited by federally-enforceable permit conditions so that it is not a major source.)

The following table shows estimated revenue under the Governor's recommendation, as reestimated, and Joint Finance action. It was originally estimated that the bill would first have a fiscal effect in 2006-07, but that DNR might realize some revenue effect in 2005-06 if a draft rule currently under promulgation by DNR to establish criteria for registration operation permits and general operation permits takes effect in the fall of 2005. However, the Joint Finance action would result in fiscal effects as shown in the following table for 2005-06 and 2006-07. The fee changes under the original bill and proposed administrative rule were reestimated to result in an annual net fee increase of \$13,300. Under Joint Finance action, there would be a fiscal effect from a construction permit fee revenue decrease that previously was included in draft administrative rule changes. In addition, Joint Finance action would be expected to result in a net fee increase of \$149,700 in 2005-06 and a net fee decrease of \$501,500 in 2006-07.

Estimated Air Permit Appropriation Revenue

<u>Fee Category</u>	<u>2006-07 Governor (reestimated)</u>	<u>2005-06 Legislature</u>	<u>2006-07 Legislature</u>
State Permit Fees			
Emission tonnage fees – state sources	\$0	\$375,900	\$477,700
Exemption from operation permit	210,900	181,800	185,400
General operation permit	402,000	11,500	46,000
Registration operation permit	426,000	55,000	38,500
State operation permit for other sources	696,000	810,000	337,500
Transfer from existing emissions fee appropriation	<u>0</u>	<u>0</u>	<u>175,000</u>
Subtotal State Air Permit Sources Revenue	\$1,734,900	\$1,434,200	\$1,260,100
Construction Permit Fees			
Construction Permit Waiver	\$1,800	\$1,800	\$1,800
Exemption from construction permit fee for sources with registration operation permit or general operation permit	0	-303,700	-460,200
Exemption from construction permit fee for other state sources that pay one-time \$7,500 fee	<u>0</u>	<u>-282,700</u>	<u>-428,200</u>
Subtotal Construction Permit Fee Revenue	\$1,800	-\$584,500	-\$886,600
Emission Tonnage Fees for Federal Sources			
Emission tonnage fees – existing appropriation	-\$700,000	-\$700,000	-\$700,000
Transfer to state sources appropriation	<u>0</u>	<u>0</u>	<u>-175,000</u>
Subtotal existing emission tonnage fee appropriation	-\$700,000	-\$700,000	-\$875,000
Total Revenue	\$1,036,700	\$149,700	-\$501,500
Revenue Under Bill (Original estimate)	\$1,286,700	\$0	\$1,286,700
Change to Bill	-\$250,000	\$149,700	-\$1,788,200
Revenue Changes Under Proposed Rule			
Exemption from construction permit for facilities With a registration operation permit or a General operation permit	-\$1,023,400	\$0	\$0
Net Revenue Change	-\$13,300	\$149,700	-\$501,500

Veto by Governor [B-17]: Delete the requirement that, in 2005-06, the owner or operator of a stationary source of air pollutant emissions where the entire facility is required to have an operation permit under s. 285.60 but not under the federal clean air act and is not a synthetic minor source, would pay a \$300 fee if the entire facility was not covered by a registration operation permit or a general operation permit in 2005. Under the act, the owner or operator of a state source without a registration operation permit or a general operation permit would continue to pay current law emission tonnage fees or could opt to pay a one-time fee of \$7,500 and emission tonnage fees in subsequent years.

[Act 25 Sections: 230v thru 233, 237v, 270g, 273e, 2192, 2192v thru 2196j, 9135(4k), 9235(4k), and 9435(5)]

[Act 25 Vetoed Section: 2196i]

3. AIR CONSTRUCTION PERMIT DURATION

Joint Finance/Legislature: Make the following changes regarding air construction permit duration:

a. Specify that authorization to construct, reconstruct, replace or modify a stationary source, rather than the construction permit itself currently, is valid for 18 months from the date of issuance of the permit unless the permit is revoked or suspended.

b. Authorize DNR to extend the term of the authorization in the permit, rather than the construction permit itself currently, for up to 18 additional months beyond the original 18-month period.

c. Specify that while the authorization to construct, reconstruct, replace or modify a source expires, all conditions in a construction permit are permanent unless the conditions are revised through a revision of the construction permit or through the issuance of a new construction permit.

[Act 25 Section: 2192p]

4. CONVERSION OF EMISSIONS INSPECTION AND MAINTENANCE APPROPRIATION FROM THE GENERAL FUND TO THE TRANSPORTATION FUND [LFB Paper 717]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$89,800	-0.75	\$89,800	0.75	\$0	0.00
SEG	<u>89,800</u>	<u>0.75</u>	<u>-89,800</u>	<u>-0.75</u>	<u>0</u>	<u>0.00</u>
Total	\$0	0.00	\$0	0.00	\$0	0.00

Governor: Convert \$44,900 annually with 0.75 position from GPR to the transportation fund for the air management emissions inspection and maintenance. The appropriation was converted from transportation fund SEG to GPR in the 1997-99 biennial budget act. This item is part of an initiative to convert several appropriations outside the Department of Transportation from the general fund to the transportation fund. A summary listing of these appropriations can be found under the Transportation Finance section of the Department of Transportation.

Joint Finance/Legislature: Delete provision.

5. **TRANSFER FROM THE ENVIRONMENTAL MANAGEMENT ACCOUNT TO THE GENERAL FUND** [LFB Paper 566]

GPR-REV \$5,000,000

Governor/Legislature: Transfer \$4,200,000 in 2005-06 and \$800,000 in 2006-07 from the environmental management account of the segregated environmental fund to the general fund. The account is expected to have a July 1, 2005, balance of approximately \$6.5 million.

[Act 25 Section: 9235(2)]

6. **VEHICLE ENVIRONMENTAL IMPACT FEE** [LFB Paper 566]

SEG-REV \$20,250,000

Governor: Eliminate the current December 31, 2005, sunset of the \$9 per title vehicle environmental impact fee. This would generate additional revenue of \$6,750,000 in 2005-06 and \$13,500,000 in 2006-07. The fees are assessed at the time of titling new and used vehicles, and are collected by the Department of Transportation. DOT deposits the fees in the environmental management account of the segregated environmental fund. The environmental management account provides funding for Department of Commerce brownfields grants, DNR brownfield site assessment and green space grants, and DNR administration of contaminated land cleanup, groundwater management, state-funded remediation actions, and debt service for general obligation bonds for remedial action. Revenues to the account are also generated from several other fees, including solid waste tipping fees, a transfer from the petroleum inspection fund, certain pesticide and fertilizer fees, a sanitary permit surcharge. The vehicle environmental impact fee generates over 50% of revenue to the account, including \$13.5 million in 2003-04.

Joint Finance/Legislature: Extend the repeal date of the \$9 per title vehicle environmental impact fee by two years, to December 31, 2007 (instead of making it permanent).

[Act 25 Section: 2255]

7. **ENVIRONMENTAL REPAIR BONDING AUTHORITY** [LFB Paper 567]

BR \$3,000,000

Governor/Legislature: Provide \$3,000,000 in general obligation bonding authority to conduct remedial actions at contaminated sites. The bill would increase DNR's general obligation bonding authority for remedial action from \$41 million to \$44 million. Bonding can be used for: (a) state-funded cleanup under the environmental repair statute (s. 292.31) or hazardous substances spills statute (s. 292.11) when construction is involved and no responsible party is known, willing or able to take the necessary action; and (b) the state's cost-share at federal Superfund or leaking underground storage tank trust fund sites.

[Act 25 Section: 464]

8. ENVIRONMENTAL MANAGEMENT ACCOUNT --
 CONVERSION OF GPR AND PR POSITIONS [LFB
 Paper 568]

	Funding	Positions
GPR	-\$4,392,000	- 23.00
PR	- 560,000	- 3.00
SEG	<u>4,952,000</u>	<u>26.00</u>
Total	\$0	0.00

Governor: Convert \$2,196,000 GPR with 23.0 GPR positions and \$280,000 PR with 3.0 PR positions annually to the segregated environmental management account of the environmental fund. The converted funding and positions would include the following annual amounts: (a) \$394,600 GPR with 4.0 GPR positions in the waste management program; (b) \$594,600 GPR with 5.5 GPR positions in the remediation and redevelopment program; (c) \$435,700 GPR with 5.0 GPR positions in the watershed management program; (d) \$771,100 GPR with 8.5 GPR positions in the drinking water and groundwater program; and (e) \$280,000 PR with 3.0 PR positions currently funded from remediated property fees. (A technical correction would be required to accomplish the administration's intent to convert \$771,100 and 8.5 positions in the drinking water and groundwater program to the appropriate administrative appropriation instead of to an appropriation for groundwater research contracts under the bill.)

Joint Finance/Legislature: Include provision, as technically corrected to convert \$771,100 and 8.5 GPR positions in the drinking water and groundwater program to the program's administrative appropriation instead of to the appropriation for groundwater research contracts.

9. REMEDIATED PROPERTY FEES

Governor/Legislature: Switch the appropriation where fees are deposited related to adding sites to an online database containing information about properties approved for closure after cleanup of contamination, where groundwater enforcement standards continue to be exceeded. Currently, groundwater database fees are deposited in a Divisionwide Air and Waste account for general operations. Currently, soil contamination database fees are deposited in an account specifically for the remediation and redevelopment program. Under the bill, the groundwater database fees would also be deposited in the remediation and redevelopment appropriation and the program would continue to be responsible for monitoring the combined database. In 2003-04, DNR collected \$160,100 in groundwater database fees.

[Act 25 Sections: 234 and 2202]

10. DRY CLEANER ENVIRONMENTAL RESPONSE PROGRAM [LFB Paper 569]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$1,000,000	\$550,000	\$1,550,000

Governor: Provide \$1,000,000 in 2005-06 for financial assistance under the dry cleaner environmental response program. The bill would increase from \$2.1 million to \$3.1 million the amount available during the 2005-07 biennium for reimbursement of eligible costs of investigation and remedial action of contamination from dry cleaning solvents at current and certain former dry cleaning facilities. DNR administers the financial assistance and remediation components of the program. The Department of Revenue collects revenues to fund the program that include: (a) a dry cleaning fee paid by every operator of a dry cleaning facility equal to 1.8% of the gross receipts from dry cleaning; and (b) a dry cleaning products fee imposed on persons who sell a dry cleaning solvent to a dry cleaning facility equal to \$5.00 per gallon of perchloroethylene sold and \$0.75 per gallon of dry cleaning product other than perchloroethylene sold.

Joint Finance/Legislature: Adopt provision. Further, provide an additional \$550,000 in 2005-06, for total additional funding of \$1,550,000 in 2005-06. This would provide a total of \$3,650,000 for dry cleaner environmental response financial assistance during the 2005-07 biennium.

11. RECYCLING FUND [LFB Paper 570]

	Governor (Chg. to Base)	Jt. Finance /Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR-REV	\$11,584,200	\$14,200,000	\$3,157,900	\$28,942,100
SEG-REV	\$0	-\$3,600,000	\$3,600,000	\$0

Governor: Transfer \$5,842,100 in 2005-06 and \$5,742,100 in 2006-07 from the recycling fund to the general fund.

Joint Finance/Legislature: Approve provision. In addition, include the following:

a. Transfer an additional \$11,000,000 in 2005-06 and \$3,200,000 in 2006-07 from the recycling fund to the general fund. Further, transfer \$3,255,100 in 2005-06 from the recycling fund to the conservation fund (\$2.9 million for wildlife damage programs and \$355,100 for general fish and wildlife purposes).

b. Decrease the recycling tipping fee for waste disposed of in Wisconsin landfills on or after January 1, 2007, from \$3, by 75¢, to \$2.25 per ton. This would reduce revenues to the recycling fund by approximately \$1.3 million in 2006-07 and \$6.1 million annually beginning in 2007-08.

c. Decrease, beginning with tax year 2007, the recycling surcharge from 3.0% to 2.0% of gross liability for corporations and from 0.2% to 0.133% of net income for sole proprietorships, partnerships, LLCs taxed as partnerships, and S corporations. This would reduce revenues to the recycling fund by approximately \$2.3 million in 2006-07 and \$5.3 million annually beginning in 2007-08.

Veto by Governor [B-15]: Delete the decrease in the recycling tipping fee and the recycling surcharge, which maintains \$3,600,000 in revenues to the recycling fund in 2006-07. Further, increase the transfer from the recycling fund to the general fund by \$3,157,900, to \$28,942,100. The veto accomplishes this by deleting selected digits, punctuation and words to reach the higher figure. As a result of the veto, the act does not specify when the transfer would be made. The Governor's veto message indicates that it is the Governor's intent that \$17,942,100 be transferred in fiscal year 2005-06 and \$11,000,000 be transferred in fiscal year 2006-07.

[Act 25 Sections: 9235(1),(1g)&(3m)]

[Act 25 Vetoes Sections: 1686m, 1686n, 2198x, 9235(1), 9335(3q), 9341(18w), and 9435(5q)]

12. RECYCLING STAFF CONVERSION

Governor/Legislature: Convert \$206,600 annually with 2.0 waste management positions from GPR to recycling fund SEG.

	Funding Positions	
GPR	- \$413,200	- 2.00
SEG	<u>413,200</u>	<u>2.00</u>
Total	\$0	0.00

13. RECYCLING DEMONSTRATION GRANTS [LFB Paper 571]

GPR-REV	\$1,200,000
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Governor: Expand the eligible purposes of the waste reduction and recycling demonstration grant appropriation to include business waste reduction and recycling assistance. Authorize DNR to contract with nonprofit organizations to provide services to assist businesses to reduce the amount of solid waste generated or to reuse or recycle solid waste. Specify that the Department could not provide more than \$500,000 annually under a contract. The existing program is appropriated \$500,000 in 2004-05 from the segregated recycling fund and, in addition, has an available balance from prior year appropriations of \$1,256,600. The bill would continue base funding of \$500,000 annually. The existing program provides cost-share grants to municipalities, public entities, businesses and nonprofit organizations for projects which implement innovative waste reduction and recycling activities. Currently, a grant may not exceed 50% of the project's actual eligible costs, or 75% of the actual eligible costs of a community-wide waste reduction project, or \$150,000, whichever is less. DNR may not award grants to any applicant under the current program that cumulatively total more than \$250,000. None of the eligibility criteria, grant match requirements or maximum grant limits under the existing waste reduction and recycling demonstration grant program would apply to the new use of the appropriation.

Joint Finance/Legislature: Approve the provision with the following modifications: (a) prohibit DNR from providing more than \$250,000 annually under a contract to an individual organization; (b) specify that DNR may not provide funds that exceed 50% of the cost of services provided under the contract; and (c) require that any contract entered into under the provision must include goals and objectives for the services to be provided, methods to measure progress toward the goals and objectives, and a schedule for reporting to DNR on the use of funds and progress towards the goals and objectives. In addition, transfer \$1,200,000 in 2005-06 from the balance of the recycling demonstration grant appropriation to the general fund.

Veto by Governor [B-16]: Delete: (a) the \$250,000 maximum annual contract amount; (b) the requirement that the provided funds could not exceed 50% of the costs of the services; and (c) the requirement for DNR to include goals and objectives, methods to measure progress, and a schedule for reporting in the contract. Under the act, there would be no specific statutory criteria or requirements for the DNR to follow when contracting with a nonprofit organization for services to assist businesses to reduce the amount of solid waste generated or to reuse or recycle solid waste.

[Act 25 Sections: 250, 2198, and 9235(1f)]

[Act 25 Vetoed Section: 2198]

14. RECYCLING TIPPING FEE EXEMPTION FOR WASTE FROM PAPER MAKING OPERATIONS SEG-REV - \$600,000

Governor: Exempt solid waste from the \$3 per ton recycling tipping fee if it is waste material that is acquired during the normal course of recycling operations by a person that makes paper or paperboard from waste paper, and if the waste material cannot be used to make paper or paperboard. The maximum weight of waste material to which the fee exemption could be applied in a year would be five percent of the weight of all waste material from the facility at which the person makes paper or paperboard from wastepaper that is disposed of in that year. The administration estimates that approximately 100,000 tons of solid waste annually would be eligible for the exemption, and that the reduction in revenue to the recycling fund would be \$300,000 in each of 2005-06 and 2006-07.

Currently, the recycling tipping fee equals \$3 per ton of solid waste, except high-volume industrial waste, disposed of in Wisconsin. Solid waste is exempt from the recycling tipping fee if it is: (a) approved by DNR for lining, daily cover or capping or for constructing berms, dikes or roads within a landfill; (b) disposed of by a nonprofit organization that provides services and programs for people with disabilities or that primarily serves low-income persons and that derives a portion of its income from the operation of recycling and reuse programs, if the waste is not commingled with waste subject to the tipping fee; and (c) sludge, river sediment, or dredged material that contains PCBs (polychlorinated biphenyls) that are removed in connection with the remediation of contaminated sediments in a navigable water of the state, if the total quantity of the removed materials, either in an individual phase or in combination with other planned phases of remediation, will exceed 200,000 cubic yards. The recycling tipping fee generated \$19.9 million in 2003-04.

Joint Finance/Legislature: Approve the exemption, but delete the 5% maximum on the percent of waste material to which the recycling tipping fee exemption could be applied in a year. In addition, modify the exemption so that the recycling tipping fee would not apply to "waste material that is removed from recycled materials intended for use as recycled fiber" instead of "acquired during the normal course of operations". Finally, a person that makes pulp from

wastepaper would be eligible for the exemption, in addition to a person that makes paper or paperboard from wastepaper).

[Act 25 Section: 2199]

15. ELECTRONIC REPORTING SYSTEM [LFB Paper 572]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR-REV	\$65,300	-\$65,300	\$0
PR	\$65,300	-\$65,300	\$0

Governor: Provide \$20,000 in 2005-06 and \$45,300 in 2006-07 for costs associated with processing electronic information in a new continuing appropriation in the Division of Enforcement and Science. Further, authorize the Department to promulgate rules specifying fees to cover the costs of electronically receiving and providing information under programs in Chapters 280 to 299 of the statutes (general environmental regulations including drinking water, wastewater, mining, air pollution, solid waste, recycling, hazardous waste, and remedial action at contaminated sites). Fees would be collected from persons that chose to submit various types of information electronically.

DNR would continue to develop an electronic reporting system for the environmental site register. Funds would be used to purchase hardware and software to make the system more efficient and easier for customers to use. In addition, resources would support limited-term employees to work on system enhancements, training and outreach, and quality assurance activities. The environmental site register is a database that contains information about facilities, organizations, and people regulated by DNR. It includes information such as facility contacts, location, license, permit, activity, emission and compliance status.

Joint Finance/Legislature: Delete provision. Instead provide \$16,000 environmental fund SEG and \$4,000 PR (air emission tonnage fees) in 2005-06 and \$36,200 SEG and \$9,100 PR in 2006-07 to the integrated science services program, and decrease \$16,000 environmental fund SEG and \$4,000 PR in 2005-06 and \$36,200 SEG and \$9,100 PR in 2006-07, distributed to DNR programs as shown in the table.

<u>Program</u>	<u>Funding Source</u>	<u>Type</u>	<u>2005-06</u>	<u>2006-07</u>
Waste Management	Environmental management account	SEG	-\$4,000	-\$9,000
Remediation and Redevelopment	Environmental management account	SEG	-4,000	-9,000
Air Management	Air emission tonnage fees	PR	-4,000	-9,100
Watershed Management	Environmental management account	SEG	-4,000	-9,100
Drinking Water and Groundwater	Environmental management account	SEG	-4,000	-9,100
Integrated Science Services	Environmental management account	SEG	16,000	36,200
Integrated Science Services	Air emission tonnage fees	PR	4,000	9,100
Integrated Science Services	Processing electronic information (Governor)	PR	-20,000	-45,300
Total			-\$20,000	-\$45,300

OFFICE OF STATE EMPLOYMENT RELATIONS

Budget Summary							
Fund	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	2005-07 Legislature	2005-07 Act 25	Act 25 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$9,773,600	\$9,414,000	\$9,414,000	\$9,196,000	\$9,196,000	-\$577,600	- 5.9%
PR	<u>2,609,200</u>	<u>2,414,400</u>	<u>2,174,400</u>	<u>2,174,400</u>	<u>2,174,400</u>	<u>- 434,800</u>	- 16.7
TOTAL	\$12,382,800	\$11,828,400	\$11,588,400	\$11,370,400	\$11,370,400	-\$1,012,400	- 8.2%

FTE Position Summary						
Fund	2004-05 Base	2006-07 Governor	2006-07 Jt. Finance	2006-07 Legislature	2006-07 Act 25	Act 25 Change
						Over 2004-05 Base
GPR	52.00	49.00	50.00	50.00	50.00	- 2.00
PR	<u>6.50</u>	<u>4.50</u>	<u>4.50</u>	<u>4.50</u>	<u>4.50</u>	<u>- 2.00</u>
TOTAL	58.50	53.50	54.50	54.50	54.50	- 4.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide standard adjustments to the base budget of \$247,500 GPR and -\$64,700 PR in 2005-06 and \$247,500 GPR and -\$57,400 PR in 2006-07. Adjustments are for: (a) turnover reductions (-\$80,600 GPR annually); (b) removal of non-continuing items from the base (-\$60,000 PR annually); (c) full funding of continuing positions salaries and fringe benefits (\$328,100 GPR and -\$12,000 PR annually); and (d) reclassifications (\$7,300 PR in 2005-06 and \$14,600 PR in 2006-07).

GPR	\$495,000
PR	<u>- 122,100</u>
Total	\$372,900

2. BUDGET REDUCTIONS

Governor/Legislature: Reduce the base budget by the following: (a) \$190,600 GPR annually and 2.0 GPR positions to

	Funding	Positions
GPR	-\$854,600	- 2.00
PR	<u>- 192,700</u>	<u>- 2.00</u>
Total	-\$1,047,300	- 4.00

reflect the elimination of 2.0 information technology positions (IS specialist and IS consultant); (b) \$236,700 GPR annually to reflect reduced space costs due to relocation of the Office to smaller quarters in a state office building; and (c) \$192,700 PR in 2006-07 and 2.0 PR positions to reflect the elimination of the state employment options program which is funded from the Office's employment development and training PR appropriation. The state employment options program is financed from funds provided by the Department of Workforce Development and is intended to assist W-2 and food stamp clients in obtaining permanent employment in state government.

3. ACROSS-THE- BOARD REDUCTIONS

GPR	- \$218,800
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Senate/Legislature: Reduce the agency's GPR appropriation for general program operations by \$108,200 in 2005-06 and by \$109,800 in 2006-07. This reduction amount is equal to approximately 2.3% of the agency's total GPR state operations appropriations in each fiscal year. Provide that the agency may submit a request to the Joint Committee on Finance under s. 13.10 for restoration of the GPR funding reduction in an amount not to exceed the amount of reduction made to the agency's appropriation under this provision. The funding amounts for any restoration would come from total funding of \$96,000,000 GPR placed in reserve in the Committee's biennial appropriation for this purpose. See also "Budget Management and Compensation Reserves" and "Program Supplements".

Veto by Governor [E-2]: By partial veto, modify the language relating to release of funds from the Committee's supplemental GPR appropriation to create alternative language specifying that the Secretary of Administration, not the Joint Finance Committee, shall (not may) transfer monies from the Committee's appropriation to state agencies in any amount not to exceed the amount of the reduction indicated for that agency (which for this agency is the amount of the reductions indicated above).

[Act 25 Section: 9155(5dv)]

[Act 25 Vetoed Sections: 9155(4)(c)&(5dv)]

4. CONSOLIDATION OF EXECUTIVE BRANCH ATTORNEYS AND LEGAL STAFF UNDER DOA [LFB Paper 110]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- 1.00	1.00	0.00

Governor: Delete 1.0 GPR position annually to reflect the consolidation of the agency's legal counsel staff position under DOA, effective January 1, 2006. Reallocate \$64,700 GPR in 2005-06 and \$129,300 GPR in 2006-07 from budgeted salaries and fringe benefits to the agency's supplies and services budget to pay for legal services to be supplied by DOA. Under the Governor's recommendation, 1.0 GPR existing classified attorney position with assigned duties

that include the negotiation and interpretation of collective bargaining agreements entered into under SELRA (the state employment labor relations statute), and the associated base level funding for the position, would be retained in the Office.

Specify that the transferred attorney would have the same rights and status as in the agency from which the person was transferred. Specify that if the transferred attorney has obtained permanent status the person would not have to undergo a probationary period in DOA. Provide that all equipment, supplies, and furniture related to the duties of the transferred employee, as specified by the Secretary of DOA, must be transferred to DOA on January 1, 2006. [See "Administration -- Transfers to the Department" for additional information.]

Joint Finance: Delete provision. Instead, direct the Secretary of DOA to delete 13.0 FTE executive branch agency attorney positions, other than attorney positions at the University of Wisconsin System, that become vacant before June 30, 2007, and lapse or transfer at least \$724,900 from associated non-FED salary and fringe benefits amounts to the general fund in 2006-07. If fewer than 13.0 FTE agency attorney positions are vacant on June 30, 2007, authorize the Secretary of DOA to delete sufficient additional state agency attorney positions, other than at the University of Wisconsin System, to ensure the elimination of a total of 13.0 FTE state agency attorney positions.

Senate/Legislature: Add the Department of Employee Trust Funds and the Investment Board to the executive branch agencies that would be exempt from the attorney position deletion and lapse or transfer of funds requirements.

Vetoed by Governor [A-4, E-1, and E-5]: Delete: (a) the specific requirement that the Secretary of DOA lapse or transfer \$724,900 from non-FED salary and fringe benefits amounts related to the net reduction of 13.0 FTE executive branch attorney positions in 2006-07; and (b) the University of Wisconsin System from the enumeration of executive branch state agencies that would be exempt from any reduction of attorney positions. The Governor's veto message indicates that the Secretary of DOA would lapse \$724,900 as part of a larger lapse or transfer requirement totaling \$71,234,500.

[Act 25 Sections: 9155(1w)&(2)]

[Act 25 Vetoed Sections: 9155(1w)&(2)]

5. WISCONSIN PERSONNEL PARTNERS PROGRAM [LFB Paper 580]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$120,000	-\$120,000	\$0

Governor: Provide funding of \$60,000 PR annually to allow continuation of the enhanced personnel services for local governments pilot project authorized in the 2003-05 biennial budget.

This program is aimed at providing specialized personnel services to local governmental units that request assistance in such personnel areas as training, recruiting, compensation planning and labor relations. Funding would be for supplies and services costs associated with the planned expansion of these services.

Joint Finance/Legislature: Delete provision.

6. DIRECTED PROGRAM REVENUE LAPSES [LFB Paper 581]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	\$35,000	-\$20,000	\$15,000

Governor: Require that the Secretary of Administration lapse to the general fund in 2005-06 the following amounts from the indicated PR appropriations for the Office:

<u>Appropriation</u>	<u>Lapse</u>
Services to Non-state Governmental Units	\$15,000
Employee Development and Training Services	10,000
Publications	10,000

Joint Finance/Legislature: Delete the required lapses of \$10,000 PR from the employee development and training services program appropriation and of \$10,000 PR from the publications program appropriation due to the need to retain all projected revenues in these appropriations to meet proposed expenditure levels as adjusted by the changes described in Item #6 below.

Veto by Governor [E-1]: Delete the specific lapse amount for this agency as required under the bill as passed by the Legislature. Instead, by partial veto, create a general non-statutory provision directing the Secretary of Administration to make lapses from unspecified appropriation accounts to the general fund that total \$71,234,800. The Governor's veto message indicates his intent that the Secretary is to achieve this overall lapse amount by including a lapse of monies from this agency to the general fund in an amount equal to the lapse amounts as specified for this agency in the budget bill as passed by the Legislature.

[Act 25 Sections: 9255(1)(a)&(b)]

[Act 25 Vetoed Sections: 9255(1) title and (1)(a)&(b)]

7. PROGRAM REVENUE OPERATIONS REDUCTIONS
[LFB Paper 581]

PR	- \$120,000
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Joint Finance/Legislature: Reduce the appropriation for the employee development and training services program appropriation by \$50,000 PR in 2005-06 and by \$30,000 PR in 2006-07 to align proposed expenditures with projected revenue collections for this appropriation. Also, reduce the appropriation for the publications program appropriation by \$26,000 PR in 2005-06 and by \$14,000 PR in 2006-07 to align proposed expenditures with projected revenue collections for this appropriation.

PROGRAM SUPPLEMENTS

Budget Summary							
Fund	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	2005-07 Legislature	2005-07 Act 25	Act 25 Change Over Base Year Doubled Amount	Percent
GPR	\$17,654,000	\$13,940,200	\$38,584,200	\$134,584,200	\$131,584,200	\$113,930,200	645.4%
PR	0	0	815,300	815,300	815,300	815,300	N.A.
SEG	0	0	1,202,600	1,202,600	0	0	0.0
TOTAL	\$17,654,000	\$13,940,200	\$40,602,100	\$136,602,100	\$132,399,500	\$114,745,500	650.0%

FTE Position Summary
There are no authorized positions for Program Supplements.

Budget Change Items

- | | | | |
|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-------------|
| <p>1. FUNDING FOR RENT INCREASES IN PRIVATELY OWNED STATE OFFICE SPACE</p> | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">GPR</td> <td style="width: 50%;">\$2,080,000</td> </tr> </table> | GPR | \$2,080,000 |
| GPR | \$2,080,000 | | |

Governor/Legislature: Provide \$919,800 in 2005-06 and \$1,160,200 in 2006-07 in the program supplements appropriation for private facility rental increases. This appropriation is established to permit supplementation of state agencies' GPR appropriations for the increased costs of any privately-leased office space that they occupy. In the 2003-05 budget, funds for this purpose were placed in the Joint Committee on Finance's GPR appropriation and thus were included in base funding levels for that appropriation (see Item #2). Reserve funding in the Committee's appropriation in 2004-05 for this purpose totaled \$931,200.

2. JOINT COMMITTEE ON FINANCE APPROPRIATION FOR AGENCY SUPPLEMENTS [LFB Papers 200, 221, 270, 646, 702, and 736]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Senate/Leg. (Chg. to JFC)	Veto (Chg. to Leg)	Net Change
GPR	-\$5,793,800	\$24,966,200	\$96,000,000	-\$3,000,000	\$112,172,400
PR	0	815,300	0	0	815,300
SEG	0	1,202,600	0	-1,202,600	0
Total	-\$5,793,800	\$26,984,100	\$96,000,000	-\$4,202,600	\$112,987,700

Governor: Make two changes to this appropriation. First, delete from the adjusted base level of \$3,046,900 annually to reflect the elimination of reserve funding that was authorized in the 2003-05 budget in the following amounts for the indicated purposes:

<u>Item</u>	<u>Annual Amount</u>
Space Supplements: State Owned Space	\$901,600
Private Owned Space	931,200
Directed Moves Costs	803,200
ETF -- Private Employer Health Care Coverage Program	210,900
Elections Board - Data Base Conversion	100,000
General Supplemental Reserve	<u>100,000</u>
TOTAL	\$3,046,900

This change would eliminate from the adjusted base the one-time funding that was provided in the last biennial budget. Second, provide a general level of undesignated funding for the 2005-07 biennium of \$150,000 annually. The net of these two actions results in a recommended 2005-07 appropriation level of \$150,000 annually in the Committee's supplemental appropriation.

Joint Finance: Include Governor's recommendation and add the following amounts in the reserved portions of the Committee's appropriations.

<u>Agency and Purpose</u>	<u>2005-06</u>	<u>2006-07</u>	<u>Fund</u>
Circuit Courts -- Court Interpreters	\$89,400	\$0	GPR
Corrections			
-- Salary and Fringe Funding for Health Care Positions	0	12,766,000	GPR
--Funding for Variable Inmate Health Care Costs	0	8,375,700	GPR
--Funding for Correctional Pharmacy Rental Costs	0	200,100	GPR
--Funding for Contract Prison Beds	1,500,000	1,500,000	GPR
Elections Board -- Database Conversion Funding	0	450,000	GPR
Regulation and Licensing -- Database Integration Project	0	250,000	PR
Transportation -- Passenger Rail Service	572,700	629,900	SEG
Workforce Development -- Open Housing			
Law Representations	0	85,000	GPR
State Treasurer -- Unclaimed Property Program	<u>0</u>	<u>565,300</u>	PR
Totals	\$1,589,400	\$23,376,800	GPR
	0	815,300	PR
	572,700	629,900	SEG

Senate/Legislature: Include Governor and Joint Finance provisions and, in addition, provide a total of \$96,000,000 GPR (\$58,000,000 in 2005-06 and \$38,000,000 in 2006-07) in the Committee's supplemental GPR appropriation, reserved for possible restoration of 2.3% across-the-board (ATB) reductions to agencies' GPR state operations appropriations (excluding appropriations for energy cost and debt service payments). A list of the reductions made to each agency under this provision is provided under "Budget Management and Compensation Reserves." Under this provision, an agency that was subject to a reduction under this provision may submit a request to the Joint Committee on Finance for restoration of the GPR funding reduction or, in the case where a sum sufficient appropriation was reduced, for approval of an increased expenditure level under that appropriation. The Committee may approve such requests for restoration, except that the restoration or re-estimated expenditure level for an agency cannot exceed the amount of funding reductions originally made to agency under this provision.

Vetoed by Governor [B-35, D-6 and E-2]: Under the bill as passed by the Legislature, a total of \$1,202,600 SEG (\$572,700 in 2005-06 and \$629,900 in 2006-07) was included in the Committee's SEG appropriation reserved to provide increased funding to the Department of Transportation's appropriation for passenger rail service. A Governor's veto (Item B-35) wrote-down this appropriation to remove funding for this item (passenger rail service in the table above). Also, under the bill as passed by the Legislature, a total of \$3,000,000 GPR (\$1,500,000 in 2005-06 and in 2006-07) was included in the Committee's GPR appropriation reserved to provide increased funding to the Department of Corrections' appropriation for purchase of additional prison contract bed space. A Governor's veto (Item D-6) wrote-down this appropriation to remove funding for this item (funding for contract prison beds in the table above). Finally, under the bill as passed by the Legislature, a total of \$96,000,000 GPR was included in the Committee's supplemental GPR appropriation for possible restoration of 2.3% ATB reductions made to state agencies' GPR state operations appropriations upon Committee approval of agency requests to have such funding restored. A Governor's veto (Item E-3) modified the language relating to release of funds from the Committee's supplemental GPR appropriation to create alternative language specifying that the Secretary of Administration, not the Joint Finance Committee, shall (not may) transfer monies from the Committee's appropriation to state agencies in any amount not to exceed the amount of the total reduction indicated for that agency. In the case of any sum sufficient appropriation that was reduced for an agency, the Secretary would be required to re-estimate the expenditure level for that appropriation. The following table shows the amounts remaining in reserve balance after the Governor's vetoes.

<u>Agency and Purpose</u>	<u>2005-06</u>	<u>2006-07</u>	<u>Fund</u>
Circuit Courts -- Court Interpreters	\$89,400	\$0	GPR
Corrections			
-- Salary and Fringe Funding for Health Care Positions	0	12,766,000	GPR
-- Funding for Variable Inmate Health Care Costs	0	8,375,700	GPR
-- Funding for Correctional Pharmacy Rental Costs	0	200,100	GPR
Elections Board -- Database Conversion Funding	0	450,000	GPR
Regulation and Licensing -- Database Integration Project	0	250,000	PR
Workforce Development -- Open Housing			
Law Representations	0	85,000	GPR
State Treasurer -- Unclaimed Property Program	<u>0</u>	<u>565,300</u>	PR
Totals	\$89,400	\$21,876,800	GPR
	0	815,300	PR

[Act 25 Section: 140 (as it relates to 20.865(4)(a)&(u)) and 9155(5dv)]

[Act 25 Vetoed Section: 140 (as it relates to 20.865(4)(a)&(u)) and 9155(4)(c)&(5dv)]

3. FUNDING FOR FINANCIAL AND PROCUREMENT SERVICES SUPPLEMENTS [LFB Paper 585]

GPR	- \$322,200
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Joint Finance/Legislature: Modify Governor's recommendation to delete base funding of \$161,100 GPR annually for the financial and procurement services supplements appropriation. No funds were released from this appropriation in 2003-05 and no projected need has been identified for these supplements in 2005-07.

4. REPEAL OF OBSOLETE JOINT COMMITTEE ON FINANCE SUPPLEMENTAL APPROPRIATION

Governor/Legislature: Repeal a Joint Committee on Finance PR-funded supplemental appropriation account originally funded from a distribution of up to \$4,479,700 from the assets of the Wisconsin Advanced Telecommunications Foundation at the time of the Foundation's liquidation. Under provisions of 2001 Wisconsin Act 16, the amounts in the supplemental appropriation were subsequently transferred to support telecommunications-related grants or infrastructure improvements in a variety of state agencies. Those funds were fully distributed during the 2001-03 biennium, and the appropriation account is no longer needed.

[Act 25 Section: 458]

PUBLIC DEFENDER

Budget Summary							
Fund	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	2005-07 Legislature	2005-07 Act 25	Act 25 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$150,352,600	\$147,331,000	\$147,331,000	\$143,919,100	\$143,919,100	-\$6,433,500	- 4.3%
PR	<u>2,613,200</u>	<u>2,635,000</u>	<u>2,635,000</u>	<u>2,635,000</u>	<u>2,635,000</u>	<u>21,800</u>	0.8
TOTAL	\$152,965,800	\$149,966,000	\$149,966,000	\$146,554,100	\$146,554,100	-\$6,411,700	- 4.2%

FTE Position Summary						
Fund	2004-05 Base	2006-07 Governor	2006-07 Jt. Finance	2006-07 Legislature	2006-07 Act 25	Act 25 Change
						Over 2004-05 Base
GPR	523.55	516.95	518.45	518.45	518.45	- 5.10
PR	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>0.00</u>
TOTAL	527.55	520.95	522.45	522.45	522.45	- 5.10

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	-\$1,465,600
PR	<u>30,000</u>
Total	-\$1,435,600

Governor/Legislature: Provide standard adjustments to the base budget totaling -\$733,400 GPR and \$15,000 PR in 2005-06 and -\$732,200 GPR and \$15,000 PR in 2006-07. Adjustments are for: (a) turnover reduction (-\$839,400 GPR annually); (b) full funding of continuing salaries and fringe benefits (-\$145,300 GPR and \$12,100 PR annually); (c) reclassifications (\$7,100 GPR in 2005-06 and \$8,300 GPR in 2006-07); (d) overtime (\$222,900 GPR and \$2,900 PR annually); and (e) full funding of lease costs and directed moves (\$21,300 GPR annually).

2. CRIMINAL CODE CHANGES [LFB Paper 590]

GPR	-\$961,400
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Governor: Reduce the private bar and investigator reimbursement appropriation by \$379,700 in 2005-06 and \$581,700 in 2006-07 to reflect an anticipated reduction in workload

associated with operation after revocation cases (-\$351,000 in 2005-06 and -\$527,000 in 2006-07) and habitual traffic offender cases (-\$28,700 in 2005-06 and -\$54,700 in 2006-07). This appropriation is used to reimburse private bar attorneys who accept assignment of defense cases for indigent persons qualifying for State Public Defender (SPD) representation.

Operation After Revocation. Under current law, an individual convicted of a first offense for operating a motor vehicle after revocation must be fined not more than \$2,500 or imprisoned for not more than one year in the county jail, or both.

Reduce the first offense for operating after revocation to a civil (instead of a criminal) offense subject to a forfeiture of not more than \$600. However, offenses would remain subject to the current law criminal penalty if either: (a) the individual had been convicted of operating after revocation within the preceding five-year period; or (b) the license revocation resulted from an offense of operating under the influence of an intoxicant or other drug, or of operating a commercial motor vehicle with an alcohol concentration between 0.04 and 0.08. Specify that these changes would first apply to violations occurring after the effective date of the bill.

Habitual Traffic Offender. Under current law, a "habitual traffic offender" means any person, resident or nonresident, whose record, as maintained by the Department of Transportation (DOT) shows that the person has accumulated within a five-year period: (a) four or more specified major civil or criminal traffic violations; or (b) twelve or more convictions of moving violations of traffic regulations or of crimes in the operation of a motor vehicle that must be reported by court officials to DOT.

A "repeat habitual traffic offender" means any person, resident or nonresident, whose record, as maintained by DOT, shows that the person has been convicted either of two offenses under (b) above within one year of the issuance of an occupational license to the person or of one specified major traffic violation or four offenses under (b) above within three years of the issuance of an occupational license. With approval by the circuit court, an occupational license may be issued to a habitual traffic offender whose license has been revoked for at least two years.

The Secretary of DOT must revoke a person's operating privilege for a period of five years following a person's conviction which brings the person within the definition of a "habitual traffic offender" or "repeat habitual traffic offender."

Redefine "habitual traffic offender" to mean any person, resident or nonresident, whose record, as maintained by DOT, showed that the person had accumulated within a five-year period: (a) four or more specified major civil or criminal traffic violations; or (b) twelve or more convictions of violations of Chapter 346 of the statutes (Rules of the Road). As a result, convictions for operating after suspension or operating after revocation would not be offenses triggering a finding that an individual was either a "habitual traffic offender" or "repeat habitual traffic offender." Specify that these changes would first apply to reports of convictions of violations received by DOT on the effective date of the biennial budget act, but would not preclude the counting of other violations as prior violations for purposes of revocation of operating privileges by DOT or review by a court. [For additional information, see "Transportation -- Motor Vehicles."]

Joint Finance/Legislature: Specify that the penalty for a first-time operating after revocation offense shall be a forfeiture of up to \$2,500 instead of a forfeiture of up to \$600, as recommended by the Governor.

[Act 25 Sections: 2265, 2266, 2281 thru 2283, and 9348(1)]

3. BUDGET REDUCTIONS

	Funding	Positions
GPR	- \$594,600	- 4.50

Governor/Legislature: Delete \$297,300 and 4.5 positions annually from three of the SPD's state operations appropriations.

Salary and fringe benefits funding and the associated position authority would be deleted in the following functional areas of the agency: (a) program administration (-\$175,500 and -3.0 positions annually); (b) appellate representation (-\$104,000 and -1.0 position annually); and (c) private bar administration costs (-\$17,800 and -0.5 position annually).

4. PENALTY SURCHARGE SHORTFALL [LFB Paper 465]

PR	- \$8,200
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Governor/Legislature: Reduce expenditure authority by \$4,100 annually under the agency's conference and training appropriation that is supported by penalty surcharge funding. Expenditure authority under this appropriation is utilized by the agency to sponsor training and conferences for both SPD staff attorneys and private bar attorneys who accept assignment of SPD cases. The reductions generally reflect a decrease of 3% annually (after standard budget adjustments) to appropriations supported by penalty surcharge receipts in order to address a projected deficit in penalty surcharge funding. [See "Administration -- Office of Justice Assistance."]

5. INFORMATION TECHNOLOGY SERVER AND NETWORK CONSOLIDATION [LFB Paper 111]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- 1.50	1.50	0.00

Governor: Reallocate \$100,000 from salaries and fringe benefits to unallotted reserve and delete 1.5 positions in 2006-07 associated with the consolidation of information technology server and network infrastructure support in the Department of Administration.

Joint Finance/Legislature: Delete the reallocation of \$100,000 from salaries and fringe benefits to unallotted reserve and restore 1.5 positions in 2006-07 associated with the consolidation of information technology server and network infrastructure support in the Department of Administration. As a result, the SPD will maintain its own servers and network support. [See "Administration -- Transfers to the Department."]

6. **PROCUREMENT AND PURCHASING SERVICES CONSOLIDATION** [LFB Paper 112]

Positions	
GPR	- 0.60

Governor/Legislature: Reallocate \$29,500 from salaries and fringe benefits to unallotted reserve and delete 0.6 position in 2006-07 associated with the consolidation of procurement and purchasing services functions in the Department of Administration. [See "Administration -- Transfers to the Department."]

7. **PROCEEDS FROM SERVICES, CONFERENCES, AND SALES OF PUBLICATIONS**

Governor/Legislature: Revise the purposes of the SPD's existing gifts and grants continuing appropriation to authorize its use for the expenditure of all proceeds from services, conferences, and sales of publications and promotional materials. Retitle the appropriation as a gifts, grants, and proceeds appropriation. Specify that the agency would be precluded from crediting to this revised appropriation any of the proceeds that are currently credited to one of the agency's other PR appropriations under current law.

[Act 25 Section: 437]

8. **ACROSS-THE-BOARD REDUCTIONS**

GPR	-\$3,411,900
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Senate/Legislature: Reduce the SPD's trial representation appropriation by \$1,695,400 in 2005-06 and by \$1,716,500 in 2006-07. This reduction amount is equal to approximately 2.3% of the agency's total GPR state operations appropriations. Provide that the SPD may submit a request to the Joint Committee on Finance under s. 13.10 to reallocate the reduction to any of the SPD's other sum certain GPR state operations appropriations. Provide further that the SPD may submit a request to the Committee for restoration of the GPR funding reduction in an amount not to exceed the amount of reduction made to this appropriation. In the case of an appropriation restoration, the funding amounts would come from total funding of \$96,000,000 GPR placed in reserve in the Committee's biennial appropriation for this purpose. See also "Budget Management and Compensation Reserves" and "Program Supplements."

Veto by Governor [E-2]: By partial veto, modify the language relating to the release of funds from the Committee's GPR supplemental appropriation to create alternative language specifying that the Secretary of Administration, not the Joint Finance Committee, shall (not may) transfer monies from the Committee's appropriation to state agencies in any amount not to exceed the amount of the reduction indicated for that agency (which for the SPD is the amount of the reduction indicated above).

[Act 25 Section: 9155(5dv)]

[Act 25 Vetoed Sections: 9155(4)(c)&(5dv)]

PUBLIC INSTRUCTION

Budget Summary							
Fund	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	2005-07 Legislature	2005-07 Act 25	Act 25 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$9,799,088,600	\$10,580,107,700	\$10,364,321,900	\$10,363,322,000	\$10,703,471,800	\$904,383,200	9.2%
FED	1,114,300,600	1,209,876,700	1,209,876,700	1,209,876,700	1,209,876,700	95,576,100	8.6
PR	83,253,800	78,350,300	78,585,900	78,585,900	77,235,900	-6,017,900	-7.2
SEG	<u>186,110,800</u>	<u>242,355,600</u>	<u>70,470,600</u>	<u>70,470,600</u>	<u>70,470,600</u>	<u>-115,640,200</u>	-62.1
TOTAL	\$11,182,753,800	\$12,110,690,300	\$11,723,255,100	\$11,722,255,200	\$12,061,055,000	\$878,301,200	7.9%

FTE Position Summary						
Fund	2004-05 Base	2006-07 Governor	2006-07 Jt. Finance	2006-07 Legislature	2006-07 Act 25	Act 25 Change
						Over 2004-05 Base
GPR	271.72	260.37	250.47	251.47	251.47	-20.25
FED	289.40	286.75	288.35	288.35	288.35	-1.05
PR	<u>76.02</u>	<u>75.14</u>	<u>74.44</u>	<u>74.44</u>	<u>74.44</u>	<u>-1.58</u>
TOTAL	637.14	622.26	613.26	614.26	614.26	-22.88

Budget Change Items

General School Aids and Revenue Limits

1. **STATE SUPPORT FOR ELEMENTARY AND SECONDARY EDUCATION** [LFB Paper 595]

Governor: Increase the total appropriated for general and categorical school aids from \$4,857,977,100 in 2004-05 to \$5,163,608,800 in 2005-06 and \$5,339,921,200 in 2006-07. Compared to the 2004-05 base year, school aids would increase by \$305,631,700 in 2005-06 and \$481,944,100 in 2006-07 (or \$176,312,400 in 2006-07 over the 2005-06 recommended level). These proposed funding levels would represent annual increases over the prior year of 6.3% in 2005-06 and 3.4% in 2006-07.

Under state law as it existed prior to the repeal of the two-thirds funding commitment, state funding for support of K-12 education was defined as the sum of state general and categorical school aids, the school levy tax credit and the general program operations appropriation for the Wisconsin Educational Services Program for the Deaf and Hard of Hearing and the Wisconsin Center for the Blind and Visually Impaired. Using this definition, the bill would increase state funding from the base amount of \$5,336,358,900 in 2004-05 to \$5,643,311,700 in 2005-06 and \$5,969,624,100 in 2006-07. These funding levels would represent increases of 5.8% in each year over the prior year funding levels. Using the definition of partial school revenues as it existed prior to the repeal of the two-thirds funding commitment, it is estimated that state support of partial school revenues would increase from 63.7% in 2004-05 to 65.3% in 2005-06 and 66.7% in 2006-07.

Joint Finance/Legislature: Increase the total amount of funding appropriated for general and categorical school aids to \$5,004,163,200 in 2005-06 and \$5,119,424,000 in 2006-07. Compared to the Governor's recommendations, school aids would be reduced by \$159,445,600 in 2005-06 and \$220,497,200 in 2006-07. Compared to the 2004-05 base year, school aids would increase by \$146,186,100 in 2005-06 and \$261,446,900 in 2006-07 (or \$115,260,800 in 2006-07 over the 2005-06 recommended level). These proposed funding levels would represent annual increases over the prior year of 3.0% in 2005-06 and 2.3% in 2006-07.

Under state law as it existed prior to the repeal of the two-thirds funding commitment, state support of K-12 education would increase to \$5,483,866,100 in 2005-06 and \$5,649,126,900 in 2006-07. These funding levels would represent increases over the prior year of 2.8% in 2005-06 and 3.0% in 2006-07. It is estimated that state support of partial school revenues would increase to 64.4% in 2005-06 and 65.2% in 2006-07.

Veto by Governor [A-4 and A-9]: As a result of the Governor's vetoes, based on the veto message, funding for general school aids would increase by \$155,000,000 in 2005-06 and \$175,000,000 in 2006-07. In addition, the funding source for mentoring grants would be shifted from PR to GPR. It is estimated that state support of partial school revenues would be 65.5% in 2005-06 and 66.4% in 2006-07. A summary of the funding amounts for state support under the recommendations of the Governor, Joint Finance and the Legislature, and the provisions of Act 25 are presented in Table 1.

TABLE 1

State Support for K-12 Education

	2004-05 Base Year	Governor		It. Finance/Leg.		Act 25	
		2005-06	2006-07	2005-06	2006-07	2005-06	2006-07
General School Aids	\$4,317,545,900	\$4,602,545,900	\$4,732,545,900	\$4,458,945,900	\$4,547,745,900	\$4,613,945,900	\$4,722,745,900
Categorical Aids	540,431,200	561,062,900	607,375,300	545,217,300	571,678,100	545,217,300	571,678,100
School Levy Tax Credit	469,305,000	469,305,000	619,305,000	469,305,000	519,305,000	469,305,000	593,050,000
State Residential Schools	<u>9,076,800</u>	<u>10,397,900</u>	<u>10,397,900</u>	<u>10,397,900</u>	<u>10,397,900</u>	<u>10,397,900</u>	<u>10,397,900</u>
Total	\$5,336,358,900	\$5,643,311,700	\$5,969,624,100	\$5,483,866,100	\$5,649,126,900	\$5,638,866,100	\$5,897,871,900
Change to Prior Year							
Amount		\$306,952,800	\$326,312,400	\$147,507,200	\$165,260,800	\$302,507,200	\$259,005,800
Percent		5.8%	5.8%	2.8%	3.0%	5.7%	4.6%
Change to Base							
Amount		\$306,952,800	\$633,265,200	\$147,507,200	\$312,768,000	\$302,507,200	\$561,613,000
Percent		5.8%	11.9%	2.8%	5.9%	5.7%	10.5%

Table 2 provides an outline of state support for K-12 education by individual fund source. Table 3 presents the Act 25 funding levels for each general and categorical school aid program as compared to the 2004-05 base funding level. The provisions relating to individual school aid programs are summarized in the items that follow.

TABLE 2

State Support for K-12 Education by Fund Source

	2004-05 Base Year	Governor		It. Finance/Leg.		Act 25	
		2005-06	2006-07	2005-06	2006-07	2005-06	2006-07
GPR							
General School Aids	\$4,257,545,900	\$4,542,545,900	\$4,672,545,900	\$4,458,945,900	\$4,547,745,900	\$4,613,945,900	\$4,722,745,900
Categorical Aids	494,611,400	497,581,700	533,744,100	502,938,600	528,049,400	502,938,600	529,399,400
School Levy Tax Credit	469,305,000	469,305,000	619,305,000	469,305,000	519,305,000	469,305,000	593,050,000
State Residential Schools	<u>9,076,800</u>	<u>10,397,900</u>	<u>10,397,900</u>	<u>10,397,900</u>	<u>10,397,900</u>	<u>10,397,900</u>	<u>10,397,900</u>
GPR Subtotal	\$5,230,539,100	\$5,519,830,500	\$5,835,992,900	\$5,441,587,400	\$5,605,498,200	\$5,596,587,400	\$5,855,593,200
PR							
Categorical Aids	\$5,065,600	\$1,778,600	\$1,928,600	\$1,518,600	\$2,868,600	\$1,518,600	\$1,518,600
SEG							
General School Aids	\$60,000,000	\$60,000,000	\$60,000,000	\$0	\$0	\$0	\$0
Categorical Aids	<u>40,754,200</u>	<u>61,702,600</u>	<u>71,702,600</u>	<u>40,760,100</u>	<u>40,760,100</u>	<u>40,760,100</u>	<u>40,760,100</u>
SEG Subtotal	\$100,754,200	\$121,702,600	\$131,702,600	\$40,760,100	\$40,760,100	\$40,760,100	\$40,760,100
Total State Support - All Funds	\$5,336,358,900	\$5,643,311,700	\$5,969,624,100	\$5,483,866,100	\$5,649,126,900	\$5,638,866,100	\$5,897,871,900
Estimated State Support of Partial School Revenues		63.7%	65.3%	66.7%	64.4%	65.2%	65.5%
							66.4%

TABLE 3

**General and Categorical School Aid by Funding Source
Act 25 Compared to 2004-05 Base Year**

Agency	Type and Purpose of Aid	2004-05 Base Year	Act 25		2005-07 Change Over Base Year Doubled		
			2005-06	2006-07	Amount	Percent	
DPI	General Aid--GPR Funded						
	Equalization Aid	\$4,257,545,900	\$4,613,945,900	\$4,722,745,900	\$821,600,000	9.6%	
	General Aid--SEG Funded						
	Equalization Aid – Transportation Fund	<u>60,000,000</u>	<u>0</u>	<u>0</u>	<u>-120,000,000</u>	-100.0%	
	Total General Aid--All Funds	\$4,317,545,900	\$4,613,945,900	\$4,722,745,900	\$701,600,000	8.1%	
DPI	Categorical Aid--GPR Funded						
	Special Education	\$320,771,600	\$320,771,600	\$332,771,600	\$12,000,000	1.9%	
	Special Education - High Cost Aid	0	0	3,500,000	3,500,000	N.A.	
	SAGE	90,290,600	97,614,000	98,588,000	15,620,800	8.7	
	SAGE-Supplement	4,739,000	0	0	-9,478,000	-100.0	
	SAGE-Debt Service	300,000	150,000	150,000	-300,000	-50.0	
	Pupil Transportation	17,742,500	20,942,500	27,292,500	12,750,000	35.9	
	Tuition Payments/Open Enrollment Transfer	9,741,000	9,491,000	9,491,000	-500,000	-2.6	
	Bilingual/Bicultural Education	8,291,400	9,073,800	9,890,400	2,381,400	14.4	
	English for Southeast Asian Children	0	100,000	100,000	200,000	N.A.	
	P-5 Grants	7,353,700	7,353,700	7,353,700	0	0.0	
	Alternative Education Grants	5,000,000	5,000,000	5,000,000	0	0.0	
	Grants for AODA Prevention and Intervention	4,520,000	4,520,000	4,520,000	0	0.0	
	School Lunch	4,371,100	4,371,100	4,371,100	0	0.0	
	County Children with Disabilities Education Boards	4,214,800	4,214,800	4,214,800	0	0.0	
	Head Start Supplement	3,712,500	7,212,500	7,212,500	7,000,000	94.3	
	Children at Risk	3,500,000	3,500,000	3,500,000	0	0.0	
	Mentoring Grants for Initial Educators	0	0	1,350,000	1,350,000	N.A.	
	School Breakfast	1,055,400	1,055,400	1,055,400	0	0.0	
	School Day Milk	710,600	710,600	710,600	0	0.0	
	Aid for Transportation-Open Enrollment	500,000	500,000	500,000	0	0.0	
	Peer Review and Mentoring	500,000	500,000	500,000	0	0.0	
	Aid for Cooperative Educational Service Agencies	300,000	300,000	300,000	0	0.0	
	Grants to Support Gifted and Talented Pupils	0	182,000	182,000	364,000	N.A.	
	Supplemental Aid	125,000	125,000	125,000	0	0.0	
	Grants for Advanced Placement Courses	0	100,000	100,000	200,000	N.A.	
	Aid for Transportation – Youth Options Program	20,000	20,000	20,000	0	0.0	
	DOA Debt Service on Technology Infrastructure Bonding *	<u>6,852,200</u>	<u>5,130,600</u>	<u>6,600,800</u>	<u>-1,973,000</u>	-14.4	
	Total Categorical Aid--GPR Funded	\$494,611,400	\$502,938,600	\$529,399,400	\$43,115,200	4.4%	
	DPI	Categorical Aid--PR Funded					
		Head Start Supplement	\$3,500,000	\$0	\$0	-\$7,000,000	-100.0%
		AODA	<u>1,565,600</u>	<u>1,518,600</u>	<u>1,518,600</u>	<u>-94,000</u>	-3.0
		Total Categorical Aids--PR Funded	\$5,065,600	\$1,518,600	\$1,518,600	-\$7,094,000	-70.0%
DPI DOA UW	Categorical Aid--SEG Funded						
	School Library Aids	\$29,000,000	\$29,000,000	\$29,000,000	\$0	0.0%	
	Educational Telecommunications Access Support	11,324,200	11,330,100	11,330,100	11,800	0.1	
	Environmental Education, Forestry	400,000	400,000	400,000	0	0.0	
	Environmental Education, Environmental Assessments	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>0</u>	0.0	
Total Categorical Aid--SEG Funded	\$40,754,200	\$40,760,100	\$40,760,100	\$11,800	0.0%		
	Total Categorical Aid--All Funds	\$540,431,200	\$545,217,300	\$571,678,100	\$36,033,000	3.3%	
	Total School Aid--All Funds	\$4,857,977,100	\$5,159,163,200	\$5,294,424,000	\$737,633,000	7.6%	

*Includes \$2,098,400 in 2004-05 in federal E-rate monies projected to be used for this debt service.

2. GENERAL SCHOOL AIDS FUNDING LEVEL [LFB Paper 595]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR	\$700,000,000	-\$328,400,000	\$330,000,000	\$701,600,000

Governor: Provide \$285,000,000 in 2005-06 and \$415,000,000 in 2006-07 for general school aids. General school aids include equalization, integration and special adjustment aid. Total appropriated funding for general school aids (including base level funding of \$60 million annually from the transportation fund) would increase from \$4,317,545,900 in 2004-05 to \$4,602,545,900 in 2005-06 and \$4,732,545,900 in 2006-07. This would result in increases of 6.6% and 2.8%, respectively, compared to the prior year.

Joint Finance/Legislature: Delete \$143,600,000 in 2005-06 and \$184,800,000 in 2006-07 in general school aids. Under Joint Finance and the Legislature, general school aids funding would increase by \$141,400,000 in 2005-06 and \$230,200,000 in 2006-07.

Veto by Governor [A-4]: Delete three unrelated nonstatutory provisions, but retain selected words and digits from these provisions to create a requirement for the DOA Secretary to transfer \$330 million from the general fund to any appropriation under the Department of Public Instruction. After the item vetoes, the following language remains in the bill:

"(2) TRANSFER OF BALANCES.

(a) Notwithstanding section 20.001(3)(a) to (c) of the statutes, the secretary of administration shall transfer from the balances of the general fund an amount equal to \$330,000,000 during the 2005-06 fiscal year and 2006-07 fiscal year to any appropriation under section 20.255 of the statutes."

In his veto message, the Governor requests that the DOA Secretary transfer \$155 million in 2005-06 and \$175 million in 2006-07 to the DPI general equalization aids appropriation.

[Act 25 Section: 9155(2)]

[Act 25 Vetoed Sections: 9155(2),(3)&(4)]

3. CONVERT TRANSPORTATION FUND APPROPRIATION FOR GENERAL SCHOOL AIDS TO GENERAL FUND [LFB Paper 717]

GPR	\$120,000,000
SEG	<u>- 120,000,000</u>
Total	\$0

Joint Finance/Legislature: Delete \$60,000,000 SEG annually from the transportation fund and provide \$60,000,000 GPR annually for general school aids. Delete the current law transportation fund appropriation for general school aids.

[Act 25 Sections: 1r, 66, 72, 191m, 531m, 1881, 1895v, 1897, 1897m, 1898b, and 1899]

4. GENERAL SCHOOL AIDS APPROPRIATION FOR STREAMLINED SALES AND USE TAX PROJECT REVENUE [LFB Paper 596]

Governor: Create a general fund appropriation for supplemental general school aids to be funded from any additional revenues collected under the streamlined sales and use tax agreement, to be distributed, if available, under the current equalization aid formula. Require the Department of Revenue, no sooner than July 1, 2006, and no later than September 1, 2006, to estimate the amount of sales and use tax revenue that will be collected in the 2005-07 biennium in excess of the amount from the streamlined sales and use tax project that DOR estimated would be collected prior to the 2005-07 biennium, based, in part, on the assumption of compliance by sellers with the streamlined sales and use tax agreement. (A corrective amendment would be needed to accomplish the intent of this provision.) Specify that the amount appropriated would be a sum sufficient equal to the amount determined by the Department of Revenue. Require the Secretary of the Department of Administration to reduce any amount of excess revenue that would otherwise be transferred to the budget stabilization fund under current law (50% of any excess revenues) by an amount necessary to fund the new supplemental general aids appropriation. Modify all statutory references to the current general school aids appropriations to also include the new supplemental general aids appropriation. Prohibit DPI from encumbering or expending any money from this appropriation after June 30, 2007.

Joint Finance/Legislature: Delete provision.

5. PARENTAL CONSENT THRESHOLD FOR INTRADISTRICT TRANSFER PROGRAM

Joint Finance/Legislature: Set the threshold for the percentage of pupils for which Milwaukee Public Schools (MPS) is required to receive written consent from the pupil's parent or guardian to transfer the pupil under the intradistrict transfer program at 95%, rather than the current law 100%, in 2005-06 and each year thereafter. If MPS does not meet the threshold, it loses equalization, intradistrict, and transportation aid related to the number of pupils by which MPS is short of threshold.

[Act 25 Sections: 1909m and 1909r]

6. NEGATIVE TERTIARY AID EXCLUSION FOR CERTAIN COSTS

Senate/Legislature: Provide that, for equalization aid paid in the 2006-07 and 2007-08 school years, certain specified costs supported by monies drawn from a district's fund balance would be excluded from shared costs if the result would be an increase in the district's equalization aid payment. Require that a school district could only expend the funds under this provision on the balance of the district's unfunded pension liability under the Wisconsin Retirement System or on debt service costs for debt that was issued to refinance the balance of the unfunded pension liability.

Under the equalization aid formula, shared cost is generally defined as the sum of the net cost of a school district's general fund and debt service fund. Under the formula, districts with shared costs per pupil above the secondary cost ceiling (\$7,679 in 2004-05) and equalized value above the statewide average (\$407,263 in 2004-05) would generate negative aid as a result of any increase in shared cost. Had this provision applied in 2004-05, a total of 117 negative tertiary aid districts would have been eligible to spend reserve funds, if available, on any unfunded pension liability costs without incurring additional negative tertiary aid. To the extent that negative tertiary districts are currently making these expenditures, there would be a redistribution of aid under this item from lower-value to higher-value districts related to these expenditures. To the extent that these districts would not make these expenditures under current law because of the negative tertiary aid aspects of the formula, there would be no redistribution.

[Act 25 Section: 1897]

7. REVENUE LIMIT PER PUPIL ADJUSTMENT [LFB Paper 595]

Joint Finance/Legislature: Set the per pupil adjustment under revenue limits at \$120 in 2005-06 and \$100 in 2006-07 and in subsequent years. Under current law and the Governor's recommendations, the per pupil adjustment would be equal to approximately \$248 in 2005-06 and \$252 in 2006-07 and be adjusted for inflation in subsequent years.

Veto by Governor [A-3]: Delete provision, which would restore the current law per pupil adjustment that would be equal to approximately \$248 in 2005-06 and \$252 in 2006-07, and be adjusted for inflation in subsequent years.

[Act 25 Vetoed Sections: 1915 thru 1915h, 1919, and 1919d]

8. REVENUE LIMIT ENROLLMENT AVERAGE [LFB Paper 598]

Governor: Provide that a school district's revenue limit would be the greater of: (a) the revenue limit calculated for the district using the current law three-year rolling average of pupil enrollment; or (b) the revenue limit calculated for the district using a new five-year rolling average of pupil enrollment. Specify that this proposed option for a five-year rolling average would begin with revenue limits for the 2006-07 school year. Under current law, only the three-year rolling average of a district's pupil enrollment is used to determine a district's limit.

Joint Finance/Legislature: Delete provision.

9. LOW-REVENUE CEILING [LFB Paper 599]

Governor/Legislature: Increase the low revenue ceiling to \$8,100 in 2005-06 and \$8,400 in 2006-07. Under current law, any school district with base revenues per pupil for the prior school year of \$7,800 may increase its revenues up to the low-revenue ceiling of \$7,800 per

pupil. In 2004-05, 88 districts were affected by the \$7,800 per pupil ceiling.

[Act 25 Section: 1913]

10. UNUSED REVENUE LIMIT CARRYOVER [LFB Paper 600]

Governor: Modify the adjustment for carryover of unused revenue limit authority from 75 to 100 percent, beginning with the calculation of revenue limits for the 2005-06 school year. Under current law, if a school district's levy in any school year is less than the maximum allowed in that year, the revenue limit otherwise applicable to the district in the subsequent school year is increased by an amount equal to 75 percent of the difference between the district's actual levy and the maximum amount allowed, with additional provisions for cases where a district receives a positive prior year aid adjustment to its current year general aid payment. Under this provision, districts would be able to carryover all of their unused revenue limit authority to the next year and the related current law provisions for districts that receive positive prior year aid adjustments would be deleted.

Joint Finance/Legislature: Modify provision to make the 100 percent carryover adjustment effective for the 2004-05 school year.

[Act 25 Sections: 1916 thru 1918, and 9337(4)]

11. SCHOOL LEVY TAX CREDIT [LFB Paper 601]

Governor: Increase the school levy tax credit distribution for the 2006(07) property tax year and for each year thereafter by \$150,000,000, from \$469,305,000 to \$619,305,000. Direct \$150,000,000 of the \$619,305,000 to be distributed to municipalities in proportion to their share of general school aids paid, as determined by the Department of Revenue. Direct DOR to calculate the \$150,000,000 distribution based on the amount of general school aid paid in the same year that DOR notifies municipalities of their credit payments. Current law directs DOR to notify municipalities by December 1 of the amount of credits that will be distributed to them in the succeeding year and establishes the fourth Monday in July as the distribution date. The remaining \$469,305,000 of the distribution would continue to be allocated to municipalities based on their share of total school levies during the prior three years. Both distributions would be allocated by municipalities to individual taxpayers based on each taxpayer's share of the municipality's assessed value.

Since the school levy tax credits appearing on December, 2006, property tax bills will not be paid until July, 2007, additional funding for the credit would not be needed until 2007-08. Although this provision would not increase appropriations in the 2005-07 biennium (unless excess general fund revenues are made available to buy back the credit), an increase of \$150,000,000 annually over the base funding level would need to be provided in the 2007-09 biennium for this purpose. [See "Shared Revenue and Tax Relief -- Property Tax Credits" for more information on this item.]

Joint Finance/Legislature: Delete provision. Instead, increase the school levy tax credit distribution for the 2006(07) property tax year and for each year thereafter by \$50,000,000, with the entire \$519,305,000 distributed using the current law mechanism.

Veto by Governor [F-10]: Modify the increased credit from \$519,305,000 annually to \$593,050,000 annually, beginning in 2007. This is accomplished by striking selected digits and words from the phrase "and \$519,305,000 in 2007 and in each year thereafter." to produce the phrase "and \$59,305,000 in each year thereafter.". Under this partial veto, the credit increase goes from \$50,000,000 to \$123,745,000, an increase of \$73,745,000 from the amount passed by the Legislature. This will first affect appropriations in 2007-08, so the Governor's action has no fiscal effect in the 2005-07 biennium.

[Act 25 Section: 1717]

[Act 25 Vetoed Section: 1717]

Categorical Aids

1. **STUDENT ACHIEVEMENT GUARANTEE IN EDUCATION (SAGE) PROGRAM [LFB Paper 605]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$44,072,800	-\$37,930,000	\$6,142,800

Governor: Provide \$14,754,900 in 2005-06 and \$29,317,900 in 2006-07 above base level funding of \$95,029,600 for SAGE. Provide that, in the 2005-06 school year, participating SAGE schools would receive up to \$2,250 per low-income pupil enrolled in the eligible grades. Provide that, in the 2006-07 school year, participating SAGE schools would receive up to \$2,500 per low-income pupil enrolled in the eligible grades.

In addition, authorize a fourth round of SAGE contracts in the 2006-07 school year, if the school is not currently participating in the preschool to grade 5 program or the SAGE program, and if the school board, if eligible to participate in SAGE in the 1996-97 and 1998-99 school years, participated in either year. Provide that contracts that begin in the 2006-07 school year would be eligible for renewal after five years. Require fourth-round schools to meet the requirements for other SAGE schools under current law. Specify that state aid for contract renewals of currently participating SAGE schools would be paid first, followed by the contracts beginning in 2006-07. Require DPI in making these payments to give priority to schools that have the highest percentage of low-income pupil enrollment and to ensure that the amount appropriated is fully distributed.

Provide that for contracts that begin in 2006-07, each school would reduce class sizes to 15 in kindergarten and grade 1 in 2006-07, kindergarten to grade 2 in 2007-08, and kindergarten to grade 3 in the 2008-09 and 2009-10 school years. A technical correction would be needed to accomplish the intent of the proposal.

Under the current law program, schools receive \$2,000 per low-income pupil enrolled in the eligible grades. School districts must do all of the following in each SAGE school: (a) reduce each class size in the applicable grades, K-3, to 15 pupils; (b) keep the school open every day for extended hours and collaborate with community organizations to make educational and recreational opportunities as well as community and social services available in the school to all district residents; (c) provide a rigorous academic curriculum designed to improve academic achievement; and (d) create staff development and accountability programs that provide training for new staff members, encourage employee collaboration and require professional development plans and performance evaluations.

Joint Finance/Legislature: Modify the provision to decrease funding by \$12,170,500 in 2005-06 and \$24,584,500 in 2006-07, leaving a net increase of \$2,584,400 in 2005-06 and \$3,558,400 in 2006-07. Delete the proposed fourth round of contracts and reduce funding by \$1,175,000 in 2006-07. Modify current law to allow participating school districts to forego aid for any school, for grade 2, grade 3, or both, and to elect not to reduce class sizes in those grades, beginning in the 2005-06 school year.

Veto by Governor [A-8]: Delete the provision that would have allowed participating school districts to forego aid for any school, for grade 2, grade 3, or both, and to elect not to reduce class sizes in those grades.

[Act 25 Section: 1891t]

[Act 25 Vetoed Sections: 1888m, 1888r, 1888s, and 1891t]

2. SAGE CLASSES IN MILWAUKEE [LFB Paper 605]

Joint Finance/Legislature: Modify current law to authorize Milwaukee Public Schools (MPS) to use funding received on behalf of currently participating SAGE schools under the SAGE program for any of the following: (a) compliance with current SAGE requirements, including pupil-teacher ratios of 1 to 15 in grades kindergarten to three; (b) compliance with current preschool to grade 5 (P-5) program requirements, including pupil-teacher ratios of 1 to 25 in grades preschool to five. SAGE schools would continue to receive \$2,000 per low-income pupil enrolled in grades kindergarten to three, as under current law.

Veto by Governor [A-8]: Delete provision.

[Act 25 Vetoed Section: 1893m]

3. SAGE APPROPRIATION CONSOLIDATION

Governor/Legislature: Transfer \$4,739,000 annually from the SAGE supplement appropriation to the primary SAGE appropriation and eliminate the supplement appropriation, in order to consolidate the two appropriations. The supplement appropriation was created under 1997 Act 27 in order to increase program funding, but was excluded from the state's definition of partial school revenues at that time for purposes of calculating the state's two-thirds funding commitment under prior law.

[Act 25 Sections: 181, 1889, and 1890]

4. SAGE DEBT SERVICE AID [LFB Paper 606]

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

Governor: Reduce aid for SAGE debt service by \$100,000 annually from base level funding of \$300,000. This program reimburses school districts participating in the SAGE program for 20 percent of their annual debt service costs associated with SAGE-related building construction projects, if the amount was approved by referendum and by DPI before June 30, 2001. Currently, there are 11 districts that are eligible for reimbursement in 2004-05 for amounts totaling \$133,600.

Joint Finance/Legislature: Reduce aid for SAGE debt service by an additional \$50,000 annually as a reestimate of debt service costs.

5. CONVERSION OF PUPIL TRANSPORTATION AID FROM THE GENERAL FUND TO THE TRANSPORTATION FUND [LFB Paper 717]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$35,485,000	\$35,485,000	\$0
SEG	<u>35,485,000</u>	<u>- 35,485,000</u>	<u>0</u>
Total	\$0	\$0	\$0

Governor: Provide \$17,742,500 SEG annually and delete \$17,742,500 GPR annually for pupil transportation aid to school districts to reflect the conversion of the funding source for the program from the general fund to the transportation fund. This item is part of an initiative to convert several appropriations outside the Department of Transportation from the general fund to the transportation fund. A summary listing of these appropriations is included in a related item titled "Transfer from the Transportation Fund to the General Fund," which can be found under the Transportation Finance section of the Department of Transportation.

Joint Finance/Legislature: Delete provision.

6. PUPIL TRANSPORTATION RATES [LFB Paper 607]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$0	\$12,750,000	\$12,750,000
SEG	16,400,000	- 16,400,000	0
Total	\$16,400,000	- \$3,650,000	\$12,750,000

Governor: Provide \$3,200,000 SEG in 2005-06 and \$13,200,000 SEG in 2006-07 from the transportation fund and increase reimbursement rates for public and private school pupils transported by school districts. Under current law, districts are paid a flat, annual amount per transported pupil that varies according to the distance that each pupil is transported to school. These rates have not changed since 1980-81. Specify that these changes would first apply in the 2005-06 school year.

Per Pupil Transportation Aid Rates

<u>Distance</u>	<u>Current Law (Full Year)</u>	<u>Governor's Proposal</u>	
		<u>2005-06</u>	<u>2006-07 and Thereafter</u>
0-2 miles (hazardous areas)	\$12	\$12	\$16
2-5 miles	30	30	40
5-8 miles	45	45	65
8-12 miles	60	82	120
12-15 miles	68	150	200
15-18 miles	75	150	200
18 plus miles	85	150	200

Joint Finance/Legislature: Reduce funding by \$3,650,000 in 2006-07, for net increases of \$3,200,000 in 2005-06 and \$9,550,000 in 2006-07, and shift the funding source from SEG to GPR. Modify the per pupil rates as follows:

Per Pupil Transportation Aid Rates

<u>Distance</u>	<u>Current Law (Full Year)</u>	<u>Joint Finance Committee</u>	
		<u>2005-06</u>	<u>2006-07 and Thereafter</u>
0-2 miles (hazardous areas)	\$12	\$12	\$15
2-5 miles	30	30	35
5-8 miles	45	45	55
8-12 miles	60	82	110
12-15 miles	68	150	180
15-18 miles	75	150	180
18 plus miles	85	150	180

[Act 25 Sections: 1906 thru 1908, and 9337(3)]

7. SPECIAL EDUCATION AIDS [LFB Paper 608]

GPR	\$12,000,000
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Governor: Provide \$12,000,000 in 2006-07 for special education aids. Base funding of \$320,771,600 is currently appropriated for these aids, and DPI estimates that reimbursement will total 29.3% of eligible costs in 2004-05. According to DPI estimates of aidable costs, under the bill reimbursement would total 27.8% in 2005-06 and 27.1% in 2006-07.

Also, authorize licensed school counselors as a class of personnel eligible for cost reimbursement under the state special education categorical aid, beginning for aid distributed in the 2006-07 school year.

Joint Finance/Legislature: Modify provision to add school nurses as a class of personnel eligible for cost reimbursement under the special education categorical aid, beginning with aid distributed in the 2006-07 school year. Require DPI to complete a study concerning the distribution of special education aid on a census basis rather than a cost reimbursement basis, and, by December 1, 2006, submit the study and DPI's recommendations to the Joint Committee on Finance. Also, request that the Joint Legislative Council complete a study of the effectiveness of this state's special education policy and funding, including a review of statewide data and historical trends, an examination of funding sources, and a survey of national reform efforts. If the Joint Legislative Council conducts the study, require the Council to report its findings, conclusions, and recommendations to the Legislature by January 1, 2007.

Veto by Governor [A-11]: Delete provisions that would have required DPI to complete a study and, by December 1, 2006, submit the study and DPI's recommendation to the Joint Committee on Finance. Also, delete provisions that would have requested that the Joint Legislative Council complete a study and report its findings, conclusions, and recommendations to the Legislature by January 1, 2007.

[Act 25 Sections: 1877, 1878, and 9337(2)]

[Act 25 Vetoed Section: 9137(2q)]

8. HIGH-COST SPECIAL EDUCATION AID [LFB Paper 608]

GPR	\$3,500,000
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Governor/Legislature: Provide \$3,500,000 in 2006-07 and create a separate appropriation for a new categorical aid program for school districts, cooperative educational service agencies, county children with disabilities education boards, and operators of independent charter schools. Applicants would be eligible for additional aid if the applicant incurred, in the previous school year, more than \$30,000 of non-administrative costs for providing special education and related services to a child, and those costs were not eligible for reimbursement under the state special education and school age parents categorical aid, the federal Individuals with Disabilities Education Act, or the federal Medicaid program. For each child whose costs exceeded \$30,000, DPI would be required to pay an eligible applicant in the current school year an amount equal to 90% of the costs above \$30,000. If appropriated funds were insufficient to

pay the full amounts, DPI would be required to prorate the payments among eligible applicants. Specify that these provisions would take effect on July 1, 2006.

[Act 25 Sections: 178, 1879, and 9437(2)]

9. MEDICAID SCHOOL BASED SERVICES

Governor/Legislature: Delete the requirement established in 2003 Act 33 that DPI lapse to the general fund, from the aids for special education and school age parents appropriation, an amount equal to the amount paid by the Department of Health and Family Services (DHFS) under the supplementary payment for school medical services and related provisions. No amount was paid by DHFS and thus, no lapses occurred in the 2003-05 biennium under these provisions.

[Act 25 Sections: 177, 1147 thru 1149, and 1880]

10. HEAD START SUPPLEMENT

GPR	\$7,000,000
PR	- 7,000,000
Total	\$0

Governor/Legislature: Delete \$3,500,000 PR annually and the current PR Head Start state supplement appropriation and related provisions. Increase the current GPR Head Start appropriation by \$3,500,000 GPR annually, above base level funding of \$3,712,500. The PR supplement appropriation is currently funded from Temporary Assistance for Needy Families (TANF) funds transferred from the Department of Workforce Development.

[Act 25 Sections: 188, 1107, and 1859]

11. FOUR-YEAR-OLD KINDERGARTEN GRANTS [LFB Paper 609]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$3,000,000	- \$3,000,000	\$0

Governor: Provide \$3,000,000 in 2006-07 and create a categorical aid appropriation for grants to school districts to implement a four-year-old kindergarten (K4) program. Authorize school boards to apply to DPI for up to two annual grants. For the initial grant, require DPI to pay each eligible district up to \$3,000 for each K4 pupil enrolled in the district. For the second grant, require DPI to pay each eligible district up to \$1,500 for each K4 pupil enrolled in the district. Require DPI to give preference in awarding grants to districts that use community approaches to early education, as defined in administrative rule. Require DPI to prorate payments if funding in the appropriation is insufficient to pay all school districts, and to promulgate rules to implement the grant program. Specify that these provisions would take effect on July 1, 2006.

Joint Finance/Legislature: Delete provision.

12. MENTORING GRANTS FOR INITIAL EDUCATORS [LFB Paper 610]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR	\$2,625,000	-\$2,625,000	\$1,350,000	\$1,350,000
PR	0	1,350,000	-1,350,000	0
Total	\$2,625,000	-\$1,275,000	\$0	\$1,350,000
GPR-REV	\$0	\$150,000	-\$150,000	\$0

Governor: Provide \$1,312,500 annually and create an appropriation for a new mentoring categorical aid grant program. Require DPI to award a grant to each person employing an initial educator in a position requiring a DPI teaching license, per initial educator. Specify that each grant would equal the amount that the employer is spending to provide a mentor for the initial educator, but could not exceed \$375 per initial educator. Require DPI to prorate payments if appropriated funds were insufficient.

Under administrative rule Chapter PI 34, three stages of licensure were established: initial, professional, and master educator. PI 34 requires that initial educators be provided with professional mentors.

Joint Finance/Legislature: Modify provision to delete \$1,312,500 GPR annually. Instead, increase initial and renewal teacher licenses from \$100 to \$150 per application. Specify that the program revenue attributable to the increase would be used to fund grants to school districts to provide mentors. Provide \$1,350,000 in 2006-07 for this purpose in the existing teacher certification appropriation. Require DPI to transfer the PR to the new appropriation for grants to each school district employing an initial educator, as defined under PI 34.

Provide that the fee increase would first apply to license applications filed on or after January 1, 2006, and grants would be provided beginning in 2006-07. Reestimate revenue to the general fund from the current 10% lapse requirement by \$150,000 in 2006-07.

Veto by Governor [A-9]: Delete the increase in teacher license fees and the associated program revenue that would have funded this program, as well as the program revenue designation on the appropriation. Under current law, unless otherwise specified, appropriations are funded with GPR. Therefore, the partial veto shifts funding for these grants from program revenue to \$1,350,000 GPR. Reestimate revenue to the general fund by -\$150,000 in 2006-07.

[Act 25 Sections: 173m, 185, 187m, and 1861 thru 1863]

[Act 25 Vetoed Sections: 140 (as it relates to s. 20.255(2)(kg)), 173m, 187m, 1854g, 1854m, and 9337(6f)]

13. BILINGUAL-BICULTURAL EDUCATION AIDS [LFB Paper 611]

GPR	\$2,381,400
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Governor/Legislature: Provide \$782,400 in 2005-06 and \$1,599,000 in 2006-07 above base level funding of \$8,291,400 for bilingual-bicultural education aid, which is a categorical aid program. This additional funding would result in annual funding increases over the prior year of 9.4% and 9.0%, respectively. The administration indicates that the proposed funding would maintain reimbursement at 12.0% of eligible costs in the 2005-07 biennium, which is the estimated rate in 2004-05.

14. ENGLISH AS A SECOND LANGUAGE FOR SOUTHEAST ASIAN CHILDREN

GPR	\$200,000
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Governor/Legislature: Provide \$100,000 annually and create an appropriation for this purpose, and specify that this funding is for the Wausau School District for English instruction for 3-, 4-, and 5-year-old Southeast Asian children. These payments to the Wausau School District are currently funded from Temporary Assistance for Needy Families funds under the Department of Workforce Development.

[Act 25 Sections: 179 and 1108]

15. GRANTS FOR DIFFERENTIATED TEACHER COMPENSATION PROGRAMS [LFB Paper 612]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$1,800,000	-\$1,800,000	\$0

Governor: Provide \$600,000 in 2005-06 and \$1,200,000 in 2006-07 and create a categorical aid appropriation to provide two-year grants to school districts for the design, development, and implementation of a differentiated teacher compensation program. Specify that a program eligible for a grant would base all or part of teacher salary increases on one or more of the following factors: (a) an increase in a teacher's knowledge about teaching or about the subjects he or she teaches or an improvement in a teacher's teaching skills; (b) the assumption by a teacher of additional leadership responsibilities, including mentoring other teachers; (c) the assignment of a teacher to a grade level or subject area in which there are teacher shortages; or (d) the assignment of a teacher to a school that is difficult to staff or that is low in pupil performance.

Require DPI to award two-year nonrenewable grants under the program to no more than 20 school districts. Specify that the amount of a grant could not exceed \$100,000. Require DPI to: (a) award grants under the program in a competitive process based on criteria designed by the Department; (b) give preference in awarding the grants to districts that demonstrate the support of the teachers employed by the district, the community, and businesses in the

community; (c) make all reasonable efforts in awarding grants to reflect the diversity of school districts in terms of enrollment, ethnicity, location, family income, and population density; and (d) promulgate rules to implement and administer the program.

Require each school district receiving a grant to submit to DPI, within 90 days after the end of the grant period, a report that summarizes the activities funded by the grant. Specify that the provisions relating to the grant program would not affect a school district's duty to bargain with the employees' collective bargaining representative over wages, hours, and conditions of employment.

Require DPI to promulgate emergency rules, without the finding of an emergency, by October 15, 2005, to implement the program. Specify that the emergency rules would remain in effect until July 1, 2006, or the date on which the permanent rules take effect, whichever is earlier. Prohibit DPI from accepting an application from a school district for a grant in the 2005-07 biennium that is received by the Department after December 15, 2005. Require DPI to award grants under the program by January 31, 2006. Require the Department to pay one-third of the grant in 2005-06 and two-thirds of the grant in 2006-07. Prohibit DPI from expending moneys from the grant program appropriation after June 30, 2007.

Joint Finance/Legislature: Delete provision.

16. SCHOOL BREAKFAST [LFB Paper 613]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$1,330,200	-\$1,330,200	\$0

Governor: Provide \$500,100 in 2005-06 and \$830,100 in 2006-07 above base level funding of \$1,055,400 to increase the per meal reimbursement rate from 10 cents to 15 cents per breakfast served by public and private schools under the state's school breakfast program. Specify that this change would first apply to breakfasts served in the 2004-05 school year. Under current law, the federal government reimburses schools \$1.20 per breakfast served to pupils who qualify for free meals under the National School Lunch Program. Reduced-price breakfasts are reimbursed at 90 cents per meal. Full-price meals are reimbursed at 22 cents per meal. Under federal law, participating schools must operate their meal services as non-profit programs. The state grant reimburses 10 cents per breakfast, regardless of a pupil's eligibility for free or reduced-price meals.

Joint Finance/Legislature: Delete provision.

17. CHARTER AND STATE RESIDENTIAL SCHOOL ELIGIBILITY FOR STATE LUNCH AID [LFB Paper 614]

Joint Finance/Legislature: Provide that independent charter schools participating in the Milwaukee and Racine charter program, as well as the state residential schools in Janesville and Delavan, be specified as eligible entities for state school lunch matching payments. Specify that this provision would first apply to payments for lunches served in the 2004-05 school year. These state matching payments would be made from funds currently budgeted for this purpose.

[Act 25 Sections: 179r, 1857m, and 9337(6q)]

18. ADVANCED PLACEMENT GRANTS [LFB Paper 615]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Assembly/Leg. (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$353,000	1.00	-\$153,000	-1.00	\$153,000	1.00	\$353,000	1.00

Governor: Provide \$100,000 annually and create an appropriation for grants to school districts to partially reimburse the costs related to offering advanced placement (AP) courses in high schools that are not offering such courses. A grant could not exceed an amount equal to \$300 multiplied by the number of pupils in the high school's AP courses in the fall or spring session in which the grant would be awarded. In addition, provide \$66,300 and 1.0 position in 2005-06 and \$86,700 in 2006-07 for a consultant position to administer the advanced placement grant program.

Joint Finance: Modify provision to delete 1.0 position with \$66,300 in 2005-06 and \$86,700 in 2006-07.

Assembly/Legislature: Delete Joint Finance provision, which would restore 1.0 position with \$66,300 in 2005-06 and \$86,700 in 2006-07.

[Act 25 Sections: 186 and 1855]

19. GIFTED AND TALENTED PROGRAM [LFB Paper 615]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$182,000	\$182,000	\$364,000

Governor: Provide \$91,000 annually and create an appropriation for a grant program to provide advanced curricula and assessments for gifted and talented middle school pupils.

Require DPI to award grants to cooperative educational service agencies and Milwaukee Public Schools.

Joint Finance/Legislature: Modify provision to provide an additional \$91,000 annually for grants to provide curricula and assessments for gifted and talented pupils.

[Act 25 Sections: 187 and 1883]

20. ALTERNATIVE SCHOOL AMERICAN INDIAN LANGUAGE AND CULTURE EDUCATION AID [LFB Paper 616]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$520,000	-\$520,000	\$0

Governor: Provide \$260,000 annually and create an appropriation for alternative school American Indian language and culture education programs. Require DPI to pay each alternative school operating an American Indian language and culture education program an amount equal to \$200 for each pupil who has completed the fall semester in the program. Funding for this item would come from tribal gaming revenues. Specify that any unencumbered balance on June 30 of each year would revert to the Indian gaming receipts appropriation.

Provide that no alternative school could receive aid unless the State Superintendent determines that the school has adequate management and accounting capacity and that the school agrees that its accounts related to the program may be audited. In addition, no school would receive aid unless the State Superintendent certifies that it meets current law program requirements for American Indian language and culture education programs, including developing an instructional plan and appointing a parent advisory committee, and that the school has submitted a report that includes a description of all expenditures made in the prior year in connection with the program, a budget for the current year for the program, and the number of pupils who have completed the fall semester of the program. Require DPI to pay state aid in April of each year, and prohibit state aid from supplanting federal aid received and utilized for American Indian language and culture programs in the prior year. Require DPI to prorate payments if funding is insufficient in any year.

Joint Finance/Legislature: Delete provision.

21. AMERICAN INDIAN CULTURE AND DIVERSITY EDUCATION [LFB Paper 616]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$494,400	1.00	-\$494,400	-1.00	\$0	0.00

Governor: Provide \$80,600 and 1.0 position in 2005-06 and \$263,800 in 2006-07 and create an appropriation to support the American Indian language and culture education program. Provide \$150,000 in 2006-07 and create a second appropriation for a categorical aid program that would award grants to support diversity education initiatives. Specify that any unencumbered balance in these appropriations on June 30 of each year would revert to the Indian gaming receipt appropriation.

Provide that a person could apply to DPI for annual grants to do any of the following: (a) impart to pupils an appreciation and understanding of different value systems and cultures; (b) promote pupils' understanding of human relations, particularly with regard to American Indians; and (c) assist pupils, schools, and communities in appreciating racial and cultural diversity. Specify that grants could not exceed \$30,000. Require DPI to promulgate rules to implement this section. Funding for this item would be drawn from tribal gaming revenues.

Joint Finance/Legislature: Delete provision.

22. EDUCARE CENTER

Joint Finance/Legislature: Allocate \$250,000 GPR in 2005-06 and \$750,000 GPR in 2006-07 from the appropriation for aid for children-at-risk programs to the Educare Center of Milwaukee. Require DPI to reduce the amount of state aid to Milwaukee Public Schools to be paid under the children-at-risk program by identical amounts. Base funding for the children-at-risk program is \$3,500,000 GPR annually.

[Act 25 Sections: 177m and 9137(2n)]

23. TUITION PAYMENTS

GPR	- \$500,000
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Joint Finance/Legislature: Reduce the appropriation for tuition payments by \$250,000 annually. State tuition payments reimburse school districts and county children with disabilities board (CCDEB) for the cost of educating children who live in properties for which there is no parental property tax base support, including property tax exempt foster or group homes, and state or federal institutions. Base level funding is \$9,741,000.

24. PROJECT LEAD THE WAY

GPR	\$500,000
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Joint Finance/Legislature: Provide \$250,000 annually in a separate appropriation for annual grants to Project Lead the Way to provide discounted professional development services and software for participating high schools in this state. The appropriation would sunset as of June 30, 2007.

[Act 25 Section: 193c]

25. SECOND CHANCE PARTNERSHIP

Joint Finance: Allocate \$190,000 GPR in 2005-06 and in 2006-07 from the appropriation for alternative education grants to the Second Chance Partnership, a nonprofit corporation operating a pilot program in which children at risk participate in apprenticeships while earning high school diplomas. In addition, require DPI to pay Second Chance from a separate sum sufficient appropriation an amount equal to \$4,160 multiplied by the number of pupils participating in the program. Further require DPI to reduce the amount of general school aid that a school district is eligible to be paid by an amount equal to the amount paid to Second Chance for pupils enrolled in the school district. Require DPI to ensure that the amount of the aid reduction lapses to the general fund and that it does not affect the amount determined to be received by a school district as state aid for any other purpose. Provide that no more than 32 pupils could participate in the program. Base level funding for alternative education grants is \$5,000,000.

Assembly/Legislature: Specify that the per pupil payment amount would be \$4,610, rather than \$4,160.

[Act 25 Sections: 179m, 183b, 1856w, 1899d, and 9137(3q)]

26. GRANT FOR TECHNOLOGY CONSORTIA

Joint Finance/Legislature: Allocate \$25,000 SEG annually from the appropriation for telecommunications access for school districts, under the Department of Administration, for grants to consortia of school districts meeting the following criteria for the purpose of developing and implementing a technology-enhanced high school curriculum: (a) the curriculum is developed for and implemented through streaming video conferencing and online course work; (b) the consortium includes high schools from at least eight school districts; (c) the participating school districts collectively contribute an amount equal to at least the amount of the grant received in the same fiscal year; and (d) the curriculum is made available to each high school participating in the consortium.

[Act 25 Sections: 103m and 411g]

27. AODA FUNDING REDUCTION

PR	- \$94,000
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Governor/Legislature: Reduce expenditure authority by \$47,000 annually from base level funding of \$1,565,600 for aid for alcohol and other drug abuse programs, which are supported by penalty assessment funding. The reductions generally reflect a decrease of 3% annually to appropriations supported by penalty surcharge receipts in order to address a deficit in penalty surcharge funding [see "Administration -- Office of Justice Assistance"].

Choice and Charter

1. MILWAUKEE PARENTAL CHOICE PROGRAM REESTIMATE [LFB Paper 625]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR	\$22,565,200	-\$6,630,400	\$6,674,800	\$22,609,600
GPR-Lapse	<u>10,154,300</u>	<u>-2,983,700</u>	<u>3,003,600</u>	<u>10,174,200</u>
Net	\$12,410,900	-\$3,646,700	\$3,671,200	\$12,435,400

Governor: Provide \$9,958,000 in 2005-06 and \$12,607,200 in 2006-07 over the base year funding of \$83,800,000 in the appropriation for payments under the Milwaukee parental choice program.

Under current law, the maximum amount paid per pupil under the choice program in a given school year is equal to the amount paid per pupil in the prior school year adjusted by the percent change, if non-negative, in the general school aids appropriations from the previous school year to the current school year. With annual general school aids increases proposed in the bill of 6.6% and 2.8%, respectively, the maximum per pupil choice payment under current law would increase from \$5,943 in 2004-05 to \$6,335 in 2005-06 and \$6,514 in 2006-07. The administration estimates that 14,800 students will participate in the program in 2005-06 and 2006-07. Total program funding would be \$93,758,000 in 2005-06 and \$96,407,200 in 2006-07.

Under current law, the estimated cost of the payments from the choice program appropriation is partially offset by a reduction in the general school aids otherwise paid to the Milwaukee Public Schools (MPS) by an amount equal to 45% of the total cost of the choice program. Under revenue limits, MPS may levy property taxes to make up for the amount of aid lost due to this reduction. As a result, the general fund pays for 55% of the choice program and MPS for 45%. Based on the funding in the bill, the MPS choice reduction would increase by \$4,481,100 in 2005-06 and \$5,673,200 in 2006-07 over the base choice reduction amount of \$37,710,000. The net general fund fiscal effect of this reestimate would be to increase expenditures by \$5,476,900 in 2005-06 and \$6,934,000 in 2006-07 over the 2004-05 base level.

Joint Finance/Legislature: Delete \$2,900,800 in 2005-06 and \$3,729,600 in 2006-07 from the choice program appropriation. Reduce the MPS aid reduction by \$1,305,400 in 2005-06 and \$1,678,300 in 2006-07. The net effect of the reestimate would be to decrease GPR expenditures by \$1,595,400 in 2005-06 and \$2,051,300 in 2006-07. Based on the changes in the general school aids appropriation under Joint Finance, the maximum choice payments would be \$6,139 in 2005-06 and \$6,262 in 2006-07 (compared to \$6,335 in 2005-06 and \$6,514 in 2006-07 under the Governor).

Veto by Governor [A-4]: Because the per pupil payments under the choice program vary with the funding level for general school aids, the maximum per pupil choice payments would be \$6,351 in 2005-06 and \$6,501 in 2006-07 under the Governor's veto increasing funding for general school aids. Based on the per pupil payments, expenditures for the choice program would increase by an estimated \$3,137,600 in 2005-06 and \$3,537,200 in 2006-07, with related aid reductions of \$1,411,900 in 2005-06 and \$1,591,700 in 2006-07.

2. MILWAUKEE PARENTAL CHOICE PROGRAM TEACHER REQUIREMENTS

Joint Finance/Legislature: Require that, beginning in the 2006-07 school year, all teachers with primary responsibility for the academic instruction of pupils at schools in the choice program would be required to have graduated from high school, or been granted a declaration of equivalency of high school graduation.

[Act 25 Sections: 1895d, 1895t, and 9437(4m)]

3. MILWAUKEE PARENTAL CHOICE PROGRAM INCOME REQUIREMENTS

Joint Finance/Legislature: Provide that a pupil attending a school in the choice program would continue to remain eligible under the program if his or her family income is less than 220% of the federal poverty level. Specify that a sibling of a pupil attending a choice school would initially be eligible for participation in the choice program if his or her family income is under 220% of the federal poverty level. Provide that a pupil who leaves the program would need to meet the income requirement of 175% of the federal poverty level to re-enter the program, unless the pupil has a sibling still in the program, in which case the 220% threshold would apply. Specify that these provisions would first apply to pupils who apply to attend a choice school for the 2005-06 school year. Under current law, a pupil's family income must be less than 175% of the federal poverty level to participate in the choice program.

Veto by Governor [A-5]: Delete provision.

[Act 25 Vetoed Sections: 1895h and 9337(6m)]

4. MILWAUKEE PARENTAL CHOICE PROGRAM PRIOR YEAR REQUIREMENTS

Joint Finance/Legislature: Delete the prior-year participation requirements for pupils in the choice program, under which a pupil must have either been enrolled in the Milwaukee Public Schools, the choice program, or grades kindergarten through three in private schools located within the City of Milwaukee, or not enrolled in school, in the school year prior to their initial enrollment in a choice school. Specify that this provision would first apply to pupils who apply to attend a choice school for the 2005-06 school year.

Veto by Governor [A-5]: Delete provision.

[Act 25 Vetoed Sections: 1895p and 9337(6m)]

5. MILWAUKEE AND RACINE CHARTER SCHOOL PROGRAM REESTIMATE [LFB Paper 625]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR	\$14,096,400	-\$2,116,800	\$2,125,000	\$14,104,600
GPR-Lapse	<u>14,096,400</u>	<u>- 2,116,800</u>	<u>2,125,000</u>	<u>14,104,600</u>
Net	\$0	\$0	\$0	\$0

Governor: Provide \$5,088,100 in 2005-06 and \$9,008,300 in 2006-07 over the base level funding of \$30,160,000 in the appropriation for payments under the Milwaukee and Racine charter schools program.

Under current law, the Common Council of the City of Milwaukee, the Chancellor of the University of Wisconsin-Milwaukee, and the Milwaukee Area Technical College Board are authorized to operate or contract to operate charter schools located within the Milwaukee Public Schools. The Chancellor of the University of Wisconsin-Parkside is authorized to operate or contract to operate one charter school located within the Racine Unified School District (RUSD). There are currently 12 charter schools participating in the program, including one that UW-Parkside chartered in 2002-03. A total of 4,100 students are attending these charter schools in 2004-05, and the aid per pupil is \$7,111.

Under 2003 Act 33, the per pupil payment for the Milwaukee and Racine charter schools program is increased by the amount of increase in the per pupil payment amount for private schools participating in the Milwaukee parental choice program. The parental choice payment is increased by the percentage increase in the general equalization aids appropriation. Under the Governor's bill, general equalization aids would increase by 6.6 percent in 2005-06 and 2.8 percent in 2006-07. The bill assumes, therefore, that both the choice and charter per pupil payments would increase by \$392 in 2005-06 and \$179 in 2006-07.

The bill assumes that 4,500 students will be enrolled in the program in 2005-06 and that the aid per student will be \$7,503. In 2006-07, it is assumed that 4,900 pupils will participate in

the program at a per pupil cost of \$7,682. Charter schools would receive \$33,763,500 in 2005-06 and \$37,641,800 in 2006-07.

Under current law, the RUSD will receive additional aid, outside of revenue limits, based on the amount of general equalization it receives in the current year multiplied by the number of students attending the charter school previously enrolled in the RUSD. It is estimated that 260 pupils previously enrolled in the RUSD will attend the charter school annually and that the RUSD will be eligible to receive \$5,710 per pupil in general equalization aid in 2005-06 and \$5,871 per pupil in 2006-07. Based on these estimates, the RUSD would receive \$1,484,600 in 2005-06 and \$1,526,500 in 2006-07.

Under current law, payments to these charter schools are fully offset by a proportionate reduction in the general school aids of all 426 public school districts. Under revenue limits, school districts may levy property taxes to make up for the amount of revenue lost due to these aid reductions.

Joint Finance/Legislature: Delete \$882,000 in 2005-06 and \$1,234,800 in 2006-07 from the charter school program appropriation. Reduce the aid reduction for the Milwaukee Public Schools and the Racine Unified School District by corresponding amounts. The net effect of the reestimate would be no change in GPR expenditures. Based on the changes in the general school aids appropriation under Joint Finance, the charter school payments would be \$7,307 in 2005-06 and \$7,430 in 2006-07 (compared to \$7,503 in 2005-06 and \$7,682 in 2006-07 under the Governor).

Veto by Governor [A-4]: Because the per pupil payments under the charter program vary with the funding level for general school aids, the maximum per pupil charter payments would be \$7,519 in 2005-06 and \$7,669 in 2006-07 under the Governor's veto increasing funding for general school aids. Based on the per pupil payments, expenditures for the charter program would increase by an estimated \$954,000 in 2005-06 and \$1,171,000 in 2006-07, with corresponding aid reductions.

6. MILWAUKEE AND RACINE CHARTER SCHOOL PROGRAM FUNDING [LFB Paper 626]

Joint Finance/Legislature: Modify the current law funding mechanism for the charter school program. Allow the Milwaukee Public Schools (MPS) and the Racine Unified School District (RUSD) to include the cost and membership of the charter school program in the data used to determine revenue limits and general school aids. Provide that the general school aids that would otherwise be paid to MPS and RUSD would be reduced, in total, by the estimated cost of the charter school program, with each district's reduction based proportionately on the estimated number of pupils enrolled in the charter school in those districts in the given school year. Specify that the districts would not be able to levy to replace the aid reduction.

Provide that the charter school pupil counts would be incorporated into all years of revenue limit data prior to 2005-06. Specify that the charter school pupil count would be

included in membership and charter school payments would be included in the prior year data used to calculate general aids. Provide that for the revenue limit calculations in 2005-06, base revenues would be increased by an amount equal to the number of these charter school pupils in each district times the 2004-05 per pupil amount. Specify that these changes would first apply to general aids distributed in, and revenue limits calculated for, the 2005-06 school year.

Veto by Governor [A-7]: Delete provision.

[Act 25 Section: 1898b]

[Act 25 Vetoed Sections: 1897g, 1897i, 1898b thru 1898s, 1899m, 1912m, 9137(4p), and 9337(9m)]

7. MILWAUKEE CHARTER PUPIL ELIGIBILITY

Joint Finance/Legislature: Allow pupils who reside outside Milwaukee Public Schools (MPS) to attend independent charter schools located within MPS that are participating under the Milwaukee and Racine charter school program. Eliminate the restrictions on eligibility for this program for pupils who reside within MPS. Require that these charter schools give preference in admissions to pupils who reside in MPS. Specify that these changes would first apply to persons who apply to attend a charter school in the 2005-06 school year.

Under current law, an independent charter school established under this program must be located within MPS and only pupils residing within the MPS district may attend the charter school, except for the one independent charter school located in RUSD. Additionally, in the school year prior to their initial enrollment, participants in these schools located in MPS are required to have been enrolled in MPS, the Milwaukee parental choice program (MPCP), a charter school of this type, or grades kindergarten through three in private schools located within the City of Milwaukee that are not participating in MPCP, or not enrolled in school.

Veto by Governor [A-6]: Delete provisions that would have allowed pupils who reside outside MPS to attend independent charter schools within MPS and that would have given preference to pupils who reside within MPS. The Governor's partial veto retains the provisions of the bill that eliminate the restrictions on eligibility for this program for pupils who reside within MPS.

[Act 25 Sections: 1883g and 9337(7m)(b)]

[Act 25 Vetoed Sections: 1883f, 1883r, and 9337(7m)(b)]

8. NON-INSTRUMENTALITY CHARTER ELIGIBILITY FOR SPECIAL EDUCATION

Joint Finance/Legislature: Specify that a school board could contract with a noninstrumentality charter school to provide special education services to pupils attending the charter school, and that the salary portion of these services and related transportation costs

would be eligible for state special education aid. The effect of this provision would be to authorize DPI to reimburse district-sponsored non-instrumentality charter schools for special education costs in the same manner as school districts, district-sponsored instrumentality charter schools, and independent charter schools.

Under the current special education categorical aid program, a school board, Cooperative Educational Service agency board, County Children with Disabilities Board, or independent charter school (participating under the Milwaukee and Racine charter program) may employ certain licensed special education personnel (including teachers, coordinators, school social workers, school psychologists, paraprofessionals, consulting teachers, or other personnel approved by the Department), or may contract for physical or occupational therapy services. The State Superintendent is authorized to reimburse these entities for the salary costs of these personnel, or the salary portion of any authorized contract for physical or occupational therapy services, from the special education categorical aid appropriation.

Under current charter law, a chartering school board determines whether a charter school will be an instrumentality of the district. If the school board determines that the charter school is an instrumentality, then the school board employs all personnel for the charter school. If the school board determines that the charter school will not be an instrumentality, then the board may not employ any personnel for the charter school. Under current special education law, a school district that contracts with a charter school is required to serve children with disabilities who are attending the charter school in the same manner it serves children attending regular district schools, and must provide funds to such charter schools in the same manner as it provides special education funds to regular district schools.

[Act 25 Sections: 1877, 1877m, 1878c, and 9337(7m)(a)]

Administrative and Other Funding

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$2,847,000
FED	5,198,400
PR	<u>- 333,000</u>
Total	\$7,712,400

Governor/Legislature: Adjust the base budget by \$2,847,000 GPR, \$5,198,400 FED, and -\$333,000 PR for: (a) turnover reduction (-\$323,800 GPR and -\$327,900 FED annually); (b) full funding of continuing position salaries (\$1,399,700 GPR, \$2,873,700 FED and -\$181,100 PR annually); (c) overtime (\$289,200 GPR, \$53,000 FED, and \$14,400 PR annually); (d) night and weekend differential (\$58,400 GPR, \$400 FED, and \$200 PR annually); and (e) minor transfers within the same appropriation (-0.8 unclassified position and 0.8 classified position).

2. STATE OPERATIONS REDUCTIONS

	Funding	Positions
GPR	-\$585,400	- 9.25
PR	<u>- 400,000</u>	<u>- 0.75</u>
Total	-\$985,400	- 10.00

Governor/Legislature: Reduce funding by \$292,700 GPR and \$200,000 PR annually and 9.25 GPR and 0.75 PR positions, beginning in 2005-06, for DPI state operations as shown in the following table:

	Adjusted Base for These <u>Appropriations</u>	<u>Reduction Amount</u>	
		<u>2005-06</u>	<u>2006-07</u>
General Program Operations -- GPR	\$9,853,200	-\$292,700	-\$292,700
Aid for AODA Program -- PR	<u>806,200</u>	<u>-200,000</u>	<u>-200,000</u>
Total	\$10,659,400	-\$492,700	-\$492,700

	<u>Position Reduction</u>
General Program Operations	-5.25 GPR
General Program Operations --Program for the Deaf and Center for the Blind	-4.00 GPR
State Agency Library Processing Center	<u>-0.75</u> PR
Total	-10.00

3. ACROSS-THE-BOARD REDUCTIONS

GPR	-\$1,152,900
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Senate/Legislature: Reduce DPI's GPR appropriation for general program operations by \$572,100 in 2005-06 and \$580,800 in 2006-07. This reduction amount is equal to approximately 2.3% of the agency's total GPR state operations appropriations, excluding appropriations for energy costs and debt service payments, in each fiscal year. Provide that the agency may submit a request to the Joint Finance Committee under s. 13.10 to reallocate the reduction to any of the agency's other sum certain, GPR state operations appropriations. Provide further that the agency may submit a request to the Committee for restoration of the GPR funding reduction, or in the case of a sum sufficient appropriation, to reestimate expenditure level under the appropriation, in an amount not to exceed the amount of reduction made to the agency under this provision. In the case of an appropriation restoration or sum sufficient reestimate, the funding amounts would come from total funding of \$96,000,000 GPR placed in reserve in that Committee's biennial appropriation for this purpose. [See also "Budget Management and Compensation Reserves" and "Program Supplements."]

Veto by Governor [E-2]: By partial veto, modify the language relating to release of funds from the Committee's supplemental GPR appropriation to create alternative language specifying that the Secretary of Administration, not the Joint Finance Committee, shall (not may) transfer monies from the Committee's appropriation to state agencies in any amount not to exceed the amount of the reduction indicated for that agency (which for DPI is the amount of

the reduction indicated above).

[Act 25 Section: 9155(5dv)]

[Act 25 Vetoed Sections: 9155(4)(c)&(5dv)]

4. REQUIRED PR LAPSES

GPR-REV	\$352,200
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Governor/Legislature: Require the Secretary of Administration to lapse \$176,100 PR annually to the general fund from DPI's personnel certification, teacher supply, information and analysis and teacher improvement PR appropriation.

Veto by Governor [E-1]: Delete the specific lapse amount for DPI as required under the bill as passed by the Legislature. Instead, by partial veto, create a general nonstatutory provision directing the Secretary of Administration to make lapses from unspecified appropriation accounts to the general fund that total \$71,234,800. The Governor's veto message indicates that the Secretary is to achieve this overall lapse amount by including a lapse of monies from DPI to the general fund in an amount equal to the lapse amounts as specified for DPI in the budget bill as passed by the Legislature.

[Act 25 Section: 9255(1)(a)&(b)]

[Act 25 Vetoed Sections: 9255(1)(title)&(1)(a)&(b)]

5. CONSOLIDATION OF EXECUTIVE BRANCH ATTORNEYS AND LEGAL STAFF UNDER DOA [LFB Paper 110]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- 1.10	1.10	0.00
FED	- 1.60	1.60	0.00
PR	<u>- 0.30</u>	<u>0.30</u>	<u>0.00</u>
Total	- 3.00	3.00	0.00

Governor: Delete 3.0 positions (1.1 GPR, 0.3 PR, and 1.6 FED) annually to reflect the consolidation of the agency's attorneys and legal staff under DOA, effective January 1, 2006. Reallocate \$159,100 (\$47,000 GPR, \$18,000 PR, and \$94,100 FED) in 2005-06 and \$319,700 (\$93,800 GPR, \$35,900 PR, and \$190,000 FED) in 2006-07 from budgeted salaries and fringe benefits to the agency's supplies and services budget to pay for legal services supplied by DOA. Under the Governor's recommendation, 1.0 (0.4 GPR and 0.6 FED) existing classified attorney position and associated base level funding would be retained in DPI. The Secretary of DOA would be authorized to designate this attorney position as DPI's lead attorney.

Specify that all transferred attorneys and legal staff would have the same rights and status as in the agency in which they originated. Specify that attorneys and legal staff that have

obtained permanent status would not have to undergo a probationary period in DOA. Provide that all equipment, supplies, and furniture related to the duties of the transferred employees, as specified by the Secretary of DOA, must be transferred to DOA on January 1, 2006. [See "Administration -- Transfers to the Department."]

Joint Finance: Delete provision. Direct the Secretary of DOA to delete 13.0 FTE executive branch agency attorney positions, other than attorney positions at the University of Wisconsin System, that become vacant before June 30, 2007, and lapse or transfer at least \$724,900 from associated non-FED salary and fringe benefits amounts to the general fund in 2006-07. If fewer than 13.0 FTE agency attorney positions are vacant on June 30, 2007, authorize the Secretary of DOA to delete sufficient additional state agency attorney positions, other than at the University of Wisconsin System, to ensure the elimination of a total of 13.0 FTE state agency attorney positions.

Senate/Legislature: Add the Department of Employee Trust Funds and the Investment Board to the executive branch agencies that would be exempted from the attorney position deletion and lapse or transfer of funds requirements.

Vetoed by Governor [A-4, E-1, and E-5]: Delete: (a) the specific requirement that the Secretary of DOA lapse or transfer \$724,900 from non-FED salary and fringe benefits amounts related to the net reduction of 13.0 FTE executive branch attorney positions in 2006-07; and (b) the University of Wisconsin System from the enumeration of executive branch state agencies that would be exempt from any reduction of attorney positions. The Governor's veto message indicates that the Secretary of DOA would lapse \$724,900 as part of a larger lapse or transfer requirement totaling \$71,234,500.

[Act 25 Sections: 9155(1w)&(2)]

[Act 25 Vetoed Sections: 9155(1w)&(2)]

6. PROCUREMENT AND PURCHASING SERVICES CONSOLIDATION [LFB Paper 112]

	Positions
GPR	- 2.00
FED	<u>- 1.00</u>
Total	- 3.00

Governor/Legislature: Reallocate \$181,600 (\$111,400 GPR and \$70,200 FED) from salaries and fringe benefits to unallotted reserve and delete 3.00 positions (2.00 GPR and 1.00 FED) in 2006-07 associated with the consolidation of procurement and purchasing services functions in the Department of Administration. [See "Administration -- Transfers to the Department."]

7. INFORMATION TECHNOLOGY SERVER AND NETWORK CONSOLIDATION [LFB Paper 111]

	Positions
FED	- 0.05
PR	<u>- 0.83</u>
Total	- 0.88

Governor/Legislature: Reallocate \$69,700 PR from salaries and fringe benefits to unallotted reserve and delete 0.88 positions (0.83 PR

and 0.05 FED) in 2006-07 associated with the consolidation of information technology server and network infrastructure support in the Department of Administration. [See "Administration -- Transfers to the Department."]

8. PROGRAM REVENUE REESTIMATES

PR	\$1,739,100
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Governor/Legislature: Reestimate PR expenditures by \$885,200 in 2005-06 and \$853,900 in 2006-07, including: (a) student activity therapy (-\$3,000 annually); (b) personnel certification, teacher supply and improvement (\$60,700 in 2005-06 and -\$201,100 in 2006-07); (c) publications (\$79,300 in 2005-06 and -\$54,300 in 2006-07); (d) professional services center charges (-\$25,000 annually); (e) gifts, grants, and trust funds (\$400,000 in 2005-06 and \$600,000 in 2006-07); (f) general educational development and high school graduation equivalency (-\$51,600 annually); (g) funds transferred from other state agencies -- program operation (\$86,300 in 2005-06 and \$71,200 in 2006-07); (h) pupil transportation for residential schools (\$22,000 in 2005-06 and \$47,000 in 2006-07); (i) state-owned housing maintenance (-\$3,100 in 2005-06 and -\$7,500 in 2006-07); and (j) funds transferred from other state agencies -- local aids (\$478,200 annually).

9. FEDERAL REVENUE REESTIMATES

FED	\$90,377,700
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Governor/Legislature: Reestimate federal revenues by \$43,767,200 in 2005-06 and \$46,610,500 in 2006-07, including: (a) federal aids -- program operations (-\$2,851,000 in 2005-06 and -\$3,200,000 in 2006-07); (b) indirect cost reimbursements (-\$211,800 in 2005-06 and -\$157,600 in 2006-07); (c) federal aids -- local aid (\$41,610,700 in 2005-06 and \$44,748,800 in 2006-07); (d) federal funds -- local assistance (\$177,900 annually); and (e) federal funds -- individuals and organizations (\$5,041,400 annually). Federal aids are received under such programs as Title I of the No Child Left Behind Act and the Individuals with Disabilities Education Act.

10. FEDERAL REVENUE ADMINISTRATIVE FUNDING

Joint Finance/Legislature: Require DPI to submit each proposal for the expenditure of federal administrative funds for federal programs for approval under a 14-day passive review by the Joint Committee on Finance beginning July 1, 2006.

Veto by Governor [A-10]: Delete provision.

[Act 25 Vetoed Sections: 1856f and 9437(3v)]

11. PUBLIC LIBRARY SYSTEM AID [LFB Paper 630]

GPR	- \$2,187,400
SEG	4,223,800
Total	\$2,036,400

Governor/Legislature: Reduce public library system aid by -\$1,400,000 GPR in 2005-06 and -\$787,400 GPR in 2006-07 from base level funding of \$12,084,800 GPR. Provide \$2,111,900 SEG annually above base level funding of

\$2,111,900 SEG to increase public library system aid. The segregated revenue is from the universal service fund, which receives its funding through assessments on annual gross operating revenues from intrastate telecommunications providers. The proposed funding under the bill, compared to the adjusted base, is shown in the following table:

	2004-05	<u>Governor's Recommendation</u>	
	<u>Adjusted Base</u>	<u>2005-06</u>	<u>2006-07</u>
GPR	\$12,084,800	\$10,684,800	\$11,297,400
SEG	<u>2,111,900</u>	<u>4,223,800</u>	<u>4,223,800</u>
Total	\$14,196,700	\$14,908,600	\$15,521,200
Change to Prior Year (All Funds)			
Amount		\$711,900	\$612,600
Percent		5.0%	4.1%

12. BADGERLINK FUNDING

SEG	\$136,000
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Governor/Legislature: Provide \$49,000 in 2005-06 and \$87,000 in 2006-07 above base level funding of \$1,943,500 for full-text database services for libraries. The administration indicates that this funding would continue the current level of services. Funding for the program is provided through the segregated universal service fund, which receives its funding through assessments on annual gross operating revenues from intrastate telecommunications providers.

13. NATIONAL TEACHER CERTIFICATION REESTIMATE [LFB Paper 631]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$497,500	- \$45,000	\$452,500

Governor: Provide \$155,000 in 2005-06 and \$342,500 in 2006-07 above base level funding of \$625,000 to fund the estimated costs of these grants to teachers.

Under this current program, DPI provides initial grants in an amount equal to the costs of obtaining the certification that are not supported through other funding sources, up to a maximum of \$2,000, to teachers certified by the National Board for Professional Teaching Standards. For nine consecutive years following the initial grant, DPI awards grants of \$2,500 yearly to eligible teachers. DPI estimates there will be 75 newly-certified teachers in 2005-06 and 2006-07 with average first year grants of \$1,200. DPI estimates there will be 276 continuing teachers in 2005-06 and 351 in 2006-07.

Joint Finance/Legislature: Reduce funding by \$22,500 annually as a reestimate of the costs of the program.

14. GRANTS FOR MASTER EDUCATORS [LFB Paper 631]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$122,500	-\$122,500	\$0

Governor: Provide \$30,000 in 2005-06 and \$92,500 in 2006-07 and authorize DPI to expand the national teacher certification program to provide grants to persons receiving master educator licenses under Chapter PI 34 of the Administrative Code. Grant amounts would be equal to those awarded under the current law program, up to \$2,000 in the first year and \$2,500 annually thereafter for nine years. Under PI 34, persons receiving certification from the National Board of Professional Teaching Standards will also be awarded master educator licenses by the state.

Modify current law eligibility requirements for these grants to apply to persons who are employed in a position that requires a license issued by the State Superintendent or that would require such a license if the position were in a public school, rather than only to teachers as under current law.

Under current law, in order to receive an initial grant under this program, a person must meet all of the following requirements: (a) be certified by the National Board for Professional Teaching Standards; and (b) be licensed as a teacher by the State Superintendent and be employed as a teacher in Wisconsin or be employed as a teacher in a private school in Wisconsin. In order to receive the additional nine years of continuing grants, a person must: (a) maintain his or her National Board Certification; and (b) maintain his or her license as a teacher by the State Superintendent and remain employed as a teacher in Wisconsin, or remain employed as a teacher in a private school in Wisconsin.

Joint Finance/Legislature: Delete provision.

15. KNOWLEDGE AND CONCEPTS EXAM

GPR	\$296,000
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Governor/Legislature: Provide \$148,000 annually above base level funding of \$2,962,700 for pupil assessments to continue to contract for and administer the Wisconsin knowledge and concepts examinations in grades four, eight, and ten.

16. ENGLISH LANGUAGE PROFICIENCY ASSESSMENT CONSORTIUM

Governor/Legislature: Authorize DPI to assist in the establishment of, and participate in, a consortium of state education agencies organized to obtain public and private funds to be used to purchase an English language proficiency assessment system.

[Act 25 Section: 1857]

17. FUEL AND UTILITY REESTIMATE

GPR	\$266,700
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Governor/Legislature: Provide \$124,400 in 2005-06 and \$142,300 in 2006-07 to reflect estimated costs for fuel and utilities. Base level funding is \$377,500.

18. DEBT SERVICE REESTIMATE [LFB Paper 184]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$78,400	\$50,100	\$128,500

Governor: Reestimate debt service payments by \$111,400 in 2005-06 and -\$33,000 in 2006-07. Base level funding is \$1,207,200.

Joint Finance/Legislature: Reestimate debt service payments by \$12,100 in 2005-06 and \$38,000 in 2006-07.

19. WISCONSIN CENTER FOR THE BLIND AND VISUALLY IMPAIRED

GPR	\$82,800
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Governor/Legislature: Provide \$41,400 annually for the Wisconsin Center for the Blind and Visually Impaired in Janesville. Funding would be provided for the following: (a) \$9,000 annually for stipends for teachers presenting at teacher training workshops for visually impaired students; (b) \$10,000 annually for a state conference on issues relevant to teaching visually impaired pupils; and (c) \$22,400 annually for eight to 10 regional clinics for evaluation of visually impaired pupils and making recommendations for appropriate assistive technology.

20. WISCONSIN EDUCATIONAL SERVICES PROGRAM FOR THE DEAF AND HARD OF HEARING

GPR	\$80,000
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Governor/Legislature: Provide \$40,000 annually for the Wisconsin Educational Services Program for the Deaf and Hard of Hearing in Delavan. Funding would be provided for salaries, training and travel costs related to evaluation services, professional development, and technical assistance provided to school districts statewide.

21. SALE OF STATE-OWNED POWER PLANTS

	Positions
GPR	- 10.00

Joint Finance/Legislature: Require the sale of DPI-owned power plants at the residential schools in Janesville and Delavan, or require DOA to contract with a private entity for the operation of such facilities. Delete 10.0 GPR positions on April 1, 2007, associated with the operation of DPI-owned power plants. Direct the

Department of Administration to transfer the budgeted salary and fringe benefits amounts associated with the deleted positions to unallotted reserve to fund agency costs relating to the provision of utility services.

Veto by Governor [E-6]: The Governor's partial veto deletes these provisions other than the elimination of 10.0 positions on April 1, 2007, which could not be restored through the exercise of the Governor's veto authority. The Governor's veto message indicates that the Secretary of DOA has been directed to pursue the restoration of these positions through procedures authorized under current law.

[Act 25 Vetoed Sections: 16m, 16n, 83m, 85g, 85r thru 87L, 163m, 167m, 172m 193m, 286m, 288m, 364c, 384t, 413m, 795f, 9101(10v), and 9455(3w)]

22. REPEAL OF STATE-OWNED HOUSING APPROPRIATION

Governor/Legislature: Repeal the appropriation for state-owned housing maintenance, which receives all moneys received by DPI from rentals of state-owned housing, effective July 1, 2006. The home on the residential school campus in Janesville was formerly rented to the superintendent or other administrator, but is no longer used for this purpose, and instead will be used for pupil instruction.

[Act 25 Sections: 172, 174, and 9437(1)]

23. ADULT LITERACY GRANTS [LFB Paper 632]

GPR	\$100,000
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Governor: Provide \$100,000 in 2005-06 and create an appropriation for adult literacy grants to nonprofit organizations to support programs that train community-based adult literacy staff and to establish new volunteer-based programs in areas of the state that have a demonstrated need for adult literacy services. Specify that no monies could be expended after June 30, 2006. Provide that grants could not exceed \$25,000, and no organization could receive more than one grant.

Joint Finance/Legislature: Modify provision to shift \$50,000 from 2005-06 to 2006-07 for adult literacy grants, delete the proposed sunset on the program, specify that grants could not exceed \$10,000, and provide that no organization could receive more than one grant in a fiscal year.

[Act 25 Sections: 192 and 1856m]

24. GRANT TO BELOIT COLLEGE [LFB Paper 616]

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

Governor: Provide \$50,000 annually for a grant to Beloit College to educate children and adults in southern Wisconsin about Native American cultures. Funding for this item would be transferred from tribal gaming revenues. Specify that any unencumbered balance on June 30 of each year would revert to the Indian gaming receipts appropriation.

Joint Finance/Legislature: Delete provision.

25. WEB-BASED ONLINE TEACHER LICENSING

PR	\$70,000
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Governor/Legislature: Provide \$70,000 in 2006-07 in the teacher licensing appropriation for the development of an online Wisconsin educator licensing system.

26. STUDY OF ONLINE APPLICATION AND REPORTING SYSTEM FOR THE OPEN ENROLLMENT PROGRAM

Joint Finance/Legislature: Require DPI to submit a report to the Governor and the Joint Committee on Finance by March 1, 2006, on the feasibility and cost of developing and implementing a statewide internet-based application and reporting system for the open enrollment program.

[Act 25 Section: 9137(3m)]

PUBLIC SERVICE COMMISSION

Budget Summary							
Fund	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	2005-07 Legislature	2005-07 Act 25	Act 25 Change Over Base Year Doubled	
						Amount	Percent
FED	\$338,400	\$401,000	\$401,000	\$401,000	\$401,000	\$62,600	18.5%
PR	34,585,800	32,829,900	32,829,900	32,829,900	32,829,900	- 1,755,900	- 5.1
SEG	<u>18,052,800</u>	<u>18,052,800</u>	<u>18,052,800</u>	<u>18,052,800</u>	<u>18,052,800</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$52,977,000	\$51,283,700	\$51,283,700	\$51,283,700	\$51,283,700	-\$1,693,300	- 3.2%

FTE Position Summary						
Fund	2004-05 Base	2006-07 Governor	2006-07 Jt. Finance	2006-07 Legislature	2006-07 Act 25	Act 25 Change
						Over 2004-05 Base
FED	1.00	1.00	1.00	1.00	1.00	0.00
PR	<u>179.50</u>	<u>157.00</u>	<u>157.00</u>	<u>157.00</u>	<u>157.00</u>	<u>- 22.50</u>
TOTAL	180.50	158.00	158.00	158.00	158.00	- 22.50

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide standard budget adjustments to the base budget totaling \$6,300 FED, \$16,700 PR and -1.0 PR position in 2005-06 and \$6,300 FED, -\$77,100 PR and

-1.0 PR position in 2006-07. Adjustments are for: (a) turnover reduction (-\$280,700 PR annually); (b) removal of non-continuing elements from the base (-\$31,300 PR and -1.0 PR position in 2005-06 and -\$125,100 and -1.0 PR position in 2006-07); (c) full funding of continuing salaries and fringe benefits (\$6,300 FED and \$328,700 PR annually); and (d) minor off-setting transfers within the same appropriation.

	Funding Positions	
FED	\$12,600	0.00
PR	<u>- 60,400</u>	<u>- 1.00</u>
Total	-\$47,800	- 1.00

2. BASE BUDGET REDUCTIONS

	Funding	Positions
PR	-\$1,946,800	- 16.00

Governor/Legislature: Delete \$973,400 and 16.0 positions annually from the Commission's state operations appropriations for general program operations and for the regulation of holding companies and nonutility affiliates. Salary and fringe benefits funding and the associated position authority would be deleted in the following functional areas of the Commission: (a) Office of the Commissioners (-\$285,100 and -3.5 positions annually); (b) administrative services (-\$328,000 and -6.5 positions annually); (c) water regulation and consumer affairs (-\$180,900 and -3.0 positions annually); (d) telecommunications regulation (-\$34,700 and -1.0 position annually); (e) gas and electric regulation (-\$68,300 and -1.0 position annually); and (f) holding company regulation (-\$76,400 and -1.0 position annually).

3. INTERN FUNDING

PR	\$159,000
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Governor/Legislature: Provide \$79,500 annually for additional intern staffing at the Commission, as follows: (a) \$64,000 annually of supplies and services funding to permit the agency to contract with the University of Wisconsin for four interns annually with expertise in engineering and economics; and (b) \$15,500 annually of LTE salary funding to permit the agency to double the number of summer interns hired each year under the state's Summer Affirmative Action Intern Program. Currently, the Commission contracts with the University of Wisconsin for a law student intern and hires two interns each summer under the Summer Affirmative Action Intern Program.

4. REGULATORY MODELING SOFTWARE

PR	\$92,300
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Governor/Legislature: Provide \$50,600 in 2005-06 and \$ 41,700 in 2006-07 for the following regulatory modeling software: (a) a set of electric generation and transmission forecasting models used to analyze state and regional electric generation and transmission system reliability, resource adequacy, facility expansion plans, and price and supply forecasts (one-time costs of \$6,000 in 2005-06 for the purchase of the models and ongoing costs of \$36,500 in 2005-06 and \$37,600 in 2006-07 for licensing and annual training); and (b) an electric cost-of-service model used to estimate the revenues that should be paid by various classes of electric utility customers based on the services provided (one-time costs of \$5,000 in 2005-06 for the purchase of the model and ongoing costs of \$3,100 in 2005-06 and \$4,100 in 2006-07 for licensing).

5. FEDERAL INDIRECT COST REESTIMATE

FED	\$50,000
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Governor/Legislature: Reestimate federal revenues by \$25,000 annually for increased federal indirect cost reimbursement expenditures. These federal funds reimburse the agency

for its indirect costs of administration of the natural gas pipeline safety federal grant. The base level estimate of federal indirect cost revenues is \$25,000 annually.

6. HUMAN RESOURCES AND PAYROLL BENEFITS SERVICES CONSOLIDATION [LFB Paper 112]

	Positions
PR	- 3.00

Governor/Legislature: Reallocate \$252,000 from salaries and fringe benefits to unallotted reserve and delete 3.0 positions in 2006-07 associated with the consolidation of human resources and payroll benefits functions in the Department of Administration. [See "Administration -- Transfers to the Department."]

7. INFORMATION TECHNOLOGY SERVER AND NETWORK CONSOLIDATION [LFB Paper 111]

	Positions
PR	- 2.50

Governor/Legislature: Reallocate \$219,400 from salaries and fringe benefits to unallotted reserve and delete 2.5 positions in 2006-07 associated with the consolidation of information technology server and network infrastructure support in the Department of Administration. [See "Administration -- Transfers to the Department."]

8. TELECOMMUNICATION UTILITY LATE FEES [LFB Paper 640]

Governor: Authorize a telecommunications utility (generally, an entity that provides local calling service to consumers, except on a resale basis) to impose a maximum late payment charge on a retail customer of not more than 1.5% of the unpaid overdue amount each month, computed on the declining principal balance. Provide the following two exceptions to the maximum late payment charge allowed: (a) authorize a telecommunications utility to impose a late payment fee that does not exceed \$5 per month on the overdue amounts owed by nonresidential customers where the computed monthly late payment amount is less than \$5; and (b) authorize the PSC to approve late payment fees in excess of either 1.5% of the unpaid overdue amount each month or \$5 per month on the overdue amounts owed by nonresidential customers where the computed monthly late payment amount is less than \$5, if the additional late fee would be consistent with current statutory guidelines establishing the Commission's role in ensuring reasonable and just telecommunication charges. Under current law, these factors include impact on the quality of life for the public and the promotion of: (a) competition; (b) consumer choice; (c) universal service; (d) economic development; (e) efficiency and productivity; and (f) telecommunications services in geographic areas with diverse income and racial populations.

Require any telecommunications utility that collects late fees from nonresidential customers to remit 5% of those amounts on a semiannual basis to the PSC. Provide that these payments would be due no later than 60 days after the conclusion of each semiannual period, first effective with the conclusion of the semiannual period that begins on the effective date of

the biennial budget act. Specify that the Commission would not have jurisdiction over late payment charges other than to enforce these semiannual payments. Authorize the Commission to credit all such payments received to a new PR continuing late payment charges appropriation to fund those consumer education purposes as determined by the PSC. No estimated expenditure authority is included under the new appropriation. In addition, no estimate of the revenues to be generated by the provision is provided.

Under current Commission rules [PSC 165.05], no late payment charges may be collected by telecommunications utilities. Furthermore, PSC 165.01(3) requires telecommunications utilities to comply with the standards of service requirements of PSC 165 "except insofar as an exception may be made by the Commission..." In the case of SBC Wisconsin, the Commission has made an exception with respect to authorizing the utility to collect late payment charges. Under a pilot program, which dates from December of 1996, the utility has been authorized to assess late charges of 1%. Continuation of this 1% rate and a further extension of the pilot program were recently approved in a January 7, 2005, order of the Commission.

SBC Wisconsin indicates that last year the utility collected approximately \$700,000 in late payment charges from its nonresidential customers under the currently authorized 1% rate. If the rate had been 1.5% in that year (further subject to a \$5 minimum monthly charge on any affected nonresidential customer) and SBC had chosen to implement these provisions, annual late payment charges would have been approximately \$1.7 million. Five percent of this amount is approximately \$85,000. The actual amounts remitted to the state would depend upon the implementation of the higher charges authorized under the bill and the number of telecommunications utilities in the state that would act to impose the late payment charges.

Joint Finance/Legislature: Delete the requirement that telecommunications utilities remit 5% of late fees from nonresidential customers to the PSC for consumer education purposes and the PR continuing late payment charges appropriation created under the PSC to receive these payments.

[Act 25 Section: 2098]

9. IDENTIFICATION OF UNIVERSAL SERVICE FUND ASSESSMENTS

Joint Finance/Legislature: Require a telecommunications utility that adjusts rates to recover some or all of its assessments relating to non-PSC programs for the state Universal Service Fund to itemize on customers' telecommunications services bills a single amount representing the total adjustment. Require the PSC to supply the telecommunications utility with the information necessary to make this itemization.

[Act 25 Sections: 2097q and 2097r]

10. COMMISSION REVIEW OF THE SALE OF STATE-OWNED POWER PLANTS AND WASTEWATER TREATMENT FACILITIES

Joint Finance/Legislature: Stipulate that PSC approval relating to extensions, improvements, additions, sales, or acquisitions under ss. 196.49 and 196.80 of the statutes would not be required with respect to the sale of any state-owned power plant or wastewater treatment facility to a regulated utility.

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

[Act 25 Vetoed Section: 87d]

REGULATION AND LICENSING

Budget Summary							
Fund	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	2005-07 Legislature	2005-07 Act 25	Act 25 Change Over Base Year Doubled Amount	Percent
PR	\$23,451,600	\$22,276,700	\$22,095,700	\$22,095,700	\$22,095,700	-\$1,355,900	- 5.8%

FTE Position Summary						
Fund	2004-05 Base	2006-07 Governor	2006-07 Jt. Finance	2006-07 Legislature	2006-07 Act 25	Act 25 Change Over 2004-05 Base
PR	126.00	83.32	112.32	112.32	112.32	- 13.68

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	-\$73,000
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Governor/Legislature: Provide standard budget adjustments to the base budget totaling -\$36,500 annually. Adjustments are for: (a) turnover reduction (-\$166,800 annually); and (b) full funding of continuing salaries and fringe benefits (\$130,300 annually).

2. BASE BUDGET REDUCTIONS AND LAPSE FROM PROGRAM REVENUE BALANCES [LFB Papers 645 and 650]

	Governor (Chg. to Base) Funding Positions		Jt. Finance/Leg. (Chg. to Gov) Funding Positions		Net Change Funding Positions	
GPR-REV	\$1,668,700		\$600,000		\$2,268,700	
PR	-\$1,668,700	- 11.85	\$0	0.00	-\$1,668,700	- 11.85

Governor: Delete \$797,000 and 11.85 positions in 2005-06 and \$871,700 and 11.85 positions in 2006-07 from the agency's general program operations appropriation. Reductions would be applied to salaries and fringe benefits (-\$739,800 in 2005-06 and -\$740,600 in 2006-07) and associated position authority and to supplies and services (-\$57,200 in 2005-06 and -\$131,100 in 2006-07).

Require the Secretary of DOA to lapse \$797,000 in 2005-06 and \$871,700 in 2006-07 to the general fund from the available PR balances in the general program operations appropriation of the Department of Regulation and Licensing (R&L). These amounts would be generated from the base budget reductions described above.

Joint Finance/Legislature: Restore \$152,700 in 2005-06 and \$207,700 in 2006-07 and 1.0 position annually to the Department's general program operations appropriation, and delete comparable amounts and position authority from the agency's examinations general program operations appropriation to correctly reflect the Governor's intent in applying the base level reductions.

Direct an additional lapse of \$3,084,600 in 2005-06 and \$1,790,300 in 2006-07 from the available PR balances in the agency's general program operations appropriation and reestimate GPR-Earned amounts for the Department by \$600,000 in 2005-06. These lapses would have the effect of offsetting projected agency revenues included in the bill of \$2,484,600 in 2005-06 and \$1,790,300 in 2006-07 that will not actually be realized. These shortfalls are largely attributable to required lapse amounts for the 2003-05 biennium that were not subsequently removed from the Governor's estimate of agency revenues for the 2005-07 biennium. The provision adopted by Joint Finance also includes additional lapses totaling \$600,000. Following these directed lapses, it is estimated that a balance of \$832,700 will remain in the agency's general program operations appropriation account at the end of the 2006-07 fiscal year.

Veto by Governor [E-1]: Delete the specific lapse amount for this agency as required under the bill as passed by the Legislature. Instead, by partial veto, create a general non-statutory provision directing the Secretary of DOA to make lapses from unspecified appropriation accounts to the general fund that total \$71,234,800. The Governor's veto message indicates his intent that the Secretary is to achieve this overall lapse amount by including a lapse of monies from R&L to the general fund in an amount equal to the lapse amounts specified for this agency in the budget bill as passed by the Legislature.

[Act 25 Sections: 9255(1)(a)&(b)]

[Act 25 Vetoed Sections: 9255(1)(title)and (1)(a)&(b)]

3. DATABASE INTEGRATION FUNDING [LFB Paper 646]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$548,400	-\$278,400	\$270,000

Governor: Provide increased expenditure authority of \$194,200 in 2005-06 and \$354,200 in 2006-07 to undertake a variety of IT projects designed to integrate the agency's existing stand-alone databases and applications.

Joint Finance/Legislature: Provide an additional \$75,800 in 2005-06 but delete all funding of \$354,200 in 2006-07 for the Department's IT proposal to integrate various databases. Provide \$250,000 in 2006-07 under the Joint Committee on Finance's PR supplemental appropriation for possible future release to the agency once it has shown that the project can be completed on schedule and within budget. Specify that the data integration funding would be provided on a one-time basis.

4. CONSOLIDATION OF EXECUTIVE BRANCH ATTORNEYS AND LEGAL STAFF UNDER DOA [LFB Paper 110]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	- 28.00	28.00	0.00

Governor: Delete 29.0 positions annually to reflect the consolidation of the agency's attorneys and legal staff under DOA, effective January 1, 2006. Reallocate \$1,265,200 in 2005-06 and \$2,530,100 in 2006-07 from budgeted salaries and fringe benefits to the agency's supplies and services budget to pay for legal services supplied by DOA. Authorize the Secretary of DOA to identify one attorney position in R&L as general counsel for the agency and authorize 1.0 unclassified position for this purpose. The general counsel position would be funded from base level salary and fringe benefits amounts associated with the position identified by the Secretary of DOA.

Specify that all transferred attorneys and legal staff would have the same rights and status as in the agency in which they originated. Specify that attorneys and legal staff that have obtained permanent status would not have to undergo a probationary period in DOA. Provide that all equipment, supplies, and furniture related to the duties of the transferred employees, as specified by the Secretary of DOA, must be transferred to DOA on January 1, 2006. [See "Administration -- Transfers to the Department."]

Joint Finance: Delete provision. Direct the Secretary of DOA to delete 13.0 FTE executive branch agency attorney positions, other than attorney positions at the University of Wisconsin System, that become vacant before June 30, 2007, and lapse or transfer at least \$724,900 from associated non-FED salary and fringe benefits amounts to the general fund in 2006-07. If fewer

than 13.0 FTE agency attorney positions are vacant on June 30, 2007, authorize the Secretary of DOA to delete sufficient additional state agency attorney positions, other than at the University of Wisconsin System, to ensure the elimination of a total of 13.0 FTE state agency attorney positions.

Senate/Legislature: Add the Department of Employee Trust Funds and the Investment Board to the executive branch agencies that would be exempt from the attorney position deletion and lapse or transfer of funds requirements.

Vetoed by Governor [A-4, E-1, and E-5]: Delete: (a) the specific requirement that the Secretary of DOA lapse or transfer \$724,900 from non-FED salary and fringe benefits amounts related to the net reduction of 13.0 FTE executive branch attorney positions in 2006-07; and (b) the University of Wisconsin System from the enumeration of executive branch state agencies that would be exempt from any reduction of attorney positions. The Governor's veto message indicates that the Secretary of DOA would lapse \$724,900 as part of a larger lapse or transfer requirement totaling \$71,234,500.

[Act 25 Sections: 9155(1w)&(2)]

[Act 25 Vetoed Sections: 9155(1w)&(2)]

5. HUMAN RESOURCES AND PAYROLL BENEFITS SERVICES CONSOLIDATION [LFB Paper 112]

	Positions
PR	- 2.00

Governor/Legislature: Reallocate \$152,600 from salaries and fringe benefits to supplies and services and delete 2.0 positions in 2006-07 associated with the consolidation of human resources and payroll benefits functions in the Department of Administration. [See "Administration --Transfers to the Department."]

6. INFORMATION TECHNOLOGY SERVER AND NETWORK CONSOLIDATION [LFB Paper 111]

	Positions
PR	- 0.83

Governor/Joint Finance: Reallocate \$68,500 from salaries, fringe benefits, and supplies and services to unallotted reserve and delete 0.83 position in 2006-07 associated with the consolidation of information technology server and network infrastructure support in the Department of Administration. [See "Administration -- Transfers to the Department."]

7. TRANSFER SANITARIAN REGISTRATION FROM DHFS [LFB Paper 647]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	\$0	\$3,100	\$3,100
PR-REV	0	27,900	27,900
PR	\$18,400	\$0	\$18,400

Governor: Provide \$11,400 in 2005-06 and \$7,000 in 2006-07 for administrative and enforcement costs related to the transfer of the registration of sanitarians from the Department of Health and Family Services (DHFS) to R&L on the general effective date of the biennial budget act.

Transfer of DHFS Regulatory Duties. Recodify current statutory provisions regulating sanitarians from Chapter 250 of the statutes (relating to the administration and supervision of the public health function by DHFS) to a new subchapter VI in Chapter 440 of the statutes administered by R&L. Professions credentialed under Chapter 440 of the statutes are generally subject to direct regulation by the Secretary of R&L, rather than by a credentialing board.

Transfer to R&L the current law treatments of: (a) the definition of a sanitarians; (b) the qualifications for registration; (c) the authority of agencies of the state to employ registered sanitarians; (d) the standards governing the reciprocal licensure of sanitarians from other states; (e) the ability of the agency to revoke registration (because of misconduct, negligence or incompetence; the failure to pay child support; or due to a tax delinquency) or to otherwise reprimand a sanitarian; and (f) the ability of the agency to extend the registration of a sanitarian on active military duty.

Under current law, a sanitarian is an individual, who through training, experience or knowledge of the prevention and control of preventable diseases, is capable of applying environmental control measures to protect human health, safety and welfare. Persons meeting minimum standards established by rule for a sanitarian may be registered as such.

Currently, R&L issues three types of credentials. Generally, licenses are the most restrictive form of credential and typically include an examination, specialized education and work experience requirement. Certificates are less restrictive and typically require an examination to show that the individual has met predetermined qualifications for the profession. Registration is the least restrictive form of credentialing. Generally, individuals may register by filing their name and address with R&L and paying the appropriate fee. A person may use a title related to being a "registered" professional only if the individual is officially registered with R&L.

Investigations. Authorize R&L to investigate whether an applicant for sanitarian registration has been charged or convicted of a crime. Under current law, this type of authority is granted to the Department for each of the regulated professions.

Forfeitures. Delete a provision prohibiting a person without a sanitarian registration from appending "R.S." [implying that the individual is a registered sanitarian] to his or her name, subject to a penalty of up to \$100 or six months of imprisonment. Specify instead that R&L may assess a forfeiture of not less than \$100 nor more than \$1,000 for fraudulently or deceitfully obtaining a registration or for unprofessional conduct, incompetence, or professional negligence.

Initial and Renewal Fees. Increase the initial registration fee for a sanitarian from \$25 for a two-year period to \$53. Under current law, R&L's initial fees are established at \$53 for most of the regulated professions. Under the bill, the Governor proposes creating an exception to the standard fees charged by the Department (presumably including the initial fee), but only references the fact that the biennial certificate of registration would expire on December 31 of each odd-numbered year. Consequently, the current law \$53 initial fee would not be excepted and would apply to those sanitarians first applying for registration.

Create a biennial renewal fee for currently registered sanitarians of \$25 and specify that a registered sanitarian would have to renew his or her credential by December 16 of each even-numbered year. Currently, sanitarians pay a biennial renewal fee of \$25. Under current law, R&L is required to establish initial and renewal fees on a biennial basis in an amount sufficient to recover the costs related to regulation of each profession or occupation regulated. Initial fees are set at an amount related to the shared administrative costs attributable to new credential holders, such as the costs of processing applications and determining eligibility. Renewal fees include costs related to the shared administration of renewal applications (\$53 is the basic renewal fee for most professions), but also include a variable portion related to the costs of enforcing each type of credential. This variable portion may add from \$0 to \$290 to the biennial cost of a credential for a profession.

As drafted, the bill has conflicting provisions with respect to the duration of a sanitarian's credential. In one reference, the certificates of registration expire on December 31 of odd-numbered years. The credential renewal provision references December 16 of even-numbered years. Further, in a separate recommendation [see Item #9], the Governor proposes changing the renewal dates for 20 different professions to December 15 (rather than December 16) of odd- and even-numbered years.

Failure to Pay. Specify that sanitarians would be included under the Department's current law authority to cancel a credential if a payment made by check, debit, or credit is not paid by the financial institution backing the form of payment.

Transitional Provisions. Specify that all individuals that have registered as sanitarians with DHFS would be registered with R&L on the effective date of the provision. Specify that all administrative rules or orders adopted by DHFS regarding sanitarian registration would remain in effect until the rules are scheduled to expire or until amended by R&L. Specify that all assets and liabilities, tangible personal property, contractual obligations, and pending matters of DHFS related to registration of sanitarians, as determined by the Secretary of DOA, would be transferred to R&L on the general effective date of the biennial budget act.

Fiscal Implications. There are currently, 481 sanitarians registered with DHFS. Assuming biennial credential renewals in December of even-numbered years, initial and renewal fee revenues are projected at \$1,700 (\$200 GPR-Earned and \$1,500 PR-REV) in 2005-06 and \$12,100 (\$1,100 GPR-Earned and \$11,000 PR-REV) in 2006-07. In addition, a current examination fee of \$90 is charged to new registrants. These fees would generate an additional \$2,900 (\$300 GPR-Earned and \$2,600 PR-REV) annually. The bill does not reflect these revenue changes.

Joint Finance/Legislature: Provide a \$53 initial and renewal fee for sanitarian registrations, and establish a credential renewal date of January 1 of each even-numbered year. Reestimate agency revenues by \$26,600 (\$2,700 GPR-REV and \$23,900 PR-REV) in 2005-06 and \$4,400 (\$400 GPR-REV and \$4,000 PR-REV) in 2006-07.

[Act 25 Sections: 490, 1205, 1459, 2120 thru 2130, 2285, 2327, 2336 thru 2337, 9121(2), and 9321(3)]

8. REPEAL THE AUTHORITY OF THE EDUCATIONAL APPROVAL BOARD TO MAKE CERTAIN DETERMINATIONS RELATING TO THE CERTIFICATION OF MASSAGE THERAPISTS AND BODYWORKERS [LFB Paper 648]

Governor: Eliminate the role of the Educational Approval Board (EAB) in making determinations (other than approving schools of massage therapy and bodywork) with respect to the eligibility of certain individuals for certification as massage therapists or bodyworkers and transfer these to responsibilities to the Department of Regulation and Licensing.

Current Authority of the Department. Under current law, most massage therapists and bodyworkers are regulated by R&L under Chapter 460 of the statutes. The Department may certify a person as a massage therapist or bodyworker if the individual meets all of the following requirements: (a) is at least 18 years old; (b) has a high school diploma or equivalent; (c) has completed an application for certificate with the Department; (d) has paid the required fees; (e) has graduated from a school of massage therapy or bodywork approved by the EAB; (f) has completed required coursework on the state laws and regulations governing massage therapy and bodywork; (g) has passed an examination prepared by the National Certification Board of Therapeutic Massage and Bodywork; (h) submits evidence of liability insurance coverage of at least \$1,000,000; and (i) has not been convicted of a state or federal crime related to obscenity or prostitution.

Current Authority of the EAB. An exception to these certification procedures is provided between March 1, 2003, and March 31, 2005, for persons who were already engaged in massage therapy or bodywork at the time the profession was first regulated by 2001 Wisconsin Act 74. During this period, the Department must certify a person as a massage therapist or bodyworker if the agency is notified by the EAB that the Board has determined that the individual meets all of the following requirements: (a) is at least 18 years old; (b) has a high school diploma or equivalent; (c) is actively engaged in the practice of massage therapy or bodywork; (d) submits evidence of liability insurance coverage of at least \$1,000,000; (e) has paid the required fees to

the EAB; (f) has education, training, and experience in massage therapy and bodywork that are substantially equivalent to what is required by R&L; and (g) has not been convicted of a state or federal crime related to obscenity or prostitution.

Beginning April 1, 2005, the exceptions to these certification procedures are modified under current law to include the following additional provisions: (a) during the two-year period after March 1, 2003, the person was actively engaged in the practice of massage therapy or bodywork; and (b) the person attests that he or she was previously unaware of the requirement of Chapter 460 of the statutes relating to the regulation of massage therapists or bodyworkers.

Transfer of EAB's Duties to the Department. Repeal the authority of the EAB to make initial and ongoing determinations relating to the eligibility of individuals to be certified as massage therapists or bodyworkers if such individuals were actively engaged in the profession at the time of its initial regulation. Provide instead that the Department would be required to grant a certificate to an individual that met all current law standards (other than for the requirements relating to graduating from an approved school of massage therapy or bodywork, completing required coursework on the state laws and regulations governing the profession, and passing an examination prepared by the National Certification Board of Therapeutic Massage and Bodywork) if the individual submitted to the agency: (a) information that during the two-year period after March 1, 2003, the individual was actively engaged in the profession; and (b) the individual attests that he or she was previously unaware of the requirement of Chapter 460 of the statutes regulating the profession.

Transitional Provisions. Repeal a PR continuing appropriation under EAB associated with the Board's costs of making certification determinations of massage therapists and bodyworkers, create a comparable appropriation for this purpose under R&L, and specify that the unencumbered balances from the EAB appropriation would be transferred to the new R&L appropriation. Stipulate that all related pending matters, including materials submitted to EAB for pending applications be transferred to R&L on the effective date of the biennial budget act.

Joint Finance/Legislature: Delete the creation of a PR continuing appropriation under the Department for the receipt of funds associated with the costs of making certification determinations of massage therapists and bodyworkers. Provide that all unencumbered balances from the EAB's repealed appropriation for the certification of massage therapists and bodyworkers would instead be transferred to R&L's general program operations appropriation.

[Act 25 Sections: 388d, 2347, 2496, 9153(2), and 9253(1)]

9. MODIFICATIONS TO CERTAIN CREDENTIAL HOLDERS' RENEWAL DATES [LFB Paper 649]

Governor: Provide modifications to the statutory renewal dates for biennial occupational credentials for 47 of the 97 professions and types of businesses licensed by the Department. It is estimated that the proposed modifications would affect approximately 115,600 of the more than 317,900 credential holders in professions and businesses regulated by the Department.

Renewal Dates Shifted from July 1 of Odd-Numbered Years to April 1 of Odd-Numbered Years.
 Request a shift in the renewal date of the following 26 professions or businesses from July 1 of each odd-numbered year to April 1 of each odd-numbered year:

Aesthetician	Electrology School
Aesthetics Establishment	Electrology Specialty School
Aesthetics Instructor	Manicuring Establishment
Aesthetics School	Manicuring Instructor
Aesthetics Specialty School	Manicuring School
Barbering or Cosmetology Establishment	Manicuring Specialty School
Barbering or Cosmetology Instructor	Manicurist
Barbering or Cosmetology Manager	Marriage and Family Therapist
Barbering or Cosmetology School	Professional Counselor
Barber or Cosmetologist	Social Worker
Electrologist	Social Worker (Advanced Practice)
Electrology Establishment	Social Worker (Independent)
Electrology Instructor	Social Worker (Independent Clinical)

It is estimated that 58,200 credential holders would be affected by these changes. Acupuncturists, who also have a credential renewal date of July 1 of odd-numbered years, would not have their renewal date changed under the proposal.

Renewal Dates Shifted from January 1 of Odd-Numbered Years to December 15 of Even-Numbered Years. Provide a shift in the renewal date of the following 11 professions or businesses from January 1 of each odd-numbered year to December 15 of each even-numbered year:

Auction Company	Home Inspector
Auctioneer	Real Estate Broker
Cemetery Authority	Real Estate Business Entity
Cemetery Preneed Seller	Real Estate Salesperson
Cemetery Salesperson	Timeshare Salesperson
Chiropractor	

It is estimated that 34,800 credential holders would be affected by these changes.

Renewal Dates Shifted from January 1 of Even-Numbered Years to December 15 of Even-Numbered Years. Provide a shift in the renewal date of the following nine professions or businesses from January 1 of each even-numbered year to December 15 of each even-numbered year:

Accountant, Certified Public	Real Estate Appraiser (Certified Residential)
Accounting Corporation or Partnership	Real Estate Appraiser (Licensed)
Funeral Director	Veterinarian
Optometrist	Veterinarian Technician
Real Estate Appraiser (Certified General)	

It is estimated that 22,000 credential holders would be affected by these changes.

Renewal Dates Shifted from September 1 of Even-Numbered Years to September 1 of Odd-Numbered Years. Provide a shift in the renewal date for private detective agencies from September 1 of each even-numbered year to September 1 of each odd-numbered year.

It is estimated that nearly 600 credential holders would be affected by this change.

Implementation and Fiscal Considerations. As a result of these recommended modifications, the affected professions or businesses would have changes to their renewal terms during the 2005-07 biennium. Some current credentials would have to be renewed from two weeks to four months earlier, while in one case, a current license would likely be shortened by one year and in nine other cases the renewal date would be extended for nearly a year.

Direct the Department to consider, as part of the 2007-09 biennial budget process, whether to reduce or increase the renewal fees of these occupational and business credentials based on changes to the renewal deadlines in this provision.

The Department indicates that credential renewal payments for renewals occurring at the start of a fiscal year on July 1 are almost invariably received and credited during the preceding fiscal year. Consequently, there would be no projected revenue changes associated with establishing the April 1 renewal dates in that preceding fiscal year. However, the shifting of the renewal date for private detective agencies from September 1 of even-numbered years to September 1 of odd-numbered years would likely have the effect of shifting an estimated \$30,000 of revenue (\$3,000 GPR-Earned and \$27,000 PR-REV) from 2006-07 into 2005-06. Conversely, the shifting of accountants, accounting corporations or partnerships, funeral directors, optometrists, real estate appraisers (various), veterinarians, and veterinarian technicians from January 1 of even-numbered years to December 15 of even-numbered years would shift estimated revenues of \$1,165,000 (\$116,500 GPR-Earned and \$1,048,500 PR-REV) from 2005-06 to 2006-07. The net effect of these date changes would be to shift \$113,500 GPR-Earned and \$1,021,500 PR-REV from 2005-06 to 2006-07. The bill does not reflect these revenue shifts between fiscal years.

Joint Finance/Legislature: Make the following credential renewal date changes: (a) shift the credential renewal date for marriage and family therapists, professional counselors, social workers, advanced practice social workers, independent social workers, and independent clinical social workers from July 1 to March 1 of odd-numbered years; and (b) shift the credential renewal dates for certified public accountants, accountant corporations and partnerships, funeral directors, optometrists, certified real estate appraisers, certified residential real estate appraisers, licensed real estate appraisers, veterinarians, and veterinarian technicians from January 1 of even numbered years to December 15 of odd numbered years. Reestimate agency GPR-Earned by \$3,000 in 2005-06 and -\$3,000 in 2006-07 and PR-REV by \$27,000 in 2005-06 and -\$27,000 in 2006-07 from credential fees. [Revenues would be shifted between fiscal years. There is no net fiscal effect.]

Under these modifications, the following 47 occupations and businesses would have their renewal dates changed.

Renewal Dates Shifted from July 1 of Odd-Numbered Years to April 1 of Odd-Numbered Years.
Move the renewal dates for the following 20 credential types forward three months:

Aesthetician	Electrologist
Aesthetics Establishment	Electrology Establishment
Aesthetics Instructor	Electrology Instructor
Aesthetics School	Electrology School
Aesthetics Specialty School	Electrology Specialty School
Barbering or Cosmetology Establishment	Manicuring Establishment
Barbering or Cosmetology Instructor	Manicuring Instructor
Barbering or Cosmetology Manager	Manicuring School
Barbering or Cosmetology School	Manicuring Specialty School
Barber or Cosmetologist	Manicurist

Renewal Dates Shifted from July 1 of Odd-Numbered Years to March 1 of Odd-Numbered Years.
Move the renewal dates for the following six credential types forward four months:

Marriage and Family Therapist	Social Worker (Advanced Practice)
Professional Counselor	Social Worker (Independent)
Social Worker	Social Worker (Independent Clinical)

Renewal Dates Shifted from January 1 of Odd-Numbered Years to December 15 of Even-Numbered Years. Move the renewal dates for the following 11 credential types forward two weeks:

Auction Company	Home Inspector
Auctioneer	Real Estate Broker
Cemetery Authority	Real Estate Business Entity
Cemetery Preneed Seller	Real Estate Salesperson
Cemetery Salesperson	Timeshare Salesperson
Chiropractor	

Renewal Dates Shifted from September 1 of Even-Numbered Years to September 1 of Odd-Numbered Years. Move the renewal dates for private detective agencies by one-year.

Renewal Dates Shifted from January 1 of Even-Numbered Years to December 15 of Odd-Numbered Years. Move the renewal dates for the following nine credential types forward two weeks:

Accountant, Certified Public	Real Estate Appraiser (Certified Residential)
Accounting Corporation or Partnership	Real Estate Appraiser (Licensed)
Funeral Director	Veterinarian
Optometrist	Veterinarian Technician
Real Estate Appraiser (Certified General)	

[Act 25 Sections: 2287 thru 2293, 2294 thru 2296, 2297 thru 2326, 2328 thru 2334, and 9140(1)]

10. INITIAL AND RENEWAL CREDENTIAL FEE STRUCTURE [LFB Paper 651]

Joint Finance/Legislature: Require the Department, in preparing recommendations for initial and renewal fees as part of the 2007-09 biennial budget, to utilize timekeeping data that includes information on the allocation of staff hours for administrative and enforcement activities relating to each regulated profession from the two most recent years. Beginning with the agency recommendations for initial and renewal fees for the 2009-11 biennial budget, direct the Department to utilize timekeeping data from the four most recent years.

Specify that the Department may not recommend an initial fee that is greater than the fee for credential renewals for the same occupation or business, excluding any examination fee that is required for an initial credential application.

[Act 25 Sections: 2283g and 9140(2e)&(3b)]

11. CREDENTIAL FEES FOR ATHLETE AGENTS [LFB Paper 652]

Joint Finance/Legislature: Repeal the Department's authority to set athlete agent initial and renewal fees by administrative rule. Provide that the current law \$53 initial fee would apply to athlete agents and that the renewal fee for athlete agents would initially be set by statute at \$53. Specify that these changes would take effect the later of September 1, 2005, or the first day of the second month beginning after the general effective date of the biennial budget act.

[Act 25 Sections: 2286b, 2296k, 2338m, 2338p, and 9440(1q)]

12. CHIROPRACTOR COUNSELING FOR VITAMINS, HERBS AND SUPPLEMENTS

GPR-REV	\$2,400
PR-REV	\$21,400

Joint Finance/Legislature: Prohibit a chiropractor from counseling, directing, guiding, advising, or recommending to a patient the health effects of vitamins, herbs or nutritional supplements, unless the chiropractor has done one of the following: (a) obtained a nutritional certificate from the Chiropractic Examining Board; or (b) obtained a dietitian certification. Require the Board to issue a nutritional certificate if satisfactory evidence is submitted that the chiropractor has completed 48 hours of postgraduate study in nutrition, as approved by the Board, and has paid a one-time fee to the Department of \$25. Specify that this provision would become effective on January 1, 2006. Reestimate agency revenues by \$2,400 GPR-REV and \$21,400 PR-REV in 2005-06.

[Act 25 Sections: 2286b, 2338q, 2338r, and 9440(1c)]

13. CREATION OF A CEMETERY BOARD

Joint Finance/Legislature: Create a six-member Cemetery Board under R&L. Authorize the Board to investigate and impose disciplinary actions against cemetery authorities, cemetery salespersons, and preneed sellers that violate certain statutory requirements and administrative rules promulgated by the Board. Require the Board to advise the Secretary of R&L on matters relating to cemeteries. Specify that the Board would have no authority over municipal, or nonprofit or religious cemeteries, cemetery salespersons who work for such cemeteries, and preneed sellers who work for such cemeteries, unless they choose to be regulated. Require the Board to meet at least four times each year and at the call of the chairperson or a majority of the members or at the call of the Secretary of R&L or his or her designee.

Specify that the Cemetery Board would be comprised of the following: (1) four members who are business representatives of a licensed cemetery authority; and (2) two public members, all appointed to staggered four-year terms. Prohibit any member from serving more than two terms. Specify that no member of the Board may be a business representative of a religious cemetery authority, unless regulated. Provide that the members of the Board would be subject to Senate confirmation and would receive compensation and reimbursement for expenses [\$25 per day]. Specify that no member of the Board may be an officer, director, or employee of a private organization that promotes or furthers any profession or occupation regulated by that Board. Create initial terms for the first appointees to the Board such that two members would serve one year, two members would serve two years, and two members would serve three years.

Establish the following powers and duties of the Board: (a) the Board would have rule-making authority and could develop rules governing the regulation of cemetery authorities, cemetery salespersons, or cemetery preneed sellers; and (b) the Board would independently exercise its powers, duties and functions with respect to the licensure and registration of cemetery authorities, cemetery sales persons and cemetery preneed sellers under Subchapter VIII of Chapter 440 of the statutes. Authorize the Board to adjust cemetery and authority licensing fees, by rule.

Replace the current cemetery authority, cemetery salesperson and preneed seller registration requirement [all cemetery authorities, other than municipal, or nonprofit or religious cemetery authorities, that sell 10 or more cemetery lots during a calendar year and pay any commission or other compensation to any person for such sales activity must register] with a licensure requirement applicable to each such cemetery authority that is more than five acres in size that sells more than 20 burial spaces per year or has \$100,000 or more in trust fund accounts, and for sales of more than 20 burial spaces. Similarly, specify that salespersons and preneed sellers would be subject to licensure if they sold 20 or more burial spaces per year.

[Act 25 Sections: 41g, 41m, 41r, 44m, 45g, 45m, 55m, 2081na thru 2081s, 2303k, 2337b thru 2337z, and 9140(1m)&(1p)]

14. TRANSFER OF AODA CERTIFICATION FROM THE DEPARTMENT OF HEALTH AND FAMILY SERVICES

	Funding	Positions
GPR-REV	\$20,100	
PR-REV	189,000	
PR	\$97,400	1.00

Joint Finance: Transfer the authority to certify alcohol and other drug abuse (AODA) counselors from DHFS to R&L, effective January 1, 2006. Provide \$42,600 in 2005-06 and \$54,800 in 2006-07 and authorize 1.0 position annually for the certification of AODA counselors. Establish the current law initial fee of \$53 for AODA certification and create a renewal fee of \$70 for such certifications with a biennial renewal date of March 1 of each odd-numbered year. Estimate revenues from the AODA certifications at \$6,700 GPR-REV and \$63,000 PR-REV in 2005-06 and \$13,400 GPR-REV and \$126,000 PR-REV in 2006-07.

Require R&L to establish rules that specify AODA counselor certification standards and qualifications. Specify that no other entity may certify AODA counselors. Authorize R&L to adopt emergency rules for the regulation of AODA counselors without showing that an emergency exists and provide that current DHFS rules for the regulation of AODA counselors would become void on January 1, 2006.

Require R&L to provide an AODA certification to any individual who applies to the Department, meets the AODA standards and qualifications, and pays all required fees. Authorize R&L to revoke, deny, suspend, or limit an AODA certification, or reprimand an AODA counselor who engages either in fraud or deceit in obtaining the certification or unprofessional conduct, incompetence, or professional negligence. Specify that no other entity in the state may certify AODA counselors.

Prohibit an individual who has not received an AODA certification from representing himself or herself as an AODA counselor or using in connection with his or her name a title or description that conveys the impression that he or she is an AODA counselor.

Specify that all individuals who are certified as AODA counselors under DHFS would retain their certification upon the transfer of regulatory authority to R&L. Specify that all DHFS orders relating to the regulation of AODA counselors, as determined by the DOA Secretary, would remain in affect until the expiration date of the order, or until modified or rescinded by R&L. Require R&L to honor all contracts entered into by DHFS until those contracts are modified or rescinded by R&L to the extent allowed under the contract. Specify that all matters pending with DHFS related to AODA counselor certification would be transferred to R&L. Transfer all assets, liabilities, and tangible property related to AODA counselor certification, as determined by the Secretary of DOA, from DHFS to R&L.

Require R&L to review its actual administrative and enforcement costs related to the certification of AODA counselors and recommend an appropriate renewal fee as part of its 2007-09 biennial budget request.

Senate/Legislature: Revise the new certification requirements for AODA counselors by deleting references to AODA counselors and providing instead that certification would be

provided by R&L for the following three general categories of alcohol and drug rehabilitation specialists: (a) substance abuse counselors; (b) clinical supervisors; and (c) prevention specialists. The \$53 initial certification fee and the \$70 renewal fee would apply to each category of specialists. Define a "substance abuse counselor" as a basic substance abuse counselor, an intermediate substance abuse counselor, or an independent substance abuse counselor. Define a "clinical supervisor" as a basic clinical supervisor, an intermediate clinical supervisor, or an independent clinical supervisor. No further definition of a "prevention specialist" is provided.

Specify that individuals currently holding the following certifications from DHFS on the general effective date of the provision would continue to be certified by R&L under one of the following specialist classifications: (a) a registered alcohol and drug counselor I would be certified as a basic substance abuse counselor; (b) a certified alcohol and drug counselor II would be certified as a intermediate substance abuse counselor; (c) a certified alcohol and drug counselor III or a certified alcohol and drug counselor-D would be certified as a independent substance abuse counselor; (d) a certified registered clinical supervisor would be certified as a basic clinical supervisor; (e) a certified clinical supervisor I would become a certified intermediate clinical supervisor; (f) a certified clinical supervisor II or a certified clinical supervisor-G would become a certified independent clinical supervisor; and (g) a certified prevention professional would become a certified prevention specialist.

Specify that these new and transitional certification provisions would not apply to a licensed physician who specializes in psychiatry, a licensed clinical social worker, or a licensed psychologist who practices as a substance abuse clinical supervisor or provides substance abuse counseling, treatment, or prevention services within the scope of his or her licensure.

Direct R&L to promulgate rules establishing the minimum standards and qualifications for certification under each of the above seven specialist categories. Specify that the rules would have to include standards based on demonstrated requisite competency, knowledge, skills, and attitudes of professional practice that are culturally competent and evidence-based. Provide that R&L could not promulgate these rules until it had consulted on the proposed rules with a certification review committee. Require that a majority of members of the certification review committee represent alcohol and other drug abuse organizations in Wisconsin, as recommended by the Wisconsin Association on Alcoholism and Other Drug Abuse, Inc.

Prohibit an individual from representing himself or herself as any type of substance abuse counselor, clinical supervisor, or prevention specialist or using the applicable title or description of these types of specialists unless the individual has received the appropriate certification as a substance abuse counselor, clinical supervisor, or prevention specialist.

Authorize R&L to revoke, deny, suspend, or limit the certification of a substance abuse counselor, clinical supervisor, or prevention specialist or reprimand these individuals for the practice of fraud or deceit in obtaining the certification or any unprofessional conduct, incompetence, or professional negligence.

Newly authorize R&L to grant a reciprocal certification to an individual who pays the required fees and holds a similar, unexpired certification issued by another state for which the certification requirements are at least equivalent to those in Wisconsin.

Specify that no other entity in the state may certify substance abuse counselors, clinical supervisors, or prevention specialists.

Authorize R&L to adopt emergency rules for the regulation of substance abuse counselors, clinical supervisors, and prevention specialists without showing that an emergency exists. Provide that current DHFS rules for the regulation of substance abuse counselors, clinical supervisors, or prevention specialists would become void on January 1, 2006.

Veto by Governor [E-14]: Delete from the exemption from alcohol and drug rehabilitation specialists certification requirements the references to a licensed physician "who specializes in psychiatry." The effect of the veto is to extend the exemption from these new certification requirements to all physicians licensed by R&L, thereby authorizing them to provide substance abuse counseling within the scope of their medical practice.

Delete the requirement that the certification review committee, which must review R&L's draft certification rules, be comprised of a majority of members representing AODA organizations in Wisconsin, as recommended by the Wisconsin Association of Alcoholism and Other Drug Abuse, Inc.

Strike "January 1" from the January 1, 2006, general effective date for the transfer of these certification modifications. As a result of the Governor's partial veto, the general effective date for the transfer will take effect "on 2006." The Governor's veto message indicates that the month and date were struck to provide R&L with additional time to make the transfer.

[Act 25 Sections: 2284mg, 2293m, 2337am, 2345m, 9121(12s), 9140(1q)&(1r), 9321(8q), and 9421(10q)]

[Act 25 Vetoed Sections: 2337am, 9121(12s), and 9421(10q)]

REVENUE

Budget Summary							
Fund	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	2005-07 Legislature	2005-07 Act 25	Act 25 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$173,028,800	\$162,847,700	\$162,469,100	\$158,706,900	\$158,706,900	-\$14,321,900	- 8.3%
PR	25,856,400	26,209,500	26,131,100	26,131,100	26,131,100	274,700	1.1
SEG	<u>134,627,400</u>	<u>135,018,900</u>	<u>135,186,900</u>	<u>135,186,900</u>	<u>135,186,900</u>	<u>559,500</u>	0.4
TOTAL	\$333,512,600	\$324,076,100	\$323,787,100	\$320,024,900	\$320,024,900	-\$13,487,700	- 4.0%

FTE Position Summary						
Fund	2004-05 Base	2006-07 Governor	2006-07 Jt. Finance	2006-07 Legislature	2006-07 Act 25	Act 25 Change Over 2004-05 Base
PR	90.10	96.60	95.60	95.60	95.60	5.50
SEG	<u>135.75</u>	<u>64.85</u>	<u>120.85</u>	<u>120.85</u>	<u>120.85</u>	<u>- 14.90</u>
TOTAL	1,195.85	1,042.08	1,111.83	1,111.83	1,111.83	- 84.02

Budget Change Items

Tax Administration

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide adjustments of \$137,900 GPR, \$220,100 PR, \$86,700 SEG, and -3.0 GPR positions annually as standard budget adjustments. Adjustments are for: (a) turnover reduction (-\$1,382,300 GPR and -\$133,700 SEG annually); (b) removal of noncontinuing elements from the base (-\$190,100 GPR and -3.0 GPR positions annually); (c) full funding of continuing salaries and fringe benefits (\$1,326,100 GPR, \$185,300 PR, and \$213,500 SEG annually); (d) reclassifications (\$34,600 PR and \$6,900 SEG annually); (e) full funding of lease costs and directed moves (\$384,200 GPR and \$200 PR

	Funding	Positions
GPR	\$275,800	- 3.00
PR	440,200	0.00
SEG	<u>173,400</u>	<u>0.00</u>
Total	\$889,400	- 3.00

annually); and (g) minor transfers within the same alpha appropriation. In total, changes due to standard budget adjustments would increase funding by \$444,700 annually.

2. BUDGET REDUCTIONS

Governor/Legislature: Delete \$3,986,300 GPR, 42.17 GPR positions, \$754,100 PR, 0.20 PR position, \$3,906,700 SEG, and 9.85 SEG positions in 2005-06 and \$5,251,600 GPR, 53.17 GPR positions, \$832,000 PR, 1.20 PR positions, \$4,017,800 SEG, and 10.85 SEG positions in 2006-07 to reduce base level funding and positions. The base reductions, by appropriation, are shown in the following table.

	Funding	Positions
GPR	-\$9,237,900	- 53.17
PR	- 1,586,100	- 1.20
SEG	<u>- 7,924,500</u>	<u>- 10.85</u>
Total	-\$18,748,500	- 65.22

	2005-06		2006-07		Source
	Funding	Positions	Funding	Positions	
Collection of Taxes					
General Program Operations	-\$2,293,600	-34.72	-\$2,386,400	-36.72	GPR
County Sales Tax Administration	-164,000	-0.50	-169,000	-0.50	PR
Business Tax Registration	-34,000	0.00	-39,000	0.00	PR
Administration of Baseball Park District Taxes	-5,400	0.00	-5,400	0.00	PR
Administration of Pro-Football Stadium Taxes	-25,900	0.00	-25,900	0.00	PR
Administration of Exposition District Taxes	-103,700	0.00	-171,600	-1.00	PR
Debt Collection	8,100*	1.00*	8,100*	1.00*	PR
Administration of Liquor Tax	-59,600	0.00	-59,600	0.00	PR
Administration of Income Tax Checkoffs	-5,600	0.00	-5,600	0.00	PR
Recycling Surcharge Administration	-42,100	0.00	-42,100	0.00	SEG
Administration of Rental Vehicle Fee	-5,600	0.00	-5,600	0.00	SEG
Petroleum Inspection Fee Collection	-9,900	0.00	-9,900	0.00	SEG
Motor Fuel Tax Administration	-29,000	0.00	-29,000	0.00	SEG
State and Local Finance					
General Program Operations	-181,700	-2.00	-529,100	-8.00	GPR
Wisconsin Property Assessment Manual Production Costs	-16,000	-0.50	-16,000	-0.50	PR
Lottery Credit Administration	-20,800	0.00	-20,800	0.00	SEG
Administrative Services					
General Program Operations	-1,049,100	-5.45	-1,874,200	-8.45	GPR
Integrated Tax System Technology	-461,900	0.00	-461,900	0.00	GPR
Income Tax Reciprocity Agreement – Minnesota	-100	0.00	-100	0.00	PR
Internal Services	-347,900	-0.20	-347,900	-0.20	PR
Lottery					
General Program Operations	<u>-3,799,300</u>	<u>-9.85</u>	<u>-3,910,400</u>	<u>-10.85</u>	SEG
	-\$8,647,100	-52.22	-\$10,101,400	-65.22	Total
	-3,986,300	-42.17	-5,251,600	-53.17	GPR
	-754,100	-0.20	-832,000	-1.20	PR
	-3,906,700	-9.85	-4,017,800	-10.85	SEG

*Reflects position conversion to allow for other reductions.

The executive budget book indicates that the base reductions would result from the following actions: (a) consolidation of sections to reduce manager/supervisor to staff ratios; (b)

delivery of services through the use of technology in processing and compliance activities; (c) rebidding and renegotiating existing contracts to reduce costs; (d) reducing and reallocating positions to provide services; and (e) relocating tax records storage and reconfiguring space utilization to reduce the Department's space requirements and related costs.

3. PROGRAM REVENUE APPROPRIATION LAPSES [LFB Papers 655, 656, and 657]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV	\$1,596,200		-\$363,900		\$1,232,300	
PR	\$0	0.00	-\$78,400	- 1.00	-\$78,400	- 1.00

Governor: Require the Secretary of Administration to lapse to the general fund \$1,088,900 in 2005-06 and \$507,300 in 2006-07 from certain program revenue appropriation accounts. The lapses are primarily from expenditure reductions that are included under base budget reductions. The first year lapse amounts in the pro football stadium tax administration and reciprocity agreements appropriations include unencumbered appropriation balances. The lapses in the appropriations for administration of resort taxes and reassessments do not reflect base budget reductions. The specific program revenue appropriations, administrative activities, revenue sources, and lapse amounts are as follows:

a. *Administration of the County Sales Tax.* The Department of Revenue (DOR) retains 1.75% of total county sales tax collections (0.5% sales tax) to fund administrative costs. The year-end unencumbered balance in the appropriation lapses to the general fund. The required lapse is \$164,000 in 2005-06 and \$169,000 in 2006-07.

b. *Business Tax Registration.* The Department charges a \$20 registration fee and \$10 renewal fee, along with certain supplemental fees for liquor permits to fund the centralized business tax registration system. Through the system, taxpayers apply for all required permits, licenses, and certificates, such as sales tax sellers permits, using one application, and pay one application fee. The year-end unencumbered balance in the appropriation that exceeds 10% of fiscal year expenditures is lapsed to the general fund. The required lapse is \$34,000 in 2005-06 and \$39,000 in 2006-07.

c. *Administration of Baseball Park District Taxes.* DOR retains 1.5% of baseball stadium park district sales taxes collected (0.1% sales tax imposed in a five-county area) for administrative costs. The required lapse is \$5,400 annually.

d. *Administration of Professional Football Stadium Taxes.* The Department is allocated 1.5% of total sales tax collections (0.5% sales tax in Brown County) for administration of the tax. The required lapse is \$211,100 in 2005-06 and \$25,900 in 2006-07.

e. *Administration of Premier Area Resort Tax.* The premier area resort tax is 0.5% of the gross receipts from the sale, lease, or rental, in the municipality or county, of goods and services that are taxable under the state sales tax made by businesses that are included in a list of tourism-related retailers. DOR retains 3% of tax collections for administrative costs. The required lapse is \$107,100 in 2005-06.

f. *Administration of Local Exposition Taxes.* Local exposition taxes include a 0.25% sales tax on certain food and beverage sales, a 3% sales tax on car rentals, and a 2.0% basic room tax on room charges (an additional 7% room tax is authorized for Milwaukee). The Department retains 2.55% of total tax collections to cover administrative costs. The year-end unencumbered balance in the appropriation in excess of 10% of fiscal year expenditures is returned to the district. The required lapse is \$103,700 in 2005-06 and \$171,600 in 2006-07.

g. *Debt Collection.* The administrative costs of collecting debts owed to state agencies and local units of government through offsets against tax refunds is funded through the debt collection appropriation. The source of revenue for the appropriation is an administrative charge imposed on state agencies and local units of government. The Department must annually review the charge and adjust it for costs incurred. Currently, DOR retains 2% of the amount of debt for administrative costs. The year-end unencumbered balance in the appropriation lapses to the general fund. The required lapse is \$31,100 annually.

h. *Liquor Tax Administration.* DOR imposes a fee of 3 cents per gallon of intoxicating liquor to fund computer and audit costs related to administering the tax. The year-end unencumbered balance in the appropriation that exceeds 10% of fiscal year expenditures is lapsed to the general fund. The required lapse is \$59,600 annually.

i. *Administration of Income Tax Checkoffs -- Endangered Resources, Professional Football District, Breast Cancer Research.* The costs of administering the voluntary payments programs are reimbursed from amounts designated for program purposes. The required lapse is \$5,600 annually.

j. *Reassessments.* The reassessments appropriation funds costs incurred in required reassessments of property in municipalities. The costs are funded by reimbursements from the municipalities. The required lapse is \$222,200 in 2005-06.

k. *Reciprocity Agreement and Publications.* The reciprocity agreement appropriation is used to fund costs for activities related to the Minnesota income tax reciprocity agreement and related publications. Revenue for the appropriation is provided by reimbursements from a separate GPR appropriation for benchmark studies and from the sale of publications. The required lapse is \$145,100 in 2005-06 and \$100 in 2006-07.

Joint Finance/Legislature: Modify provisions as follows:

a. *Administration of the County Sales Tax.* Reestimate the total lapse from the county sales tax administration appropriation to the general fund to be \$1,576,600 in 2005-06 and

\$1,755,600 in 2006-07. Compared to the Governor's bill, this would be an increase of \$16,500 in 2005-06 and a decrease of \$700 in 2006-07.

b. *Business Tax Registration.* Reestimate the 2005-06 lapse from the business tax registration appropriation to be \$342,200, or \$400 less than the AB 100 estimated lapse.

c. *Administration of Baseball Park District Taxes.* Delete the required annual lapse of \$5,400 to the general fund. Instead, beginning in 2005-06, modify statutory appropriation provisions to require that the year-end unencumbered balance in the appropriation be transferred to the baseball park district and only be used to retire debt. The estimated transfer to the baseball park district would be \$33,500 in 2005-06 and \$55,400 in 2006-07.

d. *Administration of Professional Football Stadium Taxes.* Delete the required lapse to the general fund of \$211,100 in 2005-06 and \$25,900 in 2006-07. Instead, beginning in 2005-06, modify statutory appropriation provisions to require the year-end unencumbered balance in the appropriation to be transferred to the football stadium district and used to retire debt. The amount transferred to the football stadium district would be an estimated \$604,500 in 2005-06 and \$220,000 in 2006-07.

e. *Administration of Premier Area Resort Tax.* Delete the required lapse of \$107,100 to the general fund in 2005-06. Modify statutory appropriation provisions so that, beginning in 2005-06, the year-end unencumbered balance in the appropriation is transferred to the resort area municipalities. The estimated aggregate transfer to the resort area municipalities would be \$189,400 in 2005-06 and \$41,100 in 2006-07.

f. *Administration of Local Exposition Taxes.* Delete the required lapse to the general fund of \$103,700 in 2005-06 and \$171,600 in 2006-07. As a result, those amounts would be transferred to the exposition district.

g. *Debt Collection.* Modify the provisions of AB 100 to delete annual expenditure authority of \$39,200 PR and 1.0 PR position. The estimated annual lapses from the debt collection appropriation did not reflect this additional expenditure and position authority that were transferred to the appropriation. Consequently, the deletion of expenditure and position authority would not affect the estimated appropriation lapse.

h. *Liquor Tax Administration.* Reestimate the lapse to the general fund to be \$178,400 in 2005-06 and \$252,400 in 2006-07. This would be an increase over the bill of \$52,300 in 2005-06 and \$124,900 in 2006-07.

i. *Administration of Income Tax Check-offs --Endangered Resources, Professional Football Stadium District, Breast Cancer Research.* Delete the required annual lapse of \$5,600 and, instead, require the \$5,600 annually to be allocated proportionately to the income tax check-off programs (endangered resources, Lambeau Field, or breast cancer research).

j. *Reassessments.* Approve the specified lapse of \$222,200 in 2005-06, and require the year-end unencumbered balance in the appropriation in 2005-06 be lapsed to the general fund. In total, the 2005-06 lapse would be \$237,200, or \$15,000 more than the bill.

k. *Reciprocity Agreement and Publications.* Approve the specified lapse of \$145,100 in 2005-06 and \$100 in 2006-07, and require the unencumbered year-end balance in the appropriation in 2006-07 lapse to the general fund. The total lapse in 2006-07 would be \$70,000, or \$69,900 higher than the bill.

In total, compared to AB 100, these provisions would reduce annual expenditure authority by \$39,200 PR and 1.0 PR position. In addition, general fund revenues would be reduced by \$349,500 in 2005-06 and \$14,400 in 2006-07.

Veto by Governor [E-1]: Delete the specific lapse amounts for this agency as required under the bill as passed by the Legislature. Instead, by partial veto, create a general non-statutory provision directing the Secretary of Administration to make lapses from unspecified appropriation accounts to the general fund that total \$71,234,800. The Governor's veto message indicates his intent that the Secretary is to achieve this overall lapse amount by including a lapse of monies from this agency to the general fund in an amount equal to the lapse amounts as specified for this agency in the budget bill as passed by the Legislature.

[Act 25 Sections: 437m, 437n, 437p, 439m, 439n, 452m, 452n, 452p, 1666m, 1667n, and 9255(1)(a)&(b)]

[Act 25 Vetoed Sections: 9255(1)(title) and (1)(a)&(b)]

4. CONSOLIDATION OF EXECUTIVE BRANCH ATTORNEYS AND LEGAL STAFF UNDER DOA [LFB Paper 110]

	<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	\$378,600	- 14.75	-\$378,600	14.75	\$0	0.00
SEG	0	- 1.00	0	1.00	0	0.00
Total	\$378,600	- 15.75	-\$378,600	15.75	\$0	0.00

Governor: Delete 15.75 positions (14.75 GPR and 1.00 SEG) annually to reflect the consolidation of the agency's attorneys and legal staff under DOA, effective January 1, 2006. Reallocate \$849,600 (\$788,700 GPR and \$60,900 SEG) in 2005-06 and \$1,699,500 (\$1,577,500 GPR, and \$122,000 SEG) in 2006-07 from budgeted salaries and fringe benefits to the agency's supplies and services budget to pay for legal services supplied by the Department of Administration (DOA). Provide \$126,200 GPR in 2005-06 and \$252,400 GPR in 2006-07 to fund the services provided by 2.0 GPR tax attorneys that were formerly located in the Department of Justice (DOJ). There is a corresponding appropriation reduction under DOJ. Authorize the Secretary of DOA to identify one attorney position in DOR as general counsel for the agency

and authorize 1.0 GPR, unclassified position for this purpose. The general counsel position would be funded from base level salary and fringe benefits amounts associated with the position identified by the Secretary of DOA.

Specify that all transferred attorneys and legal staff would have the same rights and status as in the agency in which they originated. Specify that attorneys and legal staff that have obtained permanent status would not have to undergo a probationary period in DOA. Provide that all equipment, supplies, and furniture related to the duties of the transferred employees, as specified by the Secretary of DOA, must be transferred to DOA on January 1, 2006. [See "Administration -- Transfers to the Department."]

Joint Finance: Delete provision. Direct the Secretary of DOA to delete 13.0 FTE executive branch agency attorney positions, other than attorney positions at the University of Wisconsin System, that become vacant before June 30, 2007, and lapse or transfer at least \$724,900 from associated non-FED salary and fringe benefits amounts to the general fund in 2006-07. If fewer than 13.0 FTE agency attorney positions are vacant on June 30, 2007, authorize the Secretary of DOA to delete sufficient additional state agency attorney positions, other than at the University of Wisconsin System, to ensure the elimination of a total of 13.0 FTE state agency attorney positions.

Senate/Legislature: Add the Department of Employee Trust Funds and the Investment Board to the executive branch agencies that would be exempt from the attorney position deletion and lapse or transfer of funds requirements.

Veto by Governor [A-4, E-1, and E-5]: Delete: (a) the specific requirement that the Secretary of DOA lapse or transfer \$724,900 from non-FED salary and fringe benefits amounts related to the net reduction of 13.0 FTE executive branch attorney positions in 2006-07; and (b) the University of Wisconsin System from the enumeration of executive branch state agencies that would be exempt from any reduction of attorney positions. The Governor's veto message indicates that the Secretary of DOA would lapse \$724,900 as part of a larger lapse or transfer requirement totaling \$71,234,500.

[Act 25 Sections: 9155(1w)&(2)]

[Act 25 Vetoed Sections: 9155(1w)&(2)]

5. HUMAN RESOURCES AND PAYROLL BENEFITS SERVICES CONSOLIDATION [LFB Paper 112]

	Funding Positions	
GPR	-\$191,600	-2.00
SEG	<u>-64,100</u>	<u>-1.00</u>
Total	-\$255,700	-3.00

Governor/Legislature: Delete \$255,700 (\$191,600 GPR and \$64,100 SEG) from salaries and fringe benefits and 3.00 positions (2.00 GPR and 1.00 SEG) in 2006-07 associated with the consolidation of human resources and payroll benefits functions in the Department of Administration. [See "Administration -- Transfers to the Department."]

6. **PROCUREMENT AND PURCHASING SERVICES CONSOLIDATION** [LFB Paper 112]

	Positions
GPR	- 2.15
PR	- 0.30
SEG	<u>- 3.05</u>
Total	- 5.50

Governor/Legislature: Reallocate \$374,900 (\$141,100 GPR, \$20,800 PR, and \$213,000 SEG) from salaries and fringe benefits, and supplies and services to unallotted reserve and delete 5.50 positions (2.15 GPR, 0.30 PR, and 3.05 SEG) in 2006-07 associated with the consolidation of procurement and purchasing services functions in the Department of Administration. [See "Administration -- Transfers to the Department."]

7. **INFORMATION TECHNOLOGY SERVER AND NETWORK CONSOLIDATION** [LFB Paper 111]

	Positions
GPR	- 6.30

Governor/Legislature: Reallocate \$536,800 from salaries and fringe benefits to unallotted reserve and delete 6.30 positions in 2006-07 associated with the consolidation of information technology server and network infrastructure support in the Department of Administration. [See "Administration -- Transfers to the Department."]

8. **REVENUE GENERATING ACTIVITIES** [LFB Paper 658]

GPR-REV	\$4,700,000
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Governor/Legislature: Reallocate Department activities to generate additional tax revenues as follows: (a) \$1,000,000 in 2005-06 and \$2,000,000 in 2006-07 from the integrated tax system data warehouse system; (b) \$200,000 annually by providing \$28,800 GPR to reallocate a position to create an ad valorem tax field auditor in the Division of State and Local Finance (SLF); (c) \$400,000 annually by providing \$30,100 GPR to reallocate a position to create a real estate transfer return auditor in SLF; and (d) \$500,000 in 2006-07 by reallocating a position from the Division of Processing and Customer Service to an auditor position. The funding and position increases and reallocations are included under base budget reductions. These actions would increase state tax collections by an estimated \$1,600,000 in 2005-06 and \$3,100,000 in 2006-07.

9. **ALCOHOL AND TOBACCO AGENT FUNDING CONVERSION** [LFB Paper 657]

	Funding	Positions
PR-REV	\$1,780,000	
GPR	- \$1,499,000	- 8.00
PR	<u>1,499,000</u>	<u>8.00</u>
Total	\$0	0.00

Governor: Delete \$749,500 GPR and 8.0 GPR positions and provide expenditure authority of \$749,500 PR and 8.0 PR positions annually to convert the funding source for eight alcohol and tobacco agents in the Alcohol and Tobacco Section (ATS) of the Division of Income, Sales, and Excise Tax from GPR to program revenue. Program revenue funding for the positions would be provided by modifying statutory provisions governing the liquor tax administration appropriation to permit enforcement costs to be funded from the appropriation, and by

increasing the administrative fee by 8 cents, from 3 cents per gallon of intoxicating liquor to 11 cents per gallon taxed under the state liquor tax. The fee increase would first apply to fees and taxes due on the 15th day of the month following the month in which the budget bill takes effect. The administration estimates that the administrative fee increase would generate an additional \$890,000 annually in program revenues.

Currently, the ATS provides uniform statewide enforcement of Wisconsin's alcohol beverage, cigarette, tobacco product, and controlled substance tax laws. The Section is staffed with eight excise tax senior agents that are funded with GPR. Agent activities include inspection of licensed premises, investigations, public speaking and training, and customer service.

Department computer and audit costs incurred in administering the state liquor tax are funded from a fee of 3 cents per gallon of intoxicating liquor that is placed in a separate program revenue appropriation. Fees are paid by distributors along with monthly liquor tax payments. At the end of each fiscal year, the unencumbered balance in the appropriation in excess of 10% of the amounts expended and encumbered in the fiscal year lapse to the general fund.

Joint Finance/Legislature: Include funding conversion and fee increase. In addition, modify provisions of the liquor tax administration appropriation that would fund alcohol and tobacco agents to specify that, in addition to funding administrative and tax enforcement expenses, the appropriation would fund costs incurred in enforcing the three-tier system for alcohol beverages production, distribution, and sale.

[Act 25 Sections: 438b, 1946, and 9341(18)]

10. EXPERT WITNESS EXPENSES FUNDING INCREASE

GPR	\$93,000
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Governor/Legislature: Provide \$46,500 annually to the expert professional services appropriation to increase funding for expenses associated with the use of expert witnesses to testify on behalf of the Department in tax litigation.

11. TRANSFERS BETWEEN APPROPRIATIONS

Governor/Legislature: Provide adjustments between appropriations within the same funding source as follows: (a) transfer funding appropriated for information technology infrastructure under the Collection of State Taxes and State and Local Finance programs to Administrative Services to reallocate microfiche printing costs to the Department's centralized information technology infrastructure funding; (b) transfer 6.0 positions and related funding in the Tax Revenue Accounting Section in the Enterprise Services Division to the Division of Processing and Customer Service to reflect reorganization of the Tax Accounting Bureau and better align duties and activities with functional areas; (c) transfer a position from the Compliance Bureau to Human Resource Services to reflect a shift in workload from centralizing payroll activities; (d) transfer funding for rental costs associated with manufacturing assessment

activities from the Department's funding source for rent expenses; and (e) realign positions and related funding to reflect transfers between divisions.

12. REGIONAL TRANSIT AUTHORITY VEHICLE RENTAL FEE ADMINISTRATION

Joint Finance/Legislature: Establish a Regional Transit Authority (RTA) in southeastern Wisconsin and allow the RTA to impose a vehicle rental fee that cannot exceed \$2 per rental transaction. Require DOR to administer the rental fee and specify that the Department could retain 2.55% of fee revenues to administer the fee. The year-end unencumbered balance in the appropriation in excess of 10% of fiscal year expenditures would be transferred to the RTA. Administrative fee revenues would be placed in a newly-created program revenue appropriation but no expenditure authority would be provided.

[Act 25 Sections: 437x, 453m, 1474t, and 1697m]

13. ACROSS-THE- BOARD REDUCTIONS

GPR	- \$3,762,200
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Senate/Legislature: Reduce the agency's GPR appropriation for collection of taxes -- general program operations by \$1,883,800 in 2005-06 and by \$1,878,400 in 2006-07. This reduction amount is equal to approximately 2.3% of the agency's total GPR state operations appropriations, excluding appropriations for energy costs and debt service payments, in each fiscal year. Provide that the agency may submit a request to the Joint Committee on Finance under s. 13.10 to reallocate the reduction to any of the agency's other sum certain GPR state operations appropriations. Provide further that the agency may submit a request to the Committee for restoration of the GPR funding reduction, or in the case of a sum sufficient appropriation, to re-estimate the expenditure level under the appropriation, in either case in an amount not to exceed the amount of reduction made to the agency's appropriation under this provision. In the case of an appropriation restoration or sum sufficient re-estimate, the funding amounts would come from total funding of \$96,000,000 GPR placed in reserve in the Committee's biennial appropriation for this purpose. See also "Budget Management and Compensation Reserves" and "Program Supplements".

Veto by Governor [E-2]: By partial veto, modify the language relating to release of funds from the Committee's supplemental GPR appropriation to create alternative language specifying that the Secretary of Administration, not the Joint Finance Committee, shall (not may) transfer monies from the Committee's appropriation to state agencies in any amount not to exceed the amount of the reduction indicated for that agency (which for this agency is the amount of the reduction indicated above).

[Act 25 Section: 9155(5dv)]

[Act 25 Vetoed Sections: 9155(4)(c)&(5dv)]

Lottery Administration

1. LOTTERY SALES PROJECTIONS [LFB Paper 665]

Governor: Estimate lottery sales at \$480.3 million in 2005-06 and \$490.3 million in 2006-07. Projected lottery sales provide the basis for estimating the lottery property tax credit in the next biennium. In addition, the projected sales directly affect appropriations for retailer compensation and lottery vendor fees. The following table shows these projections, as well as 2003-04 actual lottery sales and the 2004-05 sales projected in October, 2004, for the purposes of certifying the amount available for the 2004(05) lottery and gaming property tax credit. The projected sales in 2005-06 and 2006-07 are based on sales models utilized by DOR to estimate both on-line and instant ticket games.

Lottery Sales Projections (\$ in Millions)

<u>Game Type</u>	<u>Actual 2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>Percent Change from 2004-05</u>	<u>2006-07</u>	<u>Percent Change from 2005-06</u>
Scratch	\$266.6	\$276.0	\$285.8	3.6%	\$295.8	3.5%
Pull-tab	3.7	3.3	3.7	12.1	3.7	0.0
On-line	<u>212.6</u>	<u>193.0</u>	<u>190.8</u>	-1.1	<u>190.8</u>	0.0
Total	\$482.9	\$472.3	\$480.3	1.7%	\$490.3	2.1%

Joint Finance/Legislature: Approve the Governor's lottery sales estimates of \$480.3 million in 2005-06 and \$490.3 million 2006-07, but reestimate 2004-05 lottery sales to \$460.8 million to reflect year-to-date sales experience. The following table compares the 2004-05 sales estimate projected in October, 2004, for the purposes of certifying the amount available for the 2004(05) lottery and gaming property tax credit, and the revised sales estimate adopted by Joint Finance.

2004-05 Lottery Sales Projections (\$ in Millions)

<u>Game Type</u>	<u>October, 2004 2004-05</u>	<u>Jt. Finance/Leg. 2004-05</u>	<u>Percent Change from 2004-05</u>
Scratch	\$276.0	\$273.0	-1.1%
Pull-tab	3.3	7.4	124.2
On-line	<u>193.0</u>	<u>180.4</u>	-6.5
Total	\$472.3	\$460.8	-2.4%

The reestimate lowers the opening balance of the lottery fund in 2005-06 from \$9,447,600 under the bill, to \$4,128,100.

2. SUM SUFFICIENT APPROPRIATION REESTIMATES FOR RETAILER COMPENSATION AND VENDOR FEES [LFB Paper 666]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$8,206,700	\$168,000	\$8,374,700

Governor: Provide \$3,610,300 in 2005-06 and \$4,596,400 in 2006-07 to reestimate lottery sum sufficient appropriations for retailer compensation and vendor fees, as follows:

Retailer Compensation. Provide \$4,321,800 in 2005-06 and \$5,052,100 in 2006-07 to adjust base level funding for retailer compensation, including payments to retailers under the retailer performance program, to reflect projected lottery sales in the 2005-07 biennium.

Basic retailer compensation rates under current law are 5.5% for online ticket sales and 6.25% for instant ticket sales. In addition, the retailer performance program provides an amount of up to 1% of for-profit sales as incentive payments to retailers (estimated at \$4.8 million in 2005-06 and \$4.9 million in 2006-07, under the bill). Base level funding of \$29,452,100, established under 2003 Wisconsin Act 33, was based on estimated lottery sales of \$418.0 million in 2004-05. The lottery sales projections under the bill, \$480.3 million in 2005-06 and \$490.3 million in 2006-07, result in the increases to retailer compensation funding.

Vendor Fees. Provide reductions of \$711,500 in 2005-06 and \$455,700 in 2006-07 to adjust funding for vendor fees to reflect projected lottery sales in the 2005-07 biennium under a revised vendor contract. Base level funding for vendor fees is \$12,926,700.

Vendor fees are paid under a major procurement contract for the provision of data processing services relating to both on-line and instant lottery games. The fees are calculated on the basis of a percentage of total ticket sales and some minor fixed costs. Under the bill, vendor fees would total 2.54% of lottery ticket sales in the 2005-07 biennium.

Joint Finance/Legislature: Provide \$84,000 annually for retailer compensation to reestimate the appropriation at \$33,857,900 in 2005-06 and \$34,588,200 in 2006-07.

Delete statutory provisions that no moneys may be encumbered or expended from the retailer compensation appropriation and from the vendor fees appropriation during 1999-00. These statutory provisions were enacted under 1999 Wisconsin Act 9 (the 1999-01 biennial budget act) in which GPR funding was used to pay retailer compensation and vendor fees in 1999-00 only. The statutory provisions are no longer applicable.

[Act 25 Sections: 439p and 439t]

3. ELIMINATION OF LOTTERY POSITIONS RELATED TO CONTRACTED FUNCTIONS AND CONFLICT-OF-INTEREST MODIFICATIONS [LFB Paper 667]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	- 55.00	55.00	0.00

Governor: Delete 55.0 positions in 2006-07 to reflect the administration's intent to contract with private vendors for the performance of certain lottery functions. The salary, fringe benefit, and turnover reduction funding associated with the positions (totaling \$1,443,700) would be transferred to unallotted reserve in 2006-07. No cost savings related to the contracting initiative are assumed under the bill.

The position reductions and funding amounts transferred to unallotted reserve would include the following: (a) 8.0 positions and \$157,500 from lottery operations; (b) 38.0 positions and \$1,028,200 from retailer relations; (c) 8.0 positions and \$223,000 from product development; and (d) 1.0 position and \$35,000 from lottery administration. The funding reductions represent only a portion of the salary-related funding in 2006-07 for the affected positions, indicating an intent to phase-in private contracts during the year.

The bill would also modify certain existing lottery conflict-of-interest provisions, as follows: (a) provide that an employee in the Lottery Division who terminates employment with the Department may be employed by a vendor at any time after his or her date of termination, if the Department has entered into a contract with the vendor, on or after the effective date of the biennial budget act, to perform lottery functions that were previously performed by the employee while employed in the Division; (b) provide that no employee in the Division may discuss with a vendor who is attempting to obtain a major procurement contract with the state any matter relating to the future employment of the employee with the vendor, unless the discussion relates to employment for services that were performed by lottery employees before the effective date of this provision, and the administrator provides prior written consent; and (c) provide that if a contract for a major procurement is for services that were performed by employees in the Division before the effective date of this provision, the contract may not be entered into unless the contract requires the vendor to offer employment to those employees in the Division who performed those services and whose positions were terminated on or after the effective date of this provision. The circumstances under (c) would first apply to major procurement contracts entered into on the effective date of the provision.

Current Law Lottery Operations, Contracting and Conflict-of-Interest Provisions. The operation of the state lottery is the responsibility of the Lottery Division in the DOR. The Division is authorized 109.5 SEG positions in 2004-05, funded from the lottery fund. The Division's base funding totals \$64,901,200 SEG, and includes \$22,522,400 for general program operations, \$29,452,100 for retailer compensation (paid to commercial retailers under contract to sell lottery tickets), and \$12,926,700 for contracted vendor fees associated with scratch and on-line ticket computer systems and services.

The Lottery Division administrator may determine whether lottery functions should be performed by DOR employees or by one or more persons under contract with the Department of Administration, except that no contract may: (a) provide for the entire management or operation of the state lottery by any private person; or (b) be entered into for financial auditing and security monitoring services (except for warehouse and building protection services provided by DOA under certain circumstances). DOA must require separate bids or separate competitive sealed proposals for contracted management consultation services.

Finally, any lottery employee or the Secretary, Deputy Secretary, or Executive Assistant of DOR is prohibited from having a direct or indirect interest in, or being employed by, any lottery vendor while serving as a lottery employee, Secretary, Deputy Secretary, or Executive Assistant of DOR, or for two years following the person's termination of service.

Joint Finance/Legislature: Delete provision.

4. LOTTERY RETAILER CONTRACT RESTRICTIONS

Governor/Legislature: Provide that a lottery retailer contract may not be entered into with a person who owes a payment to the uninsured employers fund or to the work injury supplemental benefit fund, if the person remains liable for those taxes, contributions, or payments at the time the person seeks to enter into the lottery retailer contract. The uninsured employers fund is used to pay compensation to injured employees of employers who do not have worker's compensation insurance. The work injury supplemental benefit fund requires employer payments as a result of the death or maiming of an employee.

Under current law, DOR may not enter into lottery ticket sales contracts with retailers who are found delinquent in paying state taxes or who are delinquent in making contributions to the unemployment reserve fund, if the person remains delinquent in the payment of those taxes or contributions at the time the person seeks to enter into the lottery retailer contract. The provision under the bill that entering into a lottery retailer contract is prohibited "if the person remains liable for those taxes, contributions, or payments at the time the person seeks to enter into the lottery retailer contract" would replace the current law clause "if the person remains delinquent in the payment of those taxes or contributions at the time the person seeks to enter into the lottery retailer contract."

The treatment of the provision would first apply to contracts entered into or renewed on the effective date of the biennial budget act.

[Act 25 Sections: 2427 and 9341(6)]

5. COLLECTION OF LOTTERY RETAILER DEBTS

Governor/Legislature: Provide that any unpaid amount owed by a lottery retailer to DOR under the lottery statutes would be assessed, collected, and reviewed in the same manner

as income taxes are assessed, collected, and reviewed. The provision would authorize DOR to use the provisions under current law for assessing, collecting, and reviewing delinquent income and franchise taxes to assess, collect, and review any unpaid amount owed by a retailer to DOR in connection with the state lottery.

[Act 25 Section: 2429]

6. RETAILER PAYMENT REQUIREMENTS

Joint Finance/Legislature: Modify the current requirement that a lottery retailer submit the proceeds from the sale of lottery tickets to DOR on a daily basis or, if provided in rules promulgated by DOR, on a basis of not less than weekly by extending the basis that could be provided by rules to not less than once every 60 days. Under current practice established by rules, lottery retailers make payments every seven days through electronic collections from their lottery accounts by DOR.

[Act 25 Section: 2427b]

7. LOTTERY VENDING MACHINE PLACEMENTS

Joint Finance/Legislature: Direct DOR to place lottery vending machines in the airport terminals located in Appleton, Green Bay, La Crosse, Madison, and Milwaukee, and in the Amtrak train stations in Milwaukee, subject to the approval of each airport's or train station's administration agency and the availability of qualified lottery retailers at the airport or train station locations.

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

[Act 25 Vetoed Section: 2423v]

8. REQUIRED DISPLAY OF CERTAIN PRIZE NOTICES

Joint Finance/Legislature: Require DOR to notify lottery retailers when the top prizes in a scratch ticket game have been claimed and to provide lottery retailers with a suitable public notice for display that the top prizes in a scratch ticket game have been claimed. Require DOR to promulgate rules for the proper display of the public notice by lottery retailers. Require that lottery retailer contracts, executed or renewed after the effective date of the bill, stipulate that lottery retailers shall display such notices issued to them by the state lottery in accordance with departmental rules.

[Act 25 Sections: 2423r, 2427d, 2428d, and 9341(19c)]

9. LOTTERY FUND CONDITION STATEMENT [LFB Papers 665 and 666]

Governor: The total revenue available for tax relief, minus a statutory reserve (2% of gross revenue) and the amounts appropriated for the farmland tax relief credit and lottery and gaming credit late applications payments, determines the amount available for the lottery and gaming tax credit. The bill would appropriate \$117,142,500 in 2005-06 and \$119,909,400 in 2006-07 for the lottery and gaming tax credit. However, the revenues and expenditures under the bill would support credits of \$120,997,100 in 2005-06 and \$123,917,600 in 2006-07. The appropriated amounts require correction.

Joint Finance/Legislature: Reestimate the opening balance of the lottery fund on July 1, 2005, from \$9,447,600 to \$4,128,100, based on: (a) a reestimate of 2004-05 sales from \$472.3 million to \$460.8 million; and (b) modified expenditure amounts for prizes, retailer compensation and vendor fees in 2004-05, based on the new sales estimate.

Reestimate the retailer compensation appropriation to \$33,857,900 in 2005-06 and \$34,588,200 in 2006-07. This reestimate and the modified opening balance in 2005-06 result in revised amounts that would be available for the lottery and gaming tax credit. The corrected amounts under the bill (\$120,997,100 in 2005-06 and \$123,917,600 in 2006-07) would be changed to \$115,593,600 in 2005-06 and \$123,833,600 in 2006-07. The following fund condition statement reflects these adjustments.

Lottery Fund Condition Statement
Act 25

	<u>2005-06</u>	<u>2006-07</u>
Fiscal Year Opening Balance	\$4,128,100	\$9,607,400
Operating Revenues		
Ticket Sales	\$480,282,800	\$490,355,500
Retailer Fees and Miscellaneous	<u>86,400</u>	<u>126,400</u>
Gross Revenues	\$480,369,200	\$490,481,900
Expenditures		
Prizes	\$280,519,800	\$286,941,100
Retailer Compensation	33,857,900	34,588,200
Vendor Payments	12,215,200	12,471,000
General Program Operations	18,797,500	18,622,300
Appropriation to Department of Justice	324,500	325,200
Appropriation to Department of Revenue	268,100	268,100
Program Reserves	<u>223,500</u>	<u>313,300</u>
Total Expenditures	\$346,206,500	\$353,529,200
Net Proceeds	\$134,162,700	\$136,952,700
Interest Earnings	\$1,265,900	\$1,438,800
Gaming-Related Revenue	\$844,300	\$844,300
Total Available for Tax Relief *	\$140,401,000	\$148,843,200
Appropriations for Tax Relief		
Lottery and Gaming Tax Credit	\$115,593,600	\$123,833,600
Farmland Tax Relief Credit	15,000,000	15,000,000
Lottery and Gaming Credit: Late Applications	<u>200,000</u>	<u>200,000</u>
Total Appropriations for Tax Relief	\$130,793,600	\$139,033,600
Gross Closing Balance	\$9,607,400	\$9,809,600
Reserve (2% of Gross Revenues)	\$9,607,400	\$9,809,600
Net Closing Balance	\$0	\$0

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

[Act 25 Section: 138]

SECRETARY OF STATE

Budget Summary							
Fund	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	2005-07 Legislature	2005-07 Act 25	Act 25 Change Over Base Year Doubled Amount	Percent
PR	\$1,359,200	\$1,552,400	\$1,550,600	\$1,550,600	\$1,550,600	\$191,400	14.1%

FTE Position Summary						
Fund	2004-05 Base	2006-07 Governor	2006-07 Jt. Finance	2006-07 Legislature	2006-07 Act 25	Act 25 Change Over 2004-05 Base
PR	8.50	8.50	8.50	8.50	8.50	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Funding Positions		
PR	\$121,200	- 1.00

Governor/Legislature: Provide adjustments of \$60,600 and -1.0 position annually as standard budget adjustments.

Adjustments are for: (a) removal of noncontinuing elements from the base (-\$32,300 and -1.00 position annually); (b) full funding of salaries and fringe benefits (\$77,100 annually); (c) reclassifications (\$11,300 annually); and (d) overtime (\$4,500 annually).

2. PRESERVATION PROJECT POSITION (PHASE 2)

Funding Positions		
PR	\$70,200	1.00

Governor/Legislature: Provide expenditure authority of \$35,100 and 1.0 two-year project position annually to continue the document preservation project that began in the 1999-01 biennium. The position is responsible for preparing certain historical documents for microfilming or scanning. The documents have been filed with the Office of the Secretary of State over the past 150 years. Preparation work includes removal of fasteners, flattening, repairing, restoring, cleaning, and entering information into a database. In addition to document handling activities, the position is

responsible for coordinating modifications to the database, preparing shipping information, and providing quality control for finished work from the production company.

3. NATIONAL ASSOCIATION OF SECRETARIES OF STATE DUES INCREASE

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	\$0	\$2,000	\$2,000
PR	\$1,800	-\$1,800	\$0

Governor: Provide expenditure authority of \$900 annually to fully fund membership dues for the National Association of Secretaries of State. Dues for 2004-05 are \$3,377.

Joint Finance/Legislature: Delete provision. As a result, the estimated annual lapse from the program fees appropriation to the general fund would increase by \$1,000.

4. GPR-EARNED REESTIMATE [LFB Paper 670]

GPR-REV	\$11,100
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Joint Finance/Legislature: Reestimate the lapse to the general fund from the Office's program fees appropriation to be \$109,100 in 2005-06. This would represent an increase of \$11,100 over the estimated 2005-06 lapse included in the Governor's bill. The Office is funded by fees for services that are placed in the program fees, program revenue appropriation. Any year-end unencumbered amount in excess of 10% of the prior year's expenditures lapses to the general fund.

5. AGENCY COLLECTIONS APPROPRIATION LAPSE [LFB Paper 671]

GPR-REV	\$183,400
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Joint Finance/Legislature: Require that the 2006-07 year-end balance in the agency collections appropriation be lapsed to the general fund. As a result, an estimated \$183,400 would be lapsed. The Secretary of State is statutorily required to make a copy of any law, resolution, deed, bond, record, document, or paper deposited or kept in the Office, upon request. Fees collected for uncertified documents are placed in a separate continuing appropriation for agency collections.

[Act 25 Section: 9242(1m)]

SHARED REVENUE AND TAX RELIEF

Budget Summary by Funding Source							
	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	2005-07 Legislature	2005-07 Act 25	Act 25 Change Over Base Year Doubled	
						Amount	Percent
Direct Aid Payments							
Shared Revenue	\$63,750,000	\$64,912,000	\$66,300,000	\$66,300,000	\$66,300,000	\$2,550,000	4.0%
County and Municipal Aid	1,319,406,200	1,709,406,200	1,709,406,200	1,709,406,200	1,709,406,200	390,000,000	29.6
Expenditure Restraint Program	116,291,400	116,291,400	116,291,400	116,291,400	116,291,400	0	0.0
Public Utility Distribution	0	10,300,800	8,600,000	8,600,000	8,600,000	8,600,000	N.A.
Payments for Municipal Services	43,997,600	43,997,600	43,997,600	43,997,600	43,997,600	0	0.0
State Aid; Tax Exempt Property	147,800,000	67,900,000	66,800,000	66,800,000	66,800,000	-81,000,000	-54.8
Property Tax Credits							
School Levy Tax Credit	\$938,610,000	\$938,610,000	\$938,610,000	\$938,610,000	\$938,610,000	\$0	0.0%
Homestead Tax Credit	217,200,000	214,400,000	222,500,000	222,500,000	222,500,000	5,300,000	2.4
Farmland Preservation Credit	30,600,000	27,200,000	26,800,000	26,800,000	26,800,000	-3,800,000	-12.4
Other Credits							
Earned Income Tax Credit	\$38,062,400	\$28,936,000	\$40,936,000	\$40,936,000	\$49,536,000	\$11,473,600	30.1%
Veterans and Surviving Spouses Property Tax Credit	0	0	5,400,000	5,400,000	5,400,000	5,400,000	N.A.
Private School and Homeschool Tax Credit	0	0	0	14,600,000	0	0	N.A.
Cigarette and Tobacco Product Tax Refunds	<u>23,000,000</u>	<u>26,400,000</u>	<u>26,400,000</u>	<u>26,400,000</u>	<u>26,400,000</u>	<u>3,400,000</u>	14.8
GPR TOTAL	\$2,938,717,600	\$3,248,354,000	\$3,272,041,200	\$3,286,641,200	\$3,280,641,200	\$341,923,600	11.6%
Other Credits							
Earned Income Tax Credit; Temporary Assistance for Needy Families	<u>\$119,064,000</u>	<u>\$119,064,000</u>	<u>\$119,064,000</u>	<u>\$119,064,000</u>	<u>\$119,064,000</u>	<u>\$0</u>	0.0%
PR TOTAL	\$119,064,000	\$119,064,000	\$119,064,000	\$119,064,000	\$119,064,000	\$0	0.0%
Direct Aid Payments							
Shared Revenue and County and Municipal Aid; Transportation Fund	\$340,000,000	\$0	\$0	\$0	\$0	-\$340,000,000	-100.0%
County and Municipal Aid; Utility Public Benefits Fund	40,000,000	0	0	0	0	-40,000,000	-100.0
Property Tax Credits							
Farmland Tax Relief Credit	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$0	0.0%
Lottery and Gaming Credit	202,619,600	237,051,900	239,427,200	239,427,200	239,427,200	36,807,600	18.2
Lottery and Gaming Credit; Late Applications	300,000	400,000	400,000	400,000	400,000	100,000	33.3
Other Credits							
Earned Income Tax Credit; Utility Public Benefits Fund	<u>\$473,600</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>-\$473,600</u>	-100.0%
SEG TOTAL	\$613,393,200	\$267,451,900	\$269,827,200	\$269,827,200	\$269,827,200	-\$343,566,000	-56.0%
TOTAL	\$3,671,174,800	\$3,634,869,900	\$3,660,932,400	\$3,675,532,400	\$3,669,532,400	-\$1,642,400	-0.0%

Direct Aid Payments

1. COUNTY AND MUNICIPAL AID -- FUNDING SOURCES

GPR	\$390,000,000
SEG	- 380,000,000
Total	\$10,000,000

Governor/Legislature: Increase GPR funding for the county and municipal aid program by \$195,000,000 annually to reflect the reversal of 2003 Act 33 provisions providing base year funding totaling \$170,000,000 from the transportation fund and \$20,000,000 from the utility public benefits fund and the partial reversal, totaling \$5,000,000, from the medical assistance program. Act 33 transferred \$170 million SEG from the transportation fund and \$20 million SEG from the utility public benefits fund to supplement GPR funding for 2004-05 county and municipal aid payments. The transfers and related appropriations were repealed on July 1, 2005, under separate provisions in Act 33. As a result, \$190 million of the proposed \$195 million annual GPR increase is to offset the loss of the SEG funds. In addition, Act 33 reduced state aid payments to selected counties and municipalities by \$10 million annually, beginning in 2003-04. These reductions were to be offset by supplemental medical assistance payments to the same local governments receiving the aid reductions, as occurred in 2003 and 2004. The payments were intended to reflect increases in reimbursement rates for emergency medical transportation (ambulance) services provided by these local governments. Although Act 33 assumed a \$10 million annual increase in medical assistance claims, DOA indicates that \$5 million annually is a more accurate reflection of actual, eligible medical assistance expenditures. The bill would modify the GPR funding for county and municipal aid to reflect this reestimate.

2. COUNTY AND MUNICIPAL AID -- TECHNICAL CORRECTION

Governor/Legislature: Modify the current law provision directing \$703,102,200 to be distributed annually to municipalities under the county and municipal aid program to reflect a distribution of \$702,483,300, instead. Individual municipalities receive payments annually under the county and municipal aid program, and each municipality's payment is set equal to the amount it received in 2004. The 2004 distribution was based on a statutory formula that resulted in a statewide distribution for all municipalities summing to \$702,483,300. This provision would amend the statutes to reflect the actual distribution under prior legislative enactments.

[Act 25 Sections: 1706 and 9341(12)]

3. SHARED REVENUE UTILITY AID -- FUNDING LEVEL [LFB Paper 675]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$11,462,800	- \$312,800	\$11,150,000

Governor: Estimate utility aid payments of \$2,086,400 in 2005-06 and \$8,214,400 in 2006-07 from the public utility distribution account appropriation to reflect the initial payments under the capacity-based aid and incentive aid allocations created under 2003 Wisconsin Act 31. Increase utility aid payments from the shared revenue account appropriation by \$537,000 in 2005-06 and \$625,000 in 2006-07 to reflect estimated changes in the value of utility-owned property eligible for state aid under the three and six mill distribution formulas. Total aid payments under the latter appropriation are estimated at \$32,412,000 in 2005-06 and \$32,500,000 in 2006-07.

Joint Finance/Legislature: Increase estimated payments by \$13,600 in 2005-06 and decrease estimated payments by \$1,714,400 in 2006-07 from the public utility distribution account appropriation. Increase estimated payments by \$588,000 in 2005-06 and \$800,000 in 2006-07 from the shared revenue account appropriation. This would result in estimated aid payments of \$2,100,000 in 2005-06 and \$6,500,000 in 2006-07 under the capacity-based distribution formula and \$33,000,000 in 2005-06 and \$33,300,000 in 2006-07 under the three and six mill distribution formulas.

4. SHARED REVENUE UTILITY AID -- DISTRIBUTION FORMULA

Joint Finance/Legislature: Modify current law provisions related to state aid payments to municipalities and counties containing production plants, general structures, and substations of light, heat, and power companies and electric cooperatives, state and local taxes on general structures and substations, Department of Revenue responsibilities, payments for high-voltage transmission lines, and mitigation payments as follows:

Production Plants. Discontinue the nine-mill utility aid payments on production plants that began operation prior to 2004 and authorize payments under the provisions created by 2003 Wisconsin Act 31 that result in payments of \$2,000 per megawatt of capacity, or \$4,000 per megawatt of capacity if the production plant derives energy from an alternative energy resource, provided the municipality where the production plant is located receives a higher payment under the capacity-based distribution formula. Split total payments for a plant between the county and municipality using the same ratio as under the current law formula. Provide that after a payment for a production plant is made under the capacity-based distribution formula, subsequent payments cannot be made under the nine-mill formula. Repeal the current law provision that limits the value used to calculate payments under the nine-mill formula to no less than the value used to calculate payments in 1990. Extend these provisions to aid payments beginning in 2007.

General Structures and Substations. Extend the property tax to general structures owned or leased by light, heat, and power companies, effective with property assessed as of January 1, 2007. Extend the property tax to substations, other than transmission substations, owned or leased by light, heat, and power companies, effective with property assessed as of January 1, 2008. Modify the property tax exemption for property subject to state-imposed public utility license fees and property taxes to permit this treatment. Modify current law provisions

imposing public utility license fees to clarify that the license fees are not in lieu of property taxes. Authorize light, heat, and power companies to claim a credit against their gross revenues-based license fee that is equal to the amount of their property tax payments on general structures and substations. If the property taxes exceed a company's license fee liability in a single year, allow the excess taxes to be claimed in a later year for up to 15 years. Extend the credit to any payments in lieu of taxes made by an electric cooperative on general structures and substations. Discontinue the nine-mill, value-based, aid payment to municipalities on general structures in 2008 and on substations in 2009, if the general structure or substation is subject to property taxation or a payment in lieu of taxes.

Department of Revenue. Direct the Department of Revenue to value the general structures and substations that are subject to property taxation using procedures similar to those currently used to value manufacturing property. Require the Department to convene a study group by December 31, 2005, comprised of residents of communities that host public utility property, representatives of light, heat, and power companies, electric cooperatives, and municipal utilities, and individuals with expertise related to public utility taxation and transmission line siting to assess the feasibility and desirability of imposing local general property taxes, or their equivalent, on distribution property of light, heat, and power companies, electric cooperatives, and municipal utilities. Require the study group to issue a report containing its findings and recommendations to the Legislature by May 1, 2006.

Payments for High-Voltage Transmission Lines. Modify the current law provisions requiring annual impact fees assessed against persons who have been issued a certificate of public convenience and necessity for operating high-voltage transmission lines to base the payments on the net book value, rather than the original cost, of the transmission line.

Mitigation Payments. Modify requirements relating to the Public Service Commission's approval of a mitigation agreement between a light, heat, and power company and a local government to provide that mitigation payments made in accordance with the terms of a mitigation payment agreement shall be recoverable in rates if the Commission received the agreement before June 10, 2003, and the Commission did not determine that the agreement is unreasonable before November 11, 2003.

The preceding provisions would be phased-in over several years beginning in 2007. Due to this timing, no fiscal effect is reported for the 2005-07 biennium. The following table reports the fiscal impacts of the provisions on state expenditures and revenues for the period between 2007-08 and 2009-10. The analysis is based on historic data and does not attempt to show the effects of depreciation, new construction, changes in local tax rates, changes in utility rates, or growth in state tax collections.

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
Change in State Aid on:			
Production Plants	\$9,393,100	\$9,393,100	\$9,393,100
General Structures	N.A.	-2,633,000	-2,633,000
Substations	<u>N.A.</u>	<u>N.A.</u>	<u>-5,123,100</u>
Est. Change in State Spending	\$9,393,100	\$6,760,100	\$1,637,000
State Tax Credit for Taxes on:			
General Structures	N.A.	\$6,475,500	\$6,475,500
Substations	<u>N.A.</u>	<u>N.A.</u>	<u>11,198,400</u>
Est. Reduction in State Revenues	\$0	\$6,475,500	\$17,673,900
Net Cost to General Fund	\$9,393,100	\$13,235,600	\$19,310,900

Veto by Governor [F-12]: Delete provision, except that the date "January 1, 2007" in section 1260c is retained and becomes part of section 1251c. As such, the date becomes the sunset of the levy limit for counties and municipalities (Item #1 under Shared Revenue and Tax Relief -- Property Taxation).

[Act 25 Vetoed Sections: 93m, 1258m, 1260b, 1260c, 1260p, 1260q, 1260t, 1473b, 1473d, 1473e, 1474p, 1705b, 1705c, 1705d, 1705e, 1705f, 1705g, 2097m, 2097n, 2098m, and 9141(1n)]

5. EXPENDITURE RESTRAINT PROGRAM [LFB Paper 678]

Governor: Sunset payments under the expenditure restraint program after payments in 2006 and prohibit any moneys from being encumbered or expended from the program's appropriation after December 31, 2006. Because this provision would first affect payments in 2007, which would occur in the 2007-09 biennium, no fiscal effect is reported.

Joint Finance/Legislature: Delete provision.

6. MUNICIPAL LEVY RESTRAINT PROGRAM [LFB Paper 678]

Governor: Create a municipal levy restraint program and create two sum sufficient appropriations to make state aid payments to eligible municipalities. Set the distribution level for the municipal levy restraint payment account appropriation at \$58,145,700 annually, beginning in 2007. Set the distribution level for the municipal levy restraint bonus payment account appropriation at \$10,000,000 annually, beginning in 2007. Require the payments for each year's distribution to be made on the fourth Monday in July.

Provide payments from the two appropriations to municipalities if in the December that is two years before the aid payment, the municipality has both a municipal tax rate that is greater than five mills and has a municipal tax levy that is no greater than the municipality's

maximum allowable levy, as defined under this program. (The proposed language relative to the second condition should be clarified to achieve this intent.)

Define municipal tax levy, for purposes of determining eligibility and computing aid payments, as the total taxes levied, other than tax incremental levies, for each town, village, or city on the statement of taxes filed with the Department of Revenue (DOR). Provide that a municipality's tax levy be adjusted based on the following conditions: (a) if a municipality transfers to another governmental unit responsibility for providing any service that it provided in the preceding year, the municipality's tax levy for the preceding year be decreased to reflect the amount that the municipality levied to provide the service; and (b) if a municipality increases the services that it provides by adding responsibility for providing a service transferred to it from another governmental unit that provided the service in any year, the municipality's tax levy for the preceding year be increased to reflect the cost of providing that service. Define municipal tax rate as the municipality's tax levy divided by its taxable value. Define taxable value as the municipality's equalized value, as determined under current law, excluding the value increments in any tax increment districts.

Define maximum allowable levy as the municipality's tax levy in the year two years before the aid payment, increased by a percentage equal to 85% of the sum of two percentages, based on inflation and value growth, rounded to the nearest 0.01%.

Define the inflation factor as a percentage equal to the average annual percentage change in the consumer price index for all urban consumers, U. S. city average, as determined by the U.S. Department of Labor, for the 12 months ending on June 30 of the year that is two years before the year of the aid payment. Define the valuation factor as a percentage equal to 60% of the percentage change in the equalized value due to new construction, less improvements removed, for the region in which the municipality is located between the year two years before the year of the payment and the previous year, but not less than 0% nor greater than 2%. (The proposed language should be clarified to achieve this intent.)

Define nine separate regions consisting of five to 10 geographically contiguous counties for purposes of calculating the municipal valuation factor and direct DOR to assign each municipality to a region based on the county in which the municipality is located, as follows:

- Region 1 Brown, Door, Florence, Kewaunee, Manitowoc, Marinette, Oconto, and Sheboygan counties;
- Region 2 Calumet, Fond du Lac, Green Lake, Marquette, Menominee, Outagamie, Shawano, Waupaca, Waushara, and Winnebago counties;
- Region 3 Buffalo, Crawford, Jackson, La Crosse, Monroe, Pepin, Pierce, Trempealeau, and Vernon counties;
- Region 4 Adams, Forest, Juneau, Langlade, Lincoln, Marathon, Oneida, Portage, Vilas, and Wood counties;

- Region 5 Ashland, Bayfield, Burnett, Douglas, Iron, Price, Rusk, Sawyer, Taylor, and Washburn counties;
- Region 6 Columbia, Dane, Dodge, Jefferson, Rock, and Sauk counties;
- Region 7 Kenosha, Milwaukee, Ozaukee, Racine, Walworth, Washington, and Waukesha counties;
- Region 8 Grant, Green, Iowa, Lafayette, and Richland counties; and
- Region 9 Barron, Chippewa, Clark, Dunn, Eau Claire, Polk, and Saint Croix counties.

Direct DOR to assign municipalities that are located in more than one county to the region containing the county that contains the greater amount of the municipality's taxable value.

Specify that the maximum allowable levy does not apply to amounts levied for the payment of any general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations, interest on outstanding obligations, or the payment of related issuance costs or redemption premiums, secured by the full faith and credit of the municipality. Provide that if the county and municipal aid payment to a municipality is less than in the previous year, the municipality's maximum allowable levy be increased to reflect the reduction.

Calculate each eligible municipality's payment from the municipal levy restraint payment account appropriation by: (a) subtracting five mills from the municipality's tax rate; (b) multiplying that amount by the municipality's taxable value; (c) dividing that amount by the sum of all such amounts for all eligible municipalities; and (d) multiplying the resulting percentage by \$58,145,700.

Calculate each eligible municipality's payment from the municipal levy restraint bonus payment account appropriation by: (a) subtracting the municipality's tax levy from its maximum allowable levy; (b) dividing that amount by the sum of all such amounts for all eligible municipalities; and (c) multiplying the resulting percentage by \$10,000,000.

Direct DOR to administer the program by calculating payments, by notifying eligible municipalities of their estimated payment amounts in the year preceding the aid payment, by certifying to the Joint Committee on Finance the appropriate percentage change in the consumer price index that is used to determine the inflation factor on August 1, of each year, and by making adjustments to levies to reflect service transfers.

Because this program's first aid payments would occur in July, 2007, which is in the 2007-09 biennium, the proposal would have no direct fiscal effect in the 2005-07 biennium. However, by limiting municipal property tax increases in 2005(06) and 2006(07), the 2005-07 funding levels for the computer aid, homestead tax credit, farmland preservation credit, and property tax/rent credit programs would be indirectly affected.

Joint Finance/Legislature: Delete provision.

7. COUNTY LEVY RESTRAINT PROGRAM [LFB Paper 679]

Governor: Create a county levy restraint program and create two sum sufficient appropriations to make state aid payments to eligible counties. Set the distribution level for the county levy restraint payment account appropriation at \$25,000,000 annually, beginning in 2007. Set the distribution level for the county levy restraint bonus payment account appropriation at \$10,000,000 annually, beginning in 2007. Require the payments for each year's distribution to be made on the fourth Monday in July.

Provide payments from the two appropriations to counties if in the December that is two years before the aid payment, the county has a county tax levy that is no greater than the county's maximum allowable levy, as defined under this program. (The proposed language should be clarified to achieve this intent.)

Define county tax levy as the sum for all municipalities in the county of the amounts reported as total county taxes levied on the statement of taxes filed with the Department of Revenue, but excluding any taxes levied for a county children with disabilities education board. Provide that a county's tax levy, for purposes of determining eligibility and computing aid payments, be adjusted based on the following conditions: (a) if a county transfers to another governmental unit responsibility for providing any service that it provided in the preceding year, the county's tax levy for the preceding year be decreased to reflect the amount that the county levied to provide the service; and (b) if a county increases the services that it provides by adding responsibility for providing a service transferred to it from another governmental unit in any year, the county's tax levy for the preceding year be increased to reflect the cost of providing that service. Define county tax rate as the county's tax levy divided by its equalized value, excluding the value of any tax increments.

Define maximum allowable levy as the county's tax levy in the year two years before the aid payment increased by a percentage equal to 85% of the sum of two percentages, based on inflation and valuation growth, rounded to the nearest 0.01%.

Define the inflation factor as a percentage equal to the average annual percentage change in the consumer price index for all urban consumers, U. S. city average, as determined by the U.S. Department of Labor, for the 12 months ending on June 30 of the year that is two years before the year of the aid payment. Define the valuation factor as a percentage equal to 60% of the percentage change in the equalized value due to new construction, less improvements removed, for the county between the year two years before the year of the payment and the previous year, but not less than 0% nor greater than 2%. (The proposed language should be clarified to achieve this intent.)

Specify that the maximum allowable levy does not apply to amounts levied for the payment of any general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations, interest on outstanding obligations, or the payment of related issuance costs or redemption premiums, secured by the full faith and credit

of the county. Provide that if the county and municipal aid payment to a county is less than in the previous year, the county's maximum allowable levy be increased to reflect the reduction.

Calculate each eligible county's payment from the county levy restraint payment account appropriation by: (a) dividing the county tax levy for the county by the sum of all such amounts for all eligible counties; and (b) multiplying the resulting percentage by \$25,000,000.

Calculate each eligible county's payment from the county levy restraint bonus payment account appropriation by: (a) subtracting the county tax levy from the county's maximum allowable levy; (b) dividing that amount by the sum of all such amounts for all eligible counties; and (c) multiplying the resulting percentage by \$10,000,000.

Direct DOR to administer the program by calculating payments, by notifying eligible counties of their estimated payment amounts in the year preceding the aid payment, by certifying to the Joint Committee on Finance the appropriate percentage change in the consumer price index that is used to determine the inflation factor on August 1, of each year, and by making adjustments to levies to reflect service transfers.

Because this program's first aid payments would occur in July, 2007, which is in the 2007-09 biennium, the proposal would have no direct fiscal effect in the 2005-07 biennium. However, by limiting county property tax increases in 2005(06) and 2006(07), the 2005-07 funding levels for the computer aid, homestead tax credit, farmland preservation credit, and property tax/rent credit programs would be indirectly affected.

Joint Finance/Legislature: Delete provision.

8. STATE AID FOR TAX EXEMPT COMPUTERS, CASH REGISTERS, AND FAX MACHINES -- SUM SUFFICIENT REESTIMATE [LFB Paper 676]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$15,000,000	-\$700,000	-\$15,700,000

Governor: Decrease funding by \$6,000,000 in 2005-06 and \$9,000,000 in 2006-07 to reflect changes in tax rates and the value of exempt computers, cash registers, and fax machines under current law provisions (-\$3,900,000 in 2005-06 and -\$4,900,000 in 2006-07) and to reflect AB 100 provisions that would limit property tax increases and provide additional local government aid (-\$2,100,000 in 2005-06 and -\$4,100,000 in 2006-07). Total aid payments of \$67,900,000 in 2005-06 and \$64,900,000 in 2006-07 are estimated.

Joint Finance/Legislature: Decrease estimated payments by \$1,100,000 in 2005-06 and increase estimated payments by \$400,000 in 2006-07, which would result in estimated aid payments of \$66,800,000 in 2006 and \$65,300,000 in 2007. For 2006, this includes reductions totaling \$400,000 under current law provisions to reflect reestimates of exempt computer values and local tax rates and \$700,000 under the levy limit provisions adopted by the Committee to

reflect lower levels of property tax increases. For 2007, this includes increases totaling \$1,900,000 under current law provisions to reflect additional exempt computer value and reductions totaling \$1,500,000 under the levy limit provisions adopted by the Committee to reflect lower levels of property tax increases.

9. STATE AID FOR TAX EXEMPT COMPUTERS, CASH REGISTERS, AND FAX MACHINES -- PAYMENT DELAY [LFB Paper 677]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$64,900,000	-\$400,000	-\$65,300,000

Governor: Delay the date for making state aid payments for exempt computers, cash registers, and fax machines from the first Monday in May of each year to the fourth Monday in July of each year, beginning in 2007. Decrease funding by \$64,900,000 in 2006-07 to reflect the payment delay. Require school districts to treat the July payments as if they had been received in the previous school year. The reported reduction reflects estimated changes in local tax rates and exempt computer values and the estimated impact of the AB 100 provisions that would limit property tax increases and provide additional local government aid.

Joint Finance/Legislature: Approve the Governor's recommendation. Additional payment reductions totaling \$400,000 are reported to reflect the sum sufficient reestimates displayed under the preceding item. Total 2007 aid payments subject to the delay are reestimated at \$65,300,000.

[Act 25 Section: 1710]

Property Tax Credits

1. SCHOOL LEVY TAX CREDIT [LFB Paper 601]

Governor: Increase the school levy tax credit distribution for the 2006(07) property tax year and for each year thereafter by \$150,000,000, from \$469,305,000 to \$619,305,000. Direct \$150,000,000 of the \$619,305,000 to be distributed to municipalities in proportion to their share of general school aid paid under the general equalization aids program, as determined by the Department of Revenue. Direct DOR to calculate the \$150,000,000 distribution based on the amount of general school aid paid in the same year that DOR notifies municipalities of their credit payments. Current law directs DOR to notify municipalities by December 1 of the amount of credits that will be distributed to them in the succeeding year and establishes the fourth Monday in July as the distribution date. The remaining \$469,305,000 of the distribution would continue to be allocated to municipalities based on their share of total school levies

during the prior three years. Both distributions would be allocated by municipalities to individual taxpayers based on each taxpayer's share of the municipality's assessed value.

Direct the Department of Administration to distribute up to \$150,000,000 of the school levy tax credit distribution for the 2006(07) property tax year on June 15, 2007, and require an identical amount to be distributed on June 15 of each succeeding year. Direct DOA to distribute the balance of the distribution for the 2006(07) property tax year on the fourth Monday in July, 2007, and require an identical amount to be distributed on the fourth Monday in July of each succeeding year. Define the amount of the June distribution as any excess general fund revenues, as determined by DOA, reduced by any amounts transferred to the health care quality improvement fund (this fund would be created by the bill; since the bill does not specify any minimum or maximum transfer to this fund, the allocation of excess revenues between this fund and the June, 2007, school levy credit payment would be at the sole discretion of the DOA Secretary). Define excess general fund revenues as the difference between the amount of estimated 2005-07 general fund revenues, as determined by DOA no later than September 15, 2006, minus the sum of the 2005-07 general fund revenues, as estimated under the 2005-07 biennial budget, and any amount expended under the supplemental general school aids appropriation (this appropriation would be created by the bill and would be funded with whatever new revenue is estimated to be generated by the streamlined sales tax project). Authorize the Secretary of DOA to transfer any excess general fund taxes to the health care quality improvement fund, prior to determining the June, 2007, school levy tax credit payment amount. Require the DOA Secretary to reduce the amount transferred to the budget stabilization fund in 2007 by any amounts: (a) used to fund the supplemental general school aids appropriation; (b) transferred to the health care quality improvement fund; or (c) paid as school levy tax credits in June, 2007. Currently, 50% of any excess general fund tax revenues are to be transferred to the budget stabilization fund.

Since the school levy tax credits appearing on December, 2006, property tax bills will not be paid until July, 2007, additional funding for the credit would not be needed until 2007-08. Although this provision would not increase appropriations in the 2005-07 biennium (unless excess general fund revenues are made available for the credit, as described above), an increase of \$150,000,000 annually over the base funding level would need to be provided in the 2007-09 biennium for this purpose.

Joint Finance/Legislature: Decrease the Governor's recommended increase in the school levy tax credit distribution from \$150,000,000 to \$50,000,000, and set the annual distribution at \$519,305,000 beginning with the 2006(07) property tax year. Delete the Governor's recommendations to distribute the additional funding in proportion to general school aid payments under the general equalization aids program and to advance the payment date for all or a portion of the increased funding from the fourth Monday in July to June 15 based on estimated amounts of excess general fund revenues. Delete the Governor's recommendation to require the Secretary of DOA to reduce the amount transferred to the budget stabilization fund in 2007 by the amount paid as school levy tax credits in June, 2007.

Veto by Governor [F-10]: Modify the increased credit from \$519,305,000 annually to

\$593,050,000 annually, beginning in 2007. This is accomplished by striking selected digits and words from the phrase "and \$519,305,000 in 2007 and in each year thereafter." to produce the phrase "and \$59,305,000 in each year thereafter.". Under this partial veto, the credit increase goes from \$50,000,000 to \$123,745,000, an increase of \$73,745,000 from the amount passed by the Legislature. As described above, this will first affect appropriations in 2007-08, and an increase of \$123,745,000 annually over the base funding level will need to be provided in the 2007-09 biennium for this purpose.

[Act 25 Section: 1717]

[Act 25 Vetoed Section: 1717]

2. **LOTTERY AND GAMING CREDIT [LFB Paper 680]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$34,432,300	\$2,375,300	\$36,807,600

Governor: Increase funding by \$15,832,700 in 2005-06 and \$18,599,600 in 2006-07 for the sum sufficient appropriation to reflect estimates of the amount of net lottery and gaming proceeds available for distribution. As a result, tax credit distributions are estimated at \$117,142,500 in 2005-06 and \$119,909,400 in 2006-07. However, the lottery and gaming revenues identified under the bill would support credits of \$120,997,100 in 2005-06 and \$123,917,600 in 2006-07.

Joint Finance/Legislature: Decrease funding by \$1,548,900 in 2005-06 and provide an additional funding increase of \$3,924,200 in 2006-07 for the lottery and gaming credit sum sufficient appropriation to estimate total tax credit distributions at \$115,593,600 in 2005-06 and \$123,833,600 in 2006-07.

3. **LOTTERY AND GAMING CREDIT -- LATE APPLICATIONS**

SEG	\$100,000
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Governor/Legislature: Increase funding by \$50,000 annually for the sum sufficient appropriation to reflect estimates of the amount of credits to be paid to persons who apply for the credit after tax bills have been issued. As a result, tax credit distributions for late applications are estimated at \$200,000 annually.

4. **HOMESTEAD TAX CREDIT REESTIMATE [LFB Paper 681]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$2,800,000	\$8,100,000	\$5,300,000

Governor: Provide \$1,200,000 in 2005-06 and -\$4,000,000 in 2006-07 for the sum sufficient appropriation to reflect anticipated costs of the credit in the biennium. The change in the cost of the credit is due to the following: (a) \$2,500,000 in 2005-06 to reflect the growth in claims in recent years compared to the base funding level and an estimate of an increase in credit claimants due to simplification of the forms used in filing for the credit; (b) -\$1,200,000 in 2006-07 to reflect an expected increase in the incomes of credit claimants, which would reduce the amount of the credit for certain claimants; and (c) -\$1,300,000 in 2005-06 and -\$2,800,000 in 2006-07 associated with the local fiscal controls and school aids funding included under the bill. With these adjustments, estimated total funding would be increased from an adjusted base level of \$108,600,000 to \$109,800,000 in 2005-06 and then decreased to \$104,600,000 in 2006-07. In 2003-04, homestead tax credit claims totaled \$119,800,000.

Joint Finance/Legislature: Increase funding by \$4,500,000 in 2005-06 and \$3,600,000 in 2006-07 to reestimate the sum sufficient appropriation at \$114,300,000 in 2005-06 and \$108,200,000 in 2006-07. The change in the cost of the credit is due to: (a) an increase in funding of \$5,000,000 in 2005-06 and \$4,500,000 in 2006-07 to reflect a reestimate of the current law cost of the credit; and (b) a decrease in funding of \$500,000 in 2005-06 and \$900,000 in 2006-07 to reflect additional savings from the local fiscal controls and school aids funding levels under the Joint Finance Committee version of the bill.

5. FARMLAND PRESERVATION TAX CREDIT REESTIMATE [LFB Paper 682]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$3,400,000	-\$400,000	-\$3,800,000

Governor: Provide decreases in funding of \$1,700,000 annually for the sum sufficient appropriation to reflect anticipated costs of the credit in the biennium. The decline in estimated credits reflects the following: (a) -\$1,400,000 in 2005-06 and -\$900,000 in 2006-07 due to expected increases in the incomes of credit claimants and lower property taxes; and (b) -\$300,000 in 2005-06 and -\$800,000 in 2006-07 associated with the local fiscal controls and school aids funding included under the bill. With these adjustments, estimated total funding would be decreased from an adjusted base level of \$15,300,000 to \$13,600,000 in both 2005-06 and 2006-07.

Joint Finance/Legislature: Increase funding by \$100,000 in 2005-06 and decrease funding by \$500,000 to reestimate the sum sufficient appropriation at \$13,700,000 in 2005-06 and \$13,100,000 in 2006-07. The change in the cost of the credit is due to: (a) an increase in funding of \$500,000 in 2005-06 and a decrease in funding of \$100,000 in 2006-07 to reflect a reestimate of the current law cost of the credit; and (b) a decrease in funding of \$400,000 annually to reflect additional savings from the local fiscal controls and school aids funding levels included under the Joint Finance Committee version of the bill.

Property Taxation

1. LEVY LIMIT FOR COUNTIES AND MUNICIPALITIES [LFB Paper 685]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	\$0	-\$11,900,000	-\$11,900,000

Governor: Prohibit any city, village, town, or county from increasing its tax levy for purposes other than debt service by a percentage exceeding the sum of an inflation factor and a growth factor. Define the inflation factor as a percentage equal to the average annual percentage change in the consumer price index for all urban consumers, U. S. city average, as determined by the U.S. Department of Labor, for the 12 months ending on June 30 of the year in which property tax bills are required to be mailed. Define the growth factor for counties as a percentage equal to 60% of the percentage change in the county's equalized value due to new construction, less improvements removed, as determined for January 1 equalized values in the year preceding the levy (a technical modification to the bill would clarify which year's value change is to be used), but not less than 0%. Define the growth factor for municipalities as a percentage equal to 60% of the percentage change in the equalized value due to new construction, less improvements removed, for the region in which the municipality is located as determined for January 1 equalized values in the year preceding the levy (a technical modification to the bill would clarify which year's value change is to be used), but not less than 0%. Define nine separate regions consisting of five to 10 geographically contiguous counties for purposes of calculating municipalities' growth factors and direct the Department of Revenue to assign each municipality to a region based on the county in which the municipality is located, as follows:

- Region 1 Brown, Door, Florence, Kewaunee, Manitowoc, Marinette, Oconto, and Sheboygan counties;
- Region 2 Calumet, Fond du Lac, Green Lake, Marquette, Menominee, Outagamie, Shawano, Waupaca, Waushara, and Winnebago counties;
- Region 3 Buffalo, Crawford, Jackson, La Crosse, Monroe, Pepin, Pierce, Trempealeau, and Vernon counties;
- Region 4 Adams, Forest, Juneau, Langlade, Lincoln, Marathon, Oneida, Portage, Vilas, and Wood counties;
- Region 5 Ashland, Bayfield, Burnett, Douglas, Iron, Price, Rusk, Sawyer, Taylor, and Washburn counties;
- Region 6 Columbia, Dane, Dodge, Jefferson, Rock, and Sauk counties;

Region 7 Kenosha, Milwaukee, Ozaukee, Racine, Walworth, Washington, and Waukesha counties;

Region 8 Grant, Green, Iowa, Lafayette, and Richland counties; and

Region 9 Barron, Chippewa, Clark, Dunn, Eau Claire, Polk, and Saint Croix counties.

Direct DOR to assign municipalities that are located in more than one county to the region containing the county that contains the greater amount of the municipality's taxable value.

Specify that the levy limit shall be adjusted, as determined by DOR, as follows: (a) if a municipality or county transfers to another governmental unit responsibility for providing any service that it provided in the preceding year, the levy increase limit otherwise applicable to the municipality or county is decreased to reflect the cost that the municipality or county would have incurred to provide the service; (b) if a municipality or county increases the services that it provides by adding responsibility for providing a service transferred to it from another governmental unit, the levy increase limit otherwise applicable to the municipality or county is increased to reflect the cost of providing that service; (c) if a city or village annexes property from a town, the annexing municipality's levy increase limit is increased by an amount equal to the municipality's mill rate applied to the current assessed value of the annexed territory and the levy increase limit for the town from which the property was annexed is decreased by the town's mill rate applied to the assessed value of the annexed territory as of the last year that the territory was subject to taxation by the town; and (d) if the county and municipal aid payment to a municipality or county is less than in the previous year, the levy increase limit is adjusted to reflect the reduction.

Specify that the levy limit does not apply to the following components of the levy of a municipality or county: (a) any tax increment levied by a city, village, or town; (b) amounts levied for the payment of any general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations, interest on outstanding obligations, or the payment of related issuance costs or redemption premiums, secured by the full faith and credit of the municipality or county; (c) county levies for a county children with disabilities education board; and (d) levies by a first class city for school purposes.

Create a procedure under which a municipality or county may exceed its levy increase limit if the local government's governing body adopts a resolution to that effect and the electors of the municipality or county approve the resolution at a referendum. Require the resolution and referendum to specify the proposed amount of the levy increase above the limit. Authorize the local government to either call a special referendum or to hold a referendum at the same time as the next spring primary or election or September primary or November general election, provided that such an election is held no sooner than 42 days after the resolution is adopted.

Require the referendum question to be submitted to the electors as follows: "Under state law, the increase in the levy of the (name of county or municipality) for the tax to be imposed for the next fiscal year, (year), is limited to%, which results in a levy of \$....

Shall the (name of the county or municipality) be allowed to exceed this limit and increase the levy for the next fiscal year, (year), by a total of%, which results in a levy of \$....?". Specify that a town with a population below 2,000 may exceed its levy increase limit if the annual town meeting or a special town meeting adopts a resolution to that effect. Require the clerk of the municipality or county to publish notices regarding the referendum prior to the time it is held and to certify the results of the referendum or town resolution to DOR within 14 days of the referendum or meeting.

Direct DOR to administer the limit and authorize the Department to promulgate administrative rules relating to the reporting of debt service levies and nondebt service levies.

Sunset these provisions so that they do not apply to a property tax levy that is imposed after December, 2006.

By limiting municipal property tax increases in 2005(06) and 2006(07), the 2005-07 funding levels for the computer aid, homestead tax credit, farmland preservation credit, and property tax/rent credit programs would be indirectly affected. The related fiscal effects of this provision are reported under those programs.

Joint Finance/Legislature: Delete the Governor's recommended version of a levy limit for counties and municipalities and, instead, create the following provisions:

Municipal and County Levy Limit. Prohibit any city, village, town, or county from increasing its municipal or county tax levy by more than a percentage determined through formula, beginning with taxes that are levied in 2005 and become payable in 2006.

Allowable Percentage Increase. Define the percentage by which each city, village, town, and county would be allowed to increase its levy as the percentage equal to the percentage change in the equalized value (including the incremental value in TIF districts) of the municipality or county due to new construction, less improvements removed, as determined for January 1 equalized values in the year of the levy, but not less than 0%.

Exclusions and Adjustments. Exclude from the limitation any amounts levied: (a) for school purposes by a first class city; (b) as tax increments by a city, village, or town; (c) for a county children with disabilities education board by a county; or (d) for the payment of any general obligation debt service on debt authorized by a referendum on or after July 1, 2005, and secured by the full faith and credit of the city, village, town, or county. Specify that the levy limit shall be adjusted, as determined by the Department of Revenue (DOR), as follows: (a) if a municipality or county transfers to another governmental unit responsibility for providing any service that it provided in the preceding year, the levy increase limit otherwise applicable to the municipality or county is decreased to reflect the cost that the municipality or county would have incurred to provide the service; (b) if a municipality or county increases the services that it provides by adding responsibility for providing a service transferred to it from another governmental unit, the levy increase limit otherwise applicable to the municipality or county is increased to reflect the cost of providing that service; (c) if a service has been provided in part of the county by the county and in part of the county by a separate governmental unit and the

provision of the service is consolidated at the county level, the levy increase limit otherwise applicable to the county is increased to reflect the total cost of providing the service; (d) if a city or village annexes property from a town, the annexing municipality's levy increase limit is increased by an amount equal to the town levy on the annexed territory in the preceding year and the levy increase limit for the town from which the property was annexed is decreased by the same amount; and (e) if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, as the result of the city, village, town, or county adopting a resolution before July 1, 2005, authorizing the issuance of debt, the levy increase limit is increased by the difference between the two amounts. Specify that debt service includes debt service on debt issued or reissued to fund or refund outstanding obligations, interest on outstanding obligations, or the payment of related issuance costs or redemption premiums secured by the full faith and credit of the municipality or county.

Referendum. Create a procedure under which a city, village, town, or county may exceed its levy increase limit if the local government's governing body adopts a resolution to that effect and the electors of the municipality or county approve the resolution in a referendum. Require the resolution and referendum to specify the proposed amount of the levy increase above the limit and whether the amount of the proposed increase is for a single year only or is ongoing. Authorize the local government to hold a special referendum, with regard to a referendum relating to the 2005 or 2007 levy. Authorize the local government to hold a referendum at the same time as the next spring primary or election or September primary or general election, with regard to a referendum relating to the 2006 levy. Require the referendum to be held in accordance with current law provisions enumerated in chapters 5 to 12 of the state statutes.

Require the referendum question to be submitted to the electors as follows: "Under state law, the increase in the levy of the (name of county or municipality) for the tax to be imposed for the next fiscal year, (year), is limited to%, which results in a levy of \$.... Shall the (name of the county or municipality) be allowed to exceed this limit and increase the levy for the next fiscal year, (year), by a total of%, which results in a levy of \$....?". Specify that a town with a population below 2,000 may exceed its levy increase limit if the annual town meeting or a special town meeting adopts a resolution to that effect, if the town board has adopted a resolution supporting the increase and placing the question on the meeting's agenda. Require the clerk of the municipality or county to publish notices regarding the referendum or town meeting prior to the time it is held and to certify the results of the referendum or town resolution to DOR within 14 days of the referendum or meeting.

Penalty. Require DOR to reduce the county and municipal aid payment of any municipality or county that imposes a tax levy in excess of the amount allowed under these provisions. Establish the reduction as the amount equal to the excess tax levy. Provide that the aid reduction be imposed in the year after the excess amount is levied. Provide that any withheld state aid amounts be lapsed to the general fund.

Sunset. Sunset these provisions three years after the effective date of enactment.

Technical College Districts. Prohibit any technical college district from increasing its tax levy by more than a percentage equal to 2.6% per year, beginning with taxes that are levied in 2005 and become payable in 2006.

Exclusions and Adjustments. Exclude from the limitation any amounts levied for the payment of any general obligation debt service on debt authorized by a referendum on or after July 1, 2005, and secured by the full faith and credit of the district. Specify that the levy limit shall be adjusted, as determined by DOR, as follows: (a) if a district transfers to another governmental unit responsibility for providing any service that it provided in the preceding year, the levy increase limit otherwise applicable to the district is decreased to reflect the cost that the district would have incurred to provide the service; (b) if a district increases the services that it provides by adding responsibility for providing a service transferred to it from another governmental unit, the levy increase limit otherwise applicable to the district is increased to reflect the cost of providing that service; (c) if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, as the result of the district adopting a resolution before July 1, 2005, authorizing the issuance of debt, the levy increase limit is increased by the difference between the two amounts. Specify that debt service includes debt service on debt issued or reissued to fund or refund outstanding obligations, interest on outstanding obligations, or the payment of related issuance costs or redemption premiums secured by the full faith and credit of the district.

Referendum. Create a procedure under which a technical college district may exceed its levy increase limit if the technical college district's board adopts a resolution to that effect and the electors of the district approve the resolution at a referendum. Require the resolution and referendum to specify the proposed amount of the levy increase above the limit and whether the amount of the proposed increase is for a single year only or is ongoing. Authorize the district to hold a special referendum, with regard to a referendum relating to the 2005 or 2007 levy. Authorize the district to hold a referendum at the same time as the next spring primary or election or September primary or general election, with regard to a referendum relating to the 2006 levy. Require the referendum to be held in accordance with current law provisions enumerated in chapters 5 to 12 of the state statutes.

Require the referendum question to be submitted to the electors as follows: "Under state law, the increase in the levy of the (name of district) for the tax to be imposed for the next fiscal year, (year), is limited to%, resulting in a levy of \$.... Shall the (name of district) be allowed to exceed this limit such that the percentage increase for the next fiscal year, (year), will be%, resulting in a levy of \$....?". Require the clerk of the technical college district to publish notices regarding the referendum prior to the time it is held and to certify the results of the referendum to DOR within 14 days of the referendum.

Penalty. Require DOR to notify the technical college system board of any amounts levied in excess of the amount allowed under these provisions and require the technical college system board to reduce the aid payment of any technical college district that imposes a tax levy in excess of the amount allowed under these provisions. Establish the reduction as the amount equal to the excess tax levy. Provide that the aid reduction be imposed in the same fiscal year as

the excess amount is levied. Provide that any withheld state aid amounts be lapsed to the general fund.

Sunset. Sunset these provisions three years after the effective date of enactment.

Administration. Direct DOR to administer the levy limit program for counties, municipalities, and technical college districts and authorize the Department to promulgate administrative rules relating to the reporting of allowable levies.

State Forestry Tax. Modify current law provisions establishing a 0.2 mill tax on the property of the state for purposes of acquiring, preserving, and developing the forests of the state by limiting the rate of taxation to no more than 0.2 mill. Require DOR to adjust the rate of taxation for the state forestry tax so that the amount of taxes levied in a year increases relative to the amount levied in the previous year by 2.6%. Extend this provision beginning with the amount levied in 2005, that becomes payable in 2006. Provide that the mill rate, as determined by DOR, for the property tax assessment as of January 1 of the second year following the date of enactment shall be the rate of the tax imposed for all subsequent years. Reduce estimated forestry tax revenues by \$3,800,000 in 2005-06 and \$8,100,000 in 2006-07 to reflect this provision. [The decrease in revenues to the forestry account is offset by a conversion of stewardship debt service from forestry account SEG to GPR.]

Reestimates of Sum Sufficient Appropriations. By limiting property tax increases in 2005(06), 2006(07), and 2007(08), the 2005-07 funding levels for the computer aid, homestead tax credit, and farmland preservation credit programs and the revenue reduction from the property tax/rent credit would be indirectly affected. The related fiscal effects of this provision are reported under those programs.

Vetoed by Governor [A-21 and F-11]: Delete the sunset date established in the enrolled bill for the limit on counties and municipalities. By vetoing several unrelated bill sections and all of Section 1260c except for the date "January 1, 2007", the Governor establishes a sunset date of January 1, 2007. Therefore, as vetoed, the limit would apply to the 2005(06) and 2006(07) levies of counties and municipalities, but not to their 2007(08) levies. Since the aid penalty associated with an excess levy for 2006(07) would occur in either July or November of 2007 and the Department of Revenue may not know whether an excess levy occurred until after January 1, 2007, it appears that the sunset date created by the Governor's veto could preclude the imposition of any penalty for excess levies occurring in 2006(07).

Modify the allowable levy increase by deleting the word "zero" and striking all but the numeral "2" from the phrase "(2) LEVY LIMIT.", thereby creating the phrase "but not less than 2" and establishing a minimum allowable levy increase of 2% for counties and municipalities. If the net new construction percentage for a county or municipality exceeds 2%, the allowable levy increase for that local government would equal its net new construction percentage.

Modify the exclusion for county or municipal debt service on general obligation debt authorized on or after July 1, 2005, by a referendum by striking the phrase "by a referendum", thereby extending the exclusion to any general obligation debt service authorized by the local

government on or after July 1, 2005, without regard to how it was authorized. Delete the limit on technical college district tax levies. The act retains the enrolled bill's three-year reduction for the forestry mill tax.

[Act 25 Sections: 1251c, 1260r, and 1260s]

[Act 25 Vetoed Sections: 707m, 1251c, 1254m, 1257, 1258, 1258m, 1259, 1260b, and 1260c]

2. ALTERNATE INCORPORATION PROCEDURE FOR THE TOWN OF CALEDONIA

GPR-REV	\$1,000
PR-REV	\$1,000

Joint Finance: Authorize the incorporation of a town if the town meets the conditions, the town board adopts a resolution, and the town's voters pass a referendum, as follows. Sunset the following provisions after June 30, 2007.

Authorize a town board to initiate the procedure for incorporating the town as a city or village by adopting a resolution providing for a referendum by the electors of the town on that question if on date of the resolution's adoption the following conditions are met: (a) the town's resident population in the most recent federal decennial census exceeds 23,000; (b) the town is contiguous to a second class city with a resident population exceeding 75,000; (c) the town's per capita equalized value is equal to or greater than the average per capita equalized value for all cities and villages in the state based on the most recent per capita equalized value figures available from the Department of Revenue; (d) the town board of the town is authorized to exercise village powers; (e) the town contains at least 2,500 acres of land that has been zoned for industrial, commercial, communication, or public utility use; (f) the town contains at least 400 acres of land actually used for industrial, commercial, communication, or public utility purposes; and (g) the common council of at least one second class city that is contiguous to the town has adopted a resolution approving the incorporation of the town as a city or village.

Require the resolution of the town board to: (a) certify that the preceding conditions are satisfied; (b) contain a description of the territory to be incorporated sufficiently accurate to determine its location and a statement that a scale map reasonably showing the territory's boundaries is on file with the town clerk; (c) specify the number of members of the common council and the method of election and specify the numbers and boundaries of the aldermanic districts, if incorporation as a city is proposed; (d) determine the numbers and boundaries of each ward of the proposed city or village, as required under current law; and (e) determine the date of the referendum, which may not be earlier than six weeks after the adoption of the resolution. Require the town clerk to publish the adopted resolution in a newspaper in the town or in a newspaper designated in the resolution if no newspaper is published in the town. Require the clerk to have the resolution published once a week for four successive weeks, beginning no more than four weeks before the referendum.

Require the referendum to be conducted in the same manner as elections of town board supervisors. Specify that the question appearing on the ballot be: "Shall the town of become a city?" or "Shall the town of become a village?" Specify that two squares appear below the

question and that to the left of one square shall appear the words "For a city" or "For a village" and to the left of the other square shall appear the words "Against a city" or "Against a village." Require the inspectors to make a return to the town clerk. Require the town clerk to certify the vote to the Secretary of State, along with four copies of a description of the legal boundaries of the town and four copies of a plat of the town, if a majority of the votes are cast in favor of a city or village. Require any town seeking to incorporate under these provisions to pay an incorporation fee of \$1,000 to the Secretary of State. Increase estimated program revenue to the Secretary of State by \$1,000 in 2005-06 to reflect this fee and increase estimated GPR-Earned by \$1,000 in 2006-07 to reflect the eventual lapse of this amount to the general fund. Require the clerk to also transmit a copy of the certification and resolution to the county clerk.

Upon receipt of the town's certification and incorporation fee, require the Secretary of State to issue a certificate of incorporation and record the certificate in a book kept for that purpose. Require the Secretary of State to provide two copies of the description of the town's legal boundaries and of the town's plat to the Department of Transportation and one copy of the same documents to the Department of Revenue.

Provide that no action to contest the validity of an incorporation under these procedures on any grounds may be commenced after 60 days from when the Secretary of State issues the charter of incorporation. Specify that the person bringing the action to show that the incorporation is not valid would bear the burden of proof as to all issues. Direct the circuit court to give preference to an action contesting an incorporation.

Provide that a city or village incorporating under these provisions is a body corporate and politic, with the powers and privileges of a municipal corporation at common law and conferred by Chapters 61 or 62 of the state statutes. Specify that ordinances in force in the territory or any part of the territory would continue in force until altered or repealed, unless they are not consistent with Chapters 61 or 62, and county shoreland zoning ordinances in force in any part of the territory would continue in force until altered under current law provisions. Extend current law provisions regarding towns that incorporate, as they relate to interim officers and first elections, to towns that incorporate under these provisions. Extend current law provisions regarding notice of certain litigation affecting municipal status or boundaries to municipalities that incorporate under these provisions.

The Town of Caledonia in Racine County is the only town in the state with a population exceeding 23,000 in the last federal decennial census. Since the proposed provision would be sunset in 2007, the Town of Caledonia is the only town in the state that could qualify for incorporation under this provision, unless an existing city or village reverts to town status.

Assembly/Legislature: Delay the sunset of the alternate incorporation procedure from June 30, 2007, to June 30, 2010.

[Act 25 Sections: 1242p and 1242s]

Senate/Legislature: Require the Department of Revenue to provide appropriate guidance to all holders of sales tax permits with respect to the application of the premier resort area tax. Specify that any retail outlet that would be subject to the premier resort tax, except for the fact that it is a retail outlet for a manufacturer or a wholesaler, would be considered a tourism-related retailer for purposes of the tax.

[Act 25 Sections: 1692a thru 1692xn and 9441(2m)]

Other Credits

Descriptions of the budget provisions related to the earned income tax credit, the veterans and surviving spouses property tax credit, the private school and home school tax credit, and cigarette tax refunds are provided under "General Fund Taxes."

STATE FAIR PARK

Budget Summary							
Fund	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	2005-07 Legislature	2005-07 Act 25	Act 25 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$4,518,800	\$4,765,800	\$4,835,500	\$4,835,500	\$4,835,500	\$316,700	7.0%
PR	<u>33,026,000</u>	<u>43,648,000</u>	<u>38,270,000</u>	<u>38,270,000</u>	<u>38,270,000</u>	<u>5,244,000</u>	15.9
TOTAL	\$37,544,800	\$48,413,800	\$43,105,500	\$43,105,500	\$43,105,500	\$5,560,700	14.8%

FTE Position Summary						
Fund	2004-05 Base	2006-07 Governor	2006-07 Jt. Finance	2006-07 Legislature	2006-07 Act 25	Act 25 Change Over 2004-05 Base
PR	30.20	28.40	28.40	28.40	28.40	- 1.80

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 695]

PR	- \$170,200
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Governor: Delete \$85,100 annually for adjustments to the base budget for: (a) full funding of salaries and fringe benefits (-\$221,100 annually); (b) overtime (\$133,700 annually); and (c) night and weekend pay rate differential (\$2,300 annually). In addition, transfer 2.0 classified positions to unclassified status.

2003 Act 33 deleted 15.0 PR positions from State Fair Park, 9.0 classified and 6.0 unclassified. The Park seeks to alter the mix of the 15.0 eliminated positions to 11.0 classified and 4.0 unclassified. The bill would eliminate two additional classified positions and restore two unclassified positions. Under the bill, the agency would be provided 12.55 classified and 15.85 unclassified positions in 2006-07.

Joint Finance/Legislature: Modify the Governor's recommendations by transferring 2.4 (rather than 2.0) classified positions to unclassified status in order to reflect the administration's

revised recommendation (for a total of 12.15 classified positions and 16.25 unclassified positions in 2006-07).

2. MILWAUKEE MILE OPERATIONS [LFB Paper 695]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$9,975,600	-\$5,378,000	\$4,597,600

Governor: Provide \$4,972,600 in 2005-06 and \$5,003,000 in 2006-07 for supplies and services costs primarily to reflect anticipated expenditures related to operations and maintenance of the Milwaukee Mile racetrack. In June, 2003, the Park bought out the rights for operating the racetrack from a private promoter and anticipates 2005-07 costs that would include staff salaries and benefits, sanction fees, advertising and professional services, along with other event expenses, that were previously incurred by the lessee of the Mile. Under the bill, twelve racing staff would continue to be funded under contract (eleven with the Wisconsin Exposition Center Board, and the Mile's general manager with the State Fair Park Board). However, Park officials are currently considering again leasing the rights to operate the racetrack.

Joint Finance/Legislature: Modify the Governor's recommendation by providing \$4,597,600 in 2005-06 and no additional funding in 2006-07 (a reduction from the Governor's recommendations by \$375,000 in 2005-06 and \$5,003,000 in 2006-07). Further, require the Department of Administration and the Park Board to submit a plan to the Joint Committee on Finance, under 14-day passive review procedures, by the date set by the Co-chairs for submission of requests for its second quarterly meeting of calendar year 2006, for any expenditures that would exceed \$12,950,600 in 2006-07 (the amount appropriated under the bill for Park operations, minus the \$5,003,000 related to the Mile).

Veto by Governor [B-34]: Delete the requirement that the Department of Administration and the Park Board submit a plan to the Joint Committee on Finance, under 14-day passive review procedures, by the date set by the Co-chairs for submission of requests for its second quarterly meeting of calendar year 2006, for Park expenditures that would exceed \$12,950,600.

[Act 25 Vetoed Section: 9144(1f)]

3. LTE WAGE COSTS

PR	\$897,200
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Governor/Legislature: Provide \$448,600 annually for costs related to limited-term employees (LTEs). Along with a permanent staff of approximately 30 employees, State Fair Park uses approximately 1,500 LTEs during the annual State Fair. In the past, the Park has needed to reduce its supplies and services expenditures in order to fund LTE costs.

4. DEBT SERVICE ESTIMATES [LFB Paper 184]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$247,000	-\$15,500	\$231,500
PR	- 80,600	0	- 80,600
Total	\$166,400	-\$15,500	\$150,900

Governor: Provide \$124,400 GPR and delete \$125,100 PR in 2005-06, and provide \$122,600 GPR and \$44,500 PR in 2006-07 to reflect estimated principal and interest payments on bonds. GPR debt service is associated with the construction of a youth housing facility, agricultural buildings and a portion of certain infrastructure improvements and the purchase of land. Program revenue debt service, paid for by park revenue, is associated with the construction or renovation of numerous other park facilities including the grandstand, Pettit National Ice Center, and the racetrack.

Under the bill, total debt service would be estimated at \$2,383,800 GPR and \$3,576,800 PR in 2005-06 and \$2,382,000 GPR and \$3,746,400 PR in 2006-07.

Joint Finance/Legislature: Delete \$12,100 GPR in 2005-06 and \$3,400 GPR in 2006-07 to reflect reestimated debt service costs.

5. HUMAN RESOURCES AND PAYROLL BENEFITS SERVICES CONSOLIDATION [LFB Paper 112]

	Positions
PR	- 1.80

Governor/Legislature: Reallocate \$99,800 from salaries and fringe benefits to unallotted reserve and delete 1.8 positions (0.8 classified and 1.0 unclassified) in 2006-07 associated with the consolidation of human resources and payroll benefits functions in the Department of Administration. [See "Administration -- Transfers to the Department."]

6. PARK IMPROVEMENTS [LFB Paper 695]

BR	\$1,200,0000
GPR	\$85,200

Joint Finance/Legislature: Provide \$1,200,000 in general purpose revenue (GPR) supported bond revenue for construction of an energy reduction barrier and infield improvements at the Milwaukee Mile racetrack (rather than the \$1,852,000 in PR-supported bond revenue recommended by the Building Commission). Estimate related debt service costs to be \$85,200 GPR in 2006-07.

[Act 25 Sections: 139 and 9105(1)(e)]

STATE TREASURER

Budget Summary							
Fund	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	2005-07 Legislature	2005-07 Act 25	Act 25 Change Over Base Year Doubled Amount	Percent
PR	\$3,291,600	\$16,579,900	\$7,583,800	\$7,583,800	\$7,583,800	\$4,292,200	130.4%
SEG	<u>971,000</u>	<u>1,743,000</u>	<u>1,743,000</u>	<u>1,743,000</u>	<u>1,743,000</u>	<u>772,000</u>	79.5
TOTAL	\$4,262,600	\$18,322,900	\$9,326,800	\$9,326,800	\$9,326,800	\$5,064,200	118.8%

FTE Position Summary						
Fund	2004-05 Base	2006-07 Governor	2006-07 Jt. Finance	2006-07 Legislature	2006-07 Act 25	Act 25 Change Over 2004-05 Base
PR	8.46	7.55	7.55	7.55	7.55	- 0.91
SEG	<u>2.54</u>	<u>3.15</u>	<u>3.15</u>	<u>3.15</u>	<u>3.15</u>	<u>0.61</u>
TOTAL	11.00	10.70	10.70	10.70	10.70	- 0.30

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	\$42,200
SEG	<u>16,000</u>
Total	\$58,200

Governor/Legislature: Provide standard adjustments to the base budget of \$21,100 PR and \$8,000 SEG annually for full funding of continuing positions salaries and fringe benefits.

2. UNCLAIMED PROPERTY PROGRAM -- INCREASED FUNDING FOR RECOVERY FEES [LFB Paper 700]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$11,250,000	- \$7,500,000	\$3,750,000

Governor: Provide \$7,500,000 PR in 2005-06 and \$3,750,000 PR in 2006-07 for anticipated additional recovery fees that will be required to be paid to audit recovery firms which the

Treasurer's Office contracts with for the locating of unclaimed property in other states that is due to be reported to this state as unclaimed property. The increased fee payments are expected to be needed in connection with an estimated \$60 to \$90 million of abandoned mutual insurance company demutualization securities that are expected to be reported by these firms as unclaimed property that ought to be transferred to the state. These firms receive a fee of 12.5% of the estimated value of the unclaimed property and the fee must be paid to the firms upon the presentment of the property to the State Treasurer's Office.

Joint Finance/Legislature: Reduce funding by \$3,750,000 PR annually to reflect expected costs based on a reestimate of demutualization proceeds to be received in 2005-07.

3. UNCLAIMED PROPERTY PROGRAM -- ABANDONED DEMUTUALIZATION PROPERTY WORKLOAD COSTS [LFB Papers 701 and 702]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$1,727,900	-\$1,308,500	\$419,400

Governor: Provide \$242,900 in 2005-06 and 6.0 one-year project positions to assist in processing abandoned insurance company demutualization properties (primarily cash and stocks) that are expected to be received in fiscal year 2005-06. Also provide, in 2005-06, associated increased supplies and services funding of \$885,000 for the following: (a) additional custodial bank fees (\$225,000); (b) additional advertising costs associated with the expanded number of properties expected to be received (\$455,000); (c) additional mailing costs (\$52,500); (d) additional call center charges (\$60,000); and (e) other miscellaneous costs (\$92,500).

Finally, provide in 2006-07, \$600,000 in unallotted reserve for projected supplies and services costs for the following: (a) additional custodial bank fees (\$250,000); (b) additional advertising costs associated with the expanded number of properties expected to be received (\$243,700); (c) additional mailing costs (\$26,300); (d) additional call center charges (\$30,000); and (e) other miscellaneous costs (\$50,000). The Department of Administration controls the release of funding placed in unallotted reserve for expenditure by the agency. There is no intent language in the budget with regard to these unallotted funds; however, the Governor's Budget Book indicates that the funding is placed in unallotted reserve pending the disposition of a study to be conducted by DOA in fiscal year 2005-06 to determine the feasibility and advantages of outsourcing the entire unclaimed property function.

Joint Finance/Legislature: Reduce the supplies and services funding for increased demutualization workload by \$708,500 PR in 2005-06 and by \$197,300 PR in 2006-07. Further, transfer the remaining 2006-07 supplies and services funding of \$402,700 PR in 2006-07 to the Joint Committee on Finance's PR appropriation, reserved for release under a 14-day passive review process following a submittal to the Committee by the State Treasurer's Office of a funding request that includes an identification of the need for the funding, the findings and recommendations of any study, conducted by DOA, on the possible outsourcing of the

unclaimed property program and any alternative cost information that the State Treasurer's Office has developed.

4. UNCLAIMED PROPERTY PROGRAM -- BASE BUDGET INCREASES [LFB Paper 702]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$294,200	-\$162,600	\$131,600

Governor: Provide \$131,600 PR in 2005-06 and \$162,600 PR in 2006-07 for projected increased costs in the program's supplies and services base budget for the following: (a) increased cost of advertising for annual lists of newly received unclaimed property (\$168,200); (b) increased cost of custodial bank fees for existing holdings (\$96,000); and (c) increased data base management costs for the tracking of holdings (\$30,000).

Joint Finance/Legislature: Approve the Governor's recommendation except transfer the recommended increased funding of \$162,600 PR in 2006-07 for base budget increases to the Joint Committee on Finance's PR appropriation, reserved for release under a 14-day passive review process following a submittal to the Committee by the State Treasurer's Office of a funding request that includes an identification of the need for the funding, the findings and recommendations of any study, conducted by DOA, on the possible outsourcing of the unclaimed property program and any alternative cost information that the State Treasurer's Office has developed.

5. EDVEST PROGRAM -- INCREASED OPERATING COSTS

SEG	\$655,000
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Governor/Legislature: Provide \$350,000 in 2005-06 and \$305,000 in 2006-07 for increased costs associated with the EdVest college savings and tomorrows scholar programs. Funding is requested for: (a) fund accounting administrative costs for the four new investment options added by the College Savings Board in December of 2003 that are not part of the Wells Fargo (formerly Strong) portfolio of funds that are offered under the program (\$275,000); (b) increased costs for the independent outside auditor who performs an annual financial audit of the EdVest programs (\$45,000); (c) funding for a contract with an outside investment analysis firm to provide quarterly and annual evaluations of the performance of all of the investment options offered under the EdVest programs (\$160,000); (d) on-going base level funding for contractual legal services (\$100,000); and (e) one-time funding in 2005-06 (\$75,000) for the hiring of an independent consultant to assist the Department of Administration with the re-bidding of the administrative services contract for operation of the two savings programs under EdVest [Wells Fargo Funds Management, LLC, is the current vendor for the existing contract (assumed from Strong) which expires in May of 2006].

6. LOCAL GOVERNMENT INVESTMENT POOL PROGRAMMING COSTS [LFB Paper 703]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$75,000	-\$25,000	\$50,000

Governor: Provide one-time funding of \$75,000 PR in 2005-06 to allow the development of a web page for the Local Government Investment Pool (LGIP) program to facilitate the ability of participants (local governmental units) in the program to process transactions (deposit or withdraws funds), view their account statements and obtain information on interest rates. This funding is budgeted in unallotted reserve. The Governor's Budget Book indicates the Governor's intent that the Secretary of DOA would release these funds upon approval of an implementation plan to be submitted to DOA by the Treasurer's Office.

Joint Finance/Legislature: Reduce one-time funding in 2005-06 by \$25,000 PR to reflect an updated estimated development cost for the web page.

7. LOCAL GOVERNMENT INVESTMENT POOL PROGRAM -- STATUTORY ASSESSMENT PROCEDURE

Governor/Legislature: Modify current law to provide that the Treasurer's Office costs associated with operation of the pool shall be recovered by having the Office deduct monthly from the earnings of the Local Government Pooled-investment Fund (the pool) an amount sufficient to cover the costs of administering the program in the preceding calendar month. Further provide, however, that the State Treasurer may not deduct in any fiscal year an amount exceeding the amount appropriated for that year for operations of the program. Under current law, the State Treasurer is limited to deducting quarterly from earnings of the fund a maximum of 0.25% of the earnings of the fund in the prior quarter. Because of recent low interest rates paid on monies invested in the fund, the percentage limitation has resulted in the statutory assessment amount being less than the amount required to cover actual costs.

[Act 25 Section: 535]

8. INFORMATION TECHNOLOGY SERVER AND NETWORK CONSOLIDATION [LFB Paper 111]

	Positions
PR	- 0.30

Governor/Legislature: Reallocate \$29,500 PR salaries and fringe benefits and supplies and services to unallotted reserve and delete 0.30 PR position in 2006-07 associated with the consolidation of information technology server and network infrastructure support in the Department of Administration. [See "Administration -- Transfers to the Department."]

9. REALLOCATION OF CENTRAL STAFF COSTS BETWEEN APPROPRIATIONS

	Funding	Positions
PR	- \$101,000	- 0.61
SEG	<u>101,000</u>	<u>0.61</u>
Total	\$0	0.00

Governor/Legislature: Realign the apportionment of costs for the Treasurer, Deputy Treasurer, Executive Assistant, and 1.25 central support staff between the Treasurer's Office three programs as shown below:

Proposed Reallocations

<u>Program</u>	<u>Funding Change</u>		<u>FTE Change</u>	<u>Fund Source</u>
	<u>2005-06</u>	<u>2006-07</u>		
Local Government Pool	\$36,400	\$36,400	0.41	PR
Unclaimed Property	-86,900	-86,900	-1.02	PR
EdVest	<u>50,500</u>	<u>50,500</u>	<u>0.61</u>	SEG
Net Change	\$0	\$0	0.00	

The cost of the salaries and fringe benefits for these positions are charged back to the individual program appropriations based on estimated apportionment of duties for each of the individuals.

SUPREME COURT

Budget Summary							
Fund	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	2005-07 Legislature	2005-07 Act 25	Act 25 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$24,038,200	\$24,622,500	\$24,622,500	\$24,052,300	\$24,052,300	\$14,100	0.1%
FED	802,400	979,600	979,600	979,600	979,600	177,200	22.1
PR	24,111,600	24,642,700	24,642,700	24,642,700	24,642,700	531,100	2.2
SEG	<u>1,440,400</u>	<u>1,456,800</u>	<u>1,456,800</u>	<u>1,456,800</u>	<u>1,456,800</u>	<u>16,400</u>	1.1
TOTAL	\$50,392,600	\$51,701,600	\$51,701,600	\$51,131,400	\$51,131,400	\$738,800	1.5%

FTE Position Summary						
Fund	2004-05 Base	2006-07 Governor	2006-07 Jt. Finance	2006-07 Legislature	2006-07 Act 25	Act 25 Change
						Over 2004-05 Base
GPR	111.50	112.50	112.50	112.50	112.50	1.00
FED	3.00	2.00	2.00	2.00	2.00	- 1.00
PR	94.25	94.25	94.25	94.25	94.25	0.00
SEG	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>0.00</u>
TOTAL	213.75	213.75	213.75	213.75	213.75	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide \$234,900 GPR, \$88,600 FED and -1.0 FED position, \$246,900 PR, and \$8,200 SEG annually for: (a) full funding of salaries and fringe benefits (\$218,700 GPR, \$88,600 FED, \$246,900 PR, and \$8,200 SEG annually); (b) removal

of non-continuing elements from the base (-1.0 FED project position, the court interpreter program manager, which will terminate on December 31, 2005); and (c) full funding of lease and directed move costs associated with the Risser Justice Center (\$16,200 GPR annually).

	Funding	Positions
GPR	\$469,800	0.00
FED	177,200	- 1.00
PR	493,800	0.00
SEG	<u>16,400</u>	<u>0.00</u>
Total	\$1,157,200	- 1.00

2. COURT INTERPRETER PROGRAM MANAGER AND DOCUMENT TRANSLATION

	Funding	Positions
GPR	\$114,500	1.00
PR	<u>37,300</u>	<u>0.00</u>
Total	\$151,800	1.00

Governor: Provide \$38,200 GPR and \$9,300 PR in 2005-06 and \$76,300 GPR and \$28,000 PR in 2006-07 and 1.0 GPR position annually for the court interpreter certification, education, and training program. Funding would be divided as follows: (a) \$35,800 GPR in 2005-06 and \$71,500 GPR in 2006-07 for salary and fringe benefits for 1.0 court interpreter program manager to run the certification program; (b) \$2,400 GPR in 2005-06 and \$4,800 GPR in 2006-07 for the translation of court documents and courthouse signs into foreign languages; and (c) \$9,300 PR in 2005-06 and \$28,000 PR in 2006-07 for court interpreter training and certification.

Under current law, the Supreme Court is required to establish procedures and policies for recruitment, training, and certification of persons to act as qualified interpreters in a court proceeding and for the coordination, discipline, retention, and training of interpreters. The certification program and 1.0 program manager position are currently funded by a federal grant that expires on December 31, 2005. Program costs are also offset by fees imposed for interpreter training and certification, ranging from \$25 for written testing to \$175 for advanced language training.

Joint Finance/Legislature: Delete funding for the court interpreter program manager position (\$35,800 in 2005-06 and \$71,500 in 2006-07) and instead fund the position from an equivalent amount transferred from the Circuit Court's appropriation for court interpreter reimbursement.

3. REQUIRED GPR LAPSE

GPR-Lapse \$1,300,000

Governor/Legislature: Specify that the Chief Justice of the Supreme Court, acting as the administrative head of the judicial system, take actions during the 2005-07 fiscal biennium to ensure that \$1,300,000 GPR is lapsed from GPR state operations appropriations for the Circuit Courts, Court of Appeals and Supreme Court, or is subtracted from expenditure estimates for any other type of appropriation, or both. The lapse represents 0.9% of the adjusted base budget doubled for state operations of the Circuit Courts, Court of Appeals, and the Supreme Court.

[Act 25 Section: 9145(1)]

4. ACROSS-THE-BOARD GPR REDUCTIONS

GPR - \$570,200

Senate/Legislature: Reduce the Supreme Court's appropriation for the director of state courts by \$282,500 in 2005-06 and \$287,700 in 2006-07. This reduction amount is equal to approximately 2.3% of the agency's total GPR state operations appropriations in each fiscal year. Provide that the agency may submit a request to the Joint Committee on Finance under s. 13.10 to reallocate the reduction to any of the agency's other sum certain GPR state operations appropriations. Provide further that the agency may submit a request to the Committee for

restoration of the GPR funding reduction, or in the case of a sum sufficient appropriation, to re-estimate expenditure level under the appropriation, in either case in an amount not to exceed the amount of reduction made to the agency's appropriation under this provision. In the case of an appropriation restoration or sum sufficient re-estimate, the funding amounts would come from total funding of \$96,000,000 GPR placed in reserve in the Committee's biennial appropriation for this purpose. [See "Budget Management and Compensation Reserves" and "Program Supplements."]

Veto by Governor [E-2]: By partial veto, modify the language relating to release of funds from the Committee's supplemental GPR appropriation to create alternative language specifying that the Secretary of Administration, not the Joint Finance Committee, shall (not may) transfer monies from the Committee's appropriation to state agencies in any amount not to exceed the amount of the reduction indicated for that agency (which for this agency is the amount of the reduction indicated above).

[Act 25 Section: 9155(5dv)]

[Act 25 Vetoed Sections: 9155(4)(c)&(5dv)]

TOURISM

Budget Summary							
Fund	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	2005-07 Legislature	2005-07 Act 25	Act 25 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$17,971,200	\$6,763,300	\$6,763,300	\$6,606,700	\$6,606,700	-\$11,364,500	- 63.2%
PR	8,549,400	18,991,100	19,135,700	19,135,700	19,135,700	10,586,300	123.8
SEG	<u>1,304,000</u>	<u>5,170,800</u>	<u>5,156,200</u>	<u>5,156,200</u>	<u>5,156,200</u>	<u>3,852,200</u>	295.4
TOTAL	\$27,824,600	\$30,925,200	\$31,055,200	\$30,898,600	\$30,898,600	\$3,074,000	11.0%

FTE Position Summary						
Fund	2004-05 Base	2006-07 Governor	2006-07 Jt. Finance	2006-07 Legislature	2006-07 Act 25	Act 25 Change
						Over 2004-05 Base
GPR	48.45	38.40	38.40	38.40	38.40	- 10.05
PR	1.00	1.00	1.00	1.00	1.00	0.00
SEG	<u>4.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>- 1.00</u>
TOTAL	53.45	42.40	42.40	42.40	42.40	- 11.05

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 710]

Governor/Legislature: Delete \$56,100 GPR annually and 1.0 GPR position, and provide \$59,400 PR and \$10,700 SEG annually for adjustments to the base budget for: (a) removal of noncontinuing items (-1.0 GPR position); (b) full funding of salaries and fringe benefits (-\$61,900 GPR, \$59,400 PR and \$10,700 SEG annually); and (c) night and weekend pay differentials (\$5,800 GPR annually).

Funding Positions		
GPR	-\$112,100	- 1.00
PR	118,800	0.00
SEG	<u>21,400</u>	<u>0.00</u>
Total	\$28,000	- 1.00

2. **TOURISM MARKETING** [LFB Paper 711]

GPR	- \$10,372,800
PR	10,372,400
SEG	<u>3,800,000</u>
Total	\$3,800,000

Governor: Convert \$5,186,400 annually from GPR to tribal gaming PR for tourism marketing.

In addition, create a continuing tourism marketing appropriation to be funded from the transportation fund. Revenues deposited to the account would equal 40% of the revenues collected by the Department of Transportation under the vehicle rental fee, which is deposited into the transportation fund. Currently, the vehicle rental fee is 3% of gross receipts, or 5% on limousines, of a vehicle rental that occurs in the state. The bill would change this to 5% of the gross receipts for all rental vehicles (limousines included) beginning on October 1, 2005, or the effective date of the bill, whichever is earlier. Expenditures from the tourism marketing appropriation would be estimated at \$1,600,000 SEG in 2005-06 and \$2,200,000 SEG in 2006-07. Further, specify that the requirement that Tourism annually expend at least \$1,130,000 for joint effort marketing grants from its combined tourism marketing appropriations apply to the newly-created SEG appropriation (in addition to the existing GPR and PR appropriations). This provision is related to an initiative that either creates or converts several appropriations outside the Department of Transportation to the transportation fund. A summary listing of these appropriations is included under the Transportation Finance section of the Department of Transportation.

Joint Finance/Legislature: Modify the Governor's recommendation by specifying that the increase to the vehicle rental fee from 3% to 5% first apply on October 1, 2005. In addition, specify that the biennial marketing appropriation be appropriated \$1,600,000 SEG in 2005-06 and \$2,200,000 SEG in 2006-07 from the transportation fund, rather than 40% of the revenue from the vehicle rental fee recommended by the Governor.

Further, require Tourism to continue to expend at least the following amounts from any available tourism marketing appropriations (as opposed to a specific funding source currently): (a) \$125,000 annually for sports marketing (currently specified from GPR); (b) \$25,000 annually for sponsorship of the Milwaukee Symphony (currently specified from GPR); (c) \$50,000 biennially for America's Black Holocaust Museum (currently specified from GPR); and (d) \$200,000 biennially for Native American exhibits and activities at the Milwaukee Public Museum (currently specified from tribal gaming PR).

[Act 25 Sections: 274k thru 274m, 532, 740m, 741, 1694, 9341(11), and 9441(5)]

3. **BUDGET REDUCTIONS**

Governor/Legislature: Delete \$273,000 (\$184,300 GPR, \$42,800 tribal gaming PR and \$45,900 SEG) and 4.65 positions (3.65 GPR and 1.0 SEG) in 2005-06 and \$342,000 (\$287,000 GPR, \$9,100 PR and \$45,900 SEG) and 5.65 positions (4.65 GPR and 1.0 SEG) in 2006-07.

	Funding	Positions
GPR	- \$471,300	- 4.65
PR	- 51,900	0.00
SEG	<u>- 91,800</u>	<u>- 1.00</u>
Total	- \$615,000	- 5.65

The 2005-06 GPR reductions include the following: (a) \$64,300 associated with 1.0 purchasing agent; (b) \$86,300 with 1.0 attorney and 0.65 tourist information assistant (both of which are vacant); and (c) \$33,700 and 1.0 tourism research assistant. In addition to the 2005-06 reductions, which are repeated in 2006-07, another \$69,000 with 1.0 information systems data services position and \$33,700 related to research services would be eliminated in 2006-07.

The PR reductions would consist of a reduction in postage, travel center operations and other marketing functions.

Further, the annual SEG reductions would consist of \$45,900 and 1.0 program assistant from the segregated parks account of the conservation fund.

4. ELIMINATE THE FILM PROMOTION OFFICE [LFB Paper 712]

	Funding	Positions
GPR	-\$251,600	- 2.00

Governor/Legislature: Delete \$125,800 annually and 2.0 positions to correspond with the closing of the Tourism film promotion office. In the 2003-05 biennium, the Department allocated two staff to primarily promote Wisconsin as a film and video industry destination by maintaining an information clearinghouse of Wisconsin crew, equipment and logistical services. In addition, film promotion staff maintain an internet site, film promotion hot line, production guide, and produce email newsletters and publicity to promote the state's film and video industry.

5. ACROSS-THE-BOARD REDUCTIONS

GPR	-\$156,600
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Senate/Legislature: Reduce the agency's GPR appropriation for general administrative operations by \$78,900 in 2005-06 and by \$77,700 in 2006-07. This reduction amount is equal to approximately 2.3% of the agency's total GPR state operations appropriations, excluding appropriations for energy costs and debt service payments, in each fiscal year. Provide that Tourism may submit a request to the Joint Committee on Finance under s. 13.10 of the statutes to reallocate the reduction to any of the agency's other sum certain GPR state operations appropriations. Provide further that Tourism may submit a request to the Committee for restoration of the GPR funding reduction in an amount not to exceed the amount of reduction made to the agency's appropriation under this provision. In the case of an appropriation restoration the amounts would come from total funding of \$96,000,000 GPR placed in reserve in the Committee's biennial appropriation for this purpose. See also "Budget Management and Compensation Reserves" and "Program Supplements."

Veto by Governor [E-2]: By partial veto, modify the language relating to release of funds from the Committee's supplemental GPR appropriation to create alternative language specifying that the Secretary of Administration, not the Joint Finance Committee, shall (not may) transfer monies from the Committee's appropriation to state agencies in any amount not

to exceed the amount of the reduction indicated for that agency (which for Tourism is the amount of the reduction indicated above).

[Act 25 Section: 9155(5dv)]

[Act 25 Vetoed Sections: 9155(4)(c)&(5dv)]

6. KICKAPOO VALLEY RESERVE AIDS IN LIEU OF TAXES

SEG	\$83,400
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Governor/Legislature: Provide an additional \$28,900 in 2005-06 and \$54,500 in 2006-07 from the forestry account of the conservation fund for aids in lieu of property taxes. Payments are estimated at \$284,700 in 2005-06 and \$310,300 in 2006-07.

7. KICKAPOO VALLEY RESERVE LTE COSTS [LFB Paper 713]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$0	\$144,600	\$144,600
SEG	53,800	- 14,600	39,200
Total	\$53,800	\$130,000	\$183,800

Governor: Provide \$26,900 annually from the forestry account of the conservation fund for limited-term employee (LTE) costs related to seasonal (April through October) operation of the Reserve's new visitor center.

In 2001 Act 16, \$2,370,000 in general obligation bonding revenue was provided from the Stewardship 2000 program to fund the construction of a visitor's center and office at the Kickapoo Valley Reserve. The center officially opened in October, 2004.

Joint Finance/Legislature: Modify the Governor's recommendation by providing \$19,600 forestry SEG and \$7,300 PR annually for LTE costs at the Reserve. Program revenues to fund these costs would be expected to come from user fees received by the Reserve (including for trail use, camping, agricultural lease payments, timber harvests and special events).

Further, provide an additional \$65,000 PR annually to bring Reserve expenditure authority in-line with projected revenues (\$107,300 annually would be budgeted).

8. KICKAPOO VALLEY RESERVE LAW ENFORCEMENT

PR	\$2,000
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Governor/Legislature: Provide \$1,000 in tribal gaming PR annually for a 3% increase in contract costs with the Vernon County Sheriff's Department for law enforcement services at the Reserve.

9. INFORMATION TECHNOLOGY SERVER AND NETWORK CONSOLIDATION [LFB Paper 111]

	Positions
GPR	- 0.90

Governor/Legislature: Reallocate \$63,000 from salaries and fringe benefits to unallotted reserve and delete 0.9 position in 2006-07 associated with the consolidation of information technology server and network infrastructure support in the Department of Administration. [See "Administration -- Transfers to the Department."]

10. HUMAN RESOURCES AND PAYROLL BENEFITS SERVICES CONSOLIDATION [LFB Paper 112]

	Positions
GPR	- 1.25

Governor/Legislature: Reallocate \$109,100 from salaries and fringe benefits to unallotted reserve and delete 1.25 position in 2006-07 associated with the consolidation of human resources and payroll benefits functions in the Department of Administration. [See "Administration -- Transfers to the Department."]

11. PROCUREMENT AND PURCHASING SERVICES CONSOLIDATION [LFB Paper 112]

	Positions
GPR	- 0.25

Governor/Legislature: Reallocate \$15,500 from salaries and fringe benefits to unallotted reserve and delete 0.25 positions in 2006-07 associated with the consolidation of procurement and purchasing services functions in the Department of Administration. [See "Administration -- Transfers to the Department."]

TRANSPORTATION

Budget Summary							
Fund	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	2005-07 Legislature	2005-07 Act 25	Act 25 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$308,400	\$142,981,300	\$110,524,100	\$110,524,100	\$110,524,100	\$110,215,700	N.A.
FED	1,338,023,200	1,506,974,100	1,506,974,100	1,506,974,100	1,506,974,100	168,950,900	12.6%
PR	7,809,000	8,566,000	8,566,000	8,566,000	8,566,000	757,000	9.7
SEG	2,431,501,000	2,405,586,500	2,550,041,500	2,550,041,500	2,389,582,500	- 41,918,500	- 1.7
SEG-L	141,501,400	211,089,300	214,845,700	214,845,700	209,209,300	67,707,900	47.8
SEG-S	<u>350,746,200</u>	<u>365,192,100</u>	<u>322,810,000</u>	<u>322,810,000</u>	<u>374,613,700</u>	<u>23,867,500</u>	6.8
TOTAL	\$4,269,889,200	\$4,640,389,300	\$4,713,761,400	\$4,713,761,400	\$4,599,469,700	\$329,580,500	7.7%
BR		\$901,534,000	\$716,594,000	\$716,594,000	\$716,594,000		

FTE Position Summary						
Fund	2004-05 Base	2006-07 Governor	2006-07 Jt. Finance	2006-07 Legislature	2006-07 Act 25	Act 25 Change Over 2004-05 Base
PR	16.00	16.00	16.00	16.00	16.00	0.00
SEG	2,715.63	2,550.27	2,569.27	2,569.27	2,550.27	- 165.36
SEG-S	<u>24.00</u>	<u>9.05</u>	<u>9.05</u>	<u>9.05</u>	<u>9.05</u>	<u>- 14.95</u>
TOTAL	3,645.83	3,421.93	3,440.93	3,440.93	3,421.93	- 223.90

Budget Change Items

Transportation Finance

1. TRANSPORTATION FUND CONDITION STATEMENT [LFB Paper 715]

The following fund condition statement is based on transportation fund revenues and appropriations under Act 25 and the estimate that motor fuel tax rates will increase under

statutory indexing provisions from 29.9 cents per gallon currently to 30.7 cents per gallon on April 1, 2006, and 31.3 cents per gallon on April 1, 2007.

	<u>2005-06</u>	<u>2006-07</u>
Unappropriated Balance, July 1	\$0	\$719,100
Revenues		
Motor Fuel Tax	\$993,992,600	\$1,032,788,500
Vehicle Registration Fees	463,257,700	473,334,400
Less Revenue Bond Debt Service	-148,144,200	-162,204,000
Driver's License Fees	30,548,200	30,853,600
Miscellaneous Motor Vehicle Fees	23,445,300	24,162,600
Aeronautical Fees and Taxes	10,873,700	11,062,800
Railroad Property Taxes	15,600,500	16,182,300
Motor Carrier Fees	3,000,000	3,000,000
Investment Earnings	6,186,300	6,771,800
Miscellaneous Departmental Revenues	<u>21,491,600</u>	<u>21,816,000</u>
Total Annual Revenues	\$1,420,251,700	\$1,457,768,000
 Total Available	 \$1,420,251,700	 \$1,458,487,100
Appropriations, Reserves, and Fund Transfers		
DOT Appropriations	\$1,053,270,100	\$1,335,627,400
Other Agency Appropriations	23,335,800	24,928,200
Less Estimated Lapses	-1,000,000	-1,000,000
Transfer to General Fund	338,449,000	88,551,000
Compensation and Other Reserves	<u>5,477,700</u>	<u>9,898,800</u>
Net Appropriations, Reserves, and Transfers	\$1,419,532,600	\$1,458,005,400
 Unappropriated Balance, June 30	 \$719,100	 \$481,700

2. FEDERAL HIGHWAY FORMULA AID [LFB Paper 716]

Governor: Reestimate federal highway formula aid at \$623,139,400 in 2005-06 and \$627,200,700 in 2006-07. These amounts represent increases of \$43,203,400 in 2005-06 and \$47,264,700 in 2006-07 from the level that had been estimated for 2004-05 during the deliberations on the 2004-05 biennial budget (\$579,936,000). The actual amount of federal formula aid reflected in the 2004-05 appropriations is \$532,150,300, due to the effect of an adjustment made by the Legislature to delete increases provided for the fifth week of vacation as cash standard budget adjustment (-\$9,100) and a gubernatorial veto of funds in 2003 Act 33 from the state highway rehabilitation program (-\$47,776,600). (In his veto message, the Governor directed DOT to reallocate these vetoed funds to the major highway development program, but this adjustment has not been reflected in the appropriation base.) Over the past several biennia, the federal highway base has sometimes been reset by the Joint Committee on Finance under a process by which adjustments are made to the appropriations based on the actual amount of federal aid received. However, since the current federal authorization for

surface transportation programs expires at the end of May, the full amount of the state's aid in federal fiscal year 2005 (corresponding to state fiscal year 2004-05) remains unknown.

Since the 2004-05 base was not reset to reflect actual aid levels (or to allocate the vetoed funds to the major highway development program), the bill makes adjustments to the lower appropriation base. However, in preparing its agency budget request, DOT made several administrative adjustments to the formula aid base by counting a portion of the nonformula funds that had been included in certain 2004-05 federal appropriations as formula funds instead. For instance, Act 33 included an estimate of \$8,000,000 in a nonformula, earmarked grant for the Marquette Interchange project in the 2004-05 appropriation for southeast Wisconsin freeway rehabilitation. However, based on the fact that a similar earmark estimate was included for 2003-04, but no additional earmarked funding was received, the Department concluded that the state would also not receive additional earmarked funds for the project in 2004-05. Consequently, DOT adjusted the 2004-05 base to reflect the earmarked funds as formula funds instead. DOT made similar, although smaller, adjustments in the appropriations for highway administration and planning and departmental management and operations, the effect of which is to establish the total formula base at \$540,740,500.

The following table shows, by appropriation, how the bill would allocate federal highway formula funds in each year of the 2005-07 biennium. The first column shows the base level for each appropriation, as adjusted by the Department to reflect certain nonformula funds as formula funds instead. The final column shows the changes made under the bill to the adjusted base, on a biennial basis. The largest change is the \$95,553,200 increase to the major highway development program, which is an increase of \$47,776,600 annually to allocate funds in both years of the biennium to that program to match the actual level allocated in 2004-05 by DOT, as directed by the Governor in his veto message.

	<u>2004-05 Base</u>	<u>Governor</u>		<u>Change To Base</u>
		<u>2005-06</u>	<u>2006-07</u>	
Local Transportation Facility Improvement	\$70,391,300	\$70,391,300	\$70,391,300	\$0
Local Bridge Improvement	24,438,300	24,438,300	24,438,300	0
Rail Passenger Service	4,572,600	6,035,900	7,243,100	4,133,800
Congestion Mitigation/ Air Quality Improvement				
	11,619,000	11,619,000	11,619,000	0
Transportation Enhancements Grants	6,256,600	6,256,600	6,256,600	0
Railroad Crossing Improvements	3,299,600	3,299,600	3,299,600	0
Surface Transportation Grants	0	0	2,720,000	2,720,000
Major Highway Development	31,198,400	78,975,000	78,975,000	95,553,200
State Highway Rehabilitation	286,983,000	296,867,400	347,963,200	70,864,600
Southeast WI Freeway Rehabilitation	88,085,600	110,000,000	59,444,800	-6,726,400
Departmental Mgmt. and Operations	8,564,700	9,789,600	9,546,700	2,206,900
Highway Administration and Planning	4,228,500	4,363,800	4,200,200	107,000
Highway Maint. and Traffic Operations	<u>1,102,900</u>	<u>1,102,900</u>	<u>1,102,900</u>	<u>0</u>
Total	\$540,740,500	\$623,139,400	\$627,200,700	\$168,859,100

Joint Finance/Legislature: The following table shows the allocation of federal highway formula funds under the Joint Committee on Finance substitute amendment and under Act 25. The total amount of federal highway aid reflected in the appropriations is the same as under the Governor's bill.

	<u>Finance Committee/Leg.</u>		<u>Biennial Change to Governor</u>
	<u>2005-06</u>	<u>2006-07</u>	
Local Transportation Facility Improvement	\$70,391,300	\$70,391,300	\$0
Local Bridge Improvement	24,438,300	24,438,300	0
Rail Passenger Service	4,581,400	5,039,600	-3,658,000
Congestion Mitigation/ Air Quality Improvement	11,619,000	11,619,000	0
Transportation Enhancements Grants	6,256,600	6,256,600	0
Railroad Crossing Improvements	3,299,600	3,299,600	0
Surface Transportation Grants	0	0	-2,720,000
Major Highway Development	78,975,000	78,975,000	0
State Highway Rehabilitation	296,867,400	347,963,200	0
Southeast WI Freeway Rehabilitation	111,454,500	64,368,300	6,378,000
Departmental Mgmt. and Operations	9,789,600	9,650,300	103,600
Highway Administration and Planning	4,363,800	4,096,600	-103,600
Highway Maint. and Traffic Operations	<u>1,102,900</u>	<u>1,102,900</u>	<u>0</u>
Total	\$623,139,400	\$627,200,700	\$0

3. TRANSFER FROM THE TRANSPORTATION FUND TO THE GENERAL FUND [LFB Paper 717]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Senate/Leg. (Chg. to JFC)	Veto (Chg. to Leg)	Net Change
GPR-REV	\$268,058,100	\$0	-\$268,058,100	\$427,000,000	\$427,000,000
SEG-Transfer	\$268,058,100	-\$268,058,100	\$0	\$427,000,000	\$427,000,000

Governor: Transfer \$250,000,000 in 2005-06 and \$18,058,100 in 2006-07 from the transportation fund to the general fund. The amount of funds transferred in 2005-06 is equal to the amount of GPR-supported bonding used in the state highway rehabilitation program in that year, which replaces an equal amount of SEG funds in that program. The amount transferred in 2006-07 is equal to the savings associated with an initiative to reorganize the Department's operations, as well as other operational efficiencies and program changes.

In addition to the transfer of funds summarized under this item, the bill includes two other initiatives that would use what are currently transportation fund revenues for non-DOT purposes. First, the bill would convert 15 existing GPR appropriations to transportation fund

appropriations and create two transportation fund appropriations for non-DOT programs (tourism promotion and economic support under Wisconsin Works) that are currently largely funded with general fund revenue. The total amount of SEG funding provided by the bill for these 17 appropriations (although two have no funding provided) is \$32,502,700 in 2005-06 and \$42,872,300 in 2006-07, for a biennial total of \$75,375,000. The total appropriation base for the 15 GPR appropriations is \$24,725,300, so the appropriation conversions would generate total GPR savings of \$49,450,600 over the biennium.

Second, the bill would deposit revenue from the \$7.50 supplemental vehicle title fee into the nonpoint account of the environmental fund, instead of, under current law, into the transportation fund. Under current law, a transfer is made each year from a GPR, sum-sufficient appropriation to the nonpoint account equal to the amount of transportation fund revenue generated in the previous fiscal year from the supplemental title fee (less \$555,000 annually). It is estimated that the supplemental title fee will generate \$11,250,000 annually in the 2005-07 biennium, for a biennial total reduction in transportation fund revenue of \$22,500,000. The base of the current law GPR appropriation for making this transfer is \$10,695,000, meaning that the biennial GPR savings from this change would be \$21,390,000. Both of these changes largely reverse a decision made in the 1997-99 biennial budget to use general fund revenues for purposes that had previously been funded from the transportation fund or, in the case of the nonpoint account, were funded with transportation-related fees.

These initiatives do not include a separate item that would require the DOA Secretary to lapse a total of \$35,500,000 over the biennium from all state agencies' state operations appropriations to the general fund. The specific amount that would apply to DOT's appropriations has not been determined.

The fiscal effects of the appropriation conversions are summarized under their respective agencies, while the changes to the supplemental title fee are summarized below (for the transportation fund revenue effect) and under Miscellaneous Appropriations (for the GPR effect) and Natural Resources (for the environmental fund effect). The following table is presented, however, to show the total amount of current transportation fund revenues that will either be newly appropriated for other agency programs or transferred to other funds. The biennial total of new transfers and appropriations under the bill is \$365,933,100. Also shown in the table is the current law annual appropriation of \$60,000,000 for K-12 education aids, which was established by 2003 Act 33. Adding this amount would increase the total transfers and appropriations to \$485,933,100.

	<u>2005-06</u>	<u>2006-07</u>	<u>Biennial Total</u>
Transfer to the General Fund	\$250,000,000	\$18,058,100	\$268,058,100
Appropriations			
Aid for Pupil Transportation (DPI)	\$20,942,500	\$30,942,500	\$51,885,000
Economic Support (DWD)	2,881,400	2,638,500	5,519,900
Employment Transit Aids (DWD)	550,100	550,100	1,100,200
Emergency Medical Services Aids (DHFS)	2,200,000	2,200,000	4,400,000
Tourism Marketing (Tourism)	1,600,000	2,200,000	3,800,000
Regional Emergency Response Teams (DMA)	1,400,000	1,400,000	2,800,000
Emergency Response Equipment (DMA)	468,000	468,000	936,000
Emergency Response Training (DMA)	64,900	64,900	129,800
Emergency Response Supplement (DMA)	0	0	0
Civil Air Patrol Aids (DMA)	19,000	19,000	38,000
Justice TIME system (DOJ)	1,009,900	1,009,900	2,019,800
Car Kill Deer (DNR)	502,100	514,600	1,016,700
Park, Forest, and Riverway Roads (DNR)	321,400	321,400	642,800
Vehicle Emission Inspection and Maintenance (DNR)	44,900	44,900	89,800
Driver Education Local Assistance (WTCS)	307,500	307,500	615,000
Chauffeur Training Grants (WTCS)	191,000	191,000	382,000
Emergency Medical Technician Basic Training (WTCS)	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	\$32,502,700	\$42,872,300	\$75,375,000
Supplemental Title Fee	\$11,250,000	\$11,250,000	\$22,500,000
Total New Transfers and Appropriations	\$293,752,700	\$72,180,400	\$365,933,100
K-12 Education Aids (Current Law)	\$60,000,000	\$60,000,000	\$120,000,000
Grand Total	\$353,752,700	\$132,180,400	\$485,933,100

The transfers to the general fund summarized under this item are one-time in nature. However, the appropriation and supplemental title fee changes would be permanent under the bill.

Joint Finance: Modify the transfer from the transportation fund to the general fund by deleting the nonstatutory provision requiring the transfer and, instead, creating an appropriation for making the transfer under Miscellaneous Appropriations. Provide \$268,058,100 SEG in 2005-06 in the transfer appropriation to provide the full amount of the biennial transfer in that year. [The fiscal effect of providing the funding for the transfer is reflected under "Miscellaneous Appropriations."] Delete the transportation fund appropriation on June 30, 2006.

Delete the conversion of the GPR appropriations to SEG appropriations and the creation of the economic support appropriation in DWD, to eliminate all the new SEG appropriations in non-DOT agencies, except for the appropriation in the Department of Tourism for tourism marketing. Delete, in addition, the current law appropriation for K-12 education aids. The total reduction in SEG appropriations associated with the deletion of these appropriations is \$90,902,700 SEG in 2005-06 and \$100,672,300 SEG in 2006-07. The fiscal effect of the SEG

reductions and associated GPR increases are reflected in the respective agencies for the appropriations.

In addition to deleting the bill's new SEG appropriations in non-DOT agencies (except for tourism marketing) and the current law appropriation for K-12 education aids, the Joint Committee on Finance substitute amendment would eliminate the change to the treatment of supplemental title fee revenues, to retain those amounts in the transportation fund (summarized below under "Supplemental Vehicle Title Fee Revenue to the Environmental Fund" and also under "Miscellaneous Appropriations," reflecting the effect on the current law GPR appropriation for making a transfer to the nonpoint account of the environmental fund).

Consequently, of the items included in the above table (under "Governor"), the items remaining in the substitute amendment are the transfer to the general fund (modified to provide the full biennial amount of \$268,058,100 SEG in 2005-06) and the tourism marketing appropriation (\$1,600,000 SEG in 2005-06 and \$2,200,000 SEG in 2006-07), for a total of \$271,858,100.

Senate/Legislature: Modify the appropriation for making a transfer to the general fund to, instead, make a transfer of \$268,058,100 to the medical assistance trust fund. Specify that the transferred amount is a revenue of the medical assistance trust fund. Reduce general fund revenue by \$268,058,100 in 2005-06 and increase medical assistance trust fund revenue by \$268,058,100 in 2005-06 to reflect this change. The fiscal effect on general fund revenues of this change is reflected under "Miscellaneous Appropriations," while the increase in medical assistance trust fund revenues is shown under "DHFS -- MA, BadgerCare, and SeniorCare -- Base Reestimates and Funding." In conjunction with this change, another item, also shown under DHFS, would reduce funding for the medical assistance program benefits appropriation by \$268,058,100 GPR in 2005-06 and provide a corresponding increase in that year in the medical assistance trust fund appropriation for medical assistance benefits.

Veto by Governor [B-35]: Delete the appropriation for making a transfer to the medical assistance trust fund. Require, instead, that DOT transfer \$427,000,000 from the transportation fund to the general fund. This requirement is created by striking certain words and digits contained in various unrelated nonstatutory transportation provisions. The text created as the result of the veto reads, as follows: "the department of transportation shall transfer to the general fund from the transportation fund In the 2005-07 fiscal biennium \$427000,000." The net increase in funds transferred from the transportation fund as the result of the veto, relative to Enrolled AB 100, is \$158,941,900. In his veto message, the Governor indicates that he is instructing the Department to make transfers of \$338,449,000 in 2005-06 and \$88,551,000 in 2006-07. The fiscal effect of this veto is a reduction of \$268,058,100 SEG in 2005-06 (associated with eliminating the transfer appropriation), a reduction in medical assistance trust fund revenue of \$268,058,100, an increase in transfer funds (as distinguished from funds appropriated for making a transfer) of \$427,000,000, and an increase in general fund revenue of \$427,000,000. The fiscal effect of the elimination of the transfer appropriation is reflected under "Miscellaneous Appropriations" and the effect on medical assistance trust fund revenues is shown under "DHFS -- MA, BadgerCare, and SeniorCare -- Base Reestimates and Funding."

In order to generate additional uncommitted SEG funds to increase the transfer by \$158.9 million, the Governor's partial vetoes decreased SEG funding for various transportation programs. The following table shows the SEG funding reductions as the result of the Governor's vetoes. In addition to these reductions, the Governor's vetoes result in the increased use of bonds for the Marquette Interchange reconstruction project and in the major highway development program, which increases estimated debt service payments by \$8,962,700 in 2006-07.

<u>Item</u>	<u>Funding Reductions by Veto</u>		
	<u>2005-06</u>	<u>2006-07</u>	<u>Biennial Total</u>
Marquette Interchange Reconstruction	\$0	\$66,243,000	\$66,243,000
Zoo Interchange Preliminary Work	35,000,000	0	35,000,000
Major Highway Development	28,400,700	23,403,000	51,803,700
Local Roads Improvement Program	5,000,000	5,000,000	10,000,000
Highway Engineers	551,500	1,371,800	1,923,300
License Plate Rebasing	666,000	666,000	1,332,000
Milwaukee-Chicago Passenger Rail	572,700	629,900	1,202,600
Expressway Policing Aid	<u>200,000</u>	<u>200,000</u>	<u>400,000</u>
Total	\$70,390,900	\$97,513,700	\$167,904,600

[Act 25 Sections: 1r, 66, 72, 191m, 274m, 531m, 532, 1881, 1895v, 1897, 1897m, 1898b, 1899, and 9148(4f)]

[Act 25 Vetoes Sections: 140 (as it relates to s. 20.855(4)(v)), 456g, 456r, 533g, 533r, 537d, 537e, 9148(4f), 9148(4w),(5f),&(5g), and 9448(4m)]

4. VEHICLE REGISTRATION FEE INCREASE FOR AUTOMOBILES AND LIGHT TRUCKS [LFB Paper 718]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	\$70,857,600	-\$70,857,600	\$0

Governor: Increase the annual vehicle registration fee for passenger vehicles (automobiles, vans, and sport utility vehicles) by \$10, from \$55 currently to \$65, effective on January 1, 2006. (This increase would also apply to human service vehicles and certain school buses, which have their registration fees set at the same level as that for passenger vehicles.) Increase the annual registration fee for light trucks, as follows: (a) an increase of \$16.50, from \$48.50 currently to \$65, for trucks that are 4,500 pounds or less; (b) an increase of \$9.50, from \$61.50 currently to \$71, for trucks that are more than 4,500 pounds but not more than 6,000 pounds; and (c) an increase of \$9.50, from \$77.50 currently to \$87, for trucks that are more than 6,000 pounds but not more than 8,000 pounds. (These increases would also affect several other categories of vehicle that are 8,000 pounds or less and are registered on the basis of weight

using the same fee schedule, such as certain trailers, special mobile equipment, farm trucks, and dual purpose farm trucks). Increase estimated transportation fund revenue by \$23,201,300 in 2005-06 and \$47,656,300 in 2006-07 to reflect these increases. Although these estimates reflect the intent to make both the automobile and truck fees effective on January 1, 2006, a technical correction would be required to establish this effective date for the truck fee increases. As the bill is drafted, these fees would become effective immediately on the general effective date of the bill. The last time the registration fee was increased for automobiles was October 1, 2003, when the fee was increased by \$10, from \$45 to \$55. The last increase in the truck registration fees was December 1, 1997, when all weight-based fees for trucks were raised by 7.5%. This item would not affect fees for trucks exceeding 8,000 pounds.

Joint Finance/Legislature: Delete provision.

5. VEHICLE TITLE FEE INCREASE [LFB Paper 718]

SEG-REV \$26,250,000

Governor: Increase the vehicle title fee (paid upon the original issuance of a title and upon a title issued following a vehicle transfer) by \$10, effective on the first day of the fourth month beginning after publication of the budget act. Increase estimated transportation fund revenue by \$11,250,000 in 2005-06 and \$15,000,000 in 2006-07 to reflect this change. Although this increase would take effect in the fourth month beginning after publication, the estimated revenue for 2005-06 reflects nine months of revenue. In order for this to occur, the act would have to be published prior to July 1, 2005.

For most vehicle title transactions, the current fees include an \$18.50 title fee, a \$7.50 supplemental title fee, and a \$9.00 environmental impact fee, for a total of \$35. This item would increase the \$18.50 fee to \$28.50, raising the total fee paid to \$45. The first two fees are currently deposited in the transportation fund while the environmental impact fee is deposited in the environmental fund. A separate item, summarized below, would change the treatment of the revenue from the supplemental title fee to deposit it in the environmental fund instead of the transportation fund, resulting in an estimated reduction in transportation fund revenue of \$11,250,000 annually.

Joint Finance/Legislature: Specify that the fee increase shall take effect on October 1, 2005, instead of on the first day of the fourth month beginning after publication of the act.

[Act 25 Sections: 2254, 2256, and 9448(2)]

6. REPLACEMENT VEHICLE TITLE FEE INCREASE [LFB Paper 718]

SEG-REV \$1,132,100

Governor: Increase the fee for a replacement title (issued to replace a title that has been lost or destroyed) by \$12, from \$8 to \$20, effective on the first day of the fourth month beginning after publication of the budget act. Increase estimated transportation fund revenue by \$485,200 in 2005-06 and \$646,900 in 2006-07 to reflect this change. Although this increase

would take effect in the fourth month beginning after publication, the estimated revenue for 2005-06 reflects nine months of revenue. In order for this to occur, the act would have to be published prior to July 1, 2005.

Joint Finance/Legislature: Specify that the fee increase shall take effect on October 1, 2005, instead of on the first day of the fourth month beginning after publication of the act.

[Act 25 Sections: 2258 and 9448(2)]

7. SUPPLEMENTAL VEHICLE TITLE FEE REVENUE TO THE ENVIRONMENTAL FUND [LFB Paper 717]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	-\$22,500,000	\$22,500,000	\$0

Governor: Specify that revenue generated from the \$7.50 supplemental vehicle title fee, including the corresponding fee collected for manufactured homes, is to be deposited in the environmental fund instead of, under current law, in the transportation fund. Require the DOT Secretary, if the effective date of the bill is after July 1, 2005, to certify to the DOA Secretary, within 60 days after the effective date, the amount from the supplemental title fee that had been deposited in the transportation fund between July 1, 2005, and the effective date. Require the DOA Secretary to transfer this certified amount from the transportation fund to the environmental fund in 2005-06. Decrease estimated transportation fund revenue by \$11,250,000 annually to reflect this change.

Delete provisions that require an annual transfer from the general fund (through a GPR appropriation under miscellaneous appropriations) to the environmental fund equal to the amount generated by the supplemental title fee in the previous fiscal year (with an adjustment to reduce this amount each year by \$555,000). Specify that no transfer may be made from the GPR appropriation after the effective date of the bill. Require the DOA Secretary, if the effective date is after October 1, 2005 (the date by which DOT currently certifies the amount collected under the supplemental title fee), to transfer from the environmental fund to the general fund the amount of GPR funds that had been transferred to the environmental fund under the current law provision between July 1, 2005, and the effective date.

The GPR fiscal estimate of this change, which is a reduction of \$10,695,000 GPR annually (the estimated amount generated by the supplemental title fee minus \$555,000), is summarized under Miscellaneous Appropriations, while the revenue impact on the environmental fund (an increase of \$555,000 annually) is summarized under the Department of Natural Resources.

Joint Finance/Legislature: Delete provision. Modify the current law transfer from the general fund to the environmental fund to delete the \$555,000 annual reduction. The GPR fiscal effect of these changes, which is an increase of \$11,250,000 GPR annually, is summarized under

"Miscellaneous Appropriations."

[Act 25 Section: 455m]

8. VEHICLE RENTAL FEE INCREASE [LFB Paper 711]

SEG-REV	\$3,800,000
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Governor: Increase the vehicle rental fee from 3% of gross receipts to 5% of gross receipts and specify that this increase would first apply to rental or lease agreements entered into on October 1, 2005, or on the day after publication of the budget act, whichever is earlier. Increase estimated transportation fund revenue by \$1,600,000 in 2005-06 and \$2,200,000 in 2006-07 to reflect this change. These estimates are based on the assumption that this provision would become effective on October 1, 2005, although the increase could take effect earlier if the bill is passed on an earlier date. DOA indicates that the intended effective date of this provision is October 1, 2005. The vehicle rental fee is levied on the gross receipts from the rental of automobiles, mobile homes, motor homes, and camping trailers that are rented for a period of 30 days or less. Limousine rentals would continue to be subject to a fee of 5% of gross receipts, as under current law. A separate provision, summarized under the Department of Tourism, would create an appropriation for tourism marketing, credited with an amount equal to 40% of the amounts collected under the vehicle and limousine rental fees, effective on the budget's general effective date. Although the bill estimates this appropriation at \$1,600,000 in 2005-06 and \$2,200,000 in 2006-07, the same amounts generated by the proposed fee increase, the actual amount appropriated in 2005-06 would be higher by an estimated \$300,000 due to the immediate effective date of the appropriation.

Joint Finance/Legislature: Specify that the fee increase first applies to rental or lease agreements entered into on October 1, 2005, and convert the Department of Tourism appropriation from 40% of the amounts collected to a sum certain, biennial appropriation of \$1,600,000 SEG in 2005-06 and \$2,200,000 SEG in 2006-07.

[Act 25 Sections: 1694, 9341(11), and 9441(5)]

9. TRANSPORTATION FUND DEBT SERVICE REESTIMATE [LFB Paper 715]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
SEG-REV	-\$63,199,600	\$25,094,900	-\$2,719,700	-\$40,824,400
SEG	-\$1,054,300	\$0	\$0	-\$1,054,700

Governor: Decrease funding by \$825,000 in 2005-06 and \$229,300 in 2004-05 to reflect a reestimate of the level of funding needed for payment of principal and interest on existing transportation-related, general obligation bonds at \$4,078,800 in 2005-06 and \$4,674,500 in 2006-07. This estimated decrease in SEG debt service on general obligation bonds does not include the reduction in SEG debt service associated with a switch from the transportation fund to the

general fund as the source of the debt service payment on general obligation bonds that were authorized for the highway rehabilitation programs in the 2003-05 biennium. Beginning in 2005-06, debt service on this \$565.5 million of bonds will be paid from the general fund instead of from the transportation fund. Since the SEG appropriation for paying this debt service in 2004-05 is deleted, under current law, on June 30, 2005, the estimated debt service in the appropriation for that year is not reflected in DOT's SEG base. The debt service on these bonds in 2004-05 is estimated at \$43,580,700 SEG.

In addition, estimate that gross registration revenue will be reduced by \$159,668,000 in 2005-06 and \$173,055,400 in 2006-07 in order to pay principal and interest on revenue bonds and associated short-term debt. These amounts represent increases of \$24,906,100 in 2005-06 and \$38,293,500 in 2006-07 from the estimated revenue reduction in the base year for revenue bond debt service (\$134,761,900).

The statutes require that debt service payments on transportation-related, revenue bonds be deducted from vehicle registration revenues prior to their deposit in the transportation fund. Consequently, revenue bond debt service is shown as a reduction in revenues, not as an appropriation. The revenue bond debt service estimates are based on the bill's proposed use of revenue bonding for the major highway development program (\$134,172,600 in 2005-06 and \$153,971,100 in 2006-07) and for administrative facilities (\$6,000,000 annually).

Joint Finance/Legislature: Increase estimated transportation fund revenue by \$11,523,800 in 2005-06 and \$13,571,100 in 2006-07 associated with an anticipated reduction in the amount of revenue bond debt service owed in the biennium. These amounts are the sum of a reduction based on a reestimate of the debt service payments on the anticipated usage of revenue bonds in the Governor's bill (\$10,958,000 in 2005-06 and \$11,833,100 in 2006-07) and a reduction associated with a decrease in the use of bonds in the major highway development program under the Joint Committee on Finance's substitute amendment (\$565,800 in 2005-06 and \$1,738,000 in 2006-07).

Veto by Governor [B-35]: Decrease estimated transportation fund revenue by \$2,719,700 in 2006-07 associated with an anticipated increase in the amount of revenue bond debt service owed in the biennium. This increase is the result of the Governor's directive in his veto message to replace a reduction of \$28,400,700 SEG in 2005-06 and \$23,403,000 SEG in 2006-07 in the major highway development program (through a write-down veto) with an equal amount of revenue bonds.

10. GENERAL FUND DEBT SERVICE FOR TRANSPORTATION PROGRAMS [LFB Paper 184]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$133,320,400	-\$41,809,700	\$91,510,700

Governor: Increase funding by \$63,878,600 in 2005-06 and \$69,441,800 in 2006-07 to reflect an estimate of general fund debt service on existing bonds issued for state highway rehabilitation programs in the 2003-05 biennium. Under current law, the debt service on these bonds (\$565.5 million is authorized) is paid from the transportation fund during the 2003-05 biennium, but will be paid from the general fund beginning in 2005-06 and thereafter. These amounts will be added to debt service (estimated at \$154,200 annually) paid on bonds that were issued for making grants under the local roads for job preservation program, bringing the total GPR debt service on existing transportation bonds to \$64,032,800 in 2005-06 and \$69,596,000 in 2006-07.

The bill would provide an additional \$250,000,000 in GPR-supported, general obligation bonding (summarized under "State Highway Program"), which would increase estimated GPR debt service payments by \$9,352,500 in 2006-07.

Joint Finance/Legislature: Decrease funding by \$24,043,600 in 2005-06 and \$17,766,100 in 2006-07 to reestimate debt service on existing bonds. GPR debt service on the \$250,000,000 in bonding (summarized under "State Highway Program") is reestimated at \$1,875,000 in 2005-06 and \$16,830,000 in 2006-07.

11. REVENUE BONDING INCREASES

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
BR	\$420,534,000	-\$191,740,000	\$228,794,000

Governor: Provide increased revenue bonding authority of \$420,534,000 for major highway development projects and administrative facilities. The increased authorization is the amount estimated to be needed for projects during the 2005-07 biennium, plus an additional amount for the following biennium to provide sufficient bonding authority in that biennium to complete projects started in the 2005-07 biennium. The amount of new bonding authorization provided reflects the intended use of bond proceeds under the major highway development program (\$134,172,600 in 2005-06 and \$153,971,100 in 2006-07) and for improvements to administrative facilities (\$6,000,000 annually).

Joint Finance/Legislature: Reduce bonding authorization by \$191,740,000 to reflect the sum of the following: (a) a reduction of \$149,357,900 to reestimate the amount of bonds needed for the major highway development program and for administrative facilities at the funding levels provided in the bill; and (b) a reduction of \$42,382,100 to reflect a reduction in the use of bonding, relative to the bill, in the major highway development program.

[Act 25 Section: 1728]

12. INTERNAL REVENUE CODE UPDATE -- DEFINITION OF FUEL SUPPLIER

Governor/Legislature: Include in the definition of a fuel supplier, for the purposes of payment of the motor vehicle fuel tax and the petroleum inspection fee, a person who acquires motor vehicle fuel or petroleum products by a two-party exchange agreement under Section 4105 of the Internal Revenue Code (IRC). This provision would first apply to tax periods beginning on January 1, 2005.

Under the IRC Code, a two-party exchange means a transaction other than a sale in which taxable fuel is transferred from a delivering taxable fuel registrant to a receiving person who is also a taxable fuel registrant where all of the following occur: (a) the transaction includes a transfer from the delivering person, who holds the inventory position for the taxable fuel in the terminal, as reflected in the records of the terminal operator; (b) the exchange transaction occurs before or contemporaneous with the completion of removal across the rack from the terminal by the receiving person; (c) the terminal operator's books and records treat the receiving person as the person that removes the product across the terminal rack for the purposes of reporting the transaction to the U.S. Treasury Secretary; and (d) the transaction is the subject of a written contract. This provision would have no net effect on state revenues from the motor vehicle fuel tax or the petroleum inspection fee. However, the person paying the tax would change from being the current taxpayer, who holds the fuel, to the person with whom the current taxpayer has an exchange agreement. These provisions are part of a number of changes in the bill to update the state statutes to conform to changes in the Internal Revenue Code.

[Act 25 Sections: 1698, 2094, and 9341(4)]

Local Transportation Aids

1. GENERAL TRANSPORTATION AIDS [LFB Paper 725]

SEG	\$15,008,200
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Governor: Provide increased funding for general transportation aids as follows:

a. County Aid. Provide \$900,500 in 2005-06 and \$2,719,400 in 2006-07 to provide a total of \$90,945,100 in 2005-06 and \$92,764,000 in 2006-07. Set the calendar year distribution at \$91,845,500 for calendar year 2006 and \$93,682,400 for calendar year 2007 and thereafter. This represents a 2.0% annual calendar year increase.

b. Municipal Aid. Provide \$2,832,900 in 2005-06 and \$8,555,400 in 2006-07 to provide a total of \$286,124,000 in 2005-06 and \$291,846,500 in 2006-07. Set the calendar year distribution at \$286,124,000 for calendar year 2006 and \$297,736,000 for calendar year 2007 and thereafter. However, in order to represent a 2.0% annual calendar year increase as intended by the

Governor, the calendar year amounts would have to be set at \$288,956,900 for calendar year 2006 and \$294,736,000 for calendar year 2007.

Establish the mileage aid rate at \$1,862 for calendar year 2006 and \$1,899 for calendar year 2007 and thereafter, which represents a 2.0% annual increase over the current rate of \$1,825. Repeal the statutory references to 2002 and 2003 calendar year aid payment and mileage aid rate amounts.

Joint Finance/Legislature: Set the calendar year distribution amounts for municipalities at \$288,956,900 for calendar year 2006 and \$294,736,000 for calendar year 2007 and thereafter to reflect the Governor's intent to provide a 2% annual calendar year increase in general transportation aid.

[Act 25 Sections: 1739 thru 1741]

2. **MASS TRANSIT OPERATING ASSISTANCE** [LFB Paper 726]

SEG	\$2,969,800
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Governor/Legislature: Provide \$493,300 in 2005-06 and \$2,476,500 in 2006-07 to provide a 2.0% annual increase in mass transit assistance to each tier of mass transit systems for calendar years 2006 and 2007. The increased funding would be distributed as follows: (a) \$284,100 in 2005-06 and \$1,426,000 in 2006-07 for Tier A-1 (Milwaukee); (b) \$75,800 in 2005-06 and \$380,700 in 2006-07 for Tier A-2 (Madison); (c) \$108,800 in 2005-06 and \$546,200 in 2006-07 for Tier B transit systems; and (d) \$24,600 in 2005-06 and \$123,600 in 2006-07 for Tier C transit systems. Set the calendar year distribution amounts at \$57,948,000 for 2006 and \$59,107,000 for 2007 and thereafter for Tier A-1, \$15,470,200 for 2006 and \$15,779,600 for 2007 and thereafter for Tier A-2, \$22,192,800 for 2006 and \$22,636,700 for 2007 and thereafter for Tier B, and \$5,023,600 for 2006 and \$5,124,100 for 2007 and thereafter for Tier C. Repeal statutory references relating to aid payments for each tier of systems for calendar years 2002 and 2003.

[Act 25 Sections: 1734 thru 1737]

3. **ELDERLY AND DISABLED TRANSPORTATION AIDS** [LFB Paper 727]

SEG	\$6,000,000
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Governor/Legislature: Provide \$2,000,000 in 2005-06 and \$4,000,000 in 2006-07 for county assistance in the provision of elderly and disabled specialized transportation services. Total state funding would equal \$10,373,000 in 2005-06 and \$12,373,000 in 2006-07. This would provide a 23.9% increase in 2005-06 and an additional 19.3% increase in 2006-07 for elderly and disabled county assistance aids.

4. **LIFT BRIDGE AIDS** [LFB Paper 728]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$487,000	\$141,800	\$628,800

Governor: Provide \$221,800 in 2005-06 and \$265,200 in 2006-07 for lift bridge aids to reimburse communities for the costs associated with the operation and maintenance of lift bridges on connecting highways. The proposed funding would represent a 14.6% increase in 2005-06 with an additional 2.5% increase in 2006-07. Total state funding would equal \$1,736,800 in 2005-06 and \$1,780,200 in 2006-07. If state funding is not sufficient to cover the annual costs of operation of the lift bridges, the available funds are prorated to pay a percentage of actual costs, which has occurred for 2003-04 (93.8% of costs) and 2004-05 (89.4% of costs). The Department indicates that the requested funding would fully fund the estimated costs of operating the lift bridges for 2005-06 and 2006-07. There are currently 10 lift bridges on connecting highways operating in the state, which are located in the cities of Green Bay, Manitowoc, Milwaukee, Racine, and Two Rivers.

Joint Finance/Legislature: Provide an additional \$3,100 in 2005-06 and \$138,700 in 2006-07 to reflect actual lift bridge costs for calendar year 2005 (2005-06) and estimated costs for calendar year 2006 (2006-07). Total funding for lift bridge aids for bridges on connecting highways would be set at \$1,739,900 for 2005-06 and \$1,918,900 for 2006-07.

5. **EXPRESSWAY POLICING AIDS**

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
SEG	\$500,000	-\$400,000	\$100,000

Joint Finance/Legislature: Provide \$250,000 annually for expressway policing aids to Milwaukee County. Total funding for expressway policing aids would be set at \$1,290,800 annually.

Veto by Governor [B-38]: Reduce the funding increase to \$50,000 annually by deleting the amounts shown in the appropriation schedule (\$1,290,800 annually) and writing in lower amounts (\$1,090,800 annually).

[Act 25 Vetoed Section: 140 (as it relates to s. 20.395(1)(gq))]

Local Transportation Projects

1. HARBOR ASSISTANCE PROGRAM [LFB Paper 735]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
BR	\$11,400,000	\$1,300,000	\$12,700,000
SEG	<u>1,637,500</u>	<u>- 585,500</u>	<u>1,052,000</u>
Total	\$13,037,500	\$714,500	\$13,752,000

Governor: Provide an increase in general obligation bonding authority of \$11,400,000 for the harbor assistance program to provide total authority of \$39,400,000. In addition, provide \$204,000 SEG in 2005-06 and \$733,500 SEG in 2006-07 for the payment of principal and interest on the additional general obligation bonds and \$350,000 SEG annually for making additional grants for harbor improvements. Create a federal funds appropriation for the harbor assistance grant program. When added to base SEG funding for harbor assistance (\$500,000 annually), total funding for harbor improvements in the biennium would be \$13,100,000. This is an increase of \$9,100,000 in total funding for the harbor assistance program, relative to most recent biennia, when a total of \$4,000,000 was provided. A portion of this increase would be used to award \$8,100,000 in grants to projects in the northeastern part of the state, as summarized below. The remaining \$1,000,000 increase is intended to meet rising demand for grants under the program, due to increased port activity and recent changes to the program that allow harbors that serve passenger ferries and cruise ships and privately-owned harbors to be eligible for grants. The federal appropriation would be created to account for federal grants received for harbor projects.

Create nonstatutory provisions that require DOT, subject to specified conditions, to make the following grants in the 2005-07 biennium from the bonding funds: (a) a grant of \$6,000,000 to a city in northeastern Wisconsin that has a harbor facility for the purpose of constructing new boatlift facilities or improving existing boatlift facilities that serve or will serve at least two commercial enterprises that enhance economic development and will provide at least 600 new jobs in the state; and (b) a grant of \$2,100,000 for a boat slip repair and reconstruction project in northeastern Wisconsin if the project is necessary to retain at least 2,500 jobs in the state. Specify that the following current law provisions with respect to the harbor assistance program do not apply to these grants: (a) the requirement that local sponsors pay at least 20% of the project's cost; and (b) a requirement that DOT award grants on the basis of established criteria, including a requirement that priority be given on the basis of the amount of tonnage and waterborne transportation handled in the harbor.

As announced by the Governor, the \$6,000,000 grant would be for a boat slip construction project in Sturgeon Bay, which would be used by Palmer Johnson Yachts and Bay Shipbuilding Company. The Governor has announced that other state grants would be made for other improvements in the vicinity of the harbor, although the bill would not create specific requirements with respect to these grants. These include a grant of \$1,200,000 from the

transportation economic assistance (TEA) program to Sturgeon Bay for road improvements near the harbor (the bill would increase funding for TEA grants by \$1,200,000 annually) and a grant of \$2,000,000 from the Department of Commerce to Palmer Johnson Yachts for the construction of a yacht construction facility.

The \$2,100,000 grant would be combined with \$750,000 that has already been committed from funds provided in the 2003-05 biennium to provide a grant for the reconstruction of a dock wall used by Georgia-Pacific, in the Port of Green Bay.

Joint Finance/Legislature: Provide additional bonding authority of \$1,300,000 to provide a total increase of \$12,700,000. The additional bonding is the net effect of an increase of \$1,600,000 for making a required grant for a harbor project in the City of Marinette (described below) and a decrease of \$300,000 to eliminate additional bonding authority that was provided by the bill to increase funding for harbor projects other than the projects that the bill would require to be funded. Decrease funding by \$350,000 SEG annually in the harbor assistance appropriation to eliminate the above-base increase in SEG funding for making grants and increase funding by \$25,800 SEG in 2005-06 and \$88,700 SEG in 2006-07 to reflect increased debt service payments associated with the additional \$1,300,000 in bonds.

Require DOT to make a grant of \$1,600,000 in the 2005-07 biennium for the construction of a dockwall in the City of Marinette at the Waupaca Foundry, notwithstanding current law requirements that the Department award grants on the basis of established criteria.

Veto by Governor [B-43]: Delete the requirement that DOT make a grant for the construction of a dockwall in the City of Marinette at the Waupaca Foundry. This veto, however, does not affect the funding provided for the program (\$12,700,000 in bonds and \$1,000,000 SEG over the biennium).

[Act 25 Sections: 276, 468, and 9148(2)]

[Act 25 Vetoed Section: 9148(2)(c)]

2. SOO LOCKS IMPROVEMENT PROJECT

SEG	\$235,600
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Governor/Legislature: Provide \$117,800 annually in a newly-created, annual appropriation for making payments on the state's share of a project to construct a new lock in the Soo Locks complex at Sault Ste. Marie, Michigan. The project is being managed by the U.S. Army Corps of Engineers, but the authorizing legislation for the project requires a 20% nonfederal cost share, which is being paid by the Great Lakes Commission member states. Under the project financing agreement developed by the Great Lakes Commission, Wisconsin will pay \$117,800 annually for fifty years. The Soo Locks allow ships to navigate through the St. Marys River connecting Lake Superior with the rest of the Great Lakes system. The new lock would replace two existing locks that are generally not currently being used and would be built to service 1,000-foot vessels.

[Act 25 Section: 275]

3. MILWAUKEE TO CHICAGO PASSENGER RAIL SERVICE [LFB Paper 736]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$1,033,400	- \$2,188,100	- \$1,154,700
FED	<u>4,133,800</u>	<u>- 3,658,000</u>	<u>475,800</u>
Total	\$5,167,200	- \$5,846,100	- \$678,900

Governor: Provide \$365,800 SEG and \$1,463,300 FED in 2005-06 and \$667,600 SEG and \$2,670,500 FED in 2006-07 to support anticipated higher costs under the state's contract with Amtrak for the provision of the Hiawatha train route between Chicago and Milwaukee. The base amount for the service is \$5,715,800 in 2004-05 (\$1,143,200 SEG and \$4,572,600 FED), so the additional funds represent increases of 32% in 2005-06 and an additional 20% in 2006-07. The increases are provided to cover expected higher costs charged by Amtrak for providing the service and to cover a portion of the cost now being paid by the State of Illinois. DOT indicates that Illinois, which currently pays one-quarter of the cost of the service, may reduce its level of support. The amount provided in the bill assumes that Illinois will reduce its share to one-eighth of the cost. The Hiawatha currently runs seven round trips on Monday through Saturday and six round trips on Sunday.

Joint Finance/Legislature: Modify the funding provided by the bill for the Hiawatha service as follows: (a) delete \$1,007,300 SEG and \$1,454,500 FED in 2005-06 and \$1,180,800 SEG and \$2,203,500 FED in 2006-07 from DOT's appropriations for passenger rail service; and (b) provide \$572,700 SEG in 2005-06 and \$629,900 SEG in 2006-07 in the Joint Committee on Finance program supplement appropriation (the fiscal effect of this change is shown under "Program Supplements"). Specify that DOT may submit, by the due date for agency requests for the Committee's second quarterly meeting under section 13.10 in each year of the biennium, a request to the Joint Committee on Finance to supplement the SEG appropriation for passenger rail service. Specify that the Committee may provide a supplement for passenger rail service of up to \$572,700 in 2005-06 and up to \$629,900 in 2006-07. Specify that if the Committee provides a supplement for passenger rail service that is less than these amounts, the Committee may provide additional supplements using the remaining amounts up to these limits to other DOT appropriations. Specify that, if the Committee determines that the limits described above are not sufficient to fund passenger rail service, the Committee may provide an additional supplement if the Committee also determines that such additional supplements would not cause a negative transportation fund balance. Specify that all of these supplements may be made notwithstanding the current law requirement that the Committee find that an emergency exists prior to making the supplementation. Specify that, if the Committee determines that the amounts in DOT's appropriations for passenger rail service are sufficient for passenger rail service in either year of the biennium without providing a supplement as described above, the Committee may: (a) supplement other DOT SEG appropriations by up to \$572,700 in 2005-06 and \$629,900 in 2006-07, notwithstanding emergency finding requirements; and (b) transfer amounts from the Department's FED appropriation for passenger rail service to other DOT FED appropriations, notwithstanding current law restrictions on appropriation transfers.

Veto by Governor [B-35]: Delete \$572,700 SEG in 2005-06 and \$629,900 SEG in 2006-07 to eliminate the funding provided in the program supplements appropriation for passenger rail service. Delete the nonstatutory provision establishing the procedure allowing DOT to make requests to the Joint Committee on Finance in the 2005-07 biennium for supplemental appropriations for passenger rail service. The Department indicates that sources of funding from other appropriations will be used to maintain the service. The fiscal effect of this veto is shown under "Program Supplements." Although the substance of the supplemental appropriation request provision was eliminated, selected words from the text were retained to create a requirement that DOT transfer \$427,000,000 from the transportation fund to the general fund (summarized under "Transportation Finance").

[Act 25 Vetoed Sections: 140 (as it relates to s. 20.865(4)(u)) and 9148(4w)]

4. PASSENGER RAIL SERVICE DEVELOPMENT [LFB Paper 736]

Governor: Modify existing general obligation bonding authority for passenger rail service improvements to specify that these bonds may be used for capital costs related to Amtrak service extension routes or other rail service routes between Milwaukee and Chicago and between Madison and La Crosse. The 1993-95 biennial budget authorized \$50 million in general obligation bonds (with debt service paid from the general fund) for passenger rail improvements. Under current law, that bonding can be used for the following three purposes: (a) an extension of Amtrak passenger rail service or other rail service from Milwaukee to Madison or from Milwaukee to Green Bay; (b) railroad track or rail passenger station improvements related to an Amtrak service extension, or the establishment of commuter rail service, between Milwaukee and Waukesha County; or (c) rail passenger station improvements related to an existing rail passenger service. Use of this bonding requires the approval of the Joint Committee on Finance. Currently, \$2,000,000 has been approved for improvements at the Milwaukee Amtrak station, leaving \$48,000,000 in existing authority. This item would expand the eligible uses of the bonding to include rail service between Milwaukee and Chicago and between Madison and La Crosse.

Joint Finance/Legislature: Delete provision.

5. METRA COMMUTER RAIL EXTENSION TO SOUTHEASTERN WISCONSIN [LFB Paper 737]

SEG	\$800,000
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Governor/Legislature: Provide \$800,000 in 2005-06 for the Metra commuter rail extension project in Southeastern Wisconsin under the commuter rail system development grant program. This grant program, which was created in the 2003-05 biennial budget, provides grants to political subdivisions for the development or extension of commuter rail transit systems in this state. Grants are limited to an amount equal to 50% of the portion of the project cost in excess of the federal aid funding for the project or 25% of the total project cost. The Metra extension

project received \$400,000 in 2003-04 to fund a portion of the preliminary engineering of this project.

6. REGIONAL TRANSIT AUTHORITY IN SOUTHEASTERN WISCONSIN

Joint Finance/Legislature: Establish a three-county regional transit authority (RTA) in southeastern Wisconsin by amending current statutory provisions related to a seven-county RTA in the area. Establish the following structure for the new, three-county RTA: (a) define the authority's region to mean the geographic areas composed of Kenosha, Milwaukee, and Racine counties; (b) require the counties to create an RTA and specify that its governing body would include the following seven members: (1) three members, one from each county, appointed by the county executive of each county and approved by the county board of each county; (2) three members, one from the largest city in each county, appointed by the mayor of each of the cities and approved by the city council of each city; and (3) one member from the largest city in the region, appointed by the Governor and approved by the Senate; (c) allow the RTA to impose a vehicle rental fee that cannot exceed \$2 per rental transaction in the region; (d) require the Department of Revenue to administer the rental fee and specify that the Department could retain 2.55% of the fee revenues; (e) specify that six of the seven board members would have to vote in favor of any action to be taken by the RTA board relative to any authority provided to the board; (f) specify that the RTA would be responsible for the coordination of transit and commuter rail programs in the region; (g) allow DOT, or an entity designated by DOT, the Southeastern Wisconsin Regional Planning Commission, or an entity designated by the RTA board, to provide administrative support services to assist the RTA in fulfilling its duties; (h) require any entity that receives state funding for the planning or engineering of a commuter rail project in the region to periodically report to the RTA board or staff; (i) specify that the RTA shall have the authority to hire staff, conduct studies, and expend funds essential to the preparation of their report to the Legislature, and shall retain any vehicle rental funding received, other than those amounts expended on developing the required report for the Legislature, until the submittal of the report, and until action on the report is taken by the State Legislature; and (j) require that by November 15, 2008, the RTA submit a report to the Governor and Chief Clerk of each house of the Legislature on the activities of the Authority.

Specify that the RTA's report to the Legislature include the following: (a) a proposal that specifically identifies a permanent regional funding source to provide local funds for the local portion of operating and capital costs of commuter rail and public transit that are not covered by passenger fares and that considers all potential funding sources; (b) a plan for the distribution of such permanent regional funding among the mass transit operators in the region; (c) recommendations as to whether the responsibilities of the RTA should be limited to collection and distribution of regional transit funding, or also include operation of transit service; (d) a recommendation on the use of bonding for commuter rail and public transit in the region, and the role of the RTA in such bonding; (e) a plan to improve the coordination of expanded mass transit, commuter rail, and passenger rail in the region; and (f) a recommendation on whether the RTA should continue in existence after September 30, 2009.

Specify that the RTA would be a political subdivision that could receive a grant under DOT's commuter rail transit system development grant program. Specify that any grant recipient under the program, who receives a grant for a commuter rail project in the RTA region, would be required to periodically report to the RTA board or staff.

Extend the current law authority of DOR relative to the collection of local taxes and fees to the RTA vehicle rental fee. Extend the current law reporting requirements for those paying similar local taxes or fees currently collected by DOR to those that would be paying the RTA vehicle rental fee. Specify that the fee would first be effective on the first day or the first month beginning 90 days after the fee is approved by the RTA board. Require the RTA board to notify DOR of the repeal of the vehicle rental fee within 60 days of the effective date of the repeal.

Create an annual, program revenue appropriation to fund the costs associated with DOR's administration of the RTA vehicle rental fee. Specify that an amount equal to 2.55% of moneys received from the RTA vehicle rental fee would be credited to this appropriation. Specify that at the end of each fiscal year the unencumbered balance of the appropriation account that exceeds 10% of the expenditures from the appropriation during the fiscal year shall be distributed to the RTA. Create a separate, continuing program revenue appropriation for the distribution of the vehicle rental fee revenues to the RTA.

Veto by Governor [B-41]: Remove the requirement that the Governor's nominee to the regional transit authority board be subject to Senate confirmation.

[Act 25 Sections: 437x, 453m, 1235b thru 1235y, 1697m, 1730m, 1732g, and 1732r]

[Act 25 Vetoed Section: 1235e]

7. FREIGHT RAIL PRESERVATION PROGRAM

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
BR	\$6,500,000	\$5,500,000	\$12,000,000
SEG	<u>481,900</u>	<u>407,800</u>	<u>889,700</u>
Total	\$6,981,900	\$5,907,800	\$12,889,700

Governor: Provide an increase in general obligation bonding authority of \$6,500,000 for the freight rail preservation program to provide total bonding authority of \$39,000,000. In addition, provide an increase of \$98,200 SEG in 2005-06 and \$383,700 SEG in 2006-07 for the payment of principal and interest on the additional bonds. Bonding in this program may be used to purchase abandoned rail property or to provide grants for the rehabilitation of publicly-owned rail lines. The \$6,500,000 provided by the bill would be \$2,000,000 more than has been provided for this program in the past several biennia. In its agency budget request, DOT had asked for an increase in bonding due to a recent increase in rail line abandonments and to provide funds for the rehabilitation of certain rail lines that are already publicly-owned to allow them to carry heavier loads.

Joint Finance/Legislature: Provide additional bonding authority of \$5,500,000, to bring the total amount of new bonding for the program to \$12,000,000. Require DOT to allocate \$5,000,000 of the bonds annually to rail rehabilitation projects and \$1,000,000 annually for rail bridge projects in the 2005-07 biennium. Provide \$83,100 SEG in 2005-06 and \$324,700 SEG in 2006-07 for debt service payments on the additional bonds.

Veto by Governor [B-42]: Delete the provision requiring DOT to allocate \$5,000,000 of the bonds annually to rail rehabilitation projects and \$1,000,000 annually for rail bridge projects in the 2005-07 biennium.

[Act 25 Section: 469]

[Act 25 Vetoed Section: 9148(2q)]

8. TRANSPORTATION ECONOMIC ASSISTANCE PROGRAM [LFB Paper 738]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$2,400,000	-\$1,200,000	\$1,200,000
SEG-L	<u>2,400,000</u>	<u>- 1,200,000</u>	<u>1,200,000</u>
Total	\$4,800,000	-\$2,400,000	\$2,400,000

Governor: Provide increases of \$1,200,000 SEG and \$1,200,000 SEG-L annually for the transportation economic assistance (TEA) program, which provides grants to local project sponsors for improvements designed to assist businesses to add or retain jobs in the state. The SEG-L funds reflect the required 50% local match for the program. This increase would raise the total SEG funds provided under the program from \$3,625,000 in the base year to \$4,825,000 annually, an increase of 33.1%.

Joint Finance/Legislature: Delete \$1,200,000 SEG and \$1,200,000 SEG-L in 2006-07 to eliminate the increase provided by the bill in that year.

Specify that the Department may not make a grant under the program after the effective date of the bill for an improvement related to an economic development project that involves the construction of an ethanol production facility unless the Department determines that a competitive bidding process is used for the construction of the ethanol production facility. This restriction is one of several restrictions applying to state economic development grant programs. These restrictions are described in more detail under "Agriculture, Trade, and Consumer Protection."

[Act 25 Section: 1725m]

9. LOCAL ROADS IMPROVEMENT PROGRAM [LFB Paper 739]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
SEG	\$1,369,300	\$10,000,000	-\$10,000,000	\$1,369,300
SEG-L	<u>1,369,300</u>	<u>5,636,400</u>	<u>- 5,636,400</u>	<u>1,369,300</u>
Total	\$2,738,600	\$15,636,400	-\$15,636,400	\$2,738,600

Governor: Provide \$453,400 SEG and \$453,400 SEG-L in 2005-06 and \$915,900 SEG and \$915,900 SEG-L in 2006-07 for the local roads improvement program, which represents a 2% annual increase for the program. The SEG-L increases reflect the required 50% local match for the program. The increases would go to the basic component of the program, rather than any of the discretionary components.

Joint Finance/Legislature: Provide \$5,000,000 SEG annually in a new appropriation for the local roads improvement program for discretionary grants and transfer \$7,000,000 SEG annually from the existing local roads improvement program appropriation to the discretionary grants appropriation in order to transfer the current base for discretionary grants to the new appropriation. Provide \$2,818,200 SEG-L annually to reflect the net increase in local matching funds for discretionary grants. Increase the annual allocations under the discretionary program as follows: (a) by \$2,150,000, from \$5,250,000 to \$7,400,000 for county projects; (b) by \$1,425,000, from \$1,000,000 to \$2,425,000 for municipal projects; and (c) by \$1,425,000, from \$750,000 to \$2,175,000 for town projects. Specify that if the sum of the allocations for the three discretionary program components in any fiscal year exceeds the amount provided in the discretionary grant appropriation in that year, then the Department shall make proportionate adjustments to the allocations such that the total equals the amount provided in the appropriation.

Specify that SEG funds for discretionary projects may be used for not more than 55% of the total cost of the project, instead of, under current law, not more than 50% of the total cost. Specify that, notwithstanding the current law requirement that county discretionary projects have a total cost of more than \$250,000, the Department may allocate up to 20% of the county funds to projects that have a total cost between \$150,000 and \$250,000 in counties that have a total equalized value, excluding the value increment in TIF districts, that falls within the lowest 20% of all counties. Specify that improvements under the discretionary program shall in all cases be under contracts and that such contracts shall be awarded on the basis of competitive bids and shall be awarded to the lowest responsible bidder. Define the term "improvement" for the discretionary program to mean a single highway construction project, which may be let to contract in one or more components, with a projected life of at least ten years and that meets the minimum cost thresholds for the applicable recipient.

Delete a provision (that under current law does not apply after December 31, 2005) that requires the Department to make a grant of \$2,500,000 to the City of Milwaukee for the reconstruction of West Canal Street, reflecting that the grant has already been made.

Veto by Governor [B-36]: Delete \$5,000,000 SEG annually for the local roads improvement discretionary program to eliminate the additional funding provided by the Joint

Committee on Finance and reduce funding by \$2,818,200 SEG-L annually to reflect a reestimate of the local match paid under the discretionary program. Delete the provisions added by the Joint Committee on Finance related to the discretionary program with the exception of the separate appropriation for making discretionary grants.

[Act 25 Sections: 276g, 276k, and 1741j thru 1741s]

[Act 25 Vetoed Sections: 140 (as it relates to s. 20.395(2)(ft)), 1719L, 1719r, 1741b thru 1741h, and 1741p thru 1741y]

10. GRANT FOR EISNER AVENUE PROJECT IN SHEBOYGAN COUNTY

Joint Finance/Legislature: Require DOT to award a grant of \$500,000 from the local roads improvement program for discretionary grants in the 2005-07 biennium to the City of Sheboygan for the rehabilitation of Eisner Avenue in Sheboygan County if the City of Sheboygan and Town of Sheboygan reach an agreement on the payment of the local match for the project. Require the grant to be split equally between the discretionary program for municipalities and the discretionary program for towns. Specify that this grant shall be made notwithstanding program criteria for awarding grants and shall be in addition to the City of Sheboygan's entitlement under the entitlement component of the program.

Veto by Governor [B-44]: Delete provision.

[Act 25 Vetoed Section: 9148(6n)]

11. RESTORE FUNDING FOR THE SURFACE TRANSPORTATION GRANT PROGRAM
[LFB Paper 740]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$2,720,000	-\$2,720,000	\$0
SEG-L	<u>680,000</u>	<u>- 680,000</u>	<u>0</u>
Total	\$3,400,000	-\$3,400,000	\$0

Governor: Provide \$2,720,000 FED and \$680,000 SEG-L in 2006-07 for the surface transportation grant program (also called "surface transportation program-discretionary"). This program provides grants to local governments using federal funds for projects designed to offer alternatives to automobile travel, as well as for transit planning and the purchase of transit buses. Local project sponsors must pay a 20% match on the use of federal funds, which is reflected as SEG-L. Funding was eliminated for the program in the 2003-05 biennium. This item would restore funding for the program at the 2002-03 level.

Joint Finance/Legislature: Delete provision.

12. AIRPORT IMPROVEMENT PROGRAM FUNDING INCREASE

SEG	\$737,600
SEG-L	65,138,600
Total	\$65,876,200

Governor/Legislature: Provide \$244,200 SEG in 2005-06 and \$493,400 SEG in 2006-07 for the airport improvement program, to increase the SEG-funded portion of the program by 2% annually. Excluding salary, fringe benefits, and other program delivery costs, this would increase project funding by 2.6% in 2005-06 and 2.5% in 2006-07. Increase funding by \$31,569,300 SEG-L in 2005-06 and \$33,569,300 SEG-L in 2006-07 in the local match appropriation for the airport improvement program to more accurately reflect the amount of local funds that are spent to match state and federal funds on airport projects. DOT had requested an increase to the airport improvement program in its budget request, indicating that the SEG funding for making airport improvement grants has not been increased for over ten years and that additional funds would help offset recent trends in which more SEG funding has been used to match increased federal funding, leaving less SEG funding for projects that are not eligible for federal assistance. The SEG-L appropriation has not been adjusted to account for local spending increases over the past several years.

13. TRANSPORTATION ENHANCEMENTS GRANTS

Joint Finance: Require DOT to make the following grants under the transportation enhancements grant program in the 2005-07 biennium if the grant recipient contributes funds for the respective projects that at least equal 20% of the costs of the project: (a) a grant of \$484,000 to the Village of Oregon in Dane County for a streetscaping project on Main Street and Janesville Street (minimum \$121,000 match); (b) a grant of \$80,000 to Chippewa County for the construction of a pedestrian railroad crossing and handicap-accessible ramp related to the Ray's Beach revitalization project on Lake Wissota (minimum \$20,000 match); and (c) a grant of \$480,000 to the Village of Weston in Marathon County for the construction of a bicycle and pedestrian bridge over STH 29 adjacent to Birch Street and the Weston Regional Medical Center (minimum \$120,000 match).

Assembly: Increase the amount of the grant to the Village of Weston from \$480,000 to \$576,000.

Veto by Governor [B-35]: Delete the required grants for the Village of Oregon and Chippewa County. Although the substance of the provision requiring the Department to make these grants was deleted, selected words and digits from the text were retained to create a requirement that DOT transfer \$427,000,000 from the transportation fund to the general fund (summarized under "Transportation Finance").

[Act 25 Section: 9148(5h)]

[Act 25 Vetoed Sections: 9148(5f)&(5g)]

State Highway Program

1. **STATE HIGHWAY REHABILITATION FUNDING** [LFB Paper 745]

SEG	\$229,430,800
FED	70,864,600
Total	<u>\$300,295,400</u>

Governor/Legislature: Increase funding for the state highway rehabilitation program by a total of \$140,585,900 in 2005-06 and \$159,709,500 in 2006-07, which is the net effect of the following funding changes: (a) an increase of \$130,701,500 SEG in 2005-06 and \$98,729,300 SEG in 2006-07; and (b) an increase of \$9,884,400 FED in 2005-06 and \$60,980,200 FED in 2006-07. These changes exclude a separate decision, summarized as a separate item below, that would replace \$250,000,000 SEG in 2005-06 with an equal amount of GPR-supported, general obligation bonds for the program.

According to the Executive Budget Book, there are two components to the funding increases summarized in this item. A portion of the increase is intended to raise the appropriation base level of funding to the same level of total funding provided for the program in 2004-05. In 2004-05, the program received \$230,000,000 in GPR-supported, general obligation bonding. Although a provision of the 2003-05 budget required DOT, in preparing its 2005-07 budget request, to make an adjustment to replace those bonds with SEG funds in the ongoing base for the program, the required adjustment was less than the amount of bonds used in 2004-05. Consequently, while the total appropriation base for the program is \$454,372,000, the actual funding level in 2004-05 is \$554,661,300, a difference of \$100,289,300. However, the bill provides \$101,182,100 in 2005-06 and \$101,183,800 in 2006-07 to make up this difference, exceeding the actual amount needed to restore the 2004-05 funding level by \$892,800 in 2005-06 and \$894,500 in 2006-07. The provision of this additional amount has the effect of reversing SEG reductions under separate decision items for standard budget adjustments and a transfer to the departmental management and operations appropriation for rent adjustments.

The increases that the bill would provide above this adjustment are \$39,403,800 in 2005-06 and \$58,525,700 in 2006-07. According to the Executive Budget Book, these amounts are intended to provide the following: (a) a 2.0% annual inflationary increase, calculated on the total 2004-05 spending level, excluding state-funded salary and fringe benefits costs (\$10,903,800 in 2005-06 and \$22,025,700 in 2006-07); and (b) additional increases of \$28,500,000 in 2005-06 and \$36,500,000 in 2006-07 to allow DOT to maintain the pavement quality of existing state highways.

The following table shows the actual level of funding provided in 2004-05, the appropriation base level of funding, and the level of funding provided by the bill. The difference in the SEG amounts between the 2004-05 level of funding and the appropriation base level of funding is due to the required adjustment to replace a portion of the bonding with SEG funds (\$128,135,700) and the effect of adjustments made in the base reconciliation process (\$1,575,000). The funding level provided by the bill, as shown in the final two columns, reflects

the effect of this item, plus the effect of the following other items: (a) the decision to replace \$250,000,000 in SEG funds in 2005-06 with the same amount of GPR-supported bonding; (b) standard budget adjustments (-\$834,300 SEG annually); (c) a transfer of funding to the departmental management and operations appropriation to reflect increased rent costs at facilities used by the highway program (-\$58,500 SEG in 2005-06 and -\$60,200 SEG in 2006-07); (d) savings associated with budget efficiency measures, including departmental reorganization (-\$616,100 SEG in 2005-06 and -\$1,544,800 SEG in 2006-07); and (e) a decision to provide 10.0 additional highway engineer positions in the second year of the biennium (\$722,000 SEG in 2006-07).

<u>Fund Source</u>	<u>Actual 2004-05 Funding Level</u>	<u>2004-05 Appropriation Base</u>	<u>Governor/Legislature</u>	
			<u>2005-06</u>	<u>2006-07</u>
SEG	\$37,678,300	\$167,389,000	\$46,581,600	\$264,401,000
FED	286,983,000	286,983,000	296,867,400	347,963,200
Gen. Ob. Bonds	<u>230,000,000</u>	<u>0</u>	<u>250,000,000</u>	<u>0</u>
Total	\$554,661,300	\$454,372,000	\$593,449,000	\$612,364,200

2. REPLACE SEG FUNDS WITH GPR-SUPPORTED BONDS IN THE STATE HIGHWAY REHABILITATION PROGRAM [LFB Papers 717 and 745]

	<u>Governor (Chg. to Base)</u>	<u>Jt. Finance/Leg. (Chg. to Gov)</u>	<u>Net Change</u>
GPR	\$9,352,500	\$9,352,500	\$18,705,000
SEG	-250,000,000	0	-250,000,000
BR	<u>250,000,000</u>	<u>0</u>	<u>250,000,000</u>
Total	\$9,352,500	\$9,352,500	\$18,705,000

Governor: Decrease funding for the state highway rehabilitation program by \$250,000,000 SEG in 2005-06 and increase the statutory bonding authorization for major highway and rehabilitation projects by \$250,000,000 (from \$565,480,400 to \$815,480,400) in the existing, GPR-supported, general obligation bond authorization for highway projects. Although these bonds could be used in the state highway rehabilitation program, the southeast Wisconsin freeway rehabilitation program, or, in certain circumstances, in the major highway development program, the Executive Budget Book indicates that they will be used within the state highway rehabilitation program. Provide \$9,352,500 GPR in 2006-07 in the existing, GPR debt service appropriation to reflect estimated debt service payments on the bonds. This estimate reflects the administration's intent to issue 20-year bonds for one-third of the amount and 10-year bonds for two-thirds of the amount. It is estimated that the debt service on the bonds would increase to \$24.3 million in 2007-08 and to \$29.9 million in subsequent years, once all of the bonds are issued.

Joint Finance/Legislature: Increase funding by \$1,875,000 GPR in 2005-06 and \$7,477,500 GPR in 2006-07 to reflect a reestimate of debt service payments on the \$250,000,000 in general

obligation bonds provided for the state highway rehabilitation program.

Modify the bill to create a new bonding authorization for providing \$250,000,000 in general fund-supported, general obligation bonds for the program, instead of, under the bill, increasing an existing bond authorization appropriation, in order to clarify that the bonds may only be used for the state highway rehabilitation program and not for the southeast Wisconsin freeway rehabilitation program.

[Act 25 Sections: 281, 467m, 1718m, and 1728m]

3. FUNDING FOR THE MARQUETTE INTERCHANGE RECONSTRUCTION PROJECT AND OTHER SOUTHEAST WISCONSIN FREEWAY REHABILITATION PROJECTS
[LFB Paper 746]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
SEG	-\$53,521,000	\$91,622,000	-\$95,000,000	\$56,899,000
FED	- 6,726,400	6,378,000	0	- 348,400
BR	<u>213,100,000</u>	<u>0</u>	<u>0</u>	<u>213,100,000</u>
Total	\$152,852,600	\$98,000,000	-\$95,000,000	\$155,852,600

Governor: Authorize \$213,100,000 in transportation fund-supported, general obligation bonds for southeast Wisconsin freeway rehabilitation projects and create a sum sufficient, transportation fund appropriation in DOT for paying the debt service on these bonds. Modify statutory provisions related to the southeast Wisconsin freeway rehabilitation program to reflect the creation of this new funding source for the program. Although these bonds could be used on any southeast Wisconsin freeway rehabilitation projects, the Executive Budget Book indicates that they will be used on the Marquette Interchange reconstruction project. Provide \$6,243,000 SEG in 2006-07 to reflect the estimated debt service payment on these bonds, an estimate that reflects the administration's intention to issue 20-year bonds for the project. It is estimated that the debt service on the bonds would increase to \$15.5 million in 2007-08 and to \$18.6 million in subsequent years, once all of the bonds are issued.

Modify funding in the SEG and FED appropriations for southeast Wisconsin freeway rehabilitation to provide an increase of \$354,600 in 2005-06 and a decrease of \$66,845,000 in 2006-07, reflecting the net effect of the following: (a) decreases of \$21,559,800 SEG in 2005-06 and \$38,204,200 SEG in 2006-07; and (b) an increase of \$21,914,400 FED in 2005-06 and a decrease of \$28,640,800 FED in 2006-07.

The following table compares the total funding provided by the bill for the southeast Wisconsin freeway rehabilitation program (excluding the debt service payment on the bonds) with the actual level of funding provided for the program in 2004-05 and the 2004-05 appropriation base. A nonstatutory provision of the 2003-05 budget act required DOT, in preparing its 2005-07 budget request, to make an adjustment of \$52,654,100 to the SEG appropriation base for the program to allocate base SEG funds that, in 2004-05, are used for

general fund purposes, but would otherwise be unallocated in the 2005-07 biennium. The SEG base amount shown in the table differs from the actual 2004-05 funding in the previous column by the sum of this adjustment and an additional adjustment of \$105,500 made in the base reconciliation process. As the table shows, general obligation bonds were provided in 2004-05 by Act 33 and are proposed in 2005-06 under the bill. These amounts are shown in separate rows, however, to reflect that the 2004-05 bonds are GPR-supported bonds, while the bill would provide transportation fund-supported (SEG) bonds. The amounts provided under the bill, as shown in the final two columns, reflect the net effect of this item plus standard budget adjustments of -\$13,800 SEG annually.

<u>Fund Source</u>	Actual 2004-05 <u>Funding Level</u>	2004-05 Appropriation <u>Base</u>	<u>Governor</u>	
			<u>2005-06</u>	<u>2006-07</u>
SEG	\$20,000,000	\$72,759,600	\$51,186,000	\$34,541,600
FED	88,085,600	88,085,600	110,000,000	59,444,800
Gen. Ob. Bonds--GPR	65,656,200	0	0	0
Gen. Ob. Bonds--SEG	<u>0</u>	<u>0</u>	<u>213,100,000</u>	<u>0</u>
Total	\$173,741,800	\$160,845,200	\$374,286,000	\$93,986,400

The authorization of bonding and the modifications to the SEG and FED appropriations summarized in this item reflect the administration's objectives with respect to the allocation of new and existing funds in the program, including an estimated \$40.0 million in funds carried over from the previous year. These objectives are as follows: (a) providing \$385,436,000 in 2005-06 and \$24,956,000 in 2006-07 for the Marquette Interchange reconstruction project; (b) providing \$19,300,000 in 2005-06 and \$49,350,000 in 2006-07 for rehabilitation projects on the southeast Wisconsin freeway system other than the Marquette Interchange; (c) providing \$9,550,000 in 2005-06 and \$19,680,400 in 2006-07 for preliminary engineering on the reconstruction of the segment of I-94 from the Illinois state line to Milwaukee (the Department has proposed this segment of I-94 as the next major reconstruction project on the southeast Wisconsin freeway system following the Marquette Interchange project); and (d) reallocating SEG and FED funds in 2006-07 from the southeast Wisconsin freeway rehabilitation appropriation that are not needed for these purposes to other programs.

The amount of funds allocated for the Marquette Interchange project under the bill (net of carryover funds from the previous year) would be \$370.4 million. This amount, when added to a total of \$404.6 million allocated to the project from the two previous biennia, would bring the total amount available for the project through 2006-07 to \$775.0 million. Under the Department's financial plan for the project, the total estimated cost is \$810.0 million. DOT indicates that the balance of the project's costs will be incurred in 2007-08.

Joint Finance/Legislature: *Marquette Interchange Reconstruction.* Provide an increase of \$1,454,500 FED and provide a corresponding decrease in funding of \$1,454,500 SEG in 2005-06 and provide increases of \$61,319,500 SEG and \$4,923,500 FED in 2006-07 for the Marquette Interchange project to provide a total, net increase for the project, relative to the bill, of

\$66,243,000 in 2006-07. Include provisions to require the project to be funded primarily with cash sources and without the use of long-term bonds, as follows: (a) require DOT, in each fiscal year in which the Department expends or encumbers funds for the project, to the maximum extent possible, to expend or encumber funds in the SEG and FED appropriations for southeast Wisconsin freeway rehabilitation that are allocated to the Marquette Interchange project in that fiscal year before bonds may be issued for the project in that year; (b) specify that no bonds may be issued to fund the project unless all of the following conditions are satisfied: (i) funds in the SEG and FED appropriations for southeast Wisconsin freeway rehabilitation that are allocated to the project are not sufficient to meet estimated expenditure obligations for the project in that fiscal year and the bond issuance results in an amount of bond proceeds in that fiscal year that does not exceed the difference between the estimated expenditure obligations for the project and the SEG and FED funds allocated for the project in that year; and (ii) bonds issued during the 2005-07 biennium bear a maturity date not later than June 30 of the second fiscal year following the fiscal year in which the bonds are issued and bonds to be issued after the 2005-07 biennium bear a maturity date not later than June 30 of the fiscal year immediately following the fiscal year in which the bonds are issued; and (c) modify the bonding authorization in the bill for southeast Wisconsin freeway rehabilitation projects to specify that the bonds may only be used on the Marquette Interchange project. Reduce funding by \$6,243,000 SEG in 2006-07 to reflect that no debt service payments are estimated for that year under these restrictions.

Include provisions to require adjustments to the SEG appropriation for southeast Wisconsin freeway rehabilitation and the SEG debt service appropriation for Marquette Interchange short-term bonds in the Department's subsequent biennial budget requests, as follows: (a) require DOT, in its 2007-09 biennial budget request, to include recommended reductions to the SEG appropriation for southeast Wisconsin freeway rehabilitation in each year of that biennium to reflect a transfer of funds from that appropriation to the debt service appropriation equal to anticipated debt service payments in each year; and (b) specify that, in preparing the Department's 2009-11 biennial budget request, and in each biennial budget request thereafter if the SEG appropriation for southeast Wisconsin freeway rehabilitation is retained, if DOT determines that the amount in the Chapter 20 appropriation schedule for Marquette Interchange debt service in the year that the budget request is submitted is more than the amount that will be needed for debt service payments in the first year of the upcoming biennium, DOT shall add the difference in these amounts (the anticipated reduction in debt service) to the SEG appropriation for southeast Wisconsin freeway rehabilitation for the purpose of establishing the base level funding for that appropriation in its budget request. Specify that in determining the amount needed for debt service payments in the first year of the upcoming biennium, the Department shall assume that no additional bonds will be issued for the Marquette Interchange project during the upcoming biennium.

Owner-Controlled Insurance Program for the Marquette Interchange Project. Create a SEG-S appropriation for the Marquette Interchange owner-controlled insurance program. Specify that the appropriation shall be credited with all moneys received from contractors on the project as payments arising from safety violations or claims and specify that the appropriation shall be for

the purposes of funding safety coordination efforts and safety programs on the project and for making premium payments for insurance maintained by the Department for the project.

Zoo Interchange-USH 45 Preliminary Engineering. Provide \$38,000,000 SEG in 2005-06 for preliminary work related to the reconstruction of the Zoo Interchange and the USH 45 freeway between the Zoo Interchange and the Richfield Interchange in Washington County.

Veto by Governor [B-35]: *Marquette Interchange Reconstruction.* Delete the provisions related to the restrictions on the issuance and maturity period of bonding and the required adjustments to the southeast Wisconsin freeway rehabilitation and Marquette Interchange bond debt service appropriation (all the Joint Finance provisions except the change to make the bonds available for the Marquette Interchange instead of for any southeast Wisconsin freeway rehabilitation project). Delete \$66,243,000 SEG in 2006-07 to eliminate the funding that had been provided by the Joint Committee on Finance to implement a bond-minimization financing strategy. As vetoed, the act provides for a financing strategy nearly identical to the Governor's original proposal. Although not reflected in the act, the use of 20-year bonds for the project, as originally proposed by the Governor, would result in estimated debt service payments of \$6,243,000 SEG in 2006-07. Although the substance of the provision requiring the Department to make adjustments to the southeast Wisconsin freeway rehabilitation appropriation in its 2007-09 budget request was deleted, selected words from the text were retained to create a requirement that DOT transfer \$427,000,000 from the transportation fund to the general fund (summarized under "Transportation Finance").

Zoo Interchange-USH 45 Preliminary Engineering. Delete \$35,000,000 SEG in 2005-06 to eliminate all but \$3,000,000 of the funding provided by the Joint Committee on Finance for preliminary engineering on the Zoo Interchange-USH reconstruction project. In his veto address, the Governor indicates that the \$3,000,000 will be used to begin preliminary engineering on the project by the end of the biennium.

[Act 25 Sections: 1r, 276p, 284, 460, 467, 1719, and 1727]

[Act 25 Vetoed Sections: 140 (as it relates to s. 20.395(3)(cr)), 1719g thru 1719i, 1727, 1727g, and 9148(4f)]

4. MAJOR HIGHWAY DEVELOPMENT FUNDING [LFB Paper 747]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
SEG	\$49,796,700	\$42,382,100	-\$51,803,700	\$40,375,100
FED	95,553,200	0	0	95,553,200
SEG-S	<u>14,534,900</u>	<u>-42,382,100</u>	<u>51,803,700</u>	<u>23,956,500</u>
Total	\$159,884,800	\$0	\$0	\$159,884,800

Governor: Increase funding for the major highway development program by a total of \$52,522,200 in 2005-06 and \$107,362,600 in 2006-07, which is the net effect of the following

funding changes: (a) an increase of \$7,377,400 SEG in 2005-06 and \$42,419,300 SEG in 2006-07; (b) an increase of \$47,776,600 FED annually; and (c) a decrease of \$2,631,800 SEG-S (revenue bond proceeds) in 2005-06 and an increase of \$17,166,700 SEG-S in 2006-07. The increase of \$47,776,600 FED annually restores the level of federal funding that was actually allocated by DOT to the program in 2004-05. In signing the 2003-05 budget act, the Governor made a number of funding changes to the highway program through partial vetoes, one of which was a reallocation of federal funds from the state highway rehabilitation program to the major highway development program. However, since the Governor could not increase the federal appropriation for the major highway development program through a veto, in his veto message he directed DOT to make this reallocation. The 2004-05 base appropriation level, therefore, is \$47,776,600 below the level that DOT has actually programmed for the program, an amount equal to the federal increase to the base provided by the bill.

The net effect of the SEG and SEG-S changes (\$4,745,600 in 2005-06 and \$59,586,000 in 2006-07) is to provide 2.0% inflationary increases annually on the program base, as adjusted to reflect the actual level of federal funding in 2004-05 and to exclude state-funded salary and fringe benefit costs, plus an additional increase of \$50,000,000 in 2006-07. The administration indicates that the additional increase in the second year is intended to accelerate construction on projects so that all enumerated projects can begin construction within six years.

The following table shows the actual level of funding allocated for the program in 2004-05 (reflecting the allocation of federal funds to the program as directed by the Governor in his veto message), the appropriation base level of funding, and the level of funding provided by the bill. The difference between the SEG amounts actually provided for 2004-05 and the appropriation base is due to adjustments made in the base reconciliation process (\$269,400). The total funding in the bill reflects the effect of this item, plus the effect of standard budget adjustments (-\$35,400 SEG annually). Under the bill, revenue bonds would be used for 55.0% of the program in 2005-06 and 51.5% in 2006-07.

Fund Source	Actual 2004-05 Funding Level	2004-05 Appropriation Base	Governor	
			2005-06	2006-07
SEG	\$23,191,100	\$23,460,500	\$30,802,500	\$65,844,400
FED	78,975,000	31,198,400	78,975,000	78,975,000
SEG-S (Bonding)	<u>136,804,400</u>	<u>136,804,400</u>	<u>134,172,600</u>	<u>153,971,100</u>
Total	\$238,970,500	\$191,463,300	\$243,950,100	\$298,790,500

Joint Finance/Legislature: Reduce the use of revenue bond proceeds by \$11,735,200 SEG-S in 2005-06 and \$30,646,900 SEG-S in 2006-07 and replace these amounts with equal amounts of SEG funds. These reductions result in estimated decreases in revenue bond debt service of \$565,800 in 2005-06 and \$1,738,000 in 2006-07, a fiscal effect that is reflected as increased transportation fund revenue and that is shown under "Transportation Fund Debt Service Reestimate" in the "Transportation Finance" section. The reductions in the use of bonding

would reduce the percentage of the program funded with bond proceeds to 50.2% in 2005-06 and 41.3% in 2006-07.

Veto by Governor [B-35]: Delete \$28,400,700 SEG in 2005-06 and \$23,403,000 SEG in 2006-07. In his veto message, the Governor indicates that existing carryover bonding authority will be used to replace the SEG funds to maintain the same total level of funding for the program as under the bill passed by the Legislature. As passed by the Legislature, the bill followed past practice of providing somewhat more statutory bonding authority for the program than was needed in the biennium to spend at the bonding levels established in the SEG-S (revenue bond) appropriation for the program. This is done in order to ensure that construction on projects begun in the biennium would not be delayed in the following biennium if the passage of the subsequent budget is delayed. The Governor's directive to use bonding to replace the vetoed SEG funds would result in the use of some of this excess bonding and would also mean that the use of bond proceeds will exceed the amounts reflected in the SEG-S appropriation for the program. This is made possible by the fact that the bonding authorization, not the SEG-S appropriation, is the limiting factor on the amount of bonds that can be used. Therefore, the Governor's veto results in an increase of \$28,400,700 SEG-S in 2005-06 and \$23,403,000 SEG-S in 2006-07 for the program, although these amounts are not reflected in the act's appropriation schedule. The additional bonding raises the percentage of the program funded with bonds to 61.8% in 2005-06 and 49.1% in 2006-07. DOA estimates that the additional revenue bond debt service associated with these bonds will reduce transportation fund revenues by \$2,719,700 in 2006-07. The following table compares the funding for the program, by fund source, under Enrolled Assembly Bill 100 and Act 25.

<u>Fund Source</u>	<u>Enrolled AB 100</u>		<u>Act 25</u>	
	<u>2005-06</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2006-07</u>
SEG	\$42,537,700	\$96,491,300	\$14,137,000	\$73,088,300
FED	78,975,000	78,975,000	78,975,000	78,975,000
SEG-S (Bonding)	<u>122,437,400</u>	<u>123,324,200</u>	<u>150,838,100</u>	<u>146,727,200</u>
Total	\$243,950,100	\$298,790,500	\$243,950,100	\$298,790,500

[Act 25 Vetoed Section: 140 (as it relates to s. 20.395(3)(bq))]

5. STATE HIGHWAY MAINTENANCE AND TRAFFIC OPERATIONS FUNDING [LFB Paper 748]

SEG	\$18,047,300
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Governor/Legislature: Provide \$5,790,200 in 2005-06 and \$12,257,100 in 2006-07 for the state highway maintenance and traffic operations program. According to the Executive Budget Book, these increases reflect the following: (a) a 2.0% annual inflationary increase, calculated on a base that excludes salaries and fringe benefits for state employees (\$2,912,400 in 2005-06 and \$5,883,000 in 2006-07); and (b) an increase to reflect the projected growth in the number of lane miles on the state highway system (\$2,877,800 in 2005-06 and \$6,374,100 in 2006-07).

6. STATE-OWNED LIFT BRIDGE OPERATIONS [LFB Paper 748]

SEG	\$856,000
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Joint Finance/Legislature: Provide \$428,000 annually in a new, annual appropriation for the operating costs and maintenance costs of lift bridges on connecting highways, state trunk highways, or local highways that are owned by the state and are not funded under the local lift bridge aid program. Transfer \$1,760,600 SEG in 2005-06 and \$1,804,400 SEG in 2006-07 from the state highway maintenance appropriation to the state-owned lift bridge appropriation in order to move base funding for lift bridge operations to the new appropriation.

[Act 25 Section: 276w]

7. HIGHWAY ENGINEERING POSITIONS [LFB Paper 745]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$722,000	10.00	\$1,923,300	19.00	-\$1,923,300	-19.00	\$722,000	10.00

Governor: Provide \$722,000 and 10.0 positions in 2006-07 in the state highway rehabilitation program to allow the Department to add 10 highway engineers in regional transportation offices. The administration indicates that the addition of highway engineering positions is needed due to the bill's proposed increase in the size of the state highway rehabilitation and major highway development programs.

Joint Finance/Legislature: Provide an additional \$551,500 and 10.0 positions in 2005-06 and \$1,371,800 and 19.0 positions in 2006-07 to provide a total increase of 10 engineering positions in 2005-06 and 29 engineering positions in 2006-07. Specify that DOT may submit a request under s. 13.10 of the statutes to the Joint Committee on Finance to convert up to 6.0 of the engineering positions in 2006-07 to other position types that support the Department's highway delivery functions.

Veto by Governor [B-37]: Delete \$551,500 and 10.0 positions in 2005-06 and \$1,371,800 and 19.0 positions in 2006-07 to eliminate the additional funding and positions added by Joint Finance. Delete the provision allowing DOT to submit a request under s. 13.10 of the statutes to convert up to 6.0 engineering positions in 2006-07 to other position types.

[Act 25 Vetoed Sections: 140 (as it relates to s. 20.395(3)(cq)) and 9148(7f)]

8. STURGEON BAY BRIDGE

Joint Finance/Legislature: Require DOT to construct a bridge in the City of Sturgeon Bay in Door County that connects upper Door County and lower Door County and require construction to commence not later than one year following the effective date of the bill and

prior to the reconstruction of the Michigan Street Bridge in the City of Sturgeon Bay. Specify that the bridge shall be funded only from the SEG, FED, and SEG-L appropriations for state highway rehabilitation and shall be built notwithstanding current law restrictions and conditions associated with local bridge projects. Specify that Door County shall contribute \$1,500,000 to fund its share of the costs of the project. Specify that the City of Sturgeon Bay shall acquire lands necessary for rights-of-way and other purposes and construct or reconstruct as necessary all highway approaches associated with the bridge construction, but shall not otherwise be required to contribute to the costs of the bridge. Authorize DOT to utilize a design-build procurement process for the project if all of the following conditions are met: (a) the contract is awarded through a competitive selection process that utilizes, at a minimum, contractor qualifications, quality, completion time, and cost as award criteria; and (b) the contract is approved by the appropriate federal authority if, in the judgment of the DOT Secretary, such approval is necessary for purposes relating to state eligibility for federal aid. Specify that a bidder for the project, to be eligible to participate in the design-build selection process, must have prior experience as a design consultant and as a contractor.

[Act 25 Sections: 276L, 276p, 276s, and 1723m]

9. SALE OF PARK-AND-RIDE LOT FACILITIES

Joint Finance/Legislature: Specify that DOT may sell, at fair market value, the real estate upon which a park-and-ride facility is or may be located, if the Department determines that the sale is in the best interests of the public and that the real estate will be used in a manner consistent with the state's transportation interests. Specify that current law provisions related to build-operate-lease or transfer agreements only apply to agreements involving park-and-ride facilities to the extent that they are relevant to such facilities. Specify that these provisions first apply to sales of real estate on or before the effective date of the bill.

[Act 25 Sections: 1718g, 1718i, and 9348(1n)]

10. GRANT FOR THE CASSVILLE FERRY

Joint Finance/Legislature: Require DOT to award a grant of \$30,000 annually in the 2005-07 biennium from the SEG appropriation for state highway maintenance and traffic operations to the operator of the Cassville Mississippi River Ferry for the operations costs of the ferry.

[Act 25 Sections: 276t and 9148(3f)]

11. SUGAR RIVER TRAIL UNDERPASS AT STH 69

Joint Finance: Require DOT to incorporate an underpass for the Sugar River State Trail at the intersection of the trail with STH 69 in the Village of New Glarus in Green County when

the Department rehabilitates that segment of STH 69 in the 2005-07 biennium.

Assembly/Legislature: Modify the Joint Finance provision to specify that DOT may construct a lower cost improvement at the intersection if the Village agrees with DOT that such an improvement would provide substantially similar safety enhancements as an underpass.

Veto by Governor [B-46]: Delete provision.

[Act 25 Vetoed Section: 9148(3s)]

12. SAFETY STUDY OF STH 58 IN SAUK COUNTY

Joint Finance/Legislature: Require DOT to conduct an engineering study in the 2005-07 biennium of the segment of STH 58 in Sauk County between the Sauk County/Richland County line and CTH G. Require DOT to make any necessary safety improvements to this segment of highway to improve public safety that are recommended as the result of the study.

Veto by Governor [B-45]: Delete provision.

[Act 25 Vetoed Section: 9148(3t)]

13. DIRECTIONAL SIGNS

Joint Finance/Legislature: Require DOT, notwithstanding the Department's current regulations for the placement of directional signs, to erect directional signs in the 2005-07 biennium, as follows: (a) along I-90 in La Crosse County for the Shrine of Our Lady of Guadalupe; (b) along USH 151 in the vicinity of STH 33 for Wayland Academy in Beaver Dam in Dodge County; and (c) along I-94 in Waukesha County for the Waukesha County Historical Society and Museum.

[Act 25 Section: 9148(1n)]

Motor Vehicles

1. ELECTRONIC NOTIFICATION FOR EMPLOYERS OF COMMERCIAL MOTOR VEHICLE DRIVERS

SEG	\$200,000
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Governor/Legislature: Provide \$100,000 annually for the Division of Motor Vehicles to develop and implement a system for providing electronic notification to employers of commercial motor vehicles under the employer notification program. Under the employer

notification program, employers who elect to participate are notified when a commercial motor vehicle driver whom they employ is convicted of a driving citation, is involved in an accident, has his or her license suspended, revoked, or disqualified, or is ordered out of service. The funding provided by the bill would allow DMV to develop a system to send these notifications electronically instead of by mail, as is the current practice.

2. STATUTORY MODIFICATIONS FOR BUDGET EFFICIENCY INITIATIVE [LFB Paper 755]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
SEG-REV	-\$378,300	\$0	\$0	-\$378,300
SEG	\$0	\$1,332,000	-\$1,332,000	\$0

Governor: Include statutory modifications, as described below, as part of an initiative to reduce administrative costs in the Division of Motor Vehicles. A separate item, summarized under "Departmentwide," would reduce funding and positions for several of the Department's programs to reflect a structural reorganization of the Department and a series of budget efficiency measures and budget reductions. The budget for the Division of Motor Vehicles would be reduced under this initiative by a total of \$5,944,600 SEG and 43.03 SEG positions in 2005-06 and \$5,731,600 SEG and 61.43 SEG positions in 2006-07. The following statutory modifications are associated with process changes that are intended to allow the Division to absorb the funding and position reductions.

a. *Electronic Processing of Applications for Vehicle Title and Registration.* Require motor vehicle dealers who process applications for vehicle titles or vehicle registrations to utilize an electronic process prescribed by DOT for that purpose or an existing electronic process for processing title or registration applications, unless the Department exempts them from this requirement by rule. Specify that dealers may charge a reasonable fee for utilizing this electronic processing procedure. Require dealers who are exempted from utilizing the electronic processing procedure to pay a fee to DOT for processing the applications that are not submitted electronically. Require DOT to promulgate rules to implement and administer these provisions. Specify that the failure to comply with these requirements is grounds for the suspension, revocation, or denial of a motor vehicle dealer's license. Delete a provision that requires dealers, within seven business days following the sale or transfer of a vehicle, to mail or deliver the dealer's title or title application for the transferred vehicle, along with the transferee's applications for a title, to the Department, reflecting that this transaction would be required to be done electronically under the bill. Currently, about one-half of applications processed by dealers are transmitted electronically. This item would require all dealers to file such applications electronically unless specifically exempted from the requirement by the Department.

Modify provisions that require or allow motor vehicle dealers to issue temporary

registration plates under certain conditions to specify that these provisions also apply to the issuance of temporary permits. Modify a provision that requires DOT to issue a temporary plate in certain circumstances to specify that this requirement also applies to the issuance of a temporary permit. Temporary permits are stickers that are placed in the rear window of a vehicle indicating that a registration application for the vehicle, and the issuance of permanent license plates, is pending. DOT indicates that this change would allow the Department to require dealers to issue temporary permits in lieu of temporary plates. This change is intended to improve the enforcement of vehicle registration requirements since a temporary permit contains information that allows it to be more easily authenticated by law enforcement officers. The change requiring dealers to submit registration and title applications electronically would allow the Department to require the use of temporary permits rather than temporary plates since the process used to file the application would result in the electronic issuance of a temporary permit.

Specify that these provisions would take effect on June 30, 2007, but specify that DOT may require certain motor vehicle dealers to submit applications for vehicle registrations and titles electronically prior to June 30, 2007. Reduce estimated transportation fund revenue by \$126,000 in 2005-06 and \$252,300 in 2006-07 to reflect a reduction in the collection of counter service fees due to an anticipated reduction in the number of registration and title transactions that would be processed at DMV service centers. The Department indicates that this reduction in transactions occurring at service centers would occur because DMV would begin requiring certain dealers to process applications electronically, who do not currently do so, prior to the June 30, 2007, general effective date.

DOT indicates that additional statutory changes would be required to allow the Division to realize savings from this item. Specifically, dealers would have to be required to process applications, rather than just being required to electronically transmit the applications to the Department. Also, the requirement that dealers mail the dealer's title for a vehicle within seven business days of a transaction should be retained (although in a slightly modified form), to reflect that the paper title for the vehicle would still need to be remitted to the Department.

b. *License Plate Rebasing.* Eliminate the requirement that DOT redesign and replace all license plates for most types of vehicles on a seven-year cycle. The license plate replacement requirement, which was created during the 1997 legislative session as a three-year cycle and then increased to a five-year cycle and a seven-year cycle in subsequent sessions, requires the Department to complete the replacement of all remaining red-lettered license plates by June 30, 2007. The elimination of this requirement would allow the Department to determine when plates are to be replaced.

c. *Electronic Certification of Driver Records for Purposes of Admissibility in a Court Proceeding.* Specify that driver records in electronic form are self-authenticating (meaning that they do not require other evidence of authenticity to be admissible in court) if they are certified electronically in any manner determined by DOT to conform with admissibility requirements. This change would allow DOT to transmit driver records electronically for the purposes of court

proceedings. Currently, the Department must mail a certified paper copy of the record to allow the record to be admissible in court.

Joint Finance/Legislature: *a. Electronic Processing of Applications for Vehicle Title and Registration.* Modify the bill to accomplish the Governor's intent for this provision, as follows: (a) require dealers to process and submit applications for title and registration within seven business days of a vehicle sale; (b) require dealers to submit to DOT the original application for a title and all associated materials within the next business day following the processing of the application for title; and (c) eliminate a redundant provision allowing dealers to charge a reasonable fee for providing these services.

b. License Plate Rebasin. Provide \$666,000 annually for the Division of Motor Vehicles to complete the replacement of red-lettered license plates by June 30, 2010. Delete the provision that would eliminate the seven-year license plate replacement schedule requirement. Modify the requirement to create, instead, a ten-year replacement schedule, with the end of the current schedule on June 30, 2010.

Veto by Governor [B-39]: Delete \$666,000 annually for the Division of Motor Vehicles to eliminate the funding added by Joint Finance for the replacement of red-lettered license plates. Under the act, the prior seven-year replacement schedule is replaced with a 10-year replacement schedule, but the Department will either have to reallocate funds from within the budget for the Division of Motor Vehicles or be provided with a funding increase in subsequent legislation to complete the replacement of the red-lettered plates by the end of the current 10-year period.

[Act 25 Sections: 140 (as it relates to s. 20.395(5)(cq)), 2099, 2100, 2243 thru 2244r, 2259, 2260, 2455, 9148(1), and 9448(3)]

3. SUPPORT OF VETERANS LICENSE PLATE [LFB Paper 803]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	\$0	-\$279,900	-\$279,900

Governor: Create a new special group license plate for persons interested in supporting veterans. Specify that the new plate, and all existing military group plates, would be subject to an annual fee of \$15 (or \$30 for vehicles registered on a biennial basis) in addition to the regular, annual or biennial vehicle registration fee and the one-time \$15 issuance fee. Deposit the revenue generated by the new \$15 annual (or \$30 biennial) fee in the veterans trust fund. Specify that the new fee would be deductible as a charitable contribution for purposes of the state income tax, to the extent permitted for such deductions. Although the bill would require the new annual or biennial fee to be paid on the new plate as well as all existing military group plates, DOA indicates that this additional fee was intended to apply only to the newly-created support of veterans plate. The bill does not reflect an estimate of increased revenue to the

veterans trust fund associated with the new fee or an estimate of increased transportation fund revenue associated with the issuance fees collected upon issuance of the new plate.

Joint Finance/Legislature: Modify the provision to eliminate the additional \$15 annual (or \$30 biennial) fee for the new plate and existing military group plates and, instead, specify that the current \$15 issuance and reissuance fees for these plates shall be deposited in the veterans trust fund instead of the transportation fund. Specify that DOT may retain an amount of revenue from the \$15 issuance fee on the support of veterans plate equal to its initial costs of producing the plate or \$27,600, whichever is less. Reduce estimated transportation fund revenues by \$260,400 in 2005-06 and \$19,500 in 2006-07 to reflect these changes. Create an exemption for the plate from a provision that prohibits new special group license plates from being authorized after October 1, 1998, except for under a procedure whereby groups apply for a special group plate. The fiscal effect on veterans trust fund revenues associated with this item is summarized under "Veterans Affairs."

[Act 25 Sections: 2245om, 2246, 2247, and 2247g]

4. OPERATING AFTER REVOCATION [LFB Paper 590]

Governor: Specify that current law criminal penalties for operating a motor vehicle with a revoked license or revoked operating privilege (a fine of up to \$2,500 and a jail sentence of up to one year) are only applicable if the following conditions also apply: (a) the convicted person had been convicted of another operating after revocation offense within the preceding five-year period; or (b) the convicted person's license was revoked at the time of the offense for a violation of operating while intoxicated or related alcohol violations, including an improper refusal to submit a sample of blood, breath, or urine for testing upon request and operating a commercial motor vehicle with a blood alcohol level between 0.04 and 0.08. Specify that a person convicted of all other violations of a revocation order shall be subject to a forfeiture of not more than \$600. These changes would first apply to a person who operates while revoked after the budget's general effective date. This provision was included to achieve savings in the Office of the State Public Defender's private bar and investigator reimbursement appropriation. The fiscal effect of this change, estimated at -\$351,000 GPR in 2005-06 and -\$527,000 GPR in 2006-07, is summarized under the Office. The effect of substituting civil penalties for criminal penalties for certain operating after revocation offenses would be to reduce the number of indigent persons who would be subject to criminal penalties and thus require representation by the Public Defender.

Under current law, a license revocation is ordered for offenses that are generally considered likely to result in death, injury, or serious property damage, while a license suspension is ordered for offenses that are considered less serious, including nondriving offenses. Accordingly, all violations of a revocation order (operating after revocation) are subject to criminal penalties, while violations of a suspension order (operating while suspended) are subject to civil penalties, a distinction that was established by 1997 Act 84. Prior to that act, the penalties applying to violations of a suspension or revocation order could be

either criminal or civil, depending on the reason for the underlying revocation or suspension. This item would create the first exception to that standard since the passage of Act 84.

Joint Finance/Legislature: Modify the provision to increase the maximum forfeiture for a civil operating after revocation conviction to \$2,500 instead of \$600.

[Act 25 Sections: 2265 and 2266]

5. HABITUAL TRAFFIC OFFENDER LAW [LFB Paper 590]

Governor/Legislature: Modify the list of "minor" offenses that are used to determine habitual traffic offender status (or repeat habitual traffic offender status) to include only violations of Chapter 346 of the statutes (Rules of the Road), instead of, under current law, all moving violations, traffic regulations, and crimes involving the operation of a motor vehicle that are reflected in the driver record. Specify that this change first applies to violations for which reports of conviction are received by DOT on the effective date of the bill, but that the change does not preclude the counting of other violations as prior violations for purposes of revocation of operating privileges or review by a court under the habitual traffic offender law. This narrowing of the definition of a habitual traffic offender has the effect of excluding from consideration offenses such as vehicle registration and titling requirements, various driver licensing requirements and restrictions, including operating with a suspended or revoked license, certain vehicle equipment violations, and truck size and weight regulations. Under the habitual traffic offender law, a person is deemed a habitual traffic offender upon accumulating four major violations or 12 minor violations within a five-year period. DOT is required to revoke the operating privilege of a habitual traffic offender for five years.

This provision was included to achieve savings in the Office of the State Public Defender's private bar and investigator reimbursement appropriation. The fiscal effect of this change, estimated at -\$28,700 GPR in 2005-06 and -\$54,700 GPR in 2006-07, is summarized under the Office. The effect of narrowing the definition of a habitual traffic offender is expected to reduce the number of people whose operating privilege is revoked under this law, which, in turn, is expected to reduce the number of people who are arrested for operating after revocation as a habitual traffic offender. Since this is a criminal offense, a reduction in these arrests can be expected to reduce the number of indigent persons who would be subject to criminal penalties and thus require representation by the Public Defender.

[Act 25 Sections: 2281 thru 2283 and 9348(1)]

6. GOLD STAR LICENSE PLATE

SEG	\$28,000
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Joint Finance: Require DOT to issue a special license plate for persons who have had an immediate family member die in combat while serving in the U.S. armed forces. Define "immediate family member" to mean a spouse, grandparent, parent, sibling, child, stepchild, stepparent, or grandchild, or the spouse of a grandparent, parent, sibling, child, stepchild,

stepparent, or grandchild. Specify that the plate shall display a gold star flag and require the Department to consult the Brian LaViolette Scholarship Foundation, Inc., in designing the plate. Prohibit the Department from specifying a design for the plate unless the design is approved in writing by the Department of Veterans Affairs and by the Brian LaViolette Scholarship Foundation, Inc.. Specify that no issuance or reissuance fee shall be charged for the plate. Create an exception for the plate from a provision that prohibits new special group license plates from being authorized after October 1, 1998, except for under a procedure whereby groups apply for a special group plate. Create an exemption for the plate from redesign and plate replacement requirements. Specify that these provisions take effect on the first day of the fourth month beginning after publication of the act. Provide \$10,000 SEG in 2005-06 and \$18,000 SEG in 2006-07 for the Division of Motor Vehicles' costs related to issuing these plates.

Veto by Governor [B-40]: Eliminate the requirement that the Department receive written approval from the Brian LaViolette Scholarship Foundation, Inc., before specifying a design for the plate.

[Act 25 Sections; 2245m thru 2245om, 2246m thru 2246o, 2247g, 2247r, and 9448(5m)]

[Act 25 Vetoed Section: 2246n]

State Patrol

1. STATE PATROL TROOPER POSITIONS [LFB Paper 760]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$1,528,900	20.00	-\$764,400	-10.00	\$764,500	10.00

Governor: Provide \$1,528,900 and 20.0 positions in 2006-07 to increase the number of State Patrol troopers. This increase would raise the number of sworn trooper positions (not including the Superintendent) to 391. Under current law, DOT is statutorily limited to employing 399 troopers (not including the Superintendent or the State Patrol Colonel). This item would not increase this statutory limit because the number of budget-authorized positions is less than the statutory limit, due to the elimination of 28 trooper positions (along with the State Patrol Colonel) in the 2003-05 budget. Therefore, although this item would increase the number of troopers, it would not fully restore the number that were authorized prior to the 2003-05 biennium. The funding provided by the bill includes salary and fringe benefits for the 20 positions for one full year (\$1,120,900), supplies funding, including fleet costs, per diem, and clothing (\$240,000), and one-time funding for training and related hiring costs (\$168,000). This item would not change the number of commercial motor vehicle inspectors employed by the

State Patrol. Currently, there are 111 sworn inspector positions, down from 118 prior to 2003 Act 33.

Joint Finance/Legislature: Delete \$764,400 and 10.0 positions in 2006-07 to increase the number of State Patrol troopers to 381, rather than 391.

2. STATE PATROL FLEET INCREASE

SEG	\$1,343,200
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Governor/Legislature: Provide \$629,800 in 2005-06 and \$713,400 in 2006-07 for anticipated increases in State Patrol fleet costs. These amounts would be an increase of 16.3% in 2005-06 over the 2004-05 base budget for fleet expenditures and another 1.9% increase in 2006-07 over the 2005-06 amount. The Department had requested increases of these amounts in its agency budget request, indicating that the additional funding was needed due to increases in the cost of fuel and the purchase price of vehicles.

3. STATE PATROL PORTABLE RADIO EQUIPMENT REPLACEMENT

SEG	\$354,500
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Governor/Legislature: Provide \$118,200 in 2005-06 and \$236,300 in 2006-07 to make payments on the master lease purchase of 470 new portable radio communication units for use by State Patrol troopers and inspectors. The new units, which consist of a portable radio worn by the officer and a repeater installed in the vehicle, would replace existing units, which the Department indicates are considered to be beyond their serviceable life. The estimated full cost of the 470 units would be \$1,034,000. The requested funding would be used to make the first semi-annual payment on the five-year master lease in 2005-06 and two semi-annual payments in 2006-07.

4. BREATH TESTING EQUIPMENT REPLACEMENT

PR	\$448,800
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Governor/Legislature: Provide \$149,600 in 2005-06 and \$299,200 in 2006-07 in the State Patrol's appropriation for breath screening instruments to make payments on a seven-year master lease purchase of 339 new alcohol breath testing machines and 30 simulators (used for calibrating and testing the machines for accuracy). The new machines would replace existing machines used by state and local law enforcement agencies in the state to enforce intoxicated driving laws. The estimated full cost of the new machines would be \$1,748,400. The bill provides funding for making one semi-annual payment in 2005-06 and two semi-annual payments in 2006-07. The funds for making these payments would be provided from the state's share of the driver improvement surcharge, a \$355 surcharge levied on persons convicted of an operating while intoxicated offense. The current breath testing machines were purchased in 1999, and so would be six to seven years old at the time of replacement.

5. CHEMICAL TESTING SECTION

PR	\$88,400
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Governor/Legislature: Provide \$40,700 in 2005-06 and \$47,700 in 2006-07 for the State Patrol's chemical testing section, which manages tasks related to the testing of drivers for intoxication, including the maintenance of the state's breath testing equipment. The Department requested the funding provided by the bill in its agency budget request to pay increasing costs incurred by the State Patrol for taking blood samples for chemical testing (\$34,700 in 2005-06 and \$41,700 in 2006-07) and for higher costs associated with a decision to transmit intoxication test results to the driver record database daily instead of weekly (\$6,000 annually). The chemical testing section is funded with a portion of the state's share of the driver improvement surcharge, a \$355 surcharge levied on persons convicted of an operating while intoxicated offense.

6. BUREAU OF TRANSPORTATION SAFETY

Governor/Legislature: Create SEG and FED appropriations under the Division of State Patrol for transportation safety activities, including the motorcycle safety program, to reflect a decision to move the Bureau of Transportation Safety from the Department's Division of Investment Management to the State Patrol. Modify the Department's SEG and FED appropriations for departmental management and operations to reflect the removal of safety functions from those appropriations. Transfer \$1,364,200 SEG and 7.5 SEG positions and \$3,856,700 FED and 13.0 FED positions annually from the departmental management and operations appropriations and \$108,100 SEG and 1.0 SEG position annually from the State Patrol's general operations appropriation to the new transportation safety appropriations to reflect the creation of a separate appropriation structure for the Bureau of Transportation Safety. The funding and position transferred from the State Patrol's general appropriation reflects the transfer of the bureau director's position to the new appropriation. Total funding for the Bureau would be \$1,472,300 SEG and \$3,856,700 FED annually.

[Act 25 Sections: 277 thru 280]

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Adjust the base budget for: (a) turnover reduction (-\$3,787,600 SEG and -\$69,000 FED annually); (b) removal of noncontinuing elements (-\$2,905,400 SEG and -\$366,200 FED annually and -6.0 FED positions in 2005-06 and -7.0 FED positions in 2006-07); (c) full funding of

	Funding	Positions
SEG	-\$17,980,000	0.00
FED	276,800	- 1.00
SEG-S	243,800	0.00
PR	<u>219,800</u>	<u>0.00</u>
Total	-\$17,239,600	- 1.00

continuing position salaries and fringe benefits (-\$5,461,800 SEG, \$481,100 FED, \$106,800 SEG-S, and -\$65,600 PR annually and 6.0 FED positions annually); (d) overtime (\$2,882,500 SEG, \$86,800 FED, \$14,800 SEG-S, and \$175,500 PR annually); (e) night and weekend salary differentials (\$270,400 SEG, \$5,700 FED, and \$300 SEG-S annually); and (f) full funding of lease costs and directed moves (\$11,900 SEG annually).

2. DEPARTMENTAL REORGANIZATION AND BUDGET REDUCTIONS

	Funding	Positions
SEG	-\$37,942,900	- 185.36
FED	- 1,671,100	- 42.59
SEG-S	- 332,800	- 8.00
Total	-\$39,946,800	- 235.95

Governor: Reduce funding and positions associated with a reorganization of the Department's divisions and bureaus and with other efficiency measures and program changes. The total funding and position amounts are as follows: (a) -\$19,884,800 SEG and -147.94 SEG positions in 2005-06 and -\$18,058,100 SEG and -185.36 SEG positions in 2006-07; (b) -\$632,300 FED and -27.11 FED positions in 2005-06 and -\$1,038,800 FED and -42.59 FED positions in 2006-07; and (c) -8.0 SEG-S positions annually and -\$332,800 SEG-S in 2006-07. The following table shows the funding reductions by current DOT division and the Executive Offices, by fund source.

	Position and Funding Reductions			
	2005-06		2006-07	
	Positions	Funding	Positions	Funding
Business Management				
SEG	24.27	\$4,393,700	25.27	\$3,512,000
SEG-S	8.00	0	8.00	332,800
Executive Offices (SEG only)	3.00	454,600	3.00	352,000
Motor Vehicles (SEG only)	43.03	6,823,600	61.42	6,610,600
State Patrol				
SEG	20.00	3,185,600	20.00	1,688,000
FED	2.00	0	2.00	139,300
Transportation Districts				
SEG	40.23	2,807,200	49.18	3,867,600
FED	20.77	518,100	26.83	586,800
Transportation Infrastructure Development				
SEG	6.96	502,900	16.04	1,114,300
FED	1.79	72,500	11.21	271,000
Transportation Investment Management				
SEG	10.45	1,717,200	10.45	913,600
FED	2.55	41,700	2.55	41,700
Total Reductions	183.05	\$20,517,100	235.95	\$19,429,700

Since some divisions are funded by more than one appropriation, the following table shows the funding reductions by appropriation.

	<u>Funding Reductions</u>	
	<u>2005-06</u>	<u>2006-07</u>
SEG Appropriations		
Aeronautics Assistance	\$70,000	\$70,000
State Highway Rehabilitation	616,100	1,544,800
State Highway Maintenance	85,400	308,900
Highway Administration and Planning	2,622,600	3,142,200
Division of Motor Vehicles	5,944,600	5,731,600
Departmental Management and Operations	6,548,200	4,760,300
Motor Vehicle Emissions Inspection	879,000	879,000
State Patrol	<u>3,118,900</u>	<u>1,621,300</u>
SEG Total	\$19,884,800	\$18,058,100
FED Appropriations		
Highway Administration and Planning	\$590,600	\$754,200
Departmental Management and Operations	<u>41,700</u>	<u>284,600</u>
FED Total	\$632,300	\$1,038,800
SEG-S Appropriations		
Fleet Service Center	\$0	\$41,700
Other Services Service Center	<u>0</u>	<u>291,100</u>
SEG-S Total	\$0	\$332,800
 Total Reductions	 \$20,517,100	 \$19,429,700

The Department's reorganization plan would combine the current Division of Transportation Districts with the Division of Infrastructure Development to form the Division of Transportation System Development. This new division would have primary responsibility for the administration of the state highway program, although the Division of Investment Management would retain the statewide planning and financial aspects of the program. The Department's regional districts would also be consolidated. Currently, the Department's modal transportation programs, the Division of Motor Vehicles, and the State Patrol each have separate regional organization structures, each with different boundaries. Under the reorganization plan, the number of districts would be consolidated to establish five regional districts for all DOT programs.

In addition to the plan's structural reorganization, the position and funding reductions summarized in this item also result from other efficiency measures and program changes. For instance, while most divisions currently have their own human resources, payroll, and accounting personnel, DOT's plan would generally consolidate and centralize these functions. Also, numerous measures would be taken to reduce costs, such as by reducing or eliminating LTE salary funding and reducing or deferring equipment purchases and other supplies and services. Other savings would result by instituting process changes in certain programs, particularly in the Division of Motor Vehicles.

Joint Finance/Legislature: Make corrections (with no net funding or position change) to change the appropriation from which certain funding and position reductions would be made under this item to reflect the administration's intent, as follows: (a) reduce funding by \$66,700

SEG, 1.0 SEG position, and 2.0 FED positions annually and \$139,300 FED in 2006-07 in the Bureau of Transportation Safety appropriations instead of, under the bill, the SEG and FED appropriations for departmental management and operations; and (b) reduce funding by \$103,600 FED and 1.0 FED position in 2006-07 in the appropriation for highway administration and planning instead of, under the bill, the FED appropriation for departmental management and operations.

3. STATE PLANNING AND RESEARCH FUNDING

FED	\$3,800,000
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Governor/Legislature: Provide \$1,900,000 annually for state planning and research activities. Of this amount, \$1,387,000 annually would be provided in the departmental management and operations federal appropriation and \$513,000 annually would be provided in the highway administration and planning federal appropriation. State planning and research funds are used for various activities, such as monitoring traffic and pavement conditions and preparing long-term transportation plans.

4. CONSOLIDATION OF EXECUTIVE BRANCH ATTORNEYS AND LEGAL STAFF UNDER DOA [LFB Paper 110]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	- 10.00	10.00	0.00

Governor: Delete 11.00 positions annually to reflect the consolidation of the agency's attorneys and legal staff under DOA, effective January 1, 2006. Reallocate \$577,700 in 2005-06 and \$1,155,400 in 2006-07 from budgeted salaries and fringe benefits to the agency's supplies and services budget to pay for legal services supplied by DOA. Authorize the Secretary of DOA to identify one attorney position in DOT as general counsel for the agency and authorize 1.0 unclassified position for this purpose. The general counsel position would be funded from base level salary and fringe benefits amounts associated with the position identified by the Secretary of DOA.

Specify that all transferred attorneys and legal staff would have the same rights and status as in the agency in which they originated. Specify that attorneys and legal staff that have obtained permanent status would not have to undergo a probationary period in DOA. Provide that all equipment, supplies, and furniture related to the duties of the transferred employees, as specified by the Secretary of DOA, must be transferred to DOA on January 1, 2006. [See "Administration -- Transfers to the Department."]

Modify provisions related to hearings conducted under the state's safety responsibility law and hearings on license suspensions and revocations to specify that the examiners for these hearings do not have to be DOT employees. Although this change would allow these hearings to be conducted by non-DOT examiners, these hearings are not currently conducted by the

attorneys or legal staff that would be transferred under this item.

Joint Finance: Delete provision. Direct the Secretary of DOA to delete 13.0 FTE executive branch agency attorney positions, other than attorney positions at the University of Wisconsin System, that become vacant before June 30, 2007, and lapse or transfer at least \$724,900 from associated non-FED salary and fringe benefits amounts to the general fund in 2006-07. If fewer than 13.0 FTE agency attorney positions are vacant on June 30, 2007, authorize the Secretary of DOA to delete sufficient additional state agency attorney positions, other than at the University of Wisconsin System, to ensure the elimination of a total of 13.0 FTE state agency attorney positions.

Senate/Legislature: Add the Department of Employee Trust Funds and the Investment Board to the executive branch agencies that would be exempted from the attorney position deletion and lapse or transfer of funds requirements.

5. INFORMATION TECHNOLOGY SERVER AND NETWORK CONSOLIDATION [LFB Paper 111]

	Positions
SEG-S	- 6.95

Governor/Legislature: Reallocate \$832,700 SEG-S from salaries, fringe benefits, and supplies and services to unallotted reserve and delete 6.95 SEG-S positions in 2006-07 associated with the consolidation of information technology server and network infrastructure support in the Department of Administration. [See "Administration -- Transfers to the Department."]

6. REALLOCATION OF FUNDS FOR HIGHWAY PROGRAM RENT COSTS

Governor/Legislature: Transfer \$66,700 SEG in 2005-06 and \$68,400 SEG in 2006-07 from appropriations for the state highway program to the departmental management and operations appropriation to allow the payment of rent costs on highway program facilities to be made from the Department's centrally-managed facilities program in the Division of Business Management. Of these amounts, \$58,500 in 2005-06 and \$60,200 in 2006-07 are from the state highway rehabilitation appropriation for the payment of rent on office space in Milwaukee used by the Department's disadvantaged business enterprise (DBE) program, and \$8,200 annually is from the highway administration and planning appropriation for storage space in the Department's Waukesha district office.

7. BUREAU OF EQUITY AND ENVIRONMENTAL SERVICES

Governor/Legislature: Transfer \$246,000 FED and 3.0 FED positions annually from the highway administration and planning appropriation to the departmental management and operations appropriation to realign positions and funding associated with the creation of the Bureau of Equity and Environmental Services. This Bureau, created in October, 2003, combined the functions of the previous Office of Disadvantaged Business Enterprise and the Bureau of

Environment, as well as the Department's affirmative action, labor compliance, and land use and air quality analysis functions. Most of the positions and funding associated with the new Bureau are currently funded from the departmental management and operations appropriation, but some of these functions are funded from the highway administration and planning appropriation. This item would consolidate the Bureau's funding within one appropriation.

UNIVERSITY OF WISCONSIN HOSPITALS AND CLINICS BOARD

Budget Summary							
Fund	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	2005-07 Legislature	2005-07 Act 25	Act 25 Change Over Base Year Doubled Amount	Percent
PR	\$207,334,800	\$226,990,100	\$226,990,100	\$226,990,100	\$226,990,100	\$19,655,300	9.5%

FTE Position Summary						
Fund	2004-05 Base	2006-07 Governor	2006-07 Jt. Finance	2006-07 Legislature	2006-07 Act 25	Act 25 Change Over 2004-05 Base
PR	2,371.46	2,371.46	2,371.46	2,371.46	2,371.46	0.00

Budget Change Item

1. STAFF SALARIES AND RELATED FUNDING

PR	\$19,655,300
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Governor/Legislature: Provide \$9,827,000 in 2005-06 and \$9,828,300 in 2006-07 for the following: (a) \$6,785,700 annually for classified position salaries; (b) \$3,179,100 annually for fringe benefits; (c) a reduction of -\$137,800 in 2005-06 and -\$136,500 in 2006-07 for supplies and services.

UNIVERSITY OF WISCONSIN SYSTEM

Budget Summary							
Fund	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	2005-07 Legislature	2005-07 Act 25	Act 25 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$1,953,162,000	\$2,002,818,300	\$1,966,296,800	\$1,930,890,800	\$1,930,780,800	-\$22,381,200	- 1.1%
FED	1,788,664,000	1,794,222,800	1,792,800,800	1,792,800,800	1,792,800,800	4,136,800	0.2
PR	3,854,265,400	4,156,862,700	4,156,732,800	4,156,732,800	4,156,732,800	302,467,400	7.8
SEG	<u>47,915,400</u>	<u>47,915,400</u>	<u>48,071,400</u>	<u>48,071,400</u>	<u>48,071,400</u>	<u>156,000</u>	0.3
TOTAL	\$7,644,006,800	\$8,001,819,200	\$7,963,901,800	\$7,928,495,800	\$7,928,385,800	\$284,379,000	3.7%

FTE Position Summary						
Fund	2004-05 Base	2006-07 Governor	2006-07 Jt. Finance	2006-07 Legislature	2006-07 Act 25	Act 25 Change
						Over 2004-05 Base
GPR	18,327.63	18,253.58	17,987.16	17,987.16	17,987.16	- 340.47
FED	4,863.55	4,888.10	4,878.10	4,878.10	4,878.10	14.55
PR	7,392.52	7,385.52	7,388.52	7,388.52	7,388.52	- 4.00
SEG	<u>101.60</u>	<u>101.60</u>	<u>102.60</u>	<u>102.60</u>	<u>102.60</u>	<u>1.00</u>
TOTAL	30,685.30	30,628.80	30,356.38	30,356.38	30,356.38	- 328.92

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Adjust the base budget for: (a) removal of noncontinuing items including auxiliary enterprise funding for the Lawton minority undergraduate grant (-\$1,842,100 PR annually), graduate student financial assistance auxiliary enterprise funding (-\$1,650,000 PR annually), and Center for Tobacco Research and Intervention (-\$1,004,000 PR and -7.5 PR positions annually); (b) full funding of 2003-04 craftworker pay plan (\$144,700 GPR and \$49,700 PR annually); (c) full funding of fringe benefits (\$18,611,800 GPR and \$16,064,400 PR annually), primarily related to retirement and health insurance costs; (d) full funding of Smith-Lever cooperative extension pay plan for 2003-04 and 2004-05 (\$144,700 GPR annually);

	Funding	Positions
GPR	\$40,727,000	0.00
PR	<u>24,240,800</u>	<u>- 7.50</u>
Total	\$64,967,800	- 7.50

and (e) full funding for discretionary compensation adjustments and performance recognition awards paid in 2002-03 and 2003-04 (\$1,462,300 GPR and \$502,400 PR annually).

2. FUEL AND UTILITIES EXPENSES [LFB Paper 775]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$20,685,500	\$0	\$20,685,500
PR	<u>60,867,400</u>	<u>- 902,500</u>	<u>59,964,900</u>
Total	\$81,552,900	-\$902,500	\$80,650,400

Governor: Provide \$22,543,900 GPR and \$15,583,700 PR in 2005-06 and -\$1,858,400 GPR and \$45,283,700 PR in 2006-07 for fuel and utility expenses for the UW System. The funding provided reflects projected fuel and utility rate increases and increased fuel and utility costs related to new space. Utility costs are funded through a combination of GPR and PR tuition and fee revenues. Currently, UW System non-auxiliary operations utility costs are paid from a GPR-funded fuel and utilities appropriation with base funding of \$56,921,200 GPR in 2004-05.

The proposed funding adjustments in the bill are shown in the following table:

Fuel and Utility Funding Adjustments

	<u>2005-06</u>	<u>2006-07</u>	<u>2005-07</u>
GPR			
General Program Operations	-\$13,647,900	-\$17,630,200	-\$31,278,100
Fuel and Utilities	<u>36,191,800</u>	<u>15,771,800</u>	<u>51,963,600</u>
Subtotal -- GPR	\$22,543,900	-\$1,858,400	\$20,685,500
PR			
Tuition	<u>\$15,583,700</u>	<u>\$45,283,700</u>	<u>\$60,867,400</u>
Total -- All Funds	\$38,127,600	\$43,425,300	\$81,552,900

Joint Finance/Legislature: Modify by reducing the University's largest state operations appropriation by \$2,605,100 GPR annually and providing an increase to the University's fuel and utility appropriation by \$2,605,100 GPR annually to reflect the application of revenues received since 2002-03 from fuel and utilities charges assessed to students. In addition, adjust the funding amounts to correct the tuition offset and total funding provided for fuel and utility expense as shown in the following table:

	<u>2005-06</u>	<u>2006-07</u>	<u>2005-07</u>
GPR			
General Program Operations	-\$3,048,600	-\$25,638,200	-\$28,686,800
Fuel and Utilities	<u>1,190,200</u>	<u>27,496,600</u>	<u>28,686,800</u>
Subtotal -- GPR	-\$1,858,400	\$1,858,400	\$0
PR			
Tuition	<u>\$1,112,800</u>	<u>-\$2,015,300</u>	<u>-\$902,500</u>
Total -- All Funds	-\$745,600	-\$156,900	-\$902,500

3. DEBT SERVICE FOR UW-MADISON CO-GENERATION FACILITY [LFB Paper 184]

GPR	\$9,250,100
PR	11,944,200
Total	\$21,194,300

Governor: Provide \$4,157,500 GPR and \$5,768,400 PR in 2005-06 and \$5,092,600 GPR and \$6,175,800 PR in 2006-07 for debt service related to debt service costs for the UW-Madison co-generation electric power, steam, and chilled water facility. The GPR funding would be provided in a debt service appropriation, but should be shifted to the UW System's fuel and utilities appropriation, which is authorized to make these payments. The program revenue funding for the co-generation facility comes from debt service allocations to non-state entities that benefit from the facility and is paid from a PR appropriation established for this purpose, as well as from the auxiliary enterprises' debt service appropriation for their share of these debt service costs.

Joint Finance/Legislature: Modify to increase the UW fuel and utilities appropriation by \$4,157,500 GPR in 2005-06 and \$5,092,600 GPR in 2006-07 and reduce funding provided under the University's debt service appropriation by the same amount. Under current law, GPR-related debt service funding for UW-Madison's co-generation facility will be provided under the UW System's GPR-funded fuel and utilities appropriation.

4. FUNDING AND POSITION REDUCTIONS [LFB Paper 776]

	<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	-\$65,000,000	-200.00	-\$25,000,000	0.00	-\$90,000,000	-200.00

Governor: Reduce the UW System's GPR-funded general program operations appropriation by \$40,000,000 in 2005-06 and \$25,000,000 in 2006-07 and delete 200.0 positions starting in 2005-06. According to the administration, these reductions include the following: \$15,000,000 in 2005-06 and \$20,000,000 in 2006-07 associated with administrative position reductions; \$5,000,000 annually related to projected supplies and services procurement savings associated with the Governor's procurement consolidation initiative; and \$20,000,000 in 2005-06 related to the management or sale of assets.

In addition, require the UW System Board of Regents to submit a plan by May 30, 2006, to the Secretary of Administration for approval to eliminate the 200.0 administrative positions within the UW System. Require the Board to specify position classification and location in the plan. Suspend the Board's current law authority to create GPR positions in 2006-07 until the Secretary of Administration approves the position reduction plan. Under current law, the UW System has the authority to create or abolish faculty and academic staff positions funded from the UW System's largest GPR general program operations appropriation.

Joint Finance/Legislature: Modify to restore 100.0 GPR positions in 2005-06. In addition, delete an additional \$15,000,000 GPR in 2005-06 and \$10,000,000 GPR in 2006-07. Specify that \$1,500,000 annually of this reduction would be from the UW System administration appropriation, which represents an approximate 15% reduction to the base funding of \$9,897,000 GPR for that appropriation.

[Act 25 Section: 9152(3)]

5. ACROSS-THE- BOARD REDUCTIONS

GPR	-\$34,406,000
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Senate/Legislature: Reduce the agency's GPR appropriation for general program operations by \$17,117,400 in 2005-06 and by \$17,288,600 in 2006-07. This reduction amount is equal to approximately 2.3% of the agency's total GPR state operations appropriations, excluding appropriations for energy costs and debt service payments, in each fiscal year. Provide that the agency may submit a request to the Joint Committee on Finance under s. 13.10 to reallocate the reduction to any of the agency's other sum certain GPR state operations appropriations. Provide further that the agency may submit a request to the Committee for restoration of the GPR funding reduction, or in the case of a sum sufficient appropriation, to re-estimate expenditure level under the appropriation, in either case in an amount not to exceed the amount of reduction made to the agency's appropriation under this provision. In the case of an appropriation restoration or sum sufficient re-estimate, the funding amounts would come from total funding of \$96,000,000 GPR placed in reserve in the Committee's biennial appropriation for this purpose. See also "Budget Management and Compensation Reserves" and "Program Supplements".

Veto by Governor [E-2]: By partial veto, modify the language relating to release of funds from the Committee's supplemental GPR appropriation to create alternative language specifying that the Secretary of Administration, not the Joint Finance Committee, shall (not may) transfer monies from the Committee's appropriation to state agencies in any amount not to exceed the amount of the reduction indicated for that agency (which for this agency is the amount of the reduction indicated above).

[Act 25 Section: 9155(5dv)]

[Act 25 Vetoed Sections: 9155(4)(c)&(5dv)]

6. UW-MADISON FUNDING REDUCTION

GPR	-\$1,000,000
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Senate/Legislature: Reduce funding from the UW System's largest general program operations appropriation by \$500,000 annually to reduce administrative funding at UW-Madison.

7. PROCEEDS FROM SALE OF UW SYSTEM PROPERTY [LFB Paper 777]

Governor/Legislature: Specify that current law procedures for the sale of surplus land by the Building Commission, which include approval by the Joint Committee on Finance if the fair market value exceeds \$20,000, would not apply to the Board of Regents from the bill's effective date through June 30, 2007. Require the Board to deposit the net proceeds from the sale of real property prior to July 1, 2007 into the UW System's general operations receipts PR appropriation for the general operation of the UW System. Require the Board of Regents to: (a) deposit sufficient proceeds in the bond security and redemption fund to pay off any outstanding debt relating to the property; (b) pay to the federal government any of the net proceeds required by federal law, if federal financial assistance was received for the property; and (c) adhere to any restriction governing the use of the proceeds, if the property were acquired by gift. Under current law, the net proceeds from the sale of a state building or state land are deposited to the budget stabilization fund.

[Act 25 Sections: 17, 199, 202, 203, 206, and 9152(5)]

8. SALE OF STATE OWNED POWER PLANTS

	Positions
GPR	- 146.42

Joint Finance/Legislature: Require the sale of UW System-owned power plants and wastewater treatment facilities, or require the UW System campuses to contract with a private entity for the operation of such facilities. Delete 146.42 GPR positions on April 1, 2007, associated with the operation of UW System-owned power plants and wastewater treatment facilities. Direct the Department of Administration to transfer the budgeted salary and fringe benefits amounts associated with the deleted positions to unallotted reserve to fund agency costs relating to the provision of utility services. [See "Department of Administration -- General Agency Provisions" for more information about this provision.]

Veto by Governor [E-6]: The Governor's partial veto deletes these provisions other than the elimination of 146.42 positions on April 1, 2007, which could not be restored through the exercise of the Governor's veto authority. The Governor's veto message indicates that the Secretary of DOA has been directed to pursue the restoration of these positions through procedures authorized under current law.

[Act 25 Vetoed Sections: 16m, 16n, 83m, 85g, 85r thru 87L, 163m, 167m, 172m, 193m, 286m, 288m, 364c, 384t, 413m, 795f, 9101(10v), and 9455(3w)]

9. DEBT SERVICE FUNDING [LFB Paper 184]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$11,044,700	\$3,828,300	\$14,873,000
PR	<u>9,309,200</u>	<u>515,200</u>	<u>9,824,400</u>
Total	\$20,353,900	\$4,343,500	\$24,697,400

Governor: Provide \$7,517,300 GPR and \$169,000 PR in 2005-06 and \$3,527,400 GPR and \$9,140,200 PR in 2006-07 to fund estimated debt service costs. Program-revenue funded debt service includes debt service payments for self-funded auxiliary enterprise facilities. Base level funding for debt service is \$112,457,200 GPR and \$46,895,300 PR.

Joint Finance/Legislature: Provide \$306,300 GPR in 2005-06 and \$3,522,000 GPR in 2006-07 to reflect a reestimate of debt service costs. In addition, provide \$256,500 PR in 2005-06 and \$258,700 PR in 2006-07 from tribal gaming revenues for debt service relating to the UW aquaculture demonstration facility.

10. FUNDING FOR ADDITIONAL FACULTY [LFB Paper 778]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$11,431,600	120.00	-\$11,431,600	- 120.00	\$0	0.00

Governor: Provide \$11,431,600 and 120.0 positions in 2006-07 to increase the number of faculty positions at UW System institutions. In 2003-04, there were approximately 6,620 faculty positions.

Joint Finance/Legislature: Delete provision.

11. RETAINING HIGH DEMAND FACULTY [LFB Paper 779]

GPR	\$5,000,000
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Governor: Provide \$2,500,000 annually to support supplemental salary increases to faculty whose services are in high demand by other higher educational institutions.

Joint Finance/Legislature: Shift \$833,000 from 2005-06 to 2006-07 and reallocate the funding provided to reflect the variable fringe benefit expenditures associated with the supplemental salary provision.

12. ALZHEIMER DISEASE RESEARCH [LFB Paper 780]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$3,000,000	-\$500,000	\$2,500,000

Governor: Provide \$1,500,000 annually to support UW System Alzheimer's research. The funding would help advance research into the underlying causes and potential treatment for Alzheimer's.

Joint Finance/Legislature: Reduce funding by \$500,000 in 2005-06.

13. BACCALAUREATE EXPANSION [LFB Paper 781]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$1,111,400	-\$611,400	\$500,000

Governor: Provide \$1,111,400 in 2006-07 and require that the Board of Regents allocate this funding to implement the recommendations of the Committee on Baccalaureate Expansion.

This Committee was established by the UW System Board of Regents and Wisconsin Technical College System (WTCS) Board to explore opportunities for baccalaureate degree expansion and further program coordination between the two systems. Examples of the Committee's recommendations include the expansion of degree completion program coordination with UW System and WTCS, pilot projects to expand baccalaureate degrees among nontraditional student populations, pre-college programs, and alternative course delivery methods.

Joint Finance/Legislature: Reduce funding by \$611,400 in 2006-07.

[Act 25 Section: 9152(4)]

14. ROCK COUNTY ENGINEERING INITIATIVE [LFB Paper 782]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$582,000	5.00	\$174,600	0.00	\$756,600	5.00
PR	0	0.00	407,400	0.00	407,400	0.00
Total	\$582,000	5.00	\$582,000	0.00	\$1,164,000	5.00

Governor: Provide \$582,000 GPR with 5.0 positions starting in 2006-07. Require the Board of Regents to allocate this funding for the UW-Rock County engineering initiative.

Under this provision, UW-Platteville would provide engineering instruction at UW-Rock County.

Joint Finance/Legislature: Provide \$378,300 GPR in 2005-06 and delete \$203,700 GPR in 2006-07 and provide \$203,700 PR annually. Specify that the 5.0 positions would start in 2005-06.

[Act 25 Section: 9152(4)]

15. DOMESTIC PARTNERSHIP BENEFITS [LFB Paper 281]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$1,000,000	-\$1,000,000	\$0

Governor: Provide \$500,000 annually to fund costs related to extending eligibility for state health care benefits to domestic partners of UW System employees. [See "Employee Trust Funds" for more information about this provision.]

Joint Finance/Legislature: Delete provision.

16. FUNDING FOR LAWTON AND ADVANCED OPPORTUNITY PROGRAM (AOP) GRANTS [LFB Paper 783]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$10,612,800	-\$1,927,600	\$8,685,200

Governor: Provide \$2,619,900 in 2005-06 and \$2,956,200 in 2006-07 to increase funding for the Lawton minority undergraduate need-based grant program and replace base funding of \$1,842,100 PR provided to the Lawton program from the UW System auxiliary reserve. Base GPR funding for the Lawton program is \$3,080,800. Total funding for Lawton would increase from \$4,922,900 in 2004-05 to \$5,700,700 in 2005-06 (15.8%) and by an additional 5.9% to \$6,037,000 in 2006-07.

Under 2001 Act 109, Lawton funding increases were linked to the highest prior year increase for resident undergraduate tuition at any UW System institution, and the appropriation was modified from a biennial sum certain to a sum sufficient appropriation in 2003-04. Under 2003 Act 33, the link between prior year percentage increases in UW System undergraduate tuition and GPR funding for Lawton grants was suspended until 2005-06. In 2004-05, the highest UW System resident undergraduate tuition increase was 15.8%. The Governor's budget estimates that the resident undergraduate tuition would increase by 5.9% in 2005-06 for purposes of determining the sum-sufficient appropriation increase.

Provide \$2,305,600 in 2005-06 and \$2,731,100 in 2006-07 to increase funding for the advanced opportunity program (AOP) and replace base funding of \$1,650,000 PR provided to AOP from the UW System auxiliary reserve in 2004-05. Base GPR funding for the Lawton program is \$4,905,900. Total funding for AOP would increase from \$6,555,900 in 2004-05 to \$7,211,500 in 2005-06 (10%) and by an additional 6% to \$7,637,000 in 2006-07.

Delete the PR appropriations that were created in 2003 Act 33 to provide funding for these programs from the UW System's auxiliary enterprise reserves. The deletion of base PR funding in those appropriations is shown under standard budget adjustments.

Joint Finance/Legislature: Delete \$482,400 in 2005-06 and \$505,600 in 2006-07 and modify the Lawton sum sufficient link to, beginning in 2007-08, provide an increase equal to the average percentage increase for resident undergraduate tuition at UW System institutions, rather than the current law link to the prior year highest average percentage increase at UW System institutions. Specify that the Board of Regents would, biennially by February 1, estimate the percentage by which undergraduate resident tuition will increase in each year of the next biennium at each UW institution. In each year of the next biennium, funding for the Lawton program would increase by the average of these estimated percentage increases for that year from the funding level in the prior year, to the nearest \$100. In addition, modify the statutory base funding reference for calculating future sum sufficient appropriation increases to reflect total funding of \$5,218,300 in 2005-06 and \$5,531,400 in 2006-07 provided for the Lawton program. The provision would provide 6% annual increases in total funding for the program in the 2005-07 biennium.

In addition, delete \$393,400 in 2005-06 and \$546,200 in 2006-07 for AOP, which would provide 4% annual increases with total funding of \$6,818,100 in 2005-06 and \$7,090,800 in 2006-07.

[Act 25 Sections: 210p, 211, 212, 697, and 704 thru 704s]

17. ADJUST TUITION AND FEE REVENUES

PR	\$47,040,400
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Governor/Legislature: Provide \$23,520,200 annually to adjust base level funding to the estimated 2004-05 operating budget level. This item reflects the UW System's projected tuition expenditure level in 2004-05 from this appropriation related to increased enrollment, differential tuition increases, and special fee program increases. Base level funding is \$729,091,200.

18. SURCHARGE FOR COURSEWORK BEYOND 125% OF GRADUATION REQUIREMENTS

Joint Finance/Legislature: Require the UW System Board of Regents to charge students the full cost-per-credit for any credits beyond 125% of graduation credit requirements accumulated in coursework towards a first baccalaureate degree.

Veto by Governor [A-12]: Delete provision.

[Act 25 Vetoed Section: 697rm]

19. COURSE RETAKE SURCHARGE

Joint Finance/Legislature: Require the UW System Board of Regents to impose a 100% per credit tuition or academic fee surcharge for each course retaken because of failure on the first attempt.

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

[Act 25 Vetoed Section: 697s]

20. STUDENT TECHNOLOGY FEE REVENUES

PR	\$6,864,800
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Governor/Legislature: Provide \$2,601,400 in 2005-06 and \$4,263,400 in 2006-07 for instructional technology funds to reflect projected higher fee revenues attributable to general tuition revenue growth, since the fee is set as a percentage (2% to 2.5%) of overall tuition. This provision would provide expenditure authority for student technology fee revenues from fees started in previous biennia.

21. REESTIMATE AUXILIARY OPERATIONS APPROPRIATION AND TRANSFER FUNDS BETWEEN PROGRAM OPERATIONS RECEIPTS

PR	\$68,848,900
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Governor/Legislature: Provide \$21,095,700 in 2005-06 and \$39,123,200 in 2006-07 to reflect projected growth and cost increases for auxiliary enterprises that are self-supporting through student segregated fees and the sale of goods and services. These enterprises include student housing, parking, bookstores, student health services and student unions. Base funding is \$493,872,400.

Provide \$1,532,000 in 2005-06 and \$7,098,000 in 2006-07 to reestimate general operating receipts. The reestimate reflects adjustments for estimated growth and cost increases for operations that are self-supporting through the sale of goods and services. General operating receipt activities include conferences, camps, workshops, clinics, and outreach programs in business, education, and engineering as well as the sale of products or services resulting from instructional programming. Base funding for operating receipts is \$92,319,700.

Transfer \$92,938,200 annually related to program operations that are administered in schools and colleges at the departmental or division level from the auxiliary enterprises appropriation to the general operations receipt PR appropriation. These operations provide

support to the UW System's instructional, research, and outreach missions; the operations include workshops, conferences, and other outreach activities.

22. REESTIMATE GIFT FUNDS

PR	\$56,671,400
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Governor/Legislature: Provide \$22,223,500 in 2005-06 and \$34,447,900 in 2006-07 for gift funds donated to the University. These increases reflect projected growth in private gifts and bequests and corporate donations as well as related expenditures. Base level funding is \$407,114,300.

23. UW-MADISON INTERCOLLEGIATE ATHLETICS

PR	\$15,740,400
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Governor/Legislature: Provide \$5,606,500 in 2005-06 and \$10,133,900 in 2006-07 to reflect changes in spending authority and program revenue increases for 2005-07. This funding includes: (a) \$720,700 in 2005-06 and \$2,258,500 in 2006-07 for the major appropriation for athletics; (b) \$4,675,700 in 2005-06 and \$6,591,400 in 2006-07 for the gifts appropriation; (c) -\$75,100 annually for the nonincome sports appropriation; and (d) \$285,200 in 2005-06 and \$1,359,100 in 2006-07 for a debt service appropriation. This program revenue is generated from athletic events, camps, clinics, and the University Ridge golf course. Base funding is \$49,865,700 for the major appropriation in this program and \$3,837,700 for the program's gifts appropriation.

24. VETERINARY DIAGNOSTIC LABORATORY CHRONIC WASTING DISEASE FUNDING

	Funding	Positions
FED	\$1,915,800	3.00

Governor/Legislature: Provide \$957,900 and 3.0 positions annually related to the veterinary diagnostic laboratory's chronic wasting disease (CWD) testing program. The laboratory is one of seven high volume CWD testing labs in the national Mad Cow Disease testing network.

25. AQUACULTURE DEMONSTRATION FACILITY OPERATIONAL FUNDING [LFB Paper 784]

	<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	\$680,200	0.00	-\$150,000	3.00	\$530,200	3.00

Governor: Provide \$288,200 in 2005-06 and \$392,000 in 2006-07 from tribal gaming revenue to provide additional funding for the operation of the Ashland aquaculture demonstration facility. Funding would support operating expenditures of the facility. Construction of the facility was approved under 1999 Act 9 along with funding for the principal

repayment and interest and operational costs from tribal gaming revenues. Construction of the facility is scheduled for completion in the spring of 2005. Base funding for operations is \$100,700.

Joint Finance/Legislature: Reduce funding by \$50,000 in 2005-06 and \$100,000 in 2006-07. In addition, provide 2.0 positions in 2005-06 and 3.0 positions in 2006-07, and reallocate \$94,900 in 2005-06 and \$148,100 in 2006-07 for salary and fringe benefit costs.

26. PROHIBIT GPR AND TUITION FUNDING FOR AUTO-MOBILE ALLOWANCES

GPR	- \$268,800
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Joint Finance/Legislature: Reduce the UW System's largest state operations appropriation by \$134,400 annually and prohibit the UW System from using GPR, tuition, or academic fees for the UW System President or the chancellors' automobile allowances.

[Act 25 Section: 695t]

27. UW-STEVEN'S POINT PAPER SCIENCE LAB

	Funding	Positions
SEG	\$156,000	1.00

Joint Finance/Legislature: Provide \$78,000 SEG annually and 1.0 SEG position from funds transferred from the DNR's forestry account to support a lab manager position in the UW-Steven's Point paper science program.

[Act 25 Section: 209m]

28. UW-FOX VALLEY ENGINEERING INITIATIVE

GPR	\$105,000
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Joint Finance/Legislature: Provide \$105,000 starting in 2006-07 and require the Board of Regents to allocate the funding for the UW-Fox Valley engineering initiative. The funding would expand the engineering programs offered in the Fox River Valley through a collaboration with UW-Platteville, UW-Oshkosh, and UW-Fox Valley.

[Act 25 Section: 9152(4)]

29. MIDWEST HIGHER EDUCATION COMPACT (MHEC) DUES [LFB Paper 104]

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	\$80,000	-\$80,000	\$0

Joint Finance/Legislature: Provide \$40,000 annually to the UW System's largest general program operation appropriation for membership dues payment to MHEC and require the UW

System Board to make full annual payments of membership dues to MHEC. The total annual cost for membership dues is estimated at \$82,500 annually.

Veto by Governor [A-17]: Reduce funding by \$40,000 GPR annually and request in the veto message that the UW System Board of Regents pay these dues from the UW System administration appropriation.

[Act 25 Section: 695v]

[Act 25 Vetoed Section: 140 (as it relates to s. 20.285(1)(a))]

30. GREAT LAKES STUDIES

PR	\$24,400
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Governor/Legislature: Provide an additional \$12,200 annually for the UW-Milwaukee Great Lakes studies program operating costs. Funding for this program was established under 1997 Act 27 with PR funding transferred from the fish and wildlife account of the conservation fund. Base funding is \$33,100 PR with 0.4 PR position.

31. CYTOGENETICS LABORATORY MERGER

PR	\$4,000
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Governor/Legislature: Provide \$4,000 in 2006-07 to reflect additional fee revenue and transfer \$894,000 and 12.05 positions from the UW System auxiliary operations appropriation to the State Lab of Hygiene (SLH) to reflect the merger of the Waisman Center Cytogenetics Laboratory with the State Laboratory of Hygiene Cytogenetics Laboratory. The merger was approved in July, 2004, by the Joint Committee on Finance under s.16.515/16.505 of the statutes. This provision transfers the base budget and position authority related to the Cytogenetics lab merger.

32. REIMBURSEMENT OF THE SPECIAL COUNSEL APPROPRIATION

Governor/Legislature: Require the Department of Administration to annually lapse an amount of money equal to the amount spent from the special counsel sum sufficient appropriation under the Department of Justice for legal advice regarding UW System's public broadcasting activities. The lapse would be made from the UW System's appropriations for general program operations (GPR), auxiliary enterprises (PR), and gifts and donations (PR). Any such lapse would be made to the general fund.

[Act 25 Section: 210]

33. ELIMINATE CERTAIN UW SYSTEM REPORTING AND APPROVAL REQUIREMENTS

Joint Finance/Legislature: Eliminate certain UW System reporting requirements including the following:

a. A report on student fee funded reserves in excess of 15% of the prior year revenues and the DOA and Joint Committee on Finance approval requirements for such reserves under s. 36.46(1)(a).

b. The reporting requirement that requires the Board to report annually any state-imposed costs not covered by general purpose revenue that were used to compute academic fee increases for resident undergraduate students.

c. The report to the Joint Committee on Finance on the number and type of courses for which tuition charged covers at least 100% of costs under s. 36.11(44).

d. An internal reporting requirement under s. 40.05(4)(bp)(3)(c) that requires the UW System to report annually on its sick leave accounting system to the UW System Board of Regents.

e. A report under s. 36.25(25)(c) that requires a biennial report to the Joint Committee on Finance on the industrial and economic development research program.

In addition, exempt the UW System from the following state agency reporting requirements:

a. The reporting requirement under s. 20.907(1m) that requires each state agency to annually submit a report to the Joint Committee on Finance and DOA listing nonfederal gifts, grants, or in-kind contributions.

b. The annual reporting to DOA under s. 16.528(5) on interest that was paid by the UW System in the previous year on any delayed payments to vendors.

Further, specify that nothing in current law governing accounts receivables would require the UW System to submit a report to DOA on appropriations with a cash overdraft.

Veto by Governor [A-16]: Delete provision.

[Act 25 Vetoed Sections: 78m, 484m, 486m, 695p, 697m, 697r, 704t, 704w, 704x, and 738p]

34. ELIMINATE NONRESIDENT TUITION REMISSIONS LIMITS [LFB Paper 785]

Governor/Legislature: Eliminate current law limits on the amount of nonresident tuition remissions that the Board of Regents can award. Under current law, the UW System may offer to remit the nonresident portion of certain student's tuition; the students then pay the resident tuition rate. The nonresident tuition remission limits include the following: (a) needy and

worthy students on the basis of merit up to amount equal to full remission for 8% of the number of nonresident students registered at a given institution in the preceding year; (b) up to an additional amount equal to full remission for 2% of nonresident students who are deserving of relief due to extraordinary circumstances; and (c) needy and worthy foreign students or U.S. citizens whose residence is not in the U.S., not to exceed 2% of a campus' FTE enrollment for the preceding year. In 2003-04, 2,550 students received these remissions valued at \$16.6 million.

[Act 25 Sections: 700 thru 702]

35. NONRESIDENT TUITION REMISSION FOR CERTAIN VETERANS

Governor: Modify current law governing nonresident tuition remission for veterans to delete references to residency determination for state veterans benefits, and instead, provide that veterans who were Wisconsin residents at the time of entry or reentry into active duty and are residents of, and living in, Wisconsin at the time of registration would receive an exemption from nonresident tuition, and would not have to first reside in Wisconsin for 12 months to re-establish residency.

Assembly/Legislature: Clarify that a veteran would have to be a resident of and living in this state at the time of registering at a UW institution to qualify for a nonresident tuition remission.

[Act 25 Section: 698m]

36. NONRESIDENT TUITION REMISSION FOR CERTAIN UNDOCUMENTED PERSONS [LFB Paper 786]

Governor: Require the UW System to provide a nonresident tuition remission for a person who is a citizen of another country, if that person meets all of the following requirements: (a) graduated from a Wisconsin high school or received a high school graduation equivalency from this state; (b) the person was continuously present in this state for at least three years following the first day of attending a high school in this state; and (c) enrolls in a UW System institution and provides the institution with an affidavit that the person has filed or will file an application for a permanent resident visa with the U.S. Citizenship and Immigration Services as soon as the person is eligible to do so. Specify that this provision would first apply to persons who enroll for the semester or session following the bill's effective date.

Joint Finance/Legislature: Delete provision.

37. TUITION REMISSION FOR VETERANS

Joint Finance: Require the Board of Regents to grant a remission equal to 100% of nonresident tuition and 50% of all academic fees and segregated fees for up to 128 credits or eight semesters, whichever is longer, less the amount of any federal tuition reimbursement, for eligible

veterans. This remission would apply to any student who is a veteran, using the same definition as is used under Chapter 45 of the statutes relating to veterans, and who classifies as a resident for purposes of receiving benefits under Chapter 45 of the statutes. Provide that the remissions would only apply to veterans that entered service from Wisconsin. Require the Department of Veterans Affairs to verify the eligibility status of individuals that apply for remission. Specify that this provision would first apply to students that enroll for classes in the academic year that commences after the effective date of the bill. Based on current estimated veteran enrollment at UW System campuses, staff at the UW System estimate that the revenue loss of providing the remission to all veterans enrolled at the UW System would be \$7.6 million.

Assembly/Legislature: Specify the federal law provisions for tuition payments by the federal government that could offset the tuition subject to remission under this provision.

[Act 25 Sections: 702n and 745h]

38. TUITION AND FEE REMISSION FOR SPOUSES AND CHILDREN OF CERTAIN VETERANS

Joint Finance/Legislature: Require the Board of Regents to grant to any resident student who is also the spouse, unremarried surviving spouse, or child of an eligible veteran full remission of academic fees and segregated fees for 128 credits or 8 semesters, whichever is longer.

For purposes of the tuition and fee remission, define an eligible veteran is a person who, as verified by the state Department of Veterans Affairs, was a resident of this state at the time of entry into service; served on active duty under honorable conditions in the U.S. armed forces, forces incorporated in the U.S. armed forces, the national guard, or in a reserve component of the U.S. armed forces; and who, while a resident of the this state, either died on active duty, died in the line of duty while on active or inactive duty for training purposes, or incurred at least a 30% service-connected disability.

For a spouse or unremarried surviving spouse, the remission would apply only during the first ten years after the eligible veteran received the service-connected disability or after the eligible veteran died. For a child, the remission would apply only if he or she is at least 18, but not yet 26 years of age, and is a full-time student.

[Act 25 Section: 702m]

39. RESERVE OFFICER TRAINING CORPS (ROTC)

Joint Finance/Legislature: Prohibit the UW System Board of Regents from allocating GPR for the operation of an institution or college campus that prohibits ROTC from operating on its campus.

[Act 25 Section: 695r]

40. UW-WAUKESHA AND UW-MILWAUKEE MERGER

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	\$30,000	-\$30,000	\$0

Joint Finance/Legislature: Provide \$30,000 in 2005-06 for a task force to study and develop an implementation plan for the transformation of UW-Waukesha into a campus of UW-Milwaukee. Specify that the task force would consist of nine members, including the following: one representative of UW-Milwaukee, one representative of UW-Waukesha, one student representative from UW-Milwaukee, and one student representative from UW-Waukesha, all appointed by the UW System President; one representative of Waukesha County Technical College appointed by the Wisconsin Technical College System President; two representatives of Waukesha County government with one appointed by the County Executive and one appointed by the County Board Chairman; and two representatives of the business community appointed by the County Executive. Require the task force to elect a chairperson from among its membership.

Require the task force to issue its recommendations to the Joint Committee on Finance by January 1, 2007 under a 14-day passive review approval process. Require that the implementation plan would include recommendations regarding the following: (a) maintaining the accessibility and affordability mission of the UW-Waukesha campus; (b) increasing the number of four-year baccalaureate and graduate degrees awarded on the UW-Waukesha campus; (c) determining the academic programs necessary to meet the needs of the economy in the area surrounding the UW-Waukesha campus; (d) addressing issues regarding the assumption of assets and liabilities of the UW-Waukesha campus; and (e) resolving outstanding employment issues.

Require the UW System Board of Regents to merge the UW-Waukesha into a campus of UW-Milwaukee no later than July 1, 2007, pursuant to a plan approved by the Joint Committee on Finance.

Veto by Governor [A-14]: Delete provision. In addition, reduce the agency's largest GPR funded appropriation by \$30,000 in 2005-06 to eliminate the funding provided for the study.

[Act 25 Vetoed Sections: 140 (as it relates to s. 20.285(1)(a)) and 9152(6r)]

41. STUDY OF COLLABORATIVE EFFORTS BETWEEN UW-SUPERIOR AND UNIVERSITY OF MINNESOTA-DULUTH

Joint Finance/Legislature: Require the UW-System Board of Regents to submit a report to the Joint Committee on Finance and to the standing committees on higher education in the Assembly and the Senate on possible collaborative efforts between UW-Superior and UM-Duluth by March 1, 2006. Specify that the study include the following: (a) an analysis of the tri-college university program involving North Dakota State University, Minnesota State University at Moorhead, and Concordia College in Moorhead, Minnesota, and a consideration

of similar models of collaboration among public universities; (b) an identification of opportunities for operational cooperation or consolidation that would save money for taxpayers and students; (c) a determination of whether the two universities may benefit from coordinated marketing efforts; and (d) an examination of whether coordination and cooperation between the two universities would increase educational offerings for their students.

Veto by Governor [A-15]: Delete provision.

[Act 25 Vetoed Section: 9152(7f)]

42. UW-MILWAUKEE AND MEDICAL COLLEGE OF WISCONSIN JOINT ACADEMIC PROGRAM STUDY

Joint Finance/Legislature: Require the Board of Regents and the Board of Trustees of the Medical College of Wisconsin (MCW) to submit a report on the feasibility of creating joint academic programs that would reduce worker shortages in fields that are critical to the economic development of southeastern Wisconsin. Specify that this report would have to be submitted by January 1, 2007, and would be subject to approval by the Joint Committee on Finance under a 14-day passive review process.

Veto by Governor [A-19]: Delete provision.

[Act 25 Vetoed Section: 9152(8q)]

43. HIGHER EDUCATION STUDY

Joint Finance/Legislature: Create a committee to study the public benefits of Wisconsin public higher education. Specify that the goals of the committee would be to expand baccalaureate degrees for Wisconsin's residents, foster economic development, and provide a research environment to develop intellectual properties and assist in the development of new business. Provide that the committee consist of 17 members including the following: the President of the UW System or an appointee; the President of the Wisconsin Technical College System or an appointee; the Chancellor of the UW Colleges or an appointee; a UW alumnus, a faculty member, a current student, and a Chancellor or current Regent representative all chosen by the President of the UW System Board of Regents; a business leader, a former UW System executive officer, and a former regent chosen all chosen by the President of the UW System; a currently enrolled WTCS student, a president of a technical college district and a WTCS board member chosen by the President of the Wisconsin Technical College System; and four current legislators, one from each party and each house, chosen by the respective leaders of each of the two legislative houses. The Committee would elect a chair from among its members.

Require the committee to submit its study to the Joint Committee on Finance by August 1, 2006. Require that the committee would ensure that the study does at least all of the following: (a) addresses how colleges and universities can provide access and quality education for all Wisconsin residents to further their human potential while ensuring the economic future of the state; (b)

determine the appropriate mixture of funding to support higher education in Wisconsin, including the relationship between GPR, tuition, financial aid, and philanthropic support; (c) continues structural improvements, efficiencies and economies in such activities as the committee on baccalaureate expansion, integration of administrative structure, and collaborative arrangements between campuses; and (d) collaborates among all of Wisconsin's key economic, social, and educational entities so as to achieve the intent of the Wisconsin Idea.

Veto by Governor [A-18]: Delete provision.

[Act 25 Vetoed Section: 9152(9m)]

44. STUDY OF UW SYSTEM BUILDING PROJECT COSTS

Joint Finance/Legislature: Direct the Legislative Audit Bureau to conduct a study of building projects at the UW System to compare the costs of those projects with the costs of similar projects at other public universities. Require that the study be submitted to the Joint Legislative Audit Committee by January 1, 2007.

Veto by Governor [A-20]: Delete provision.

[Act 25 Vetoed Section: 9152(8m)]

45. FUEL AND UTILITY EXPENDITURE STUDY

Joint Finance/Legislature: Require the Department of Administration (DOA) and the UW System to submit a joint report to the Building Commission concerning the apportionment of energy costs for buildings used, owned, or leased by the UW System including the allocation of federal and private funding for energy costs. In addition, require the UW System and DOA to submit the joint report to the Building Commission by January 1, 2006.

[Act 25 Section: 9152(6q)]

46. ELIMINATE INACTIVE APPROPRIATIONS

Governor/Legislature: Eliminate five inactive UW System appropriations including the following: (a) a GPR appropriation for environmental education grants; (b) a GPR appropriation for debt service for the State Lab of Hygiene; (c) a PR appropriation for debt service for the State Lab of Hygiene; (d) a PR appropriation related to surplus auxiliary funds; and (e) a GPR appropriation for general program operations for the UW-Madison intercollegiate athletics program.

[Act 25 Sections: 196 thru 198, 200, 201, 213, 460, 705, and 706]

47. TRANSFER OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION TESTING PROGRAM TO LABORATORY OF HYGIENE

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$211,200	0.95	\$0	0.00	\$211,200	0.95
FED	3,643,000	21.55	- 1,422,000	- 10.00	2,221,000	11.55
PR	<u>361,200</u>	<u>0.50</u>	<u>0</u>	<u>0.00</u>	<u>361,200</u>	<u>0.50</u>
Total	\$4,215,400	23.00	- \$1,422,000	- 10.00	\$2,793,400	13.00

Governor: Provide \$2,107,700 (\$105,600 GPR, \$1,821,500 FED, and \$180,600 PR) annually and 23.00 positions (0.95 GPR, 21.55 FED, and 0.50 PR), beginning in 2005-06 to reflect the transfer of the occupational safety and health administration testing programs from the Departments of Health and Family Services (DHFS) and Commerce to the State Laboratory of Hygiene (WSLH).

Eliminate 10.5 positions in DHFS and 9.0 positions in Commerce related to occupational safety and health administration testing although supporting budget documentation from the administration references a reduction of 9.5 positions for DHFS. Provide that all incumbent employees who perform occupational safety and health administration testing in DHFS and Commerce would be transferred to the WSLH on the effective date of the bill. Specify that the transferred state employees would have the same labor and employment relations rights and status following the transfer as they enjoyed before the transfer, and that no transferred employee with permanent status in class must serve a probationary period.

Transfer all tangible personal property and records at DHFS and Commerce relating to OSHA testing to WSLH on the effective date of the bill.

Specify that all contracts entered into by DHFS and Commerce relating to OSHA testing and that are in effect on the effective date of the bill would be transferred to the WSLH and would remain in effect. Direct that WSLH carry out any obligations under such a contract until the WSLH modifies or rescinds the contract to the extent allowed.

Joint Finance/Legislature: Delete the proposed transfer from Commerce with \$711,000 FED and 9.0 FED positions annually. In addition, delete 1.0 FED position to reflect the number of positions that would transfer from DHFS.

[Act 25 Section: 9152(1)]

VETERANS AFFAIRS

Budget Summary							
Fund	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	2005-07 Legislature	2005-07 Act 25	Act 25 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$3,119,400	\$3,832,400	\$3,949,900	\$4,285,800	\$4,285,800	\$1,166,400	37.4%
FED	2,593,800	3,394,800	3,394,800	3,394,800	3,394,800	\$801,000	30.9
PR	106,396,000	122,878,900	122,957,200	122,957,200	122,757,200	16,361,200	15.6
SEG	<u>237,179,000</u>	<u>114,277,600</u>	<u>118,306,800</u>	<u>118,306,800</u>	<u>118,306,800</u>	<u>- 118,872,200</u>	<u>- 50.1</u>
TOTAL	\$349,288,200	\$244,383,700	\$248,608,700	\$248,944,600	\$248,744,600	- \$100,543,600	- 28.8%

FTE Position Summary						
Fund	2004-05 Base	2006-07 Governor	2006-07 Jt. Finance	2006-07 Legislature	2006-07 Act 25	Act 25 Change
						Over 2004-05 Base
FED	12.50	12.50	12.50	12.50	12.50	0.00
PR	813.89	948.38	944.98	944.98	944.98	131.09
SEG	<u>154.21</u>	<u>130.63</u>	<u>132.63</u>	<u>132.63</u>	<u>132.63</u>	<u>- 21.58</u>
TOTAL	980.60	1,091.51	1,090.11	1,090.11	1,090.11	109.51

Budget Change Items

General Agency Provisions

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide standard budget adjustments to the base budget totaling \$62,900 FED, \$3,162,200 PR, and \$756,600 SEG annually. Adjustments are for: (a) turnover reduction (-\$264,200 PR and -\$159,000 SEG annually); (b) full funding of continuing salaries and fringe benefits (\$62,900 FED, \$2,188,400 PR, and \$915,600 SEG annually); (c) overtime (\$545,000 PR annually); (d) night and weekend

FED	\$125,800
PR	6,324,400
SEG	<u>1,513,200</u>
Total	<u>\$7,963,400</u>

differential (\$693,000 PR annually); and (e) minor offsetting transfers within the same appropriation (including 0.1 PR classified position and -0.1 PR unclassified position annually).

2. DEBT SERVICE REESTIMATES [LFB Paper 184]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$74,200	\$20,100	-\$54,100
PR	-2,111,700	0	-2,111,700
SEG	-104,331,800	0	-104,331,800
Total	-\$106,517,700	\$20,100	-\$106,497,600

Governor: Reestimate the agency's debt services requirements by \$8,400 GPR, -\$1,404,400 PR, and -\$53,055,500 SEG in 2005-06 and -\$82,600 GPR, -\$707,300 PR, and -\$51,276,300 SEG in 2006-07 for the following programs: (a) facilities at the Veterans Home at King and the Southern Wisconsin Veterans Retirement Center (\$8,400 GPR and -\$1,404,400 PR in 2005-06 and -\$82,600 GPR and -\$707,300 PR in 2006-07); (b) borrowing for the veteran mortgage loan program (-\$53,055,000 SEG in 2005-06 and -\$51,275,400 in 2006-07); and (c) capital construction at the Southern Wisconsin Memorial Cemetery (-\$500 SEG in 2005-06 and -\$900 SEG in 2006-07).

Joint Finance/Legislature: Reestimate the agency's debt service costs related to facilities at the Veterans Home at King and the Southern Wisconsin Veterans Retirement Center by \$7,800 GPR in 2005-06 and \$12,300 GPR in 2006-07.

3. PROCUREMENT AND PURCHASING SERVICES CONSOLIDATION [LFB Paper 112]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	-\$154,300	-3.65	\$154,300	2.60	\$0	-1.05
SEG	-130,600	-1.95	130,600	0.00	0	-1.95
Total	-\$284,900	-5.60	\$284,900	2.60	\$0	-3.00

Governor: Delete \$284,900 (\$154,300 PR and \$130,600 SEG) from salaries and fringe benefits and 5.6 positions (3.65 PR and 1.95 SEG) in 2006-07 associated with the consolidation of procurement and purchasing services functions in the Department of Administration. [See "Administration -- Transfers to the Department."]

Joint Finance/Legislature: Provide \$106,800 PR and 2.6 PR positions in 2006-07 to restore funding and position authority that the Governor subsequently advised should not have been deleted as part of the consolidation initiative. Restore an additional \$47,500 PR and \$130,600 SEG in 2006-07 budgeted in unallotted reserve. These amounts in unallotted reserve represent the salary and fringe benefits funding associated with the 1.05 PR and 1.95 SEG positions that would still be deleted. This funding should originally have been budgeted in unallotted reserve rather than deleted in order to fund DOA-provided procurement services.

4. INFORMATION TECHNOLOGY SERVER AND NETWORK CONSOLIDATION [LFB Paper 111]

Positions	
PR	- 1.51
SEG	- 1.78
Total	- 3.29

Governor: Reallocate \$224,500 (\$99,600 PR and \$124,900 SEG) from salaries, fringe benefits, and supplies and services to supplies and services and permanent property and delete 3.29 positions (1.51 PR and 1.78 SEG) in 2006-07 associated with the consolidation of information technology server and network infrastructure support in the Department of Administration. [See "Administration -- Transfers to the Department."]

The bill incorrectly deletes \$29,000 PR from supplies and services and provides \$99,600 PR in the permanent property line and \$124,900 SEG in the supplies and services line in 2006-07. A technical correction is required to delete the \$29,000 PR from the fringe benefits line and to reallocate the \$99,600 PR and the \$124,900 SEG to unallotted reserve in 2006-07.

Joint Finance/Legislature: Delete \$29,000 PR in 2006-07 from supplies and services rather than from fringe benefits and shift \$99,600 PR and \$124,900 SEG in 2006-07 from supplies and services and permanent property to unallotted reserve to fund information technology server and network consolidation services provided by DOA.

5. CONSOLIDATION OF EXECUTIVE BRANCH ATTORNEYS AND LEGAL STAFF UNDER DOA [LFB Paper 110]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	- 2.00	2.00	0.00

Governor: Delete 2.0 positions annually to reflect the consolidation of the agency's attorneys and legal staff under DOA, effective January 1, 2006. Reallocate \$87,800 in 2005-06 and \$175,800 in 2006-07 from budgeted salaries and fringe benefits to the agency's supplies and services budget to pay for legal services supplied by DOA. Under the Governor's recommendation, 1.0 SEG existing classified attorney position and associated base level funding would be retained in DVA. The Secretary of DOA would be authorized to designate this attorney position as DVA's lead attorney.

Specify that all transferred attorneys and legal staff would have the same rights and status as in the agency in which they originated. Specify that attorneys and legal staff that have obtained permanent status would not have to undergo a probationary period in DOA. Provide that all equipment, supplies, and furniture related to the duties of the transferred employees, as specified by the Secretary of DOA, must be transferred to DOA on January 1, 2006. [See "Administration -- Transfers to the Department."]

Joint Finance: Delete provision. Direct the Secretary of DOA to delete 13.0 FTE executive branch agency attorney positions, other than attorney positions at the University of Wisconsin

System, that become vacant before June 30, 2007, and lapse or transfer at least \$724,900 from associated non-FED salary and fringe benefits amounts to the general fund in 2006-07. If fewer than 13.0 FTE agency attorney positions are vacant on June 30, 2007, authorize the Secretary of DOA to delete sufficient additional state agency attorney positions, other than at the University of Wisconsin System, to ensure the elimination of a total of 13.0 FTE state agency attorney positions.

Senate/Legislature: Add the Department of Employee Trust Funds and the Investment Board to the executive branch agencies that would be exempt from the attorney position deletion and the lapse or transfer of funds requirements.

Vetoed by Governor [A-4, E-1, and E-5]: Delete: (a) the specific requirement that the Secretary of DOA lapse or transfer \$724,900 from non-FED salary and fringe benefits amounts related to the net reduction of 13.0 FTE executive branch attorney positions in 2006-07; and (b) the University of Wisconsin System from the enumeration of executive branch state agencies that would be exempt from any reduction of attorney positions. The Governor's veto message indicates that the Secretary of DOA would lapse \$724,900 as part of a larger lapse or transfer requirement totaling \$71,234,500.

[Act 25 Sections: 9155(1w)&(2)]

[Act 25 Vetoed Sections: 9155(1w)&(2)]

6. VETERANS CEMETERY CARETAKER POSITIONS

	Funding	Positions
PR	\$39,700	2.00

Governor/Legislature: Provide \$11,800 in 2005-06 and \$27,900 in 2006-07 and authorize 2.0 positions annually for caretakers at the Southern Wisconsin Veterans Memorial Cemetery. Under 2003 Wisconsin Act 33, DVA was provided with base funding of \$38,200 annually to staff an unfunded caretaker position at the Southern Wisconsin Veterans Memorial Cemetery. The Department subsequently determined that position authority did not exist for a caretaker at the facility. The Governor's recommendation would authorize 2.0 caretaker positions and provide sufficient additional salary and fringe benefits funding to fully support the positions. The Department indicates that the positions would be supported from added revenues generated by increasing the spousal and dependent burial fee from the current \$250 to \$435. The fee is currently set by administrative rule [VA 14.02(2)].

7. VETERANS HOUSING LOAN PROGRAM MODIFICATIONS

Governor: Make the following changes applicable to the operation of the Primary Mortgage Loan program and the Home Improvement Loan program:

Eligible Property. Delete the current limitation under both programs that specifies that a loan may be used only for the purchase, construction or improvement of a building used as the

veteran's "principal place of residence" and specify instead that the loan may be made in connection with a building that is used by the veteran as "a residence."

Eligible Veterans. Include in the definition of a veteran eligible for these loans any individual who has completed six continuous years of service under honorable conditions in the National Guard or in a reserve component of the U.S. armed forces, and who is living in Wisconsin at the time of the loan application.

Loan Refinancing. Delete the current limitations under both programs that specify that a loan may be refinanced only under the following situations: (a) the loan is used for the payment of a loan if the loan's balance does not exceed the amount requested in any prior application by the veteran and the debt was incurred after the veteran made an application to DVA and was denied; or (b) the loan is to refinance a construction or bridge loan that has a term of less than 24 months. Specify instead that a veteran would be authorized to refinance an existing loan for the purposes of the purchase, construction or improvement of a residence.

In connection with any refinancing, stipulate that if the source of funding for a loan had derived from a federally tax-exempt bond (a "qualified" bond), the Department would be required to apply any requirement of the Internal Revenue Code in determining a person's eligibility for a loan to assure that the bonds remain exempt from federal taxation. Currently, the federal government allows the use of federally tax-exempt debt to finance home loans only for those veterans who served prior to January 1, 1977, and who apply for a loan no later than 30 years after leaving active service. The Department has not issued a tax-exempt bond for veteran's loans since October 1998.

Home Improvement Loan Maximum. Delete the current \$25,000 maximum amount for a Home Improvement Loan.

Assembly/Legislature: Reconcile statutory changes relating to veterans contained in the biennial budget with the provisions of 2005 Wisconsin Act 22, which generally recodifies the statutes relating to veterans. As part of that reconciliation, include a provision specifying that a loan must be used for the purchase, construction, or improvement of a building that is used as a veteran's "principal place of residence."

[Act 25 Sections: 763p thru 763v]

8. HOUSING DEMONSTRATION PROGRAM FOR HOMELESS VETERANS IN MILWAUKEE

GPR	\$234,600
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Joint Finance/Legislature: Provide one-time funding of \$117,300 annually for grants during the 2005-07 biennium only to a housing authority in a first class city in a county with a population of at least 500,000 to supplement the housing costs of chronically homeless veterans and their families. Require the housing authority to do the following in order to qualify for the grants: (a) provide evidence that the money would be used to provide multi-family housing to individuals and families that contain at least one veteran who has been chronically homeless;

(b) use at least 50% of the funds to supplement temporary privately-owned rental housing costs and the remainder to subsidize public rental housing costs; and (c) in coordination with the Department, submit reports to the Legislature and the Governor by August 15, 2006, and August 15, 2007, on the previous year's grant activity.

Specify that the report provide the following information: (a) the number of veterans that received a housing supplement; (b) the size of the veterans' households; (c) the amount of supplement that was provided to each veteran's household; (d) the housing status of the assisted veterans' households at the time the supplement ended; and (e) any other information DVA considers necessary to evaluate the program.

[Act 25 Sections: 375dm and 745f]

9. "MISSION WELCOME HOME" OUTREACH SERVICES

GPR	\$50,000
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Joint Finance/Legislature: Provide \$25,000 annually for grants to eligible persons who administer a program to identify, train, and place volunteers at the community level to assist National Guard members, members of the U.S. armed forces, and members incorporated in the U.S. armed forces, and their spouses and dependents, who return to this state after serving on active duty. Require the Department to provide materials to these volunteers, veterans, their spouses and dependents, which contain information about state and federal benefits for veterans and their families. Provide that this program would sunset after June 30, 2007.

[Act 25 Sections: 375gm and 745d]

10. ACROSS-THE- BOARD REDUCTIONS

GPR	-\$15,100
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Senate/Legislature: Reduce the agency's GPR appropriation for the operation of the Wisconsin Veterans Museum by \$7,500 in 2005-06 and by \$7,600 in 2006-07. This reduction amount is equal to approximately 2.3% of the agency's total GPR state operations appropriations, excluding appropriations for energy costs and debt service payments, in each fiscal year. Provide that the agency may submit a request to the Joint Committee on Finance under s. 13.10 to reallocate the reduction to any of the agency's other sum certain GPR state operations appropriations. Provide further that the agency may submit a request to the Committee for restoration of the GPR funding reduction in an amount not to exceed the amount of reduction made to the agency's appropriation under this provision. In the case of an appropriation restoration, the funding amounts would come from total funding of \$96,000,000 GPR placed in reserve in the Committee's biennial appropriation for this purpose. See also "Budget Management and Compensation Reserves" and "Program Supplements".

Veto by Governor [E-2]: By partial veto, modify the language relating to release of funds from the Committee's GPR supplemental appropriation to create alternative language specifying that the Secretary of DOA, not the Joint Finance Committee, shall (not may) transfer monies from the Committee's appropriation to state agencies in any amount not to exceed the

amount of the reduction indicated for that agency (which for DVA is the amount of the reduction indicated above).

[Act 25 Section: 9155(5dv)]

[Act 25 Vetoed Sections: 9155(4)(c)&(5dv)]

Veterans Trust Fund

Act 25 includes a number of items that are related to the agency's 10-year solvency plan for the Veterans Trust Fund. The plan is comprised of a variety of initiatives to decrease expenditures from, and increase revenues to, the fund. The items of this section are all related to the Department's 10-year solvency plan.

1. PERSONAL LOAN PROGRAM MODIFICATIONS [LFB Papers 800 and 801]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	-\$10,900,000	\$300,000	-\$10,600,000

Governor: Delete \$5,450,000 annually of amounts available under the personal loan program, as described below, and authorize the Department to make certain adjustments to the term of the loans. Under current law, the appropriation supporting the personal loan program is divided into two numeric appropriations: one that supports loan payments to individuals and another that supports the administrative expenses of the program. Each of these numeric appropriations would be modified under the Governor's recommendations.

Amounts Available for Personal Loan Payments. Provide an additional \$7,650,000 annually to increase the amounts available for personal loans from the current \$15,000,000 to \$22,650,000 annually.

Amounts Available for Administrative Expenses. Delete \$13,100,000 annually to reduce the amounts available for the administration of the personal loan program. Base level funding for administration, however, is only \$450,000 annually.

While the Governor's recommendation would result in a net reduction of \$5,450,000 annually for the personal loan program, adjustments need to be made to the numeric appropriations. The Governor's apparent intent is to: (a) reduce base level funding for the amounts available for personal loans by \$5,000,000 annually to make \$10,000,000 available each year for such purposes; and (b) reduce administrative expenses by \$300,000 annually to make

\$150,000 available each year for such purposes. In order for the bill to correctly reflect the Governor's intent, additional funding of \$150,000 annually from the veterans trust fund would be required.

Statutory Language Changes. Specify that DVA would be authorized to adjust the terms of any personal loan, subject to the current law maximum term of 10 years, based on financial market conditions, funds available, needs of the veterans trust fund, or other factors considered relevant to the Department.

Joint Finance: Provide \$150,000 annually for the agency's personal loan program in connection with the following modifications: (a) delete \$12,650,000 annually of the \$22,650,000 annually provided for personal loans for veterans to make a total of \$10,000,000 annually available for this purpose; and (b) restore \$12,800,000 annually to the -\$12,650,000 annually provided for program administration to make a total of \$150,000 annually available for this purpose.

Assembly/Legislature: Reconcile statutory changes relating to veterans contained in the biennial budget with the provisions of 2005 Wisconsin Act 22, which generally recodifies the statutes relating to veterans.

[Act 25 Sections: 795d and 795e]

2. **PROGRAM MODIFICATIONS AND FUNDING REDUCTIONS AFFECTING ECONOMIC ASSISTANCE GRANTS TO VETERANS** [LFB Papers 800 and 802]

SEG	- \$2,718,600
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Governor: Delete \$850,000 annually for the Health Care Aid Grants program and \$509,300 annually for the Subsistence Grants program in connection with the following proposed programmatic changes:

Changes Applicable to Both Programs. Make the following modifications applicable to both programs: (a) establish a \$5,000 lifetime cumulative grant maximum that any veteran may receive from both programs; (b) terminate the eligibility of a veteran's spouse, widow, or dependents for benefits under either program; and (c) rename the subsistence grants appropriation as the "assistance to needy veterans" appropriation and specify that amounts provided under this appropriation may be used for either Subsistence Aid Grants or Health Care Aid Grants.

Health Care Aid Grants Program Changes. Make the following modifications applicable to the Health Care Aid Grants program: (a) specify that these grants may be used solely for the reimbursement of dental care (including dentures), vision care (including eyeglass frames and lenses), and hearing care (including hearing aids); and (b) establish maximum grants of \$2,500 for dental care, \$500 for vision care, and \$1,500 per ear for hearing care for any consecutive 12-month period.

The following current law provisions would continue to apply: (a) the stipulation that DVA may not pay health care aid unless the recipient's health care provider agrees to accept as full payment, the amount of the aid (plus any insurance or other third-party payments) and the amount the Department determines that the veteran is capable of paying; and (b) the eligibility requirement that a veteran may not have liquid assets of more than \$1,000 without losing grant eligibility.

Under current law, Health Care Aid Grants may be awarded to eligible needy veterans and family members for health care costs that are not covered by the U.S. Department of Veterans Affairs. Payments may be made for dental, vision, and hearing care, as well as treatment for alcoholism and other drug addiction. Current rules limit annual eyeglasses and contact lenses payments to \$250 per eligible person and annual hearing aid payments to \$1,000 per ear per eligible person. Grants are limited to \$5,000 per veteran or dependent per year. Base level funding for this program is \$1,500,000 annually.

Subsistence Grants Program Changes. Specify that the maximum award under the program would be \$2,000 per occurrence for any consecutive 12-month period.

Under current law, the Subsistence Grants program provides temporary aid to veterans and eligible dependents in the event of an illness, disability or death that causes a loss of income. Aid may be paid in connection with an alcohol- or drug-related incapacity, and any aid payment under the program is generally limited to three months during any 12-month period (these provisions would be retained under the Governor's recommendations). Base level funding for this program is \$681,300 annually.

Joint Committee on Finance Supplementations. Authorize DVA to submit a request to the Joint Committee on Finance for additional funds from the veterans trust fund to supplement the assistance to needy veterans appropriation in an amount that equals the amount the Department expects to expend. Specify that DVA would not have to make a finding that an emergency exists (required under current law for Committee supplementations) in order to make the request.

The Department is granted similar authority under current law with respect to requesting supplementations to the current subsistence grants appropriation. However, under the current law provision, the supplementation request may be made under a 14-day passive review procedure, and the Department is not exempted from showing that an emergency exists in connection with the supplementation request.

Joint Finance: Appropriate the total funding for the Health Care Grants program and the Subsistence Grants program (\$822,000 annually) under a single appropriation with separate identifying numerics so that expenditures under each program may still be separately tracked.

Specify that Subsistence Grants may be provided only to a veteran who suffered loss of income due to illness, injury, or natural disaster and only in cases where the veteran does not

have other assets or income available to meet basic subsistence needs and cannot receive aid from other sources to meet those needs.

Specify that the unremarried spouse and dependent children of a veteran would be eligible for grants under either program if they meet the following qualifications: (a) they are a resident of Wisconsin; (b) their spouse or guardian died on active duty in the U.S. armed forces or in forces incorporated in the U.S. armed forces; and (c) they otherwise meet the income qualifications for the programs.

Further, specify that the spouse and dependent children of an active member of the U.S. armed forces or the Wisconsin National Guard activated or deployed to serve in the U.S. armed forces would be eligible for economic assistance if they meet the following qualifications: (a) they are a Wisconsin resident; (b) they have suffered a loss of income due to the activation or deployment; and (c) they experience an economic emergency during the period of activation or deployment.

Require the Department to establish, by rule, the eligibility criteria and household income limitations for these grants. Authorize the Department to promulgate emergency rules regarding these changes without providing evidence that it is necessary for the preservation of public peace, health, safety, or welfare or that an emergency exists.

Finally, specify that the Department may request a supplementation for these grant programs from the Joint Committee on Finance under a 14-day passive review mechanism. The Department would continue to have to show that an emergency exists in connection with the supplementation request.

Assembly/Legislature: Reconcile statutory changes relating to veterans contained in the biennial budget with the provisions of 2005 Wisconsin Act 22, which generally recodifies the statutes relating to veterans.

[Act 25 Sections: 380r, 381m, 529g, 795c, and 9153(3k)]

3. VETERANS TRUST FUND PROGRAM AND ADMINISTRATIVE STAFF REDUCTIONS [LFB Paper 800]

	Funding	Positions
SEG	-\$1,847,400	- 16.70

Governor/Legislature: Delete \$923,700 and 16.7 program and administrative positions annually funded from the veterans trust fund. Reductions include: (a) -\$686,000 and -11.0 positions annually associated with the administration of loans and aid programs to veterans; (b) -\$34,900 and -0.7 position annually associated with the Wisconsin Veterans Museum; (c) -\$95,100 and -2.0 positions annually associated with the veterans assistance program for homeless veterans; and (d) -\$107,700 and -3.0 positions annually associated with the administration and maintenance of veterans cemeteries.

4. EDUCATIONAL GRANT PROGRAM MODIFICATIONS [LFB Papers 800 and 802]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Assembly/Leg. (Chg. to JFC)	Net Change
SEG	-\$1,520,000	\$2,830,200	\$351,000	\$1,661,200

Governor: Delete \$760,000 annually in connection with the following actions combining the existing veterans Tuition and Fee Reimbursement Grant program and the Part-Time Study Grant program and revising the payment and eligibility criteria for the consolidated program.

Repeal the Part-Time Study Grant Program. Delete \$787,900 annually of base level funding for the Part-Time Study Grant program to reflect its repeal as a separate program. Part-time study grants would be funded under the new consolidated program.

Tuition and Fee Reimbursement Grant Program Converted to the Veterans Education Grant Program. Provide \$27,900 annually for the veterans Tuition and Fee Reimbursement Grant program, and newly designate the program the Veterans Education Grant program. Base level funding for the current program is \$2,572,100 annually in a biennial appropriation. This provision would increase funding to \$2,600,000 annually.

Modifications to Eligibility Criteria. Modify the following current eligibility criteria: (a) eliminate the current income cap of \$50,000 (plus \$1,000 per dependent in excess of two) for program participation and instead index the income eligibility maximum for the new program to the state's median household income [in CY 2004, the state median household income for a family of four is \$65,441]; (b) specify that students who already have an undergraduate degree would be ineligible for the program; (c) specify that veterans enrolling in a public or private high school would be eligible for reimbursements; (d) repeal the eligibility of unremarried spouses and dependents of deceased veterans for most DVA-administered programs, including this educational grant program; and (e) stipulate that a veteran who is eligible for or received either a National Guard Tuition Grant under the Department of Military Affairs or off-duty training or education paid by the U.S. Department of Defense under 10 USC 2007 (generally applying to federal payments for educational costs in exchange for agreeing to serve in active service or the reserves) would be ineligible for DVA educational grants.

Modifications to Program Benefits. Modify the following current program benefits: (a) specify that grants under the Veterans Education Grant program may be used for full-time study or for part-time study; (b) eliminate reimbursements for student fees, except in the case of disable veterans; (c) authorize the Department to adjust the rates of reimbursement based on the availability of appropriated funds, except for disabled veterans whose rate of reimbursement could not be reduced; (d) establish an overall benefit limitation of 120 credits or eight semesters of reimbursements, whichever comes first; (e) stipulate that a current law requirement that a veteran must use these educational grants for courses begun not later than 10 years after separation from service would not apply for reimbursement of up to 60 credits of part-time classroom study courses; and (f) link the maximum number of credits for which reimbursement

may be received to the number of days served on active duty for purposes other than training.

Under this new provision, linking the number of credits to the number of days served on active duty, credit eligibility would be as follows: (a) 30 credits or two semesters would be reimbursable for 90 to 180 days of service; (b) 60 credits or four semesters would be reimbursable for 181 days to 730 days of service; and (c) 120 credits or eight semesters would be reimbursable for more than 730 days of service.

Miscellaneous Provisions. Authorize DVA to promulgate emergency rules relating to changes in the Veterans Education Grant program. The Department would not be required to provide evidence that the emergency rules were required for the preservation of public peace, health, safety or welfare or to provide a finding of an emergency.

Specify that these program modifications would first apply to courses completed on and after the general effective date of the biennial budget act.

Current Programs. Under current law, the Tuition and Fee Reimbursement Grant program provides reimbursement of up to 100% of the cost of an eligible veteran's undergraduate tuition and fees, based on the costs of a UW-Madison resident undergraduate. These grants cannot be used for part-time study (less than 12 credits per semester).

Tuition and fee reimbursements are made upon an eligible veteran's successful completion of a semester at any UW System institution or center, state technical college or similar institution with a tuition reciprocity agreement with Wisconsin. Veterans are eligible for reimbursement for up to 120 credits or eight semesters of study and may receive reimbursement only for coursework that began before the 10-year anniversary of their separation from active duty. Eligibility is restricted to veterans with incomes of \$50,000 or less (plus \$1,000 per dependent in excess of two) who have served on active duty for two or more continuous years, 90 days during a war period, or the full period of the individual's initial service obligation, whichever is less. An individual discharged for reasons of hardship, service connected disability or due to a reduction in the armed forces is eligible for the program regardless of the time served.

Spouses, unremarried spouses, widows and dependents are not eligible for this program, unless they also qualify as veterans. No grants can be made to any otherwise eligible and qualified person if the Department of Workforce Development certifies that the veteran is delinquent in the payment of child support or maintenance obligations. All applications for this program must be received by DVA within 60 days following the end of the semester for which reimbursement is sought.

The Part-Time Study Grants program provides reimbursement of up to 100% of the cost of the eligible veteran's undergraduate tuition and fees based on the costs of a UW-Madison resident undergraduate for part-time study. "Part-time study" is considered 11 credits or less per semester for a student without a bachelor's degree or eight credits or less per semester for a

student with a bachelor's degree. There is no credit limitation for students attending summer school.

Qualifying veterans for a Part-Time Study Grant may receive a grant for courses completed at any UW institution or center, state technical college, accredited private college in Wisconsin, similar institution that has a tuition reciprocity agreement with Wisconsin or proprietary trade and vocational school. Reimbursement may also be received for courses at schools less than 50 miles outside the state border, if the course is not offered within Wisconsin and is within 50 miles of the participant's home. The part-time coursework must be related to the veteran's occupational professional or employment goals. The same limitations with respect to household income caps and child support and maintenance delinquencies that apply to the Tuition and Fee Reimbursement Grant program also apply to this program.

Joint Finance: Provide \$1,773,500 in 2005-06 and \$1,056,700 in 2006-07 in connection with the following modifications: (a) reestimate the demand for educational grants during the 2005-07 biennium (\$1,670,700 in 2005-06 and \$1,973,900 in 2006-07); (b) fund an estimated appropriations shortfall from 2004-05 by providing \$1,020,000 in 2005-06 and authorize such payments based on program benefits in place for 2004-05; and (c) reestimate the funding need for educational grants due to the following new tuition remission provision applicable to the UW System and the Wisconsin Technical College System (-\$917,200 annually).

Direct the UW System Board of Regents and each technical college district board to remit 50% of all academic fees and segregated fees and 100% of all nonresident tuition, minus any federal tuition reimbursement, for up to 128 credits or eight semesters, whichever is longer, for any student who meets the following qualifications: (a) is classified as a veteran under Chapter 45 of the statutes; (b) is classified as a resident under Chapter 45 of the statutes; and (c) has entered or reentered service from Wisconsin. This provision would first apply for the academic year commencing after the effective date of the biennial budget act. [See "University of Wisconsin System" and "Wisconsin Technical College System."]

For reimbursements made under the Department's Veterans Education Grants program, retain the current income limitation of \$50,000 (plus \$1,000 for each dependent in excess of two) and delete the Governor's revised income limit. Further, stipulate that reimbursements may not be provided if the veteran failed to achieve at least a 2.0 grade point average or an average grade of "C" for the semester in which a reimbursement is requested.

Require DVA to promulgate rules specifying the number of days after the beginning of an academic term that the grant applicant must provide the following information: (a) the veteran's name; (b) the educational institution the veteran is attending; (c) whether the veteran is enrolled full- or part-time; and (d) the estimated amount of tuition reimbursement that will be requested at the end of the academic term.

Assembly: Restore reimbursement of 100% of student fees (subject to any offsetting remissions under the UW System and technical college programs described above), and provide

\$175,500 annually to fund costs associated with the reimbursement of student fees under the agency's reimbursement grant program.

Reconcile statutory changes relating to veterans contained in the biennial budget with the provisions of 2005 Wisconsin Act 22, which generally recodifies the statutes relating to veterans. As a result of this recodification, the program would be designated the "Tuition Reimbursement" program.

Senate/Legislature: Clarify that an additional \$175,500 annually is actually provided under DVA's appropriation that funds tuition reimbursement payments to reflect the fact that such payments would include reimbursements for fees. The appropriations schedule adopted by the Assembly appropriated these additional funds; however, the Assembly action providing for the reimbursement of fees did not actually direct that the appropriation schedule be adjusted by these amounts. The Senate provision specifically recognizes that adjustment. There is no net fiscal change associated with the Senate modification.

[Act 25 Sections: 379m, 529g, 702n, 708d, 709n, 745h, 746g, 9153(1)&(1f), and 9353(1)&(2r)]

5. TUITION REMISSION FOR DISABLED VETERANS, SPOUSES AND CHILDREN OF VETERANS

Joint Finance/Legislature: Require the UW System Board of Regents and the Wisconsin Technical College System to remit full tuition and fees for up to 128 credits or eight semesters whichever is longer, at any of their institutions for the following: (a) a veteran who entered or reentered service from Wisconsin and has a service-connected disability rating of at least 30%; (b) a spouse of a veteran who entered or reentered service from Wisconsin and has a service-connected disability rating of at least 30%, or who died while on active duty [applies only for the first 10 years after the veterans disability rating or death]; and (c) a child of a veteran that entered or reentered service from Wisconsin and has a service-connected disability rating of at least 30% or who died while on active duty [applies to children of veterans that are at least 18, but not yet 26 years of age]. [See "University of Wisconsin System" and "Wisconsin Technical College System."]

[Act 25 Sections: 702m, 709m, 745i, and 9353(2q)]

6. VETERANS ASSISTANCE PROGRAM FUNDING ADJUSTMENTS [LFB Paper 800]

FED	\$675,200
SEG	- 1,460,000
Total	- \$784,800

Governor/Legislature: Provide \$315,300 FED and -\$730,000 SEG in 2005-06 and \$359,900 FED and -\$730,000 SEG in 2006-07 for the veterans assistance program. Modifications would be made due to the following: (a) \$167,700 FED in 2005-06 and \$175,200 FED in 2006-07 for estimated increases in the number of federal per diem payments related to relocating the veterans assistance center at Fort McCoy to the Northern Wisconsin Center at

Chippewa Falls and expanding the capacity of the new center from 14 to 30 beds; (b) \$147,600 FED in 2005-06 and \$184,700 FED in 2006-07 related to increases in federal per diem payment amounts at the Department-operated Union Grove, Fort McCoy and King veterans assistance centers; and (c) -\$730,000 SEG annually for reduced veterans trust fund support for the veterans assistance program.

Provide that the \$167,700 FED in 2005-06 and \$175,200 FED related to per diem grants for increasing the number of beds at the Northern Wisconsin Center would be placed in unallotted reserve pending federal approval for the expansion. Transfer base level per diem grant amounts currently budgeted in unallotted reserve (\$519,700 FED annually) to supplies and services to support the Department-operated Union Grove, Fort McCoy and King veterans assistance centers and to the aids to individuals and organizations line to support contractor-operated veterans assistance centers in Milwaukee and Tomah.

Base level funding for the federal per diem payments is \$593,800 FED annually and would increase to \$909,100 FED in 2005-06 and \$953,700 FED in 2006-07 under the provision. Base level funding for the veterans trust fund-supported component of the program is \$1,513,000 annually and would decrease to \$783,000 annually under this proposal.

The veterans assistance program provides temporary housing, counseling, access to medical services, and training to homeless veterans, or veterans at high risk of becoming homeless, to assist them in becoming self-supporting.

7. RETRAINING GRANT PROGRAM FUNDING REDUCTION
[LFB Paper 800]

SEG	-\$372,000
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Governor/Legislature: Delete \$186,000 annually for the veterans retraining grant program. This program provides grants of up to \$3,000 a year for up to two years, based on financial need, to qualifying veterans in need of job retraining. Generally, the veteran must: (a) be accepted or enrolled at a state technical college or certified structured on-the-job training program; (b) meet DVA's financial assistance criteria; (c) be unemployed, underemployed or in receipt of a notice of termination in the year before applying for a grant (but must have been employed for at least six months prior to the loss of or reduction in employment); (d) plan to enter a retraining program that could lead to gainful employment; and (e) not be receiving assistance under the Department's educational grant programs for the same period. Base level funding for the program is \$378,000 annually.

8. ELIMINATION OF MILITARY FUNERAL HONORS PROGRAM STIPENDS [LFB Paper 800]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Assembly/Leg. (Chg. to JFC)	Net Change
GPR	\$0	\$0	\$351,000	\$351,000
SEG	- 351,000	351,000	- 351,000	- 351,000
Total	- \$351,000	\$351,000	\$0	\$0

Governor: Modify the military funeral honors program, as follows: (a) delete all base level funding of \$175,500 SEG annually for the payment of stipends of up to \$50 to local veterans groups that provide military honor details at a veteran's funeral; (b) repeal the requirement that DVA provide such reimbursements; and (c) repeal of the appropriation that funds these stipends from the veterans trust fund.

The Department currently has 15.0 military funeral honors staff that both provide funeral honors details on an availability basis and train local veterans groups' funeral honors details. These base level positions and associated funding would not be affected under the Governor's recommendation.

Joint Finance: Delete the repeal of the military funeral honors stipend program and restore \$175,500 SEG annually for this purpose.

Assembly: Delete \$175,500 SEG annually and provide \$175,500 GPR annually under a new military funeral honors stipend biennial appropriation to reflect the conversion of the program's funding from the veterans trust fund to the general fund.

Reconcile statutory changes relating to veterans contained in the biennial budget with the provisions of 2005 Wisconsin Act 22, which generally recodifies the statutes relating to veterans.

Senate/Legislature: Restore a statutory provision authorizing DVA to provide \$50 military funeral honors stipends. Clarify that funding would be provided from the general fund rather than the veterans trust fund. Language under the Assembly provision inadvertently repealed the military funeral honors stipend program and failed to reflect that funding for the stipends was converted from the veterans trust fund to the general fund.

[Act 25 Sections: 378m and 820g]

9. VETERAN AND MILITARY SPECIAL GROUP LICENSE PLATE ISSUANCE AND REISSUANCE FEES CREDITED TO THE VETERANS TRUST FUND [LFB Papers 800 and 803]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	\$469,900	- \$148,000	\$321,900

Governor: Provide for an annual \$15 fee for the issuance or renewal of 40 different veterans and military special group license plates to be credited to the veterans trust fund. Create a new special group license plate for persons interested in supporting veterans. Specify that this new plate would also have an additional issuance and renewal fee of \$15 to be credited to the veterans trust fund. The Executive Budget Book indicates that only the proceeds from the new license plate would be credited to the veterans trust fund; however, the bill would apply this new annual fee of all current law veterans military specialty plates.

Currently, in addition to any registration fee, the Department of Transportation (DOT) collects a fee of \$15 for the issuance and reissuance of all special group license plates, and these additional fees are credited to the transportation fund. This provision would specify that individuals who purchase veterans or military specialty plates would pay \$30 for annually renewed plates or \$45 for biennially renewed plates in the year of issuance or reissuance of such a license plate [\$15 for each annually renewed plate or \$30 for each biennially renewed plate would be credited to the veterans trust fund and \$15 for each type of plate would be credited to the transportation fund]. The \$15 (annual) or \$30 (biennial) fee attributable to the veterans trust fund would apply in subsequent years each time the license plates are renewed.

The bill does not reestimate increased revenues to the veterans trust fund. However, there are approximately 17,900 military specialty plates currently being issued, which would result in an additional \$268,500 SEG-REV annually, once the new fees were fully phased in. It is estimated that an additional \$201,400 SEG-REV in 2005-06 (due to the time of the issuance of renewal notices) and \$268,500 SEG-REV in 2006-07 would be credited to the veterans trust fund under the proposal. It is unknown the number of new plates that would be issued in each fiscal year for persons interested in supporting veterans.

Specify that the \$15 fee credited to the veterans trust fund could be deducted as a charitable contribution for purposes of Wisconsin income and franchise taxes to the extent permitted under the statutes. Under current law, charitable contributions are allowed as deductions from corporate taxes to the extent permitted by federal law. Under the individual income tax, however, charitable contributions permitted as federal itemized deductions are used in calculating the state's itemized deduction credit (which is 5% of the excess of certain allowable federal itemized deductions over the state's sliding scale standard deduction).

Joint Finance/Legislature: Specify that the current \$15 issuance and reissuance fee for 40 different veterans and military special group license plates be credited to the veterans trust fund, rather than to the transportation fund. Create a special group license plate for persons interested in supporting veterans and direct that the \$15 issuance and reissuance fee for this new plate be credited to the veterans trust fund. Estimate increased revenues to the veterans trust fund from these license plates of \$321,000 SEG-REV in 2005-06 and \$28,500 SEG-REV in 2006-07 and decreased revenues to the transportation fund of \$288,000 SEG-REV in 2005-06 and \$19,500 SEG-REV in 2006-07. The fiscal impact of the transportation fund reduction is shown under "Transportation -- Motor Vehicles."

Authorize the Department of Transportation to retain, for deposit into the transportation fund, an amount from revenue generated by the new special group veterans plates equal to the agency's initial costs of producing the new plate, or \$27,600, whichever amount is less. Estimate that revenues to the veterans trust fund would decrease by \$27,600 SEG-REV in 2005-06 and would increase by the same amount to the transportation fund due to this one-time cost.

[Act 25 Sections: 529m, 2245om, 2246, and 2247]

10. VETERANS TRUST FUND TAX CHECK-OFF [LFB Papers 800 and 803]

Governor: Create tax check-offs on the individual income tax forms and on the corporate income and franchise tax forms for donations to the veterans trust fund. Authorize every individual or corporate taxpayer who has a tax liability or is entitled to a tax refund to designate on the return any amount of additional payment or any amount of a refund due that taxpayer as a donation to the veterans trust fund.

Under current law, there are three programs to which certain tax filers may donate additional payments or decrease the amount of a refund by using a tax check-off: endangered species; professional football districts; and, beginning with the 2004 tax year, breast cancer research. For 2003 tax returns, \$626,100 was donated for endangered species and \$133,200 was donated for professional football districts. It is unknown the amount of tax filer donations that might be made to the veterans trust fund.

The provision would take effect on January 1, 2006 (for tax year 2005), unless the provision becomes effective after July 31, 2005, in which case the provision would become effective on January 1, 2007 (for tax year 2006). [See "General Fund Taxes -- Individual and Corporate Income Taxes" for more information on this item.]

Joint Finance/Legislature: Specify that this provision would take effect on January 1, 2006 (for tax year 2005), unless the provision becomes effective after August 31, 2005 (rather than July 31, 2005), in which case the provision would become effective on January 1, 2007 (for tax year 2006).

[Act 25 Sections: 439, 1313, 1386, and 9341(9)]

11. USE OF TRIBAL GAMING REVENUE FOR CERTAIN VETERANS PROGRAMS [LFB Paper 804]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$223,000	1.00	-\$12,000	0.00	\$211,000	1.00
SEG	<u>-164,800</u>	<u>-1.00</u>	<u>0</u>	<u>0.00</u>	<u>-164,800</u>	<u>-1.00</u>
Total	\$58,200	0.00	-\$12,000	0.00	\$46,200	0.00

Governor: Provide \$111,500 PR and -\$82,400 SEG and 1.0 PR and -1.0 SEG position annually to reflect the funding conversion from the veterans trust fund to tribal gaming revenues and to provide program enhancements for the following programs: (a) an American Indian veterans services coordinator; and (b) American Indian grants.

American Indian Veterans Services Coordinator. Convert a current American Indian veterans services coordinator position from veterans trust fund support to tribal gaming revenue support (\$67,400 PR and -\$67,400 SEG and 1.0 PR and -1.0 SEG position annually) and create a separate PR annual appropriation for the purpose of providing tribal gaming revenues for the position. Provide additional funding of \$4,100 PR annually for increased supplies and services costs for the position.

American Indian Grants. Convert a current American Indian grants program from veterans trust fund support to tribal gaming revenue support (\$15,000 PR and -\$15,000 SEG annually) for grant assistance to American Indians for obtaining federal and state veterans benefits. Create a separate PR appropriation for the purpose of providing the American Indian grants and delete the parallel veterans trust fund supported appropriation.

Increase the maximum size of a grant that may be made to an American Indian tribe in the state from \$2,500 annually to \$10,000 annually and provide additional funding of \$25,000 annually for this purpose. The Department anticipates that four of the state's 11 tribes would apply for annual grants.

The American Indian veterans services coordinator position and the American Indian grants funding conversions would shift 100% of the costs of these activities to tribal gaming revenues.

Joint Finance: Delete \$6,000 PR annually as a result of establishing the maximum annual American Indian grant at \$8,500 annually.

Assembly/Legislature: Reconcile statutory changes relating to veterans contained in the biennial budget with the provisions of 2005 Wisconsin Act 22, which generally recodifies the statutes relating to veterans.

[Act 25 Sections: 376, 377m, 382m, 422, 423g, and 824m]

12. VETERANS MUSEUM OPERATIONS FUNDING [LFB Paper 805]

GPR	\$600,000
SEG	<u>-600,000</u>
Total	\$0

Governor/Legislature: Provide \$300,000 GPR and delete \$300,000 SEG annually to reflect the conversion of a portion of the Wisconsin Veterans Museum's SEG-supported operations costs to GPR funding. The new GPR funding would support supplies and services costs at the Museum. Base level operational funding and staffing for the museum is \$1,731,100 SEG and 12.15 SEG positions annually.

13. INCREASED VETERANS MUSEUM STORE SALES

SEG	\$20,000
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Governor/Legislature: Provide \$10,000 annually to permit the Wisconsin Veterans Museum store to increase the amount of items available for sale. The cost of merchandise sold at the Museum store is funded from sales revenues. Base level funding for the store's operation is \$123,400 annually.

Homes and Facilities for Veterans

1. PROGRAM REVENUE LAPSE [LFB Paper 810]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	\$25,000,000	-\$25,000,000	\$0

Governor: Lapse \$25,000,000 in 2005-06 from the appropriation that supports the operations of the Wisconsin Veterans Homes at King and Union Grove to the general fund. Prohibit the DOA Secretary from lapsing or transferring moneys to the general fund from the appropriation if the lapse or transfer would violate a condition imposed by the federal government on the expenditure of the moneys or if the lapse or transfer would violate the federal or state Constitution. The PR that supports the Veterans Homes is comprised of member contributions, medical assistance (MA) payments, and USDVA per diem payments.

Joint Finance/Legislature: Delete provision.

2. VETERANS HOME AT UNION GROVE -- STAFF FOR SKILLED NURSING FACILITY [LFB Paper 811]

	Funding	Positions
PR	\$5,540,500	85.00

Governor/Legislature: Provide \$259,000 in 2005-06 and \$5,281,500 in 2006-07 and 85.0 positions, beginning in 2006-07, to fully staff and operate the new 120-bed skilled nursing facility at the Wisconsin Veterans Home at Union Grove, beginning July 1, 2006. This item would support the following: (a) salary and fringe benefits for 24.0 support staff and 61.0 nursing staff, beginning in July, 2006 (\$4,002,500 in 2006-07); (b) one-time supplies and service costs (\$259,000 in 2005-06); and (c) ongoing supplies and services costs (\$1,279,000 in 2006-07).

3. VETERANS HOME AT KING -- DIRECT CARE STAFF AND SUPPLIES AND SERVICES [LFB Paper 812]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$3,127,800	33.00	\$379,400	0.00	\$3,507,200	33.00

Governor: Provide \$1,423,400 in 2005-06 and \$1,704,400 2006-07, and 33.0 positions, beginning in 2005-06, to support additional direct care staff and an increase in supplies and services costs at the Wisconsin Veterans Home at King.

Direct Care Staff. Provide \$956,000 in 2005-06 and \$1,261,600 in 2006-07 and 33.0 positions, beginning in 2005-06, to support: (a) 8.0 full-time licensed practical nurses (LPNs) and 8.0 half-time LPNs (\$416,900 in 2005-06 and \$551,000 in 2006-07); and (b) 14.0 full-time certified nursing assistants (CNAs) and 14.0 half-time CNAs (\$539,100 in 2005-06 and \$710,600 in 2006-07). These positions would be provided to: (a) meet increased staffing needs due to higher acuity levels among residents; (b) prevent a reduction in the quality of care residents receive; and (c) limit the use of mandatory overtime.

Supplies and Services. Provide \$467,400 in 2005-06 and \$442,800 in 2006-07 to increase funding for supplies and services for the Wisconsin Veterans Home at King. DVA would use the funding to: (a) purchase additional equipment to care for and move persons with disabilities, including bariatric tubs, patient lifts, over-sized wheelchairs, and high/low hospital beds; (b) replace older capital equipment, including portable medical oxygen systems; (c) purchase additional incontinent supplies; (d) support regular maintenance services, such as exterior window cleaning; and (e) increase contracted nursing, pharmacist and occupational therapist services.

Joint Finance/Legislature: Modify the Governor's provision by: (a) increasing funding by \$279,100 annually to support additional limited-term employees that would perform work that is not currently performed due to position vacancies, and to reduce the amount of overtime permanent positions work at King; and (b) decreasing funding by \$89,200 in 2005-06 and by \$89,600 in 2006-07 to delete funding for contracted pharmacy and occupational services.

4. VETERANS HOME AT UNION GROVE -- FOOD SERVICE SYSTEM

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$1,582,000	21.50	\$371,800	0.00	\$1,953,800	21.50

Governor: Provide \$1,582,000 in 2006-07 and 21.50 positions, beginning in 2006-07, to support the operations of a food service system at the Wisconsin Veterans Home at Union

Grove. Food services would be provided to the Veterans Home, the Veterans Assistance Center, and, if agreed upon by the Department of Health and Family Services, to the Southern Wisconsin Center for the Developmentally Disabled.

Joint Finance/Legislature: Modify the Governor's provision by providing an additional \$371,800 in 2005-06 and beginning the 21.50 positions recommended by the Governor in 2005-06, rather than in 2006-07, to support the operations of the food service system at the facility beginning in April, 2006, rather than beginning in July 1, 2006, as recommended by the Governor.

5. NURSING HOME BED ASSESSMENT [LFB Paper 385]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$1,015,200	-\$1,015,200	\$0

Governor: Provide \$462,600 in 2005-06 and \$552,600 in 2006-07 to fund the Governor's proposed \$50 increase in the monthly nursing home bed assessment on all licensed beds at the Wisconsin Veterans Homes at King and Union Grove. The bill would increase the amount of the assessment from \$75 to \$125 per licensed nursing home bed per month, beginning on the bill's general effective date.

Joint Finance/Legislature: Delete provision.

6. VETERANS HOME AT UNION GROVE -- OVERTIME PAY, NIGHT AND WEEKEND DIFFERENTIAL AND WAGE SUPPLEMENTS FOR NURSES

PR	\$807,900
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Governor/Legislature: Provide \$164,500 in 2005-06 and \$643,400 in 2006-07 to fund holiday and regular overtime pay; night and weekend differential pay; and specialty, standby, and responsibility pay to staff at the Veterans Home at Union Grove.

Overtime Pay. Provide \$135,700 in 2005-06 and \$431,100 in 2006-07 to fund holiday and regular overtime pay for staff at: (a) the residential care apartment complex and community-based residential facilities at Union Grove (\$135,700 in 2005-06 and \$137,000 in 2006-07); and (b) the new skilled nursing facility at Union Grove (\$294,100 in 2006-07).

Night and Weekend Differential. Provide \$183,300 in 2006-07 to fund higher pay for night and weekend shifts at the new skilled nursing facility at Union Grove. Under union contracts, DVA is required to pay higher wages for night and weekend shifts worked by nursing staff than DVA pays for other shifts.

Wage Supplements for Nurses. Provide \$28,800 in 2005-06 and \$29,000 in 2006-07 to provide specialty, standby, and responsibility pay for nurses at the residential care apartment complex

and community-based residential facilities at Union Grove. Under union contracts, DVA is required to provide specialty and responsibility pay for registered nurses.

7. **VETERANS HOME AT UNION GROVE -- FUEL AND UTILITIES**

PR	\$725,100
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Governor/Legislature: Provide \$139,800 in 2005-06 and \$585,300 in 2006-07 to support projected increases in fuel and utility costs at the Wisconsin Veterans Home at Union Grove.

8. **VETERANS HOME AT UNION GROVE -- PHYSICIAN AND PHARMACEUTICAL COSTS**

PR	\$242,800
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Governor/Legislature: Provide \$118,500 in 2005-06 and \$124,300 in 2006-07 to support U.S. Department of Veterans Affairs charges for physician and pharmaceutical costs to certain veterans residing in the assisted living facilities at Union Grove. On July 1, 2003, the Federal Veterans Administration began charging the Wisconsin Veterans Home at Union Grove for the following: (a) pharmaceutical costs for veterans who are not eligible for aid and attendance benefits; and (b) physician services for any Union Grove residents receiving care at any of the federal outpatient clinics.

The U.S. Department of Veterans Affairs requires the Veterans Home at Union Grove to provide physician services to its residents and to provide medications to veterans receiving aid attendance benefits at no cost. Veterans who served during a war period and who meet certain income and asset requirements are eligible for aid and attendance benefits. Veterans residing at the assisted living facilities may receive physician services at the federal outpatient clinic on the Union Grove campus. There are currently 15 federal outpatient clinics and two federal community-based outpatient clinics located in Wisconsin.

9. **VETERANS HOME AT UNION GROVE -- ACTIVITY CENTER**

	Funding	Positions
PR	\$198,300	2.00

Governor/Legislature: Provide \$6,500 in 2005-06 and \$191,800 in 2006-07 and 2.0 positions, beginning in 2006-07, to operate a new activity center at the Veterans Home at Union Grove, beginning in July, 2006. The activity center would provide space for crafts, computer and library use, a chapel, pub, a canteen and vending area, public restrooms, and a multi-purpose area. Construction of the activity center was approved by the State Building Commission in May, 2004.

10. VETERANS HOME AT UNION GROVE -- STATE SUPPLEMENT FOR RESIDENTS OF ASSISTED LIVING FACILITIES [LFB Paper 813]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$187,200	-\$187,200	\$0
SEG	<u>0</u>	<u>417,400</u>	<u>417,400</u>
Total	\$187,200	\$230,200	\$417,400

Governor: Provide \$93,600 annually to assist indigent veterans that qualify for assistance under the veterans assistance program (VAP) to enable them to reside at the southeastern facility at Union Grove. Create an annual appropriation in DVA for this purpose.

Under VAP, DVA provides assistance to persons whose need for services is based upon homelessness, incarceration, or other circumstances DVA designates by rule. These services include transitional housing, health care, federal and state veterans benefit information, education, job training, legal advice, basic financial counseling and job location assistance.

Joint Finance/Legislature: Modify the Governor's recommendation by: (a) deleting the GPR funding recommended by the Governor for this item (-\$93,600 GPR annually); and (b) providing \$208,700 SEG annually from the veterans trust fund to support state supplements to residents of the assisted living facilities.

[Act 25 Section: 375cm]

11. TRANSFER ATTORNEY POSITION

Governor/Legislature: Transfer \$19,200 annually and 0.15 position, beginning in 2005-06, from the SEG appropriation that supports the administration of loans and aids to veterans to the PR appropriation that supports institutional operations at the Wisconsin Veterans Home at King to correct an error in budgeting for this position in 2003 Wisconsin Act 33.

	Funding	Positions
PR	\$38,400	0.15
SEG	<u>-38,400</u>	<u>-0.15</u>
Total	\$0	0.00

12. VETERANS HOME AT UNION GROVE -- ADMISSIONS

Governor/Legislature: Permit DVA to admit surviving spouses or parents of veterans to the Wisconsin Veterans Home at Union Grove if the Board of Veterans Affairs determines that the facility's overall occupancy level is below an optimal level.

Under current law, DVA is prohibited from admitting surviving spouses and parents of veterans to the Wisconsin Veterans Home at Union Grove. However, DVA is permitted to admit surviving spouses and parents of veterans to the Wisconsin Veterans Home at King when the Board of Veterans Affairs determines that the facility's overall occupancy level is below an optimal level.

[Act 25 Section: 795g]

13. OPERATIONAL EFFICIENCY CONSULTANT

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
PR	\$200,000	- \$200,000	\$0

Joint Finance/Legislature: Provide \$200,000 in 2005-06 to permit DVA to hire a consultant to determine how the Veterans Homes at King and Union Grove can operate more efficiently.

Veto by Governor [E-15]: Delete provision.

[Act 25 Vetoes Section: 140 (as it relates to s. 20.485(1)(gk))]

14. SALE OF STATE-OWNED POWER PLANTS AND WASTEWATER TREATMENT FACILITIES

	Positions
PR	- 6.00

Joint Finance/Legislature: Delete 6.00 PR positions that operate power plants at DVA facilities in 2006-07 to reflect a provision in the bill that would require the Department of Administration (DOA) to do one of the following with respect to each state-owned power plant and wastewater treatment facility by April 1, 2007: (1) sell the plant or facility and credit the net sale proceeds, less any outstanding public debt owed on the plant or facility, to the budget stabilization fund; or (2) contract with a private entity for the operation of the plant or facility. Provide that if there is any outstanding debt on the plant or the facility, the Department would deposit sufficient amounts from the sale proceeds to the bond security and redemption fund to repay the debt. Further, provide that if the plant or facility was acquired, constructed or improved with any federal funds, the Department would pay the federal government any of the net proceeds required by federal law. Stipulate that any sale of a plant or facility with a net value of at least \$20,000 would be subject to review by the Joint Committee on Finance under a 14-day passive review procedure. Specify that the sale of any state-owned power plant or wastewater treatment facility to a regulated utility would not be subject to review or approval by the Public Service Commission.

Provide that any contract may not be entered into unless it requires the contractor to offer employment to those employees who performed services at the state-owned power plants or wastewater facilities and whose positions were terminated.

In total, this item would delete 270.92 positions in DOA (-23.25), Corrections (-44.25), DHFS (-41.0), DPI (-10.0), Veterans Affairs (-6.0), and the UW System (-146.42) that are associated with the operation of these plants or facilities, on April 1, 2007. The provision would require DOA to transfer the remaining budgeted salary and fringe benefits amounts associated with these deleted positions to unallotted reserve to fund agency costs relating to the provision of utility services and notify the Joint Committee on Finance by May 1, 2007, of the amounts transferred.

Veto by Governor [E-6]: Delete provisions, other than the April 1, 2007, elimination of 6.0 PR positions associated with the operation of these plants. These positions could not be restored through the exercise of the Governor's veto authority. The Governor's veto message indicates that the Secretary of DOA has been directed to pursue the restoration of these positions through procedures authorized under current law.

[Act 25 Vetoed Sections: 16m, 16n, 83m, 85g, 85r thru 87L, 163m, 167m, 172m, 193m, 286m, 288m, 364c, 384t, 413m, 795f, 9101(10v), and 9455(3w)]

15. JOINT SERVICES PILOT PROGRAM

Joint Finance/Legislature: Require DHFS, DVA, and the Department of Corrections to develop a plan for the provision of personal, payroll, purchasing, custodianship, grounds and maintenance, distribution, warehouse, and security services at the Northern Center and Southern Center for the Developmentally Disabled, for all programs that each agency conducts at these places. Specify that the report would contain the projected impact of the proposed programs on expenditures and the numbers of authorized positions for each agency. Require the agencies to submit the report to the Joint Committee on Finance by December 31, 2005. Provide that if the Committee approves the plan, the agencies would jointly fund and implement the specified activities that each agency conducts at these places.

Veto by Governor [C-27]: Delete provision.

[Act 25 Vetoed Sections: 1225m and 9121(12q)]

Educational Approval Board

1. TRANSFER OF THE EDUCATIONAL APPROVAL BOARD TO THE WISCONSIN TECHNICAL COLLEGE SYSTEM

	Funding	Positions
PR	-\$1,116,200	- 5.00

Governor: Transfer the Educational Approval Board (EAB), which is currently attached administratively to DVA, to the Wisconsin Technical College System (WTCS). Transfer base level expenditure and position authority of \$558,100 and 5.0 positions annually, as follows: (a) \$484,900 and 5.0 positions (as affected by standard budget adjustments of \$13,900 annually) to the EAB's renumbered general program operations appropriation; (b) \$60,300 annually to the EAB's renumbered student protection fund appropriation; and (c) \$12,900 annually to a new preservation of records from closed schools appropriation which would be established for the EAB under the WTCS. Recodify the EAB's current enforcement authority under the WTCS (Chapter 38 of the statutes) and make necessary statutory cross-reference changes to reflect this

change. Specify that the EAB, to the extent practicable, shall keep its office with the WTCS Board.

Under current law, the EAB regulates more than 125 for-profit postsecondary schools, Wisconsin nonprofit postsecondary institutions incorporated after January 1, 1992, and out-of-state nonprofit colleges and universities. The EAB's operations are supported from a variety of fixed and variable fees charged to the institutions that it regulates. [See "Wisconsin Technical College System."]

Assembly/Legislature: Reconcile statutory changes relating to the attachment of the EAB to the WTCS contained in the biennial budget with the provisions of 2005 Wisconsin Act 22, which generally recodifies the statutes relating to veterans.

[Act 25 Sections: 56, 385m, 386f, 387m, 588m, 735b thru 735x, 746g, 746r, 1287, 2097, 2346, 2466, and 2467]

2. TRANSFERS AND LAPSES FROM THE EDUCATIONAL APPROVAL BOARD'S OPERATIONS APPROPRIATION [LFB Paper 820]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	\$250,000	\$356,200	\$606,200

Governor: Modify the EAB's general program operations PR annual appropriation to provide for the following ongoing transfer and lapse provisions:

Retention of Certain Unexpended Revenue Balances. Authorize the EAB to retain in its operations account the amount of any unencumbered balance on June 30 of each fiscal year that does not exceed 20% of the amounts appropriated to the EAB for program operations in the next fiscal year.

Transfers to the Student Protection Fund Account. Following the retention of 20% of the unencumbered year-end balances in the agency's general operations appropriation, provide that 50% of the remaining unencumbered balance would be transferred to the student protection fund appropriation account. Modify the student protection fund appropriation to reflect the receipt of these transferred funds.

The student protection fund is supported by fees assessed to proprietary schools for potential payments to students, parents, or other sponsoring agents for full or partial tuition losses arising from the closure of a proprietary school. Additional fees may not be assessed once the balance in the fund is greater than \$1,000,000. The fund's balance on June 30, 2004, was \$70,300.

Lapses to the General Fund. Provide that the remaining 50% of the unencumbered balance would be lapsed to the general fund. Lapse \$250,000 to the general fund from this appropriation account in 2005-06.

At the end of 2003-04, the unencumbered balance in the Board's general operations appropriation was \$600,800. If these provisions had applied at the time, \$92,800 (20% of the \$463,600 appropriated in 2004-05) would have been retained in the appropriation and \$254,000 would have been transferred to the student protection fund and \$254,000 would have lapsed to the general fund.

Joint Finance: Delete the provisions authorizing the EAB to retain 20% of the unencumbered year-end balances in the agency's general operations appropriation and then transfer 50% of the remaining balances to the student protection fund and lapse the remaining 50% to the general fund. Provide for a one-time transfer of \$250,000 on June 30, 2006, from the unencumbered balances in the Board's general operations appropriation to the student protection fund. Also, direct that any remaining unencumbered balances after that transfer would lapse to the general fund as of June 30, 2006. Reestimate the lapse to the general fund in 2005-06 at \$498,600, an increase of \$248,600 over the original estimate.

Require the Board to credit 10% of the total revenues received from fees and assessments to the general fund, and increase GPR-Earned estimates by \$53,800 annually.

Assembly/Legislature: Reconcile statutory changes relating to the attachment of the EAB to the WTCS contained in the biennial budget with the provisions of 2005 Wisconsin Act 22, which generally recodifies the statutes relating to veterans.

[Act 25 Sections: 221r, 386f, 387m, 9246(1mq), and 9446(1m)]

3. PRESERVATION OF CERTAIN STUDENT RECORDS BY THE EDUCATIONAL APPROVAL BOARD

Governor: Require the EAB to preserve various student records if: (a) certain institutions subject to its regulation discontinue operations, propose to discontinue operations, or are in imminent danger of discontinuing operations; or (b) if the EAB determines that the records are at risk of being destroyed or otherwise becoming unavailable to current or former students of the institution.

Specify that for any private trade, correspondence, business, or technical schools, the student records subject to preservation by the EAB would be the following: transcripts showing the name of the student, titles of the programs the student was enrolled in, credits or hours of instruction completed by the student, dates of enrollment, course grades, cumulative grades, and an explanation of the school's credit and grading system.

Provide that if the institution is: (a) a for-profit postsecondary school; (b) a Wisconsin nonprofit postsecondary institution; (c) an out-of-state nonprofit college or university; (d) a

school, course of instruction, or training program that is regulated by other state agencies or boards; (e) a teacher training school approved by DPI; or (f) a school accredited by agencies recognized by EAB, only the transcript of the student or former student showing such information about the academic work completed, as customarily maintained by the school, would have to be preserved.

Authorize the EAB to seek a court order to take possession of these student records, if necessary.

Direct the EAB to preserve and maintain in a confidential manner those student records that come into its possession. Provide that the records would not be deemed records available for public inspection under the state's open records statute. Authorize a person who is the subject of a student record (or the person's authorized representative) to request a copy of the record, provide that the EAB may charge a fee based on its administrative costs for preserving such copies, and create a PR continuing appropriation account for the receipt of such fees. Reallocate \$12,900 of base level funding to this new appropriation account. [The appropriation schedule incorrectly shows the appropriation as an "annual" rather than a "continuing" appropriation.] Modify the purposes of the existing student protection appropriation to allow its use for costs related to the preservation of student records.

Joint Finance: Stipulate that if a school operating in this state is a member of the Wisconsin Association of Independent Colleges and Universities, or a successor organization, the Association must take possession of student records if a member school is closing or is in danger of closing, and the student records are in danger of being destroyed or otherwise made unavailable. Require the Association to maintain these records in a confidential and secure manner and to ensure access to the individuals to whom the records pertain. Specify that only the student or an authorized representative of the student may be provided a copy of the records. Specify that if the Association fails to take possession of these records, the EAB would be required to secure and maintain them. Authorize the Board or the Association to charge a fee for providing a copy of a student record.

Assembly/Legislature: Reconcile statutory changes relating to the attachment of the EAB to the WTCS contained in the biennial budget with the provisions of 2005 Wisconsin Act 22, which generally recodifies the statutes relating to veterans.

[Act 25 Sections: 222, 387m, and 725g]

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

1. DIVIDENDS FOR WISCONSIN TRANSFER [LFB Paper 825]

Governor: Require WHEDA to pay \$2,500,000 in each year of the 2005-07 biennium from its unencumbered general reserves to the state for deposit in the general fund. This is equivalent to an annual transfer of approximately 25% of the revenues expected to be available for the "Dividends for Wisconsin" plan in each year of the biennium.

The statutes require that WHEDA's unencumbered general reserves be set aside for programs outlined in a "Dividends for Wisconsin" plan. This plan fulfills the Authority's statutory requirement to maintain an unencumbered general reserve fund within its general fund into which any Authority assets in excess of operating costs and required reserves are to be deposited. As a part of this plan, WHEDA is required to allocate a portion of its unencumbered general reserve funds to: (1) match federal funds available under the McKinney Homeless Assistance Act; (2) match federal funds available under the home investment partnership program; and (3) fund the property tax deferral loan program. Unencumbered general reserves are typically used to supplement bond proceeds to achieve more favorable interest rates or other lending terms and to fund other single-family, multi-family and special housing programs and small business assistance.

Joint Finance/Legislature: Modify the Governor's recommendation by requiring WHEDA to transfer \$3,000,000 from its unencumbered reserves in 2005-06 and \$2,000,000 in 2006-07 to the Department of Commerce. Further, deposit these revenues to a new, biennial PR housing grants and loans appropriation. Repeal this appropriation on June 30, 2007. In addition, delete an equal amount of GPR from Commerce's existing GPR housing grants and loans appropriation for the biennium. However, require Commerce to submit a request to the Governor for the 2007-09 biennium as though \$3,300,300 GPR for housing grants was provided in 2006-07 (\$1,300,300 GPR is provided in 2006-07 under the bill).

While the administration expected annual revenues of approximately \$10 million to be available for WHEDA's "Dividends" plan, WHEDA subsequently estimated available revenues for its "Dividends" plan to be approximately \$7.5 million in 2005-06 and \$4.2 million in 2006-07.

[Act 25 Sections: 156n, 156p, 2118k thru 2118n, 9108(3r), 9408(1q), and 9424(1q)]

WISCONSIN TECHNICAL COLLEGE SYSTEM

Budget Summary							
Fund	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	2005-07 Legislature	2005-07 Act 25	Act 25 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$280,784,400	\$282,133,200	\$281,597,400	\$281,445,300	\$281,445,300	\$660,900	0.2%
FED	62,093,400	65,684,800	65,684,800	65,684,800	65,684,800	3,591,400	5.8
PR	13,281,400	13,859,600	15,677,000	15,677,000	15,677,000	2,395,600	18.0
SEG	0	997,000	0	0	0	0	N.A.
TOTAL	\$356,159,200	\$362,674,600	\$362,959,200	\$362,807,100	\$362,807,100	\$6,647,900	1.9%

FTE Position Summary						
Fund	2004-05 Base	2006-07 Governor	2006-07 Jt. Finance	2006-07 Legislature	2006-07 Act 25	Act 25 Change
						Over 2004-05 Base
GPR	32.25	30.25	30.25	30.25	30.25	- 2.00
FED	32.25	32.25	36.85	36.85	36.85	4.60
PR	10.00	11.00	14.20	14.20	14.20	4.20
TOTAL	74.50	73.50	81.30	81.30	81.30	6.80

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Adjust the base budget for: (a) removal of noncontinuing items (-\$53,300 GPR annually); (b) full funding of salaries and fringe benefits (\$255,000 GPR, \$42,900 FED, -\$19,000 PR, and -1.0 GPR position annually); and (c) full funding of lease costs (\$1,200 GPR and \$2,800 FED annually).

Funding Positions		
GPR	\$405,800	- 1.00
FED	91,400	0.00
PR	- 38,000	0.00
Total	\$459,200	- 1.00

2. BIENNIAL LAPSE REQUIREMENT

GPR-Lapse	\$2,000,000
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Joint Finance/Legislature: Require the WTCS Board to lapse a total of \$2,000,000 GPR in the 2005-07 biennium of the combined biennial funding amount for general aids and incentive grants. To account for the required lapse, it is estimated that \$1,000,000 would be lapsed annually.

[Act 25 Section: 9246(1q)]

3. ELIMINATE THE ALCOHOL AND OTHER DRUG ABUSE (AODA) GRANT PROGRAM

GPR	- \$1,002,800
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Joint Finance/Legislature: Eliminate the AODA grant program and delete \$501,400 annually related to the program. Under the AODA program, the WTCS Board awards grants to WTCS districts for prevention and intervention programs for staff and students, early prevention services, and support services for recovering chemically-dependent students.

[Act 25 Sections: 217r and 713m]

4. FUNDING AND POSITION REDUCTIONS AND PROGRAM REVENUE LAPSE REQUIREMENT

	Funding Positions	
GPR-REV	\$236,600	
GPR	- \$490,000	- 1.00
PR	0	- 4.00
Total	- \$490,000	- 5.00

Governor/Legislature: Delete \$245,000 GPR and 1.0 GPR position and 4.0 PR positions annually as follows: (a) eliminate \$127,200 GPR and 1.0 position annually related to a salary and fringe benefit costs of a senior administrator position; (b) unspecified state operations reductions (\$117,800 GPR annually); and (c) eliminate 1.0 PR position related to interagency projects.

In addition, eliminate 3.0 PR positions related to services for district boards and require the Secretary of Administration to lapse \$118,300 annually from this program revenue account under the WTCS Board to the general fund. The services for district boards appropriation currently has base funding of \$143,300 and 4.0 positions, which are currently vacant, with funding provided from fees charged to districts for administration of correspondence courses.

Veto by Governor [E-1]: Delete the specific lapse amount for WTCS as required under the bill as passed by the Legislature. Instead, by partial veto, create a general nonstatutory provision directing the Secretary of Administration to make lapses from unspecified appropriation accounts to the general fund that total \$71,234,800. The Governor's veto message indicates that the Secretary is to achieve this overall lapse amount by including a lapse of monies from WTCS to the general fund in an amount equal to the lapse amounts as specified for WTCS in the budget bill as passed by the Legislature.

[Act 25 Section: 9255(1)]

[Act 25 Vetoed Sections: 9255(1)(title)&(1)(a)]

5. ACROSS-THE- BOARD REDUCTIONS

GPR	- \$152,100
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Senate/Legislature: Reduce the agency's GPR appropriation for general program operations by \$75,500 in 2005-06 and by \$76,600 in 2006-07. This reduction amount is equal to approximately 2.3% of the agency's total GPR state operations appropriations, excluding appropriations for energy costs and debt service payments, in each fiscal year. Provide that the

agency may submit a request to the Joint Committee on Finance under s. 13.10 to reallocate the reduction to any of the agency's other sum certain GPR state operations appropriations. Provide further that the agency may submit a request to the Committee for restoration of the GPR funding reduction, or in the case of a sum sufficient appropriation, to re-estimate expenditure level under the appropriation, in either case in an amount not to exceed the amount of reduction made to the agency's appropriation under this provision. In the case of an appropriation restoration or sum sufficient re-estimate, the funding amounts would come from total funding of \$96,000,000 GPR placed in reserve in the Committee's biennial appropriation for this purpose. See also "Budget Management and Compensation Reserves" and "Program Supplements".

Veto by Governor [E-2]: By partial veto, modify the language relating to release of funds from the Committee's supplemental GPR appropriation to create alternative language specifying that the Secretary of Administration, not the Joint Finance Committee, shall (not may) transfer monies from the Committee's appropriation to state agencies in any amount not to exceed the amount of the reduction indicated for that agency (which for this agency is the amount of the reduction indicated above).

[Act 25 Section: 9155(5dv)]

[Act 25 Vetoed Sections: 9155(4)(c)&(5dv)]

6. CONVERSION OF DRIVER EDUCATION, CHAUFFEUR TRAINING GRANTS, AND EMERGENCY MEDICAL TECHNICIAN APPROPRIATIONS FROM THE GENERAL FUND TO THE TRANSPORTATION FUND

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$997,000	\$997,000	\$0
SEG	<u>997,000</u>	<u>- 997,000</u>	<u>0</u>
Total	\$0	\$0	\$0

Governor: Provide \$498,500 SEG annually and delete an equal amount of GPR for driver education, chauffeur training grants, and emergency medical technician appropriations to reflect the conversion of the funding source for the programs from the general fund to the transportation fund. Funding would include \$307,500 annually for driver education grants and \$191,000 annually for chauffeur training grants. The emergency medical technician appropriation has no base funding and the Governor would not provide funding for the program. These transfers are part of an initiative to convert several appropriations outside the Department of Transportation from the general fund to the transportation fund. A summary listing of these appropriations is included in a related item titled "Transfer from the Transportation Fund to the General Fund," which can be found under the Transportation Finance section of the Department of Transportation.

Joint Finance/Legislature: Delete \$498,500 SEG annually and provide an equal amount of

GPR and delete the conversion of driver education, chauffeur training grants, and emergency medical technician appropriations from the general fund to the transportation fund.

7. REESTIMATE FEDERAL FUNDS

FED	\$3,500,000
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Governor/Legislature: Provide \$1,750,000 annually to reestimate funding for federally funded programs. The recommendation includes \$750,000 annually related to Adult Education and Family Literacy Act (AEFLA), and \$1,000,000 annually for Perkins funding. WTCS estimates that they will receive \$5,350,000 in AEFLA funding and \$22,000,000 in Perkins funding annually. AEFLA funding provides support for educationally disadvantaged adults to obtain basic literacy skills, complete secondary school-level education, and develop employment skills through job training. Perkins funding provides support for postsecondary and adult education through grants to districts for such things as nontraditional employment and training, tech prep programs, and consumer and homemaking education.

8. REDUCE FUNDING FOR INCENTIVE GRANTS

GPR	-\$100,000
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Joint Finance/Legislature: Reduce funding for the incentive grants program by \$50,000 annually. In 2004-05, base funding of \$6,533,100 was provided to the WTCS Board to award grants to districts for developing or expanding basic skill programs, developing new and emerging occupation programs, assisting business and industry in adopting and implementing new technology, and providing technical training programs at secured juvenile correctional facilities.

9. INCENTIVE GRANT ALLOCATION TO FOX VALLEY TECHNICAL COLLEGE

Joint Finance/Legislature: Require the WTCS Board to allocate \$55,000 in 2005-06 and \$35,000 in 2006-07 from the WTCS GPR appropriation for incentive grants to Fox Valley Technical College for a crime prevention center.

[Act 25 Section: 9146(1f)]

10. REESTIMATE PERSONNEL CERTIFICATION REVENUE

PR	\$100,000
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Governor/Legislature: Provide \$50,000 annually to reestimate personnel certification course revenue. These revenues represent fees charged by the WTCS board to certify district educational and certain administrative personnel. Base funding is \$189,500.

11. TECHNICAL COLLEGE DISTRICT LEVY LIMITS

Joint Finance/Legislature: Limit any technical college district from increasing its total levy by more than 2.6%, beginning with taxes that are levied in 2005 and become payable in

2006.

Specify that the levy limit would be adjusted, as determined by the Department of Revenue, as follows: (a) if a technical college district transfers to another governmental unit responsibility for providing any service that was provided in the preceding year, the levy increase limit otherwise applicable to the technical college district would be decreased to reflect the cost that the technical college district would have incurred to provide the service; (b) if a technical college district increases the services that it provides by adding responsibility for providing a service transferred to it from another governmental unit, the levy increase limit otherwise applicable to the technical college district would be increased to reflect the cost of providing that service; and (c) if the debt service levy for a technical college district in the preceding year is less than the debt service levy needed in the current year for any debt approved by a district board prior to July 1, 2005, the levy increase limit otherwise applicable would be increased by the difference between the two amounts. Provide that the proposed limit would not apply to debt service on bonds authorized by a referendum after June 30, 2005, and secured by the full faith and credit of the district.

Create a procedure under which a technical college district could exceed its levy increase limit if the technical college district's governing body adopts a resolution to that effect and the electors of the technical college district approve the resolution in a referendum. Provide that the resolution would have to specify whether the proposed amount of the increase would be for the next fiscal year only or if it would be ongoing. Specify that a referendum to exceed the levy increase limit relating to the 2006 levy would have to be held at the same time as the spring primary or election or the September primary or November general election. Provide that current law governing elections would apply to the referendum and that the district board would provide election officials necessary election supplies. Specify the wording of the question to be used for a referendum, and require the district board to certify the results of the referendum to the Department of Revenue (DOR) within 14 days of the referendum.

Require DOR to notify the WTCS Board of any amounts levied in excess of the amount allowed under these provision and require the WTCS Board to reduce the aid payment of any technical college district that imposes a tax levy in excess of the amount allowed under these provision. The reduction in state aid would be an amount equal to the excess tax levy and would be imposed in the same fiscal year as the excess amount is levied. Require WTCS to lapse any withheld state aid to the general fund.

Specify that these provisions would not apply beginning three years after the effective date of the bill. Based on the effective date provision, these provisions would apply to fiscal years 2005-06, 2006-07 and 2007-08.

Veto by Governor [A-21]: Delete provision.

[Act 25 Vetoed Section: 707m]

12. ELIMINATE RESTRICTIONS ON FEES FOR CERTAIN PROFESSIONAL DEVELOPMENT COURSES

Governor/Legislature: Eliminate current restrictions on additional fees technical college districts may charge for short-term, professional development, vocational-adult seminar or workshops offered to individuals who are employed in a related field. Specify that this provision would apply to such workshops that consist of no more than 24 hours of instruction. Under current law, the technical college district boards may charge additional fees for non-credit short-term courses such as professional development and vocational-adult seminars or workshops offered to individuals employed in a related field, provided that the fee does not exceed the full cost of the seminar or workshop less the normal program fee.

[Act 25 Section: 709]

13. NONRESIDENT TUITION REMISSION FOR CERTAIN UNDOCUMENTED PERSONS [LFB Paper 786]

Governor: Require the WTCS to consider certain undocumented persons residents of this state for purposes of admission and tuition if that person meets all of the following requirements: (a) graduated from a Wisconsin high school or received a high school graduation equivalency from this state; (b) the person was continuously present in this state for at least three years following the first day of attending a high school in this state; and (c) enrolls in a WTCS district institution and provides the institution with an affidavit that the person has filed or will file an application for a permanent resident visa with the U.S. Citizenship and Immigration Service as soon as the person is eligible to do so. Specify that this provision would first apply to persons who enroll for the semester or session following the bill's effective date.

Joint Finance/Legislature: Delete provision.

14. TUITION REMISSION FOR VETERANS

Joint Finance: Require each technical college district board to remit 50% of tuition and fees for up to 128 credits or eight semesters, whichever is longer, less any federal tuition reimbursement for eligible veterans. This remission would apply to any student who is a veteran, using the same definition as is used under Chapter 45 of the statutes relating to veterans, and who classifies as a resident for purposes of receiving benefits under Chapter 45 of the statutes. Provide that the remission would only apply to veterans that entered service from Wisconsin. Require the Department of Veterans Affairs to verify the eligibility status of individuals that apply for remission. Provide that any person verified by DVA as being a resident for purposes of receiving state veterans benefits would be considered a state resident by WTCS for purposes of admission and fees and tuition. Specify that the provision would first apply to students that enroll for classes in the academic year that commences after the effective date of the bill. Staff at WTCS estimate that the revenue loss of providing the remissions would be \$0.5 million annually based on current law veteran's remission program enrollment.

Assembly/Legislature: Specify the federal law provisions for tuition payments by the federal government that could offset the tuition subject to remission under this provision.

[Act 25 Sections: 708d, 709n, and 745h]

15. TUITION AND FEE REMISSION FOR SPOUSES AND CHILDREN OF CERTAIN VETERANS

Joint Finance/Legislature: Require each technical college district board to grant to any resident student who is also the spouse, unremarried surviving spouse, or child of an eligible veteran full remission of tuition and fees at any technical college for 128 credits or 8 semesters, whichever is longer.

For purposes of the tuition and fee remission, define an eligible veteran as a person who, as verified by the state Department of Veterans Affairs, was a resident of this state at the time of entry into service; served on active duty under honorable conditions in the U.S. armed forces, forces incorporated in the U.S. armed forces, the national guard, or in a reserve component of the U.S. armed forces; and who, while a resident of this state, either died on active duty, died in the line of duty while on active or inactive duty for training purposes, or incurred at least a 30% service-connected disability.

Specify that for a spouse or unremarried surviving spouse, the remission would apply only during the first ten years after the eligible veteran received the service-connected disability or after the eligible veteran died. Provide that for a child, the remission would apply only if he or she is at least 18, but not yet 26 years of age, and is a full-time student.

[Act 25 Sections: 709m and 745i]

16. MASTER LOGGER PROGRAM

Joint Finance/Legislature: Create an appropriation for a master logger apprenticeship grants program to award grants to businesses that provide technical college students with forest product internships for the purpose of placing eligible apprentices with loggers who are certified by the Wisconsin Professional Loggers Association as master loggers. [See "Natural Resources -- Forestry and Parks" for more information on this provision]

[Act 25 Sections: 221m and 707g]

17. ELIMINATE UNUSED APPROPRIATIONS

Governor/Legislature: Eliminate unused GPR appropriations related to a workplace literacy resource center and the Milwaukee enterprise center. Funding is no longer directly

provided to these centers through these appropriations.

[Act 25 Sections: 215, 216, and 707]

18. TRANSFER MANUFACTURING EXTENSION PROGRAM [LFB Paper 206]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$3,000,000	-\$3,000,000	\$0

Governor: Transfer \$1,500,000 annually to WTCS related to the transfer of funding and administration of the manufacturing extension center from the Department of Commerce. Prohibit the WTCS Board from awarding grants to a corporation or foundation created for the benefit of a district. [See "Commerce" for more information on this provision.]

Joint Finance/Legislature: Delete provision.

19. TRANSFER JOBS ADVANTAGE TRAINING PROGRAM TO WTCS

GPR	\$2,000,000
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Joint Finance/Legislature: Transfer the Business Employee's Skills Training (BEST) Program to WTCS, rename the program the Jobs Advantage Training (JAT) program, and provide \$1,000,000 annually in a new, annual appropriation under WTCS for the Board to make grants to eligible businesses. Provide that in order to be eligible for a grant, a business would have to be located in Wisconsin with no more than 50 full-time employees, or with no more than \$5.0 million in gross annual income in the prior year. Transfer any pending applications to the WTCS Board.

Authorize the WTCS Board to award a grant to a business if all of the following requirements apply: (a) the business paid state sales taxes for at least six months prior to applying for the grant; (b) the business agrees in writing to use the grant only to provide skills training or other education that is related to the needs of the business to current or prospective employees; (c) the business agrees in writing to comply with the restrictions on grant use; (d) the business submits a plan to the WTCS Board detailing the proposed use of the grant, and the Board approves the plan; (e) the business enters into a written agreement with the Board that specifies the conditions for the use of the grant, including reporting and auditing requirements; and (f) the business agrees in writing to submit to the Board, six months after spending the full amount of the grant, a report detailing how the grant proceeds were used.

Specify that the maximum amount of grants that could be awarded to a business would be \$20,000. Require the business to provide matching funds equal to the amount of the grant; however, permit the Board to waive the matching requirement if it determines that the business is subject to extreme hardship.

Specify that a grant could not be used to pay: (a) more than 80% of the cost of any skills training or other education related to the needs of the recipient business that was provided to the owner, the owner's spouse, or the owner's child; or (b) wages or compensation for lost revenue, if any, in connection with providing the training or other education, or otherwise.

Require each district board to submit an annual list of the types of businesses that the district board believes, based on regional need, should be given preference. Require the WTCS Board to give preference to those types of businesses. Require the WTCS Board to promulgate rules to implement and administer this program.

Veto by Governor [A-22]: Delete the title of the program, and instead, call it "training program grants" and permit the WTCS Board to award grants to district boards rather than businesses for skills training or other education related to the needs of business. In addition, retain the BEST program and allow Commerce to continue to make BEST grants from its economic development assistance program; however, require Commerce to transfer all BEST grant applications by July 27, 2005 (the effective date of Act 25), to the WTCS Board for consideration.

[Act 25 Sections: 217m, 724m, and 9108(4k)]

[Act 25 Vetoed Sections: 140 (as it relates to s. 20.292(1)(eh)), 217m, 724m, and 2357m]

20. TRANSFER EDUCATIONAL APPROVAL BOARD TO WTCS

	Funding	Positions
PR	\$1,116,200	5.00

Governor/Legislature: Provide \$558,100 and 5.0 positions annually to WTCS related to the transfer of the Educational Approval Board (EAB). Under current law, EAB inspects and approves private trade, correspondence, business, and technical schools. Currently, EAB is attached to the Department of Veterans Affairs for administrative purposes, and would be attached to WTCS only for administrative purposes. [See "Veterans Affairs -- Educational Approval Board" for more information on the Educational Approval Board.]

[Act 25 Sections: 56, 385m thru 387m, 588m, 1287, 2346, 2466, and 2467]

21. TRANSFER ADMINISTRATION AND FUNDING FOR SCHOOL TO WORK AND WORK-BASED LEARNING PROGRAMS

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$570,000	0.00	\$570,000	0.00	\$0	0.00
FED	0	0.00	0	4.60	0	4.60
PR	<u>-600,000</u>	<u>0.00</u>	<u>1,817,400</u>	<u>3.20</u>	<u>1,217,400</u>	<u>3.20</u>
Total	-\$1,170,000	0.00	\$2,387,400	7.80	\$1,217,400	7.80

Governor: Eliminate \$285,000 GPR and \$300,000 PR annually related to the transfer of funding and administration of the school-to-work program and a work-based learning program that provides grants to tribal colleges to the Governor's Work-Based Learning Board (GWBLB). The transfer includes \$285,000 GPR annually related to the school-to-work program, and \$300,000 PR annually related to grants for tribal colleges for programs that provide occupational training and work-based learning experiences to youths and adults, which are funded from tribal gaming revenues. Under 2003 Act 33, funding and administration of these programs was transferred from the GWBLB to WTCS.

Joint Finance/Legislature: Delete provision and, instead, transfer responsibility for administering technical preparation, school-to-work, and work-based learning programs to the WTCS Board. Provide \$285,000 GPR and \$908,700 PR with 3.20 PR positions and 4.60 FED positions annually to WTCS related to the transfer of the Governor's Work-Based Learning Board (GWBLB) administered grant programs. Funding and positions transferred from the GWBLB would be provided to administer the following programs: Carl Perkins; Title II tech prep funds; work-based learning grants to tribal colleges; and school-to-work for at-risk youth. Specify that incumbent employees would transfer to WTCS, unless there is insufficient funding to support that transfer. Provide that an incumbent employee who would not be transferred to WTCS would enjoy the same rights and status at DWD that the employee enjoyed in the GWBLB immediately before the elimination of that Board. (See "Workforce Development -- Employment, Training, and Vocational Rehabilitation Programs" for more information on this transfer.)

[Act 25 Sections: 156d, 221d, 352g, 352m, 429m, 714d thru 719d, 1835m, 9146(1q), and 9254(1q)]

WORKFORCE DEVELOPMENT

Budget Summary							
Fund	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	2005-07 Legislature	2005-07 Act 25	Act 25 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$364,636,600	\$377,960,000	\$359,724,800	\$359,190,200	\$359,190,200	-\$5,446,400	- 1.5%
FED	1,384,784,600	1,379,127,700	1,388,149,500	1,389,124,700	1,389,124,700	4,340,100	0.3
PR	402,101,600	317,714,700	304,997,500	304,997,500	304,997,500	- 97,104,100	- 24.1
SEG	<u>31,106,600</u>	<u>37,907,000</u>	<u>31,286,900</u>	<u>31,286,900</u>	<u>31,286,900</u>	<u>180,300</u>	0.6
TOTAL	\$2,182,629,400	\$2,112,709,400	\$2,084,158,700	\$2,084,599,300	\$2,084,599,300	-\$98,030,100	- 4.5%

FTE Position Summary						
Fund	2004-05 Base	2006-07 Governor	2006-07 Jt. Finance	2006-07 Legislature	2006-07 Act 25	Act 25 Change
						Over 2004-05 Base
GPR	196.22	161.65	160.73	160.73	160.73	- 35.49
FED	1,415.78	1,310.17	1,235.15	1,236.35	1,236.35	- 179.43
PR	603.68	508.83	483.57	483.57	483.57	- 120.11
SEG	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL	2,215.68	1,980.65	1,879.45	1,880.65	1,880.65	- 335.03

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide adjustments of -\$2,843,600 FED and -58.0 FED positions in 2005-06; -\$2,970,200 FED and -61.0 FED positions in 2006-07; and \$437,600 GPR, -22.11 GPR positions, -\$1,372,100 PR, and -29.43 PR positions annually.

Adjustments are for: (a) turnover reduction (-\$203,200 GPR, -\$1,606,500 FED, and -\$888,600 PR annually); (b) removal of noncontinuing elements from the base (\$200,500 GPR, -22.11 GPR

	Funding	Positions
GPR	\$875,200	- 22.11
FED	- 5,813,800	- 61.00
PR	<u>- 2,744,200</u>	<u>- 29.43</u>
Total	-\$7,682,800	- 112.54

positions, -\$536,200 PR, and -29.43 PR positions annually, and -\$4,962,800 FED and -58.0 FED positions in 2005-06, and -\$5,089,400 FED and -61.0 FED positions in 2006-07); (c) full funding of continuing salaries and fringe benefits (\$430,800 GPR, \$3,725,700 FED, and -\$267,300 PR annually); (d) overtime (\$224,500 PR annually); (e) night and weekend differential (\$95,500 PR annually); (f) full funding of lease costs and directed moves (\$9,500 GPR annually); and (g) minor transfers within the same alpha appropriation. In total, standard budget adjustments would decrease funding and positions by \$3,778,100 and 109.54 positions in 2005-06, and \$3,904,700 and 112.54 positions in 2006-07.

2. BUDGET REDUCTIONS

Governor/Legislature: Delete \$768,300 GPR, 5.99 GPR positions, \$820,400 PR, 6.55 PR positions, and 13.94 FED positions in 2005-06, and \$768,300 GPR, 12.38 GPR positions, \$919,500 PR, 62.01 PR positions, and 114.86 FED positions in 2006-07 to reduce base level funding and positions. The base reductions, by appropriation, are in the following table.

	Funding	Positions
GPR	-\$1,536,600	- 12.38
FED	0	- 114.86
PR	- 1,739,900	- 62.01
Total	-\$3,276,500	- 189.25

	2005-06		2006-07		Source
	Funding	Positions	Funding	Positions	
Workforce Development					
General Program Operations	-\$123,900	-0.50	-\$123,900	-0.50	GPR
Unemployment Insurance Reserve Fund Research	-27,800	-1.25	-27,800	-1.25	PR
Unemployment Insurance Administration	-67,600	0.00	-67,600	0.00	PR
Work's Compensation Operations	-650,100	-5.00	-749,200	-5.00	PR
Administrative Services	0	0.00	0	-38.53	PR
Workforce Investment and Assistance Federal Moneys	0	0.00	0	-27.45	FED
Employment Assistance and Unemployment Insurance Administration Federal Moneys	0	0.00	0	-45.94	FED
Equal Rights Federal Moneys	0	-0.10	0	-0.10	FED
Labor and Industry Review Commission					
General Program Operations	-19,900	-0.13	-19,900	-0.13	GPR
Worker's Compensation Operations	-74,900	-0.30	-74,900	-0.30	PR
Unemployment Insurance Administration Federal Moneys	0	0.00	0	-2.42	FED
Economic Support					
General Program Operations	-587,600	-4.08	-587,600	-4.08	GPR
Interagency and Intra-agency Programs	0	0.00	0	-16.93	PR
Federal Block Grant Operations	0	0.00	0	-1.50	FED
Child Support State Operations Federal Funds	0	-7.92	0	-7.92	FED
Vocational Rehabilitation					
General Program Operations	0	-1.28	0	-7.67	GPR
Federal Program Aids and Operations	0	-4.72	0	-28.33	FED
Governor's Work-Based Learning Board					
General Program Operations	-36,900	0.00	-36,900	0.00	GPR
Federal Funds	0	-1.20	0	-1.20	FED
Total	-\$1,588,700	-26.48	-\$1,687,800	-189.25	Total
	-768,300	-5.99	-768,300	-12.38	GPR
	-820,400	-6.55	-919,500	-62.01	PR
	0	-13.94	0	-114.86	FED

The Executive Budget Book indicates that the base reductions would result from the following actions: (a) reducing administrative costs in several program areas; (b) eliminating vacant positions and reducing the positions across several funding sources; (c) consolidating central office administrative and technical support positions in the Division of Vocational Rehabilitation; (d) reducing the number of higher level reviews at the Labor and Industry Review Commission; and (e) eliminating duplicative functions under employment programs.

3. CONSOLIDATION OF EXECUTIVE BRANCH ATTORNEYS AND LEGAL STAFF UNDER DOA [LFB Paper 110]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- 0.08	0.08	0.00
FED	- 0.92	0.92	0.00
PR	<u>- 1.00</u>	<u>1.00</u>	<u>0.00</u>
Total	- 2.00	2.00	0.00

Governor: Delete 2.00 positions (0.08 GPR, 1.00 PR, and 0.92 FED) annually to reflect the consolidation of the agency's attorneys and legal staff under DOA, effective January 1, 2006. Reallocate \$90,200 (\$2,300 GPR, \$60,200 PR, and \$27,700 FED) in 2005-06 and \$180,500 (\$4,700 GPR, \$120,500 PR, and \$55,300 FED) in 2006-07 from budgeted salaries and fringe benefits to the agency's supplies and services budget to pay for legal services supplied by DOA. Authorize the Secretary of DOA to identify one attorney position in DWD as general counsel for the agency and authorize 1.0 PR unclassified position for this purpose. The general counsel position would be funded from base level salary and fringe benefits amounts associated with the position identified by the Secretary of DOA. Hearing officers, hearing examiners, and administrative law judges in DWD would be exempt from the consolidation provisions.

Specify that all transferred attorneys and legal staff would have the same rights and status as in the agency in which they originated. Specify that attorneys and legal staff that have obtained permanent status would not have to undergo a probationary period in DOA. Provide that all equipment, supplies, and furniture related to the duties of the transferred employees, as specified by the Secretary of DOA, must be transferred to DOA on January 1, 2006. [See "Administration -- Transfers to the Department."]

Joint Finance: Delete provision. Direct the Secretary of DOA to delete 13.0 FTE executive branch agency attorney positions, other than attorney positions at the University of Wisconsin System, that become vacant before June 30, 2007, and lapse or transfer at least \$724,900 from associated non-FED salary and fringe benefits amounts to the general fund in 2006-07. If fewer than 13.0 FTE agency attorney positions are vacant on June 30, 2007, authorize the Secretary of DOA to delete sufficient additional state agency attorney positions, other than at the University of Wisconsin System, to ensure the elimination of a total of 13.0 FTE state agency attorney positions.

Senate/Legislature: Add the Department of Employee Trust Funds and the Investment Board to the executive branch agencies that would be exempt from the attorney position deletion and lapse or transfer of funds requirements.

Vetoed by Governor [A-4, E-1, and E-5]: Delete: (a) the specific requirement that the Secretary of DOA lapse or transfer \$724,900 from non-FED salary and fringe benefits amounts related to the net reduction of 13.0 FTE executive branch attorney positions in 2006-07; and (b) the University of Wisconsin System from the enumeration of executive branch state agencies that would be exempt from any reduction of attorney positions. The Governor's veto message indicates that the Secretary of DOA would lapse \$724,900 as part of a larger lapse or transfer requirement totaling \$71,234,500.

[Act 25 Sections: 9155(1w)&(2)]

[Act 25 Vetoed Sections: 9155(1w)&(2)]

4. INFORMATION TECHNOLOGY SERVER AND NETWORK CONSOLIDATION [LFB Paper 111]

	Positions
PR	- 15.41

Governor/Legislature: Reallocate \$1,575,700 from salaries and fringe benefits, and supplies and services to unallotted reserve and delete 15.41 positions in 2006-07 associated with the consolidation of information technology server and network infrastructure support in the Department of Administration. [See "Administration -- Transfers to the Department."]

5. CONVERSION OF EMPLOYMENT TRANSIT AIDS FROM THE GENERAL FUND TO THE TRANSPORTATION FUND [LFB Paper 717]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$1,100,200	\$1,100,200	\$0
SEG	<u>1,100,200</u>	<u>- 1,100,200</u>	<u>0</u>
Total	\$0	\$0	\$0

Governor: Provide \$550,100 SEG annually and delete an equal amount of GPR for the employment transit assistance program to reflect the conversion of the funding source for the program from the general fund to the transportation fund. This item is part of an initiative to convert several appropriations outside the Department of Transportation from the general fund to the transportation fund. A summary listing of these appropriations is included in a related item titled "Transfer from the Transportation Fund to the General Fund," which can be found under the Transportation Finance section of the Department of Transportation.

The employment transit assistance program provides grants to local public bodies and private organizations to operate projects that give low-income families access to jobs. The grants

are funded through a combination of federal, state (including \$550,100 GPR in DWD, annually), and local monies. Specifically, DWD is authorized to administer the employment transit assistance program and can: (a) conduct projects; (b) make and execute contracts with eligible applicants; and (c) make grants to eligible applicants to conduct projects or to match a federal grant awarded to an eligible applicant to conduct a project. A grant may not exceed 80% of the total cost of a project and may only be made to an eligible applicant that provides access to nontemporary employment or to Wisconsin Works (W-2) employment positions. Eligible applicants are public bodies or private organizations. A project must be designed to improve access to jobs, including part-time jobs and W-2 employment positions, located in outlying suburban and sparsely populated and developed areas that are not adequately served by a mass transit system. A project must also be designed to develop innovative transit service methods.

Joint Finance/Legislature: Delete provision.

6. DIVISION OF WORKFORCE SOLUTIONS POSITION REALIGNMENT

	Funding	Positions
FED	- \$389,000	8.63
PR	- <u>78,710,000</u>	- <u>8.66</u>
Total	- \$79,099,000	- 0.03

Governor/Legislature: Decrease funding by \$194,500 FED and \$39,454,700 PR in 2005-06 and by \$194,500 FED and \$39,255,300 PR in 2006-07, and provide 8.63 FED positions and decrease 8.66 PR positions, beginning in 2005-06, to realign all positions in the Division of Workforce Solutions to reflect the current organizational structure, programs, and funding sources. The reduction in program revenue reflects a more accurate estimate of actual expenditures.

In addition, eliminate the requirement in the interagency and intra-agency programs appropriation under the economic support program in DWD that all moneys received must be used for the administration of programs and projects relating to economic support for which received. As a result, the moneys received could be used for purposes other than programs and projects relating to economic support.

[Act 25 Section: 344]

Employment, Training, and Vocational Rehabilitation Programs

1. VOCATIONAL REHABILITATION -- INCREASE CASE SERVICES FUNDING [LFB Paper 840]

GPR	\$2,091,000
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Governor/Legislature: Provide \$957,000 in 2005-06 and \$1,134,000 in 2006-07 for vocational rehabilitation case services funding for the Division of Vocational Rehabilitation

(DVR) to provide matching funds for increased federal funds.

Under current law, DVR is required to advise and assist any disabled individual who applies to DVR for vocational rehabilitation services. Disabled individuals apply for services and staff counselors arrange evaluations to determine eligibility and subsequent services for those deemed eligible.

The primary source of funds for DVR rehabilitation services is federal Title I-B funds. Each year the federal government allocates a certain amount of funds to each state. A match of 21.3% state funds to 78.7% federal funds is required to receive federal monies. DVR uses GPR case service and administrative funds to provide this match. In addition, the agency has used an annual appropriation of \$350,000 PR in tribal gaming revenue and cooperative arrangements to provide the state matching funding to cover the gap between GPR funding and the amount of state match needed to capture the full federal Title I-B grant.

2. VOCATIONAL REHABILITATION -- INDEPENDENT LIVING CENTER FUNDING [LFB Paper 841]

GPR	\$600,000
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Governor/Legislature: Provide \$300,000 annually for vocational rehabilitation case services to reflect the transfer of funding used to make grants to independent living centers (ILCs) from the Department of Health and Family Services (DHFS). DVR would use the funding as match for federal Title I-B funds. In addition, DVR would be required to transfer \$600,000 annually in federal social security reimbursement funds to DHFS to provide funding for grants to ILCs.

There are eight ILCs in Wisconsin that provide nonresidential services to individuals of any age with any disability. DHFS provides grants to ILCs with GPR funding and federal social security reimbursement funds transferred from DVR. Currently, DVR is required to transfer up to \$300,000 annually to DHFS in federal social security reimbursement funding for grants to ILCs. DVR receives social security reimbursement monies for each successfully completed rehabilitation of SSI or SSDI recipients.

[Act 25 Section: 350]

3. VOCATIONAL REHABILITATION -- TRANSFER MATCHING FUNDS FOR INDEPENDENT LIVING COUNCIL GRANT

GPR	\$60,400
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Governor/Legislature: Provide \$30,200 annually to reflect the transfer of funds from DHFS used to match federal funds for the State Independent Living Council (SILC). The transferred funding would be used to match the federal State Independent Living Services Grant and to provide case services funding for disabled individuals.

The federal Rehabilitation Act of 1973 requires every state to establish an SILC. The Wisconsin SILC is administratively attached to DHFS and promotes independent living and

assists individuals with disabilities to develop leadership, economic self-sufficiency, independence, and maximize inclusion and integration in society. The SILC is funded by a federal Title 7 part B State Independent Living Services grant distributed through DVR and state GPR matching funds from DHFS. SILC uses these monies for outreach and operating expenses. In federal fiscal year 2004 the federal grant award was \$306,100 and the state match was \$34,000. DHFS has base level funding of \$30,200 GPR to provide the match. DVR provides any additional funding needed to draw the full federal award.

The federal Rehabilitation Services Administration (RSA) has found Wisconsin to be out of compliance with the federal rehabilitation act because the Council operates within a state agency, is subject to budgetary control by the head of another state agency, and does not supervise and evaluate staff and other personnel who carry out the Council's functions. As a result, RSA, DWD and DHFS have entered into a corrective plan that would establish SILC as a private nonprofit corporation. The Governor has issued an executive order to implement the plan effective July 1, 2005. These provisions would establish DVR as the source of federal grant awards and state matching funding for SILC.

4. VOCATIONAL REHABILITATION -- PROGRAM AND FEDERAL APPROPRIATION REVENUE AND EXPENDITURE REESTIMATES

FED	\$1,313,200
PR	- 1,113,800
Total	\$199,400

Governor/Legislature: Provide expenditure authority adjustments to DVR appropriations to reflect revenue and expenditure reestimates as follows:

a. A decrease of \$5,200 PR annually to eliminate all supplies and services funding to more accurately reflect planned spending in the contractual services operations appropriation for revenue received from county, city, town, or village governmental agencies and nongovernmental agencies for aids related to vocational rehabilitation services for individuals and organizations.

b. An increase of \$106,500 PR annually to reflect increased costs related to a contract with a vendor to provide technical and administrative support to legally blind small business owners participating in the business enterprise program (BEP) in the supervised business enterprise Title I-B appropriation for moneys received from charges on net proceeds from the sale of products and services through the BEP.

c. A decrease of \$473,300 FED annually to eliminate supplies and services and permanent property funding to reflect planned spending from the federal program operations appropriation for federal funds for the purchase of goods and services related to vocational rehabilitation programs for individuals and organizations.

d. A decrease of \$28,700 PR annually to reflect lower rent payments from legally blind BEP participants who operate vending or cafeteria sites on state property in the supervised business enterprise appropriation for revenue on net proceeds from businesses participating in BEP.

e. A decrease of \$106,500 PR annually to reflect less reliance on cooperative arrangements with local governmental and nongovernmental units as a match for federal Title I-B vocational rehabilitation case services funding in the contractual services aids appropriation for non-federal revenue used to match federal Title I-B rehabilitation aids funding.

f. A decrease of \$10,000 PR annually to reflect a current estimate of no gift, grant, or bequest revenues for the gifts and grants appropriation.

g. A decrease of \$1,202,000 FED annually to reflect a reduction in supplies and services funding to bring supplies and services spending authority in line with the current distribution of DVR's federal Title I-B awards in the federal Title I-B operations appropriation that is used for federal Title I-B operations funding.

h. A decrease of \$8,500 FED annually to align expenditure authority with the expected level of the federal rehabilitation services administration in-service training grant to the state in the federal project operations appropriation.

i. A decrease of \$200,000 FED annually to reflect an anticipated decrease in revenues from the Social Security Reimbursement program for rehabilitating SSI and SSDI claimants in the federal program aids appropriation used to fund certain federal continuing vocational rehabilitation programs.

j. An increase of \$2,213,400 FED in 2005-06 and \$2,867,400 FED in 2006-07 to reflect estimated annual increases in federal Title I-B case service aids allocated to Wisconsin in the appropriation for federal Title I-B rehabilitation service aids.

k. A decrease of \$513,000 PR annually to reflect a decrease in Title I-B matching funds from cooperative arrangements with other state agencies in the interagency and intra-agency aids appropriation for funds from other state agencies and Department divisions for rehabilitation services.

5. WORKFORCE SOLUTIONS -- GROW WISCONSIN REED ACT REEMPLOYMENT INITIATIVE [LFB Paper 843]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
FED	\$2,000,000	7.10	-\$2,000,000	-7.10	\$0	0.00
PR	0	-7.10	0	7.10	0	0.00
Total	\$2,000,000	0.00	-\$2,000,000	0.00	\$0	0.00

Governor: Provide expenditure authority of \$1,000,000 FED, reallocate 5.9 FED positions, and convert of 7.1 PR positions to FED annually to establish a reemployment initiative to return unemployment insurance (UI) recipients to work more quickly and in higher-wage, higher-demand jobs. The initiative would provide unemployment insurance recipients with more direct access to reemployment services including basic skills such as interviewing, resumé

building, and skill assessments. Department staff would work with technical colleges and other providers to develop training programs for high-wage, high-demand jobs. Staff would also develop direct connections with businesses, and focus employment on areas of the state with the highest rates of profiled unemployment insurance claimants including Milwaukee, Racine, Kenosha, Janesville, and Green Bay.

The funding would be provided through the appropriation created for funding the Department's apprenticeship programs with federal Reed Act funds. The appropriation would be modified as follows: (a) the reference to unemployment insurance administration and apprenticeship in the appropriation title would be deleted and replaced with the title "employment services" and (b) in addition to funding apprenticeship programs, the appropriation could be used for administration and service delivery of employment and workforce information systems, including delivery of reemployment services to unemployment insurance claimants.

2003 Wisconsin Act 33 created a continuing FED appropriation to fund administration of the Department's apprenticeship programs. These items would provide additional Reed Act funding and positions, and statutory authority for a reemployment initiative for unemployment insurance claimants.

Federal Reed Act monies are excess federal unemployment insurance taxes from accounts in the federal unemployment trust fund that are transferred to the states when the balances in certain federal accounts exceed statutory limits. A March, 2002, distribution was made without statutory balances being exceeded. Wisconsin received a distribution of \$166.2 million. The transfers require special legislation and federal approval for each allocation. Reed Act funds can only be used for UI benefits, UI administration, and employment services administration.

Joint Finance/Legislature: Delete provision.

6. WORKFORCE SOLUTIONS -- APPRENTICESHIP PROGRAM FUNDING [LFB Paper 842]

	<u>Governor (Chg. to Base)</u>		<u>Jt. Finance (Chg. to Gov)</u>		<u>Assembly/Leg. (Chg. to JFC)</u>		<u>Net Change</u>	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
FED	\$1,277,600	0.00	-\$975,200	- 1.20	\$975,200	1.20	\$1,277,600	0.00

Governor: Provide increased expenditure authority of \$691,600 in 2005-06 and \$701,600 in 2006-07 in federal Reed Act funding, including the reallocation of \$57,800 and 1.2 positions annually, to administer the Department's apprenticeship programs. As a result, increased expenditure authority of \$633,800 in 2005-06 and \$643,800 in 2006-07 would be provided.

The 2003-05 biennial budget created a continuing FED appropriation to fund administration of the Department's apprenticeship programs. The appropriation is budgeted

\$896,800 FED and 12.65 FED positions annually, through standard budget adjustments (full funding of continuing salaries and fringe benefits). These provisions would provide additional funding and positions.

DWD, through the Bureau of Apprenticeship Standards, has the primary responsibility for monitoring apprenticeship programs in Wisconsin. Through a cooperative agreement between the federal government and the state, the Bureau of Apprenticeship and Training of the U.S. Department of Labor works with state Bureau staff to administer the apprenticeship program in the state. A basic part of the Wisconsin apprenticeship system is the contract between the employer and each apprentice that must be approved by the Bureau of Apprenticeship Standards. The state Bureau is responsible for ensuring that all provisions of the contract are met.

Joint Finance: Modify provisions to delete \$482,600 in 2005-06 and \$492,600 in 2006-07, and 1.2 positions in each year. As a result, total Reed Act funding and positions for administering the apprenticeship program would be \$1,105,800 and 12.65 FTE in each year.

Assembly/Legislature: Restore federal Reed Act funding of \$482,600 FED in 2005-06 and \$492,600 FED in 2006-07 and 1.2 FED positions in each year to DWD for administering the apprenticeship program. As a result, there would be no change to the funding and positions originally provided in the bill.

7. **WORKFORCE SOLUTIONS -- WORKFORCE INVESTMENT AND ASSISTANCE APPROPRIATION INCREASE**

FED	\$49,205,000
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Governor/Legislature: Provide increased expenditure authority of \$24,602,500 annually in the workforce investment and assistance appropriation to reflect current revenue estimates for federal funding received by the Division of Workforce Solutions, primarily from the U. S. Department of Labor, and used for worker training, assistance, and related programs.

8. **WORKFORCE SOLUTIONS -- LOCAL AGREEMENTS APPROPRIATION ADJUSTMENT**

PR	-\$4,826,600
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Governor/Legislature: Delete expenditure authority of \$2,413,300 annually in the local agreements appropriation. The local agreements appropriation is used to fund employment training services provided to local governments and organizations through contracts with the local units.

9. **WORKFORCE SOLUTIONS -- MISCELLANEOUS APPROPRIATION ADJUSTMENTS**

FED	-\$51,600
PR	- 180,000
Total	-\$231,600

Governor/Legislature: Provide the following adjustments to expenditure authority for Division of Workforce Solutions appropriations: (a) delete \$91,800 PR

annually in the interagency and intra-agency agreements appropriation to reflect estimated lower contract revenues from financial agreements with other state agencies and DWD divisions; (b) delete \$25,800 FED annually from the employment security buildings and equipment appropriation to eliminate funding for the appropriation (in conjunction with standard budget adjustments) to reflect that this appropriation for funding construction and maintenance of employment security buildings is no longer used; and (c) provide \$1,800 PR annually in the economic support gifts and grants appropriation to restore expenditure authority to the base level.

10. UNEMPLOYMENT INSURANCE -- BANK SERVICE COSTS

FED	\$2,040,000
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Governor/Legislature: Provide expenditure authority of \$1,020,000 annually in the bank service fees appropriation to pay bank fees incurred by the unemployment insurance (UI) trust fund. Under the provisions of 2003 Wisconsin Act 197, the State Treasurer is authorized to pay banking fees incurred by the unemployment insurance trust fund either by maintaining compensating balances in bank accounts or by transferring the balances to the trust fund and paying the fees from a bank service fees appropriation created by the Act, using whichever method earns a higher rate of return for the fund. The sources of revenue for the bank service fees appropriation are federal unemployment administration and Reed Act funds. This provision establishes budget authority for the bank service appropriation for payment of banking fees, if the UI trust fund continues to earn a higher rate of return than compensating balances.

11. UNEMPLOYMENT INSURANCE -- AUTHORITY TO USE REED ACT FUNDS FOR ADMINISTRATION

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	-\$4,527,600	\$4,527,600	\$0

Governor: Modify statutory provisions governing the UI administration special federal monies appropriation to allow for the use of federal Reed Act monies for administration, if the federal grant for UI administration is insufficient to fund program administration. Specifically, the \$2,389,107 limit on the amount of Reed Act funding received for fiscal year 2002 that can be used for UI administration would be eliminated. A statutory provision would be added that provides that no moneys could be encumbered or expended from the appropriation until all monies available from the federal grants for UI administration were encumbered or expended. Also, no moneys could be encumbered or expended from the appropriation after September 30, 2007. (This provision excludes the appropriation from a federal requirement that limits obligation of Reed Act money to a two-year period beginning on the date of enactment of the appropriation provisions.) Annual funding of \$2,263,800 would be deleted from the appropriation to reduce the appropriation's budget authority to zero. DWD could request budget authority from DOA through the allotment process to use Reed Act money from the

March, 2002, disbursement to administer the UI program, depending upon the amount of the annual federal administrative grant and administrative needs in 2005-06 and 2006-07.

Wisconsin receives an annual allocation of federal unemployment insurance grants to administer the state UI program. However, the amount of the state's federal grant has decreased. As noted, in March, 2002, the federal government made a distribution of Reed Act monies to the states, of which Wisconsin received \$166.2 million.

DWD does not currently know what the UI administrative grants will be for 2005-06 and 2006-07, but anticipates that they will be reduced amounts. The unemployment insurance; special federal monies appropriation authorizes the Department to use Reed Act monies from distributions made in 2000, 2001, and \$2.4 million from the March, 2002, distribution for UI administration. The bill's provisions would allow the Department to use Reed Act funds from the March, 2002, distribution to offset any reduction in federal UI administration grants. The amount would be established through the allotment process.

Joint Finance/Legislature: Delete provision.

**12. UNEMPLOYMENT INSURANCE -- TECHNOLOGY ASSESS-
MENT APPROPRIATION ADJUSTMENT**

PR	-\$4,893,200
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Governor/Legislature: Delete expenditure authority of \$2,446,600 annually in the appropriation for administrative assessments for technology development to reflect estimated revenue collections and expenditures. An administrative assessment is imposed on employers subject to unemployment insurance contribution financing through 2007, to fund the costs of developing and implementing the UI tax and accounting information technology system, and the benefit payment and appeals processing information technology system. Base level expenditure authority of \$4.7 million for technology development is provided through a separate appropriation for the assessment funds. The assessment equals taxable payroll for the year multiplied by 0.01% or by the employer's solvency rate, if the solvency rate is lower than 0.01%. DWD is required to reduce the assessment rate for each year and reduce or eliminate the assessment in any year it determines that a reduced amount of funding would be sufficient to finance information technology development and implementation.

**13. UNEMPLOYMENT INSURANCE -- RENT COSTS FOR MIL-
WAUKEE OFFICE**

PR	\$178,400
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Governor/Legislature: Provide increased expenditure authority of \$89,200 annually to fund rent costs for hearing space for the Division of UI in the Milwaukee state office building. The expenditure authority would be provided in the unemployment insurance administration appropriation funded by interest and penalty payments. Federal regulations prohibit using federal unemployment insurance administrative grants to pay any portion of rent costs that are for interest on debt service. These costs must be charged to a state funding source.

Consequently, the Division cannot fund the rent costs from the general administrative appropriation in which the federal funds are placed.

14. UNEMPLOYMENT INSURANCE -- INCREASED EXPENDITURE AUTHORITY FOR INTEREST AND PENALTY APPROPRIATION PR \$109,000

Governor/Legislature: Transfer \$74,500 from supplies and services and provide increased expenditure authority of \$54,500 annually for aids to individuals in the unemployment insurance interest and penalty payments appropriation. The transfer would establish additional expenditure authority for unemployment insurance benefit payments. The unemployment insurance interest and penalty payments appropriation is funded by penalties for not filing quarterly wage reports in a timely manner or in the required media, and interest on delinquent employer tax contribution payments. Revenue in the appropriation is used to fund benefit payments in cases where individual employer accounts or the trust fund balancing account are not charged, and for interest on refunded contested tax payments. This provision realigns funding in the appropriation to reflect more benefit payments and less interest payments.

15. UNEMPLOYMENT INSURANCE -- INCREASED EXPENDITURE AUTHORITY FOR DATA SHARING PR \$32,200

Governor/Legislature: Provide increased expenditure authority of \$16,100 annually in supplies and services funding for increased Infotech charges related to data sharing agreements between the Division of Unemployment Insurance and state and local agencies and organizations. The Division has agreements to provide unemployment insurance data to agencies and organizations such as the Department of Health and Family Services (DHFS), the Milwaukee Private Industry Council, the Office of the Public Defender, and the Department of Revenue.

16. WORKER'S COMPENSATION -- INJURY PREVENTION PROGRAM FOR HEALTH CARE WORKERS [LFB Paper 844]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance/Leg.</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>
PR	\$1,000,000	1.00	-\$1,000,000	-1.00	\$0	0.00

Governor: Provide expenditure authority of \$500,000 and 1.0 position annually for the Worker's Compensation Division to establish an injury prevention program for health care workers. Under the program the Department would be required to do all of the following:

- a. Conduct a study of injuries to health care workers caused by lifting.

b. Develop and distribute to health care facilities, health care providers, and health care workers, informational materials that promote a lift-free working environment for health care workers.

c. Distribute grants to health care facilities and health care providers to assist in the implementation of a lift-free working environment for health care workers of those health care facilities and providers. The Department would have to require grant recipients to provide matching funds in an amount it determined.

"Health care facility" would be defined under current law provisions and would include a facility where providers offer certain services under continuing care contracts or any hospital, nursing home, community-based residential facility, county home, county infirmary, county hospital, county mental health complex, or other place licensed or approved by DHFS under state law. "Health care provider" would also be defined under current law provisions and would mean a licensed nurse, chiropractor, dentist, physician, podiatrist, perfusionist, physical therapist, physical therapist assistant, occupational therapist, occupational therapy assistant, physician assistant, respiratory care practitioner, dietician, optometrist, pharmacist, acupuncturist, psychologist, social worker, marriage and family therapist, professional counselor, speech-language pathologist, audiologist, speech and language pathologist, massage therapist, bodyworker, emergency medical technician, first responder, a partnership of providers, a corporation or limited liability company of providers that offer health care services, an operational cooperative sickness care plan that directly provides services through salaried employees at its own facility, a hospice, a rural medical center, or a home health agency. "Health care worker" would mean an employee of a health care facility or health care provider.

A separate program revenue appropriation would be created to provide funding for the health care worker injury prevention program. The source of revenue would be the annual administrative assessment on worker's compensation insurance carriers and self insured employers, and the application and annual fees paid by exempted employers. The annual administrative assessment funds Worker's Compensation Division operations though a program revenue operations appropriation. Unappropriated funds in the health care worker injury prevention program appropriation would be transferred to the Division's operations appropriation.

Joint Finance/Legislature: Delete provision.

**17. WORKER'S COMPENSATION -- UNINSURED EMPLOYERS
FUND APPROPRIATION INCREASE**

SEG	\$900,000
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Governor/Legislature: Provide \$450,000 increased expenditure authority annually in the uninsured employers fund (UEF) payments appropriation to more closely reflect revenues and expenditures in the appropriation. The uninsured employers fund is used to make worker's compensation benefit payments for valid claims filed by employees who are injured while

working for illegally uninsured employers. The UEF is funded through penalties assessed against employers for illegally operating a business without worker's compensation insurance.

18. WORKER'S COMPENSATION -- WORK INJURY SUPPLEMENTAL BENEFIT FUND APPROPRIATION INCREASE SEG \$450,000

Governor/Legislature: Provide \$225,000 increased expenditure authority annually in the work injury supplemental benefit fund appropriation to more closely reflect revenues and expenditures in the appropriation. The work injury supplemental benefit fund is used to pay: (a) supplemental benefits to employees; (b) additional death benefits to children; (c) claims with at least 200 weeks of preexisting disability; and (d) certain barred claims. Employers or insurers must make the following payments to the fund: (a) \$10,000 if a work-related injury is the proximate cause of death; (b) \$10,000 for the total impairment or loss of a hand, arm, leg, or eye; or (c) the amount of death benefit when there are no dependents.

19. WORKER'S COMPENSATION -- DELETE SUPPLIES AND SERVICES EXPENDITURE AUTHORITY FED - \$107,600

Governor/Legislature: Delete \$53,800 annually in supplies and services expenditure authority associated with 3.5 positions that were eliminated in the 2003 Wisconsin Act 33. The related salary and fringe benefit authority is deleted in the standard budget adjustment for full funding of continuing salaries and fringe benefits. However, supplies and services funding cannot be deleted in that adjustment.

20. WORKER'S COMPENSATION -- MINOR POSITION AND FUNDING REALIGNMENT

Governor/Legislature: Reallocate \$53,800 PR and 0.7 PR positions associated with the Wrap-Up insurance program to align expenditure and position authority with the appropriations that are charged for the staff time.

21. ADMINISTRATIVE SERVICES -- WORKER'S COMPENSATION CONTRACTS APPROPRIATION ADJUSTMENT PR - \$800,000

Governor/Legislature: Delete expenditure authority of \$400,000 annually to more accurately reflect estimated revenues for the worker's compensation contracts appropriation. The appropriation is used to fund services provided by the Administrative Services Division to improve safety on construction projects. The source of revenue for the appropriation is contracts with construction site owners for those services.

22. ADMINISTRATIVE SERVICES -- AUXILIARY SERVICES
 APPROPRIATION ADJUSTMENT

PR	- \$253,600
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Governor/Legislature: Delete expenditure authority of \$126,800 annually in the auxiliary services appropriation to more accurately reflect estimated annual revenues and expenditures for the appropriation. The appropriation is used to fund various services provided throughout the Department. The more common uses are conferences, training, and sales of publications. The sources of revenue for the appropriation are fees charged for the services provided.

23. ADMINISTRATIVE SERVICES -- MINOR POSITION AND FUNDING REALIGNMENT

Governor/Legislature: Reallocate \$93,800 PR and 0.75 PR position annually to align expenditure and position authority with the appropriation charged for staff time.

24. GOVERNOR'S WORK-BASED LEARNING BOARD -- RESTRUCTURE BOARD PROGRAMS AND APPROPRIATIONS [LFB Papers 845 and 846]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$570,000	0.00	-\$799,600	- 1.00	-\$229,600	- 1.00
PR	1,296,200	0.00	-6,013,200	- 4.60	-4,717,000	- 4.60
FED	0	0.00	-581,400	- 3.20	-581,400	- 3.20
Total	\$1,866,200	0.00	-\$7,394,200	- 8.80	-\$5,528,000	- 8.80

Governor: Provide that the Governor's Work-Based Learning Board (GWBLB) programs and appropriations be restructured as follows:

a. Delete \$634,200 GPR and 3.0 GPR positions from DWD's workforce development general programs operations appropriation and place the funding and positions in a new GWBLB general program operations appropriation to administer Board programs. [It should be noted that \$36,900 GPR would be deleted from the new appropriation as a base budget reduction.]

b. Delete \$1,100,000 GPR annually and repeal the local youth apprenticeship grant appropriation under the workforce development appropriation structure and place the grant funding in a new local youth apprenticeship grant appropriation created under the GWBLB. The new appropriation would be biennial.

c. Delete \$285,000 GPR annually and repeal the appropriation for school-to-work programs for children at-risk under the Wisconsin Technical College System (WTCS) Board's appropriation structure and place the funds in a new appropriation for those programs under the GWBLB. Also, statutory provisions would be modified to transfer responsibility for administering the school-to-work for at-risk children program from the WTCS to the GWBLB.

d. Delete \$300,000 PR in tribal gaming revenues and repeal the appropriation for work-based learning programs for tribal colleges under WTCS and place the funding in a new appropriation for the grants under the GWBLB. Additional annual funding of \$300,000 PR would be provided, to increase total annual funding for the grants to \$600,000. The funding is transferred from the gaming economic development and diversification grant and loan program administered by the Department of Commerce. Statutory provisions would be modified to transfer responsibility for administering the tribal college work-based learning program to the GWBLB.

e. Delete \$12,200 PR and 0.04 PR position annually from the GWBLB interagency and intra-agency program revenue appropriation and transfer the funding and position to the GWBLB appropriation for Carl Perkins Title II tech-prep funds and administration. Also, \$48,100 PR would be provided in the GWBLB tech-prep funding and administration appropriation to increase a partial position to 1.0 FTE.

f. Change the appropriation title for the current GWBLB appropriation for employer training grants from youth apprenticeship training grants to on-the-job training grants for employers. No funding is provided for the appropriation.

g. Modify current statutory provisions to reflect the transfer of responsibility for administering school-to-work and work-based learning programs to the GWBLB, including responsibility for approving statewide skill standards for the school-to-work program.

As passed by the Legislature, 2003 Senate Bill 44 (the 2003-05 biennial budget bill) would have made the following changes related to the GWBLB:

a. Eliminate the Governor's Work-Based Learning Board, executive director position, and related responsibilities.

b. Transfer the youth apprenticeship and youth apprenticeship training grant programs to DWD for administration and reduce annual funding for training grants from \$2,203,000 GPR to \$1,100,000 GPR. In addition, \$365,000 GPR and 3.0 GPR positions were annually provided to administer the program (a reduction of \$294,300 GPR and 2.7 GPR positions annually).

c. Transfer all remaining funding, programs, and staff, including Carl Perkins, Title II tech-prep funds, work-based learning grants to tribal colleges, and school-to-work for at-risk youth programs to the WTCS Board for administration. Annual funding for work-based learning grants to tribal colleges was reduced by 50% to \$300,000 PR in tribal gaming revenues. Finally, incumbent employees related to the transfer of the GWBLB from DWD to the WTCS would retain their state employment rights at DWD if funding related to the position was not available for transfer to the WTCS. This would have transferred a total of \$285,000 GPR, \$2,665,900 PR, 4.60 PR positions, \$318,800 FED, and 5.45 FED positions annually to WTCS.

The Governor's partial veto modified the provisions in the following ways: (a) the GWBLB and executive director were restored; (b) authority for the WTCS Board to administer the

technical preparation program was deleted; (c) the GWBLB program revenue continuing appropriations for Carl Perkins tech-prep funds, intra- and interagency programs, and auxiliary services, and the federal funds continuing appropriation were restored; (c) the transfer of 4.6 PR and 5.45 FED positions was deleted so that the position authority would be retained by the GWBLB; and (d) DWD authority to administer the youth apprenticeship and youth apprenticeship training grant programs was deleted and restored with the GWBLB. In his veto message, the Governor indicated that, although he restored responsibility for administering the youth apprenticeship and youth apprenticeship training grant programs with the GWBLB, he could not transfer the appropriations to the GWBLB through a veto. Similarly, he could not veto the transfer to the WTCS Board of the programs for work-based learning grants to tribal colleges and school-to-work for at-risk youth without eliminating the program funding. He requested that the GWBLB and DWD provide whatever assistance may be needed by the WTCS Board to administer these programs.

Joint Finance/Legislature: Delete provision. Instead make the following changes:

- a. Eliminate the Governor's Work-Based Learning Board and related responsibilities, and annually delete \$114,800 GPR and 1.0 GPR executive director position. In addition, delete the modification of current provisions that reflect the transfer to the GWBLB of responsibility for administering school-to-work and work-based learning programs, including responsibility for approving statewide skill standards for the school-to-work program.
- b. Delete the transfer of the youth apprenticeship and youth apprenticeship training grant programs from the Division of Workforce Solutions in DWD to the GWBLB for administration. Annually provide \$482,500 GPR and 2.0 GPR positions for administration, and \$1,100,000 in a separate appropriation for youth apprenticeship training grants. These positions and funding are currently part of the Division of Workforce Solutions and would remain there under the Joint Finance action.
- c. Delete the transfer of the school-to-work for at-risk children program and annual funding of \$285,000 GPR to the GWBLB, and require that WTCS continue to administer the program.
- d. Delete the transfer of the work-based learning grants for tribal colleges program and \$600,000 PR in annual tribal gaming revenue funding to the GWBLB, and require WTCS to continue administering the grant program at that funding level.
- e. Transfer responsibility for administering the tech-prep program and \$2,388,600 PR and 4.6 PR positions annually to WTCS.
- f. Delete the GWBLB appropriation for auxiliary services and \$18,000 PR annual expenditure authority, and transfer the expenditure authority to a newly-created appropriation [20.292 (1) (ga)] under WTCS.
- g. Delete \$290,700 FED and 3.3 FED positions annually under the GWBLB.

On the effective date of the bill: (a) the assets and liabilities of the technical preparation program would become assets and liabilities of WTCS; (b) all full-time equivalent positions associated with the technical preparation program would be transferred to WTCS; (c) all tangible personal property, including records, of the technical preparation program would be transferred to WTCS; (d) all contracts entered into for the technical preparation program that were in effect on the effective date would remain in effect and would be transferred to WTCS; (e) WTCS would be required to carry out any contractual obligations under contracts entered into by the technical preparation program until modified or rescinded by WTCS; (f) all rules promulgated by the GWBLB relating to the technical preparation program would remain in effect until their specified expiration dates or until amended or repealed by WTCS; (g) all orders issued by the GWBLB relating to the technical preparation program would remain in effect until their expiration dates or until modified or rescinded by WTCS; and (h) any matter pending with the GWBLB related to the technical preparation program would be transferred to WTCS, and all materials submitted to or actions taken with respect to any technical preparation program matter would be considered as having been submitted by WTCS.

All incumbent employees holding positions related to the technical preparation program would be transferred to WTCS. It would be specified that: (a) all transferred employees would retain the same rights and status in WTCS that they enjoyed with the GWBLB; and (b) no transferred employee who had attained permanent status in his or her classified position would be required to serve a new probationary period. In total, these provisions would transfer \$285,000 GPR, \$3,006,600 PR, 4.6 PR positions, and 3.2 FED positions annually to WTCS, and retain \$1,582,500 GPR and 2.0 GPR positions in DWD's Division of Workforce Solutions. The GWBLB Executive Director would be eliminated.

[Act 25 Sections: 42m, 53m, 156d, 221d, 350r thru 352p, 429m, 487b, 714d, 715d thru 719d, 1834v thru 1839t, 2109j, 9146(1q), 9154(1q), and 9254(1q)]

25. POSITION TRANSFER TO THE LABOR AND INDUSTRY REVIEW COMMISSION

Governor/Legislature: Transfer \$169,100 FED and 2.6 FED positions annually from the Division of Unemployment Insurance to the Labor and Industry Review Commission (LIRC) to place legal assistants who prepare synopses of testimony for LIRC under the direction of the Commission. LIRC is a three-member entity, with staff, that decides appeals of decisions issued by administrative law judges in disputed cases involving unemployment insurance, worker's compensation, and equal rights. The Commission is attached to DWD for administrative purposes.

26. EQUAL RIGHTS -- OPEN HOUSING LAW

Joint Finance/Legislature: Modify the provisions of the state open housing law to require DWD to refer cases to the Department of Justice where probable cause of discrimination has been determined. The Department of Justice would be authorized, based on its concurrence,

to represent the discrimination complainant and the state's interest in eliminating probable discrimination at a hearing or in court. These statutory changes would be effective on January 1, 2006. A total of \$85,000 GPR in 2006-07 would be placed in the Finance Committee's program supplementation appropriation to be released to the Department of Justice and/or Workforce Development, if necessary, to meet the representation requirements of administering the state open housing law.

Under current law, a person alleging discrimination in housing may file a complaint with the Equal Rights Division (ERD) of DWD. The Division will first pursue a settlement and then conduct an investigation. If the investigation finds probable cause to believe the discrimination may have occurred, the ERD will issue a charge of discrimination along with the investigator's determination. Either party may elect to have the charge decided in a civil action filed in Circuit Court. If a civil action is not chosen, the case is decided after a hearing held by an administrative law judge of ERD. Either party may appeal this decision to the Labor and Industry Review Commission (LIRC) and court. Relief varies with the circumstances of each case but, generally, persons who prove they were victims of discrimination may receive: (a) out-of-pocket losses and interest; (b) attorney fees and costs; (c) compensatory damages for losses or injury; and (d) punitive damages if filed in court. However, ERD does not provide legal representation for either party.

The U.S. Department of Housing and Urban Development (HUD) provides financial assistance to states whose open housing laws are determined to have "substantial equivalency" with the federal Fair Housing Law. Wisconsin's law does not achieve "substantial equivalency" with the federal law, because it does not provide for representation at hearings or in court. This provision would provide for such representation. The state could then request HUD to determine that the state law is in "substantial equivalency" with the federal law.

[Act 25 Sections: 1839u thru 1839z, 9353(3k), and 9454(3k)]

27. ACROSS-THE- BOARD REDUCTIONS

GPR	- \$534,600
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Senate: Reduce the agency's GPR appropriation for Workforce Development – general program operations by \$265,300 in 2005-06 and by \$269,300 in 2006-07. This reduction amount is equal to approximately 2.3% of the agency's total GPR state operations appropriations, excluding appropriations for energy costs and debt service payments, in each fiscal year. Provide that the agency may submit a request to the Joint Committee on Finance under s. 13.10 to reallocate the reduction to any of the agency's other sum certain GPR state operations appropriations. Provide further that the agency may submit a request to the Committee for restoration of the GPR funding reduction, or in the case of a sum sufficient appropriation, to re-estimate the expenditure level under the appropriation, in either case in an amount not to exceed the amount of reduction made to the agency's appropriation under this provision. In the case of an appropriation restoration or sum sufficient re-estimate, the funding amounts would come from total funding of \$96,000,000 GPR placed in reserve in the Committee's biennial

appropriation for this purpose. See also "Budget Management and Compensation Reserves" and "Program Supplements".

Veto by Governor [E-2]: By partial veto, modify the language relating to release of funds from the Committee's supplemental GPR appropriation to create alternative language specifying that the Secretary of Administration, not the Joint Finance Committee, shall (not may) transfer monies from the Committee's appropriation to state agencies in any amount not to exceed the amount of the reduction indicated for that agency (which for this agency is the amount of the reduction indicated above).

[Act 25 Section: 9155(5dv)]

[Act 25 Vetoed Sections: 9155(4)(c)&(5dv)]

Economic Support and Child Care

1. W-2 AND TANF RELATED REVENUES AND EXPENDITURES

Governor: Table 1 shows the Wisconsin Works (W-2) and temporary assistance for needy families (TANF) related revenue estimates and expenditures recommended by the Governor. These items are addressed in detail in the entries that follow according to the number listed in the right-hand column of the table.

Revenues Available for W-2 and TANF Related Programs

As shown, the administration estimates total revenues for W-2 and TANF related programs at \$618,889,500 in 2005-06 and \$593,594,200 in 2006-07. Overall, total revenues would decrease by \$22,188,700 in 2005-06 and \$47,484,000 in 2006-07 compared to the amount available in 2004-05. These decreases primarily reflect the fact that most of the TANF carryover funds that were available at the beginning of 2004-05 will no longer be available in the 2005-07 biennium. However, the reduced federal revenues would be partially offset by increased state GPR and transportation fund revenues being allocated to support the TANF programs.

State funding would include \$202,707,600 (\$164,947,200 GPR, \$25,647,000 PR, and \$12,113,400 SEG) in 2005-06 and \$195,067,600 (\$157,949,400 GPR, \$25,247,700 PR, and \$11,870,500 SEG) in 2006-07. The program revenue includes the state's share of aid to families with dependent children (AFDC) overpayment recoveries, fees generated from day care licensing activities, which would be transferred from the Department of Health and Family Services (DHFS) to DWD, and funds transferred from DHFS to DWD for administration of the federal food stamp employment and training (FSET) program. Although job access loan repayments have been eliminated as a program revenue source, state program revenue would

increase overall due to fees from day care licensing activities. Segregated revenue includes funds transferred from the transportation fund and from utility public benefits funding.

Funding also includes \$8,476,000 PR in 2005-06 and \$7,956,400 PR in 2006-07 from child support collections that are assigned to the state by public assistance recipients, which has decreased from the base, and one-time funding of \$6,950,000 PR annually in accumulated child support collections.

Federal funding is estimated at \$416,181,900 in 2005-06 and \$398,526,600 in 2006-07, which includes TANF carried over from 2004-05, monies from the TANF block grant and the child care development block grant (CCDBG), and recoveries of overpayments to W-2 recipients. There is a small increase in federal funds, which reflects the new appropriation to track the CCDBG and TANF overpayment recoveries.

It should be noted that, under federal law, authorization for the TANF program expired on September 30, 2002. Congress has passed continuing resolutions extending the program through December 31, 2005. At that time, legislation will be needed to either continue or reauthorize the program. The Governor's recommendations assume that the program will continue at the same funding levels provided under the current federal program.

Expenditures for W-2 and TANF Related Programs

Under the Governor's recommendations, overall expenditures for W-2 related programs would be \$618,889,500 in 2005-06 and \$593,594,200 in 2006-07. These amounts include all funds, and represent a decrease from the base budget of \$14,708,800 in 2005-06 and \$40,004,100 in 2006-07. According to the Executive Budget in Brief document, the decreases reflect an effort to bring the TANF program, with an estimated annual structural deficit of \$51 million, into balance; while providing sufficient funding for W-2 agency contracts, expanding the caretaker of newborn infant grants, and retaining funding for programs that support low-income families. Expenditures include: W-2 cash grants, wage subsidies, and other employer reimbursements; W-2 agency contract allocations for administrative costs and services; child care; financial benefits for the kinship care program, the caretaker supplement, and emergency assistance; state administration and other ongoing services; and expenditures for programs outside of DWD. TANF funding for English for Southeast Asian children and Head Start would be eliminated and replaced with GPR in the Department of Public Instruction (DPI). TANF funding for brighter futures, tribal adolescent services, and domestic violence would be eliminated and replaced with GPR in DHFS. TANF funding for the Child Abuse and Neglect Prevention (CANP) Board would also be eliminated and replaced with GPR. TANF funding for the early childhood excellence program would be eliminated in 2006-07.

Federal law allows the state to carry forward unexpended TANF funding without fiscal year limitation. However, the TANF expenditures would equal the TANF revenues in 2005-06 and 2006-07, leaving no TANF balance to carry forward. In addition, the TANF revenues include one-time funding of \$6,950,000 PR annually from accumulated child support

collections, which would leave an on-going structural deficit in the TANF program of \$6,950,000 per year.

TABLE 1

W-2 and TANF Related Revenues and Expenditures Under the Governor's Budget Bill

	<u>Governor's Bill</u>		<u>Change to Base</u>		Item #
	<u>2005-06</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2006-07</u>	
Revenues					
State General Purpose Revenue in DWD (GPR)	\$164,947,200	\$157,949,400	\$9,380,700	\$2,382,900	2, 16
Day Care Licensing Fees (PR)	1,292,500	1,292,500	1,292,500	1,292,500	16
Day Care Licensing SSBG Transfer from DHFS (PR-S)	474,600	474,600	474,600	474,600	16
AFDC Overpayment Recoveries (PR)	341,300	461,600	-1,058,700	-938,400	3
CCDBG and TANF Overpayment Recoveries (FED)	1,509,900	2,194,900	1,509,900	2,194,900	30
TANF Block Grant (FED)	314,499,400	314,499,400	0	0	
Child Care Development Block Grant (FED)	81,832,300	81,832,300	-1,456,900	-1,456,900	
FSET Administration (PR-S)	8,112,600	8,112,600	0	0	
Child Support Collections (PR)	15,426,000	14,906,400	4,934,900	4,415,300	3, 5
Public Benefits Funding (SEG)	9,232,000	9,232,000	0	0	
Transportation Fund (SEG)	2,881,400	2,638,500	2,881,400	2,638,500	4
TANF Carryover (FED)	<u>18,340,300</u>	<u>0</u>	<u>-40,147,100</u>	<u>-58,487,400</u>	
Total Revenues	\$618,889,500	\$593,594,200	-\$22,188,700	-\$47,484,000	
Expenditures					
W-2 Agency Contracts					
Benefits	\$59,526,100	\$52,612,800	-\$6,913,300	-\$13,826,600	6, 11
Administration	20,107,500	19,049,200	-1,058,200	-2,116,500	7
Services	49,879,200	44,151,800	-5,727,400	-11,454,800	8, 11
Child Care					
Direct Child Care Subsidies	\$307,282,800	\$300,509,900	-\$757,800	-\$7,530,700	12, 15
Child Care State Administration	1,488,500	1,488,500	282,100	282,100	13
Quality Rating System	2,900,000	1,400,000	2,900,000	1,400,000	15
Quality Care for Quality Kids	8,603,500	8,603,500	2,205,200	2,205,200	14
Day Care Licensing	5,987,900	5,987,900	1,480,000	1,480,000	16
Other Benefits					
Kinship Care	\$23,748,400	\$23,748,400	-\$373,800	-\$373,800	17
Caretaker Supplement for Children of SSI Recipients	29,973,600	28,893,300	798,500	-281,800	18
Emergency Assistance	4,500,000	4,500,000	0	0	
Job Access Loans*	0	0	-600,000	-600,000	3, 19
Administrative Support					
State Administration	\$17,004,500	\$17,004,500	-\$1,605,600	-\$1,605,600	20
Other Support Services					
Children First	\$1,361,000	\$1,361,000	\$221,000	\$221,000	21
English for Southeast Asian Children**	0	0	-100,000	-100,000	22
Transportation	900,000	900,000	900,000	900,000	23

	<u>Governor's Bill</u>		<u>Change to Base</u>		Item #
	<u>2005-06</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2006-07</u>	
Grant Programs					
Early Childhood Excellence	\$2,250,000	\$0	-\$250,000	-\$2,500,000	24
Boys and Girls Clubs	300,000	300,000	0	0	
Expenditures in Other Programs					
Earned Income Tax Credit	\$59,532,000	\$59,532,000	\$0	\$0	
Head Start**	0	0	-3,500,000	-3,500,000	25
Social Services Block Grant	13,420,500	13,420,500	0	0	
Brighter Futures/Tribal Adolescent Services **	0	0	-1,367,100	-1,367,100	26
Domestic Violence**	0	0	-750,000	-750,000	27
Child Abuse and Neglect Prevention Board**	0	0	-340,000	-340,000	28
Child Welfare Safety Services	7,323,600	7,323,600	0	0	
Child Welfare Prevention Services	1,489,600	1,489,600	0	0	
Milwaukee Child Welfare/WISACWIS	<u>1,310,800</u>	<u>1,317,700</u>	<u>-152,400</u>	<u>-145,500</u>	29
Total Expenditures	\$618,889,500	\$593,594,200	-\$14,708,800	-\$40,004,100	
Ending Balance	\$0	\$0			

*The bill does not eliminate the job access loan program. However, the program would be funded solely with loan repayments and would no longer be considered part of the TANF budget.

**The bill eliminates TANF funding for English for Southeast Asian children, Head Start, brighter futures and tribal adolescent services, domestic violence programs, and the CANP Board and replaces the TANF funding with an identical amount of GPR, allocated in DPI, DHFS, and the CANP Board.

Joint Finance/Legislature: Table 2 shows the W-2 and TANF related revenue estimates and expenditures adopted by the Legislature.

As shown, total revenues for W-2 and TANF related programs are estimated at \$609,033,400 in 2005-06 and \$591,510,400 in 2006-07. Compared to the Governor's proposal, these numbers represent a decrease of \$9,856,100 in 2005-06 and \$2,083,800 in 2006-07. The decrease in revenue is due primarily to: (a) deleting the Governor's provision to transfer child care licensing activities from DHFS to DWD so that the revenue generated from these activities would remain in DHFS; and (b) reducing state funding for W-2 and TANF related programs by \$13,300,000 (-\$10,418,600 GPR and -\$2,881,400 SEG) in 2005-06 and \$10,300,000 (-\$7,661,500 GPR and -\$2,638,500 SEG) in 2006-07.

Overall expenditures for W-2 and TANF related programs would be \$603,989,400 in 2005-06 and \$591,208,400 in 2006-07. These amounts include all funds and represent a decrease to the Governor's bill of \$14,900,100 in 2005-06 and \$2,385,800 in 2006-07. The overall decrease results from several reductions to the Governor's proposals, which are described below in separate entries.

There would be an estimated balance in TANF funding of \$302,000 on June 30, 2007, under the Legislature's proposal.

TABLE 2

W-2 and TANF Related Revenues and Expenditures Under the Legislature

	Legislature		Change to Governor		Item #
	2005-06	2006-07	2005-06	2006-07	
REVENUES					
State General Purpose Revenue (GPR)	\$154,299,600	\$150,061,200	-\$10,647,600	-\$7,888,200	2, 4, 16
Day Care Licensing Fees (PR)	0	0	-1,292,500	-1,292,500	16
Day Care Licensing SSBG Transfer from DHFS (PR-S)	0	0	-474,600	-474,600	16
W-2 Agency Filing Fee (PR)	1,000	1,000	1,000	1,000	36
AFDC Overpayment Recoveries (PR)	589,500	626,600	248,200	165,000	3
CCDBG and TANF Overpayment Recoveries (FED)	1,509,900	2,194,900	0	0	30
TANF High Performance Bonus (FED)	5,000,000	5,000,000	5,000,000	5,000,000	3
TANF Block Grant (FED)	314,499,400	314,499,400	0	0	
Child Care Development Block Grant (CCDBG)	81,832,300	81,832,300	0	0	
FSET Administration (PR-S)	8,112,600	8,112,600	0	0	
Child Support Collections (PR)	15,426,000	14,906,400	0	0	3, 5
Public Benefits Funding (SEG)	9,232,000	9,232,000	0	0	
Transportation Fund (SEG)	0	0	-2,881,400	-2,638,500	4
TANF Carryover (FED)	18,531,100	5,044,000	190,800	5,044,000	3
Total Revenues	\$609,033,400	\$591,510,400	-\$9,856,100	-\$2,083,800	
EXPENDITURES					
W-2 Agency Contracts					
Benefits	\$59,184,700	\$51,930,000	-\$341,400	-\$682,800	6,11
Administration	18,999,900	16,834,100	-1,107,600	-2,215,100	7
Services	49,534,800	43,463,000	-344,400	-688,800	8,11
Child Care					
Direct Child Care Subsidies	\$310,332,100	\$313,432,100	\$3,049,300	\$12,922,200	12, 15, 32
Child Care State Administration	1,488,500	1,488,500	0	0	13
Quality Rating System	0	0	-2,900,000	-1,400,000	15
Quality Care for Quality Kids	3,378,500	3,378,500	-5,225,000	-5,225,000	14
Day Care Licensing	4,438,200	4,440,500	-1,549,700	-1,547,400	16
Other Benefits					
Kinship Care	\$23,034,200	\$22,686,300	-\$714,200	-\$1,062,100	17
Caretaker Supplement for Children of SSI Recipients	30,444,000	30,394,000	470,400	1,500,700	18
Emergency Assistance	4,500,000	4,500,000	0	0	34
Job Access Loans*	0	0	0	0	19
Administrative Support					
State Administration	\$16,060,000	\$16,060,000	-\$944,500	-\$944,500	20
Other Support Services					
Children First	\$834,400	\$834,400	-\$526,600	-\$526,600	21
English for S.E. Asian Children**	0	0	0	0	22
Transportation	0	0	-900,000	-900,000	23
Grant Programs					
Early Childhood Excellence	\$0	\$0	-\$2,250,000	\$0	24
Boys and Girls Clubs	300,000	300,000	0	0	

	<u>Legislature</u>		<u>Change to Governor</u>		Item #
	<u>2005-06</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2006-07</u>	
Expenditures in Other Programs					
Earned Income Tax Credit	\$59,532,000	\$59,532,000	\$0	\$0	
Head Start**	0	0	0	0	25
Social Service Block Grant	13,420,500	13,420,500	0	0	
Brighter Futures/Tribal Adolescent Services**	0	0	0	0	26
Domestic Violence**	0	0	0	0	27
Child Abuse and Neglect Prevention Board**	0	0	0	0	28
Child Welfare Safety Services	5,707,200	5,707,200	-1,616,400	-1,616,400	33
Child Welfare Prevention Services	1,489,600	1,489,600	0	0	
Milwaukee Child Welfare/WISACWIS	1,310,800	1,317,700	0	0	29
Total Expenditures	\$603,989,400	\$591,208,400	-\$14,900,100	-\$2,385,800	
Ending Balance	\$5,044,000	\$302,000	\$5,044,000	\$302,000	

*The bill does not eliminate the job access loan program. However, the program would be funded solely with loan repayments and would no longer be considered part of the TANF budget.

**TANF funding would be eliminated for English for Southeast Asian children, Head Start, brighter futures and tribal adolescent services, domestic violence programs, and the CANP Board and replaced with an identical amount of GPR, allocated in DPI, DHFS, and the CANP Board.

Vetoes by Governor [A-23 thru A-26]: Table 3 shows the W-2 and TANF related revenue estimates and expenditures after the Governor's partial vetoes. Items are described separately in the sections following the table according to the item number listed in the right-hand column of the table.

As shown, total revenues under 2005 Act 25 are estimated at \$609,033,400 in 2005-06 and \$591,510,400 in 2006-07. Total expenditures under 2005 Act 25 are \$603,989,400 in 2005-06 and \$591,208,400 in 2006-07. Changes under the Governor's partial vetoes as compared to the Legislature include reducing the statutory allocation for the earned income tax credit (EITC) by \$4,300,000 annually and increasing the statutory allocations for child care quality improvement programs and children first by \$4,300,000 annually.

Under 2005 Act 25, the balance in federal TANF funds at the end of the biennium is estimated at \$302,000.

TABLE 3

W-2 and TANF Related Revenues and Expenditures
2005-07 Biennial Budget -- Act 25

	2005-06	2006-07	Change to Legislature		Item #
			2005-06	2006-07	
REVENUES					
State General Purpose Revenue (GPR)	\$154,299,600	\$150,061,200	\$0	\$0	2, 4, 16
Day Care Licensing Fees (PR)	0	0	0	0	16
Day Care Licensing SSBG Transfer from DHFS (PR-S)	0	0	0	0	16
W-2 Agency Filing Fee (PR)	1,000	1,000	0	0	36
AFDC Overpayment Recoveries (PR)	589,500	626,600	0	0	3
CCDBG and TANF Overpayment Recoveries (FED)	1,509,900	2,194,900	0	0	30
TANF High Performance Bonus (FED)	5,000,000	5,000,000	0	0	3
TANF Block Grant (FED)	314,499,400	314,499,400	0	0	
Child Care Development Block Grant (CCDBG)	81,832,300	81,832,300	0	0	
FSET Administration (PR-S)	8,112,600	8,112,600	0	0	
Child Support Collections (PR)	15,426,000	14,906,400	0	0	3, 5
Public Benefits Funding (SEG)	9,232,000	9,232,000	0	0	
Transportation Fund (SEG)	0	0	0	0	4
TANF Carryover (FED)	18,531,100	5,044,000	0	0	3
Total Revenues	\$609,033,400	\$591,510,400	\$0	\$0	
EXPENDITURES					
W-2 Agency Contracts					
Benefits	\$59,184,700	\$51,930,000	\$0	\$0	6,11
Administration	18,999,900	16,834,100	0	0	7
Services	49,534,800	43,463,000	0	0	8,11
Child Care					
Direct Child Care Subsidies	\$310,332,100	\$313,432,100	\$0	\$0	12, 15, 32
Child Care State Administration	1,488,500	1,488,500	0	0	13
Quality Rating System	0	0	0	0	15
Quality Care for Quality Kids	7,378,500	7,378,500	4,000,000	4,000,000	14
Day Care Licensing	4,438,200	4,440,500	0	0	16
Other Benefits					
Kinship Care	\$23,034,200	\$22,686,300	\$0	\$0	17
Caretaker Supplement for Children of SSI Recipients	30,444,000	30,394,000	0	0	18
Emergency Assistance	4,500,000	4,500,000	0	0	34
Job Access Loans*	0	0	0	0	19
Administrative Support					
State Administration	\$16,060,000	\$16,060,000	\$0	\$0	20
Other Support Services					
Children First	\$1,134,400	\$1,134,400	\$300,000	\$300,000	21
English for S.E. Asian Children**	0	0	0	0	22
Transportation	0	0	0	0	23
Grant Programs					
Early Childhood Excellence	\$0	\$0	\$0	\$0	24
Boys and Girls Clubs	300,000	300,000	0	0	

	2005-06	2006-07	Change to Legislature		Item #
			2005-06	2006-07	
Expenditures in Other Programs					
Earned Income Tax Credit	\$55,232,000	\$55,232,000	-\$4,300,000	-\$4,300,000	40
Head Start**	0	0	0	0	25
Social Service Block Grant	13,420,500	13,420,500	0	0	
Brighter Futures/Tribal Adolescent Services**	0	0	0	0	26
Domestic Violence**	0	0	0	0	27
Child Abuse and Neglect Prevention Board**	0	0	0	0	28
Child Welfare Safety Services	5,707,200	5,707,200	0	0	33
Child Welfare Prevention Services	1,489,600	1,489,600	0	0	
Milwaukee Child Welfare/WISACWIS	<u>1,310,800</u>	<u>1,317,700</u>	<u>0</u>	<u>0</u>	29
Total Expenditures	\$603,989,400	\$591,208,400	\$0	\$0	
Ending Balance	\$5,044,000	\$302,000	\$0	\$0	

*Act 25 does not eliminate the job access loan program. However, the program would be funded solely with loan repayments and would no longer be considered part of the TANF budget.

**TANF funding was eliminated for English for Southeast Asian children, Head Start, brighter futures and tribal adolescent services, domestic violence programs, and the CANP Board and replaced with an identical amount of GPR, allocated in DPI, DHFS, and the CANP Board.

2. STATE SUPPORT OF W-2 AND RELATED PROGRAMS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$11,189,200	-\$23,600,000	-\$12,410,800
FED	<u>-11,189,200</u>	<u>23,600,000</u>	<u>12,410,800</u>
Total	\$0	\$0	\$0

Governor: Increase funding by \$9,093,500 GPR in 2005-06 and \$2,095,700 GPR in 2006-07 and delete an equal amount of TANF funding to reflect increased state support from general purpose revenue for W-2 and related programs.

Joint Finance/Legislature: Reduce funding by \$13,300,000 GPR in 2005-06 and \$10,300,000 GPR in 2006-07 and increase funding by an equal amount of TANF funds to reflect decreased state support from general purpose revenue for W-2 and related programs.

3. TANF REVENUE ADJUSTMENTS [LFB Papers 850 and 862]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$6,380,300	-\$413,200	\$5,967,100
PR	<u>-7,629,500</u>	<u>413,200</u>	<u>-7,216,300</u>
Total	-\$1,249,200	\$0	-\$1,249,200

Governor: Decrease funding by \$3,615,100 PR in 2005-06 and \$4,014,400 PR in 2006-07

and increase funding by \$2,990,500 FED in 2005-06 and \$3,389,800 FED 2006-07 to reflect: (a) the elimination of job access loan repayments as a source of revenue for TANF-related programs; (b) a reestimate of funding generated from the state's share of AFDC overpayment recoveries; (c) a reestimate of the state's share of child support collections used to fund W-2; and (d) an increase in TANF funding needed to support TANF-related programs to offset the reduction in program revenue.

Joint Finance/Legislature: Decrease funding by \$248,200 FED and increase funding by \$248,200 PR in 2005-06 and decrease funding by \$165,000 FED and increase funding by \$165,000 PR in 2006-07 to reflect: (a) a reestimate of AFDC overpayment recoveries (\$248,200 PR in 2005-06 and \$165,000 PR in 2006-07); and (b) a decrease in TANF funding in an amount equal to the AFDC overpayment recoveries reestimate increase (-\$248,200 FED in 2005-06 and -\$165,000 FED in 2006-07). Table 2 also shows additional TANF funding from anticipated receipt of high-performance bonus funds (\$5,000,000 FED annually) and a higher reestimate of carryover funds from 2004-05 to 2005-06 (\$190,800 FED in 2005-06). These amounts are reflected in the overall expenditures, which are described below in separate entries.

4. CONVERSION OF FUNDING FROM TANF TO THE TRANSPORTATION FUND
[LFB Paper 717]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$0	\$5,519,900	\$5,519,900
FED	- 5,519,900	0	- 5,519,900
SEG	<u>5,519,900</u>	<u>- 5,519,900</u>	<u>0</u>
Total	\$0	\$0	\$0

Governor: Provide \$2,881,400 SEG in 2005-06 and \$2,638,500 SEG in 2006-07 and delete an equal amount of TANF funding to reflect the conversion from TANF to transportation fund revenues for W-2 and related programs. This item is part of an initiative to convert several appropriations outside the Department of Transportation (DOT) to the transportation fund. A summary listing of these appropriations is included in a related item, which can be found under the Transportation Finance section of DOT.

Joint Finance/Legislature: Provide \$2,881,400 GPR in 2005-06 and \$2,638,500 GPR in 2006-07 and delete the provision to convert funding from TANF to transportation fund revenues for W-2 and related programs.

5. ACCUMULATED ASSIGNED CHILD SUPPORT COLLECTIONS

FED	-\$13,900,000
PR	<u>13,900,000</u>
Total	\$0

Governor/Legislature: Provide one-time funding of \$6,950,000 PR annually to offset TANF revenues to support W-2 and TANF-related programs. These PR funds have accumulated in the child support transfers appropriation.

6. W-2 CASH BENEFITS ALLOCATION [LFB Paper 851]

FED	- \$21,764,100
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Governor/Legislature: Reduce funding by \$7,254,700 in 2005-06 and \$14,509,400 in 2006-07 for payments to W-2 participants in subsidized employment positions, trial job subsidies, and caretaker of newborn infant (CNI) grants under current law. Funding in 2005-06 of \$59,184,700 would include \$33,219,700 for the last six months of the current W-2 agency contracts (which cover calendar years 2004 and 2005) and \$25,965,000 for the first six months of the next contracts (which will cover calendar years 2006 through 2009). Funding in 2006-07 of \$51,930,000 would be used for the next 12 months of the 2006-2009 contracts. Funding for the next 24 months of the 2006-2009 contracts would be provided in the 2007-09 biennial budget. The reduction in funding would apply to the 2006-2009 contracts to reflect an anticipated decrease in the W-2 cash benefit caseload. The administration anticipates the monthly cash benefit caseload to decline until it reaches 7,500 in December, 2005, and to remain at 7,500 during the first 18 months of the 2006-2009 contract period. The cash benefit caseload in January, 2005, was 10,500. Base funding for cash benefits is \$66,439,400.

[Act 25 Section: 1087]

7. W-2 AGENCY CONTRACTS -- ADMINISTRATION [LFB Paper 851]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	-\$3,174,700	-\$3,322,700	-\$6,497,400

Governor: Reduce funding by \$1,058,200 in 2005-06 and \$2,116,500 in 2006-07 for administration expenditures under the W-2 agency contracts. Funding of \$20,107,500 in 2005-06 would include \$10,582,900 for the last six months of the 2004-2005 contracts and \$9,524,600 for the first six months of the 2006-2009 contracts. The funding in 2006-07 would include \$19,049,200 for the next 12 months of the 2006-2009 contracts. Funding for administrative expenses during the next 24 months of the 2006-2009 contracts would be provided in the 2007-09 biennial budget. The reduction in funding represents a 10% decrease in administrative expenditures in the 2006-2009 contracts from the 2004-2005 contracts. Base funding is \$21,165,700.

Joint Finance/Legislature: Reduce funding by \$1,107,600 in 2005-06 and \$2,215,100 in 2006-07 for administration under the 2006-2007 W-2 agency contracts. This reduction reduces the local administration expenditures so that total administration expenditures would be 15% of the overall contract amount.

[Act 25 Section: 1088]

8. W-2 AGENCY CONTRACTS -- SERVICES [LFB Paper 851]

FED	- \$18,215,400
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Governor/Legislature: Reduce funding by \$6,071,800 in 2005-06 and \$12,143,600 in 2006-07 for services under the W-2 agency contracts under current law. Funding in 2005-06 of \$49,534,800 would include \$27,803,300 for the last six months of the 2004-2005 contracts and \$21,731,500 for the first six months of the 2006-2009 contracts. Funding in 2006-07 of \$43,463,000 would be used for the next 12 months of the 2006-2009 contracts. Funding for the next 24 months of the 2006-2009 contracts would be provided in the 2007-09 biennial budget. The reduction in funding would apply to the 2006-2009 contracts to reflect an anticipated decrease in the W-2 agency cash benefit caseload. Base funding for services is \$55,606,600.

In addition, eliminate statutory language that specifies W-2 program services include transportation assistance for individuals who are eligible to receive TANF, education and training, mentoring, and other services provided under the W-2 agency contracts. The allocation for ancillary services would, instead, specify that the funding would be provided for program services under the W-2 agency contracts.

[Act 25 Section: 1090]

9. W-2 AGENCY PERFORMANCE BONUSES

Governor/Legislature: Retain the statutory allocation and authority for performance bonuses for the 2004-2005 W-2 agency contracts, but specify that no funding would be allocated in 2005-06. By retaining the statutory allocation, the bill would allow DWD to submit a request to DOA to allocate funding for performance bonuses in 2005-06 if DWD identified underspending in other programs that could be allocated for the bonuses. In addition, if DWD received additional TANF funds that could be allocated for performance bonuses, DWD and the Governor could submit a request to the Joint Committee on Finance under the 14-day approval process in s. 16.54 of the statutes for allocation of funds.

[Act 25 Section: 1089]

10. TRIAL JOBS PLUS DEMONSTRATION PROJECT [LFB Paper 852]

Governor: Require DWD to design and conduct a pilot project for a trial jobs plus program from January 1, 2006, to June 30, 2007. The pilot project would include the following:

Participants. Limit the project to 1,000 participants.

Location. Conduct the project in at least one of the geographical areas established by DWD in Milwaukee County and in at least two geographical areas outside of Milwaukee County.

W-2 Agencies and Intermediaries. Authorize W-2 agencies to contract with an intermediary that would act as: (a) a placement agency; (b) an employer of record of a participant; or (c) a

provider of supportive services, including coaching, mentoring, counseling, or job placement services.

Wage Subsidy. Require a W-2 agency or an intermediary to pay a wage subsidy to a participating employer in an amount that does not exceed the federal minimum wage (currently \$5.15 per hour) for 30 hours of work per week. Wage subsidy payments would continue until the participant completes participation in the pilot project, for any participant who is accepted into the program before June 30, 2007. Training activities prescribed by the employer consistent with training provided to other employees at the worksite could be considered work for purposes of calculating the work subsidy.

Employer Reimbursement. Require the W-2 agency or intermediary, in addition to the wage subsidy, to reimburse the employer for up to 100 percent of all of the following costs related to the participant's employment: (a) federal social security taxes; (b) state and federal unemployment contributions or taxes, if any; and (c) worker's compensation insurance premiums, if any. Reimbursement of these costs would continue until the participant completes the pilot project, for any participant accepted into the program before June 30, 2007.

Employers. Require an employer that employs a participant and receives a wage subsidy to agree to make a good faith effort to retain the participant as a permanent unsubsidized employee after the wage subsidy ends if the participant successfully completes participation. If the participant were not retained, the employer would be required to agree to serve as an employment reference for the participant or provide to the W-2 agency, or its intermediary, a written performance evaluation of the participant, including recommendations for improvements.

Time Limits. Limit participation in the pilot project to a maximum of six months. Participation could be extended for up to three months.

Child Care Subsidy Eligibility. Expand eligibility for a child care subsidy to participate in education or training activities to include pilot project participants. Under current law, W-2 participants placed in trial jobs, community service jobs, or transitional jobs are eligible for child care subsidies to participate in education or training activities.

Trial Jobs and Trial Jobs Plus. Apply all provisions of the statutes related to the trial job program to the trial jobs plus pilot project. As a result, the employer would provide worker's compensation coverage, the participant would have to meet the nonfinancial and financial eligibility requirements of other W-2 employment placements, and the participant would receive at least minimum wage.

Other Statutory Changes. Create an exemption from the statutory definition of rule to specify that the statutory definition would not apply to the pilot project. This exemption would be repealed on July 1, 2007, after the completion of the pilot project.

Delete Nonstatutory Provision. Delete a nonstatutory provision in 2003 Act 33 that directed the DWD Secretary to continue the creation and implementation of a subsidized W-2 work

program. This provision referred to a new work category under W-2 -- transitional subsidized private sector jobs.

EITC and Homestead. Although the federal Internal Revenue Service would make the ultimate determination, the administration believes that participants in the pilot project would qualify for the federal earned income tax credit (EITC). If that is the case, participants would also qualify for the state EITC. Participants would also qualify for the state homestead tax credit, regardless of whether they qualify for the EITC. However, the bill does not include additional funding for the state EITC or the homestead tax credit relating to this provision. Under current law, participants in community service jobs and transitional placements under W-2 do not qualify for the EITC because they receive monthly grants rather than wages. Under the current homestead credit provisions, property taxes or rent used in calculating the credit must be reduced by one-twelfth for each month in which an individual participates in a W-2 community service job or transitional placement. This provision would not apply to participants in the pilot project.

Development Zones Tax Credits. Specify that the wage subsidies and other reimbursements received by an employer of a trial jobs plus participant would have to be subtracted in determining the amount of development zone jobs credit that could be claimed by the employer for members of target groups. This treatment applies to the wage subsidy provided under the current trial jobs program.

Joint Finance/Legislature: Delete provision.

11. BENEFITS FOR PREGNANT WOMEN [LFB Paper 853]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$2,057,400	-\$2,057,400	\$0

Governor: Increase funding by \$685,800 in 2005-06 and \$1,371,600 in 2006-07 to extend W-2 grants beginning January 1, 2006, in the amount of \$673 per month, to women who do not have children and who are in their third trimester of an at-risk pregnancy. Under current law, custodial parents of children who are 12 weeks old or younger are eligible to receive these grants. Of these amounts, \$341,400 in 2005-06 and \$682,800 in 2006-07 would fund W-2 benefits, and \$344,400 in 2005-06 and \$688,800 in 2006-07 would fund W-2 services.

Eligibility would be limited to an unmarried woman who: (a) would be eligible for W-2 except that she is not a custodial parent of a dependent child; and (b) is in the third trimester of a pregnancy that is medically verified and shown by medical documentation to be at risk, such that the woman is unable to participate in the workforce. A W-2 agency could not require such women to participate in any W-2 employment positions. Receipt of a grant under this provision would not constitute participation in a W-2 employment position.

As under current law, the bill would make all other pregnant women, whose pregnancy is medically verified and who would be eligible for W-2 except that they are not custodial parents of a dependent child, eligible for employment training and job search assistance services provided by a W-2 agency.

These provisions would take effect on January 1, 2006.

Joint Finance/Legislature: Delete provision.

12. CARETAKER OF A NEWBORN INFANT [LFB Paper 854]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	-\$2,288,500	\$2,288,500	\$0

Governor: Reduce funding by \$757,800 in 2005-06 and \$1,530,700 in 2006-07 to reflect an extension of the amount of time an eligible custodial parent of an infant could receive a monthly W-2 grant from 12 weeks, under current law, to 26 weeks. The funding modification shows a decrease for child care subsidies to reflect that individuals could be caring for their infants an additional 14 weeks, instead of engaging in work and training activities, and may not need child care. Base funding for child care subsidies is \$308,040,600.

Under current law, a person who meets the eligibility requirements for a W-2 employment position, and who is a custodial parent of a child who is 12 weeks old or less, may receive a monthly grant of \$673, unless another adult member of the W-2 group is participating in, or is eligible to participate in, a W-2 employment position, or is employed in unsubsidized employment. The parent may not be required to participate in a W-2 employment position during the 12 weeks. Receipt of a parent of a newborn grant does not constitute participation for purposes of time limits imposed on TANF and W-2 employment positions if the child was born not more than 10 months after the date the participant was first determined to be eligible for assistance for a W-2 employment position.

Under the bill, the parent could either be required to participate in a W-2 employment position or receive a caretaker of a newborn infant (CNI) grant from weeks 13 through 26. In addition, receipt of a CNI grant would constitute participation for purposes of time limits imposed on TANF and W-2 employment positions, regardless of when the child was born in relation to the determination of eligibility.

This provision would first apply to individuals who are determined to be eligible for W-2 and to be custodial parents of children who are 26 weeks old or less on January 1, 2006. In addition, CNI grants would first constitute participation for purposes of time limits beginning with grants received on January 1, 2006.

Joint Finance/Legislature: Delete provision.

13. CHILD CARE -- STATE ADMINISTRATION [LFB Paper 856]

FED	\$235,200
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Governor/Legislature: Increase funding by \$117,600 annually to support the child care information center and the office of child care in DWD. The child care information center (CCIC) is a mail-order lending library and information center that serves those who work in the field of child care and early childhood education. The CCIC provides free information services, library services, and adult learning services to help Wisconsin child care professionals and is administered by DPI's reference and loan library. Total funding of \$1,488,500 annually would support the CCIC (\$125,000 annually) and the office of child care in DWD (\$1,363,500 annually), which includes \$164,500 shown under standard budget adjustments.

The bill would also rename the indirect child care services allocation to the child care state administration allocation.

Veto by Governor [A-24]: Delete the provision that would have renamed the indirect child care services allocation to the child care state administration allocation.

[Act 25 Sections: 1075 and 1095c]

[Act 25 Vetoed Section: 1095c]

14. QUALITY CARE FOR QUALITY KIDS [LFB Paper 856]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
FED	\$4,410,400	-\$10,450,000	\$8,000,000	\$1,960,400

Governor: Increase funding by \$2,205,200 annually for programs to improve child care quality and availability. Total funding of \$8,603,500 annually would be allocated under the bill, as shown in the table below. The first column in the table represents the base level of funding for each program. The second and third columns show the total funding under the bill, and the last two columns show the proposed change to base.

**Funding for Programs to Improve Child Care Quality and Availability
Under the Governor's Budget Bill**

	Base Funding	Governor		Change to Base	
		2005-06	2006-07	2005-06	2006-07
Child Care Scholarship	\$2,700,000	\$4,500,000	\$4,500,000	\$1,800,000	\$1,800,000
Resource and Referral	1,219,800	1,225,000	1,225,000	5,200	5,200
Technical Assistance	0	400,000	400,000	400,000	400,000
Local Pass-Through	<u>2,478,500</u>	<u>2,478,500</u>	<u>2,478,500</u>	<u>0</u>	<u>0</u>
Total	\$6,398,300	\$8,603,500	\$8,603,500	\$2,205,200	\$2,205,200

The bill would also rename the local pass-through grant allocation to the quality care for quality kids allocation.

Joint Finance/Legislature: Decrease funding by \$5,225,000 annually for the following programs: (a) child care scholarships and stipends (-\$1,621,500 annually); (b) child care resource and referral network (-\$725,000 annually); (c) technical assistance (-\$400,000 annually); and (d) the local pass-through program (-\$2,478,500 annually). Total funding of \$3,378,500 annually would be allocated to the following programs: (a) child care scholarships and stipends (\$2,878,500 annually); and (b) child care resource and referral network (\$500,000 annually).

Veto by Governor [A-24]: Increase funding for child care quality improvement programs by \$4,000,000 annually by restoring some digits and statutory language and eliminating other digits and language. Additional annual funding of \$4,000,000 is available for child care quality improvement programs due to the reduction in TANF funding for the EITC (summarized below under Item #40 -- Earned Income Tax Credit).

The administration indicates that the additional \$4,000,000 annually for child care quality improvement programs would increase funding for the following programs: (a) child care scholarships and stipends (\$396,500, for a total of \$3,275,000); (b) child care resource and referral network (\$725,000, for a total of \$1,225,000); (c) technical assistance (\$400,000); and (d) local pass-through program (\$2,478,500).

[Act 25 Sections: 1049 thru 1058, 1075, 1077d, 1095c, and 1096c]

[Act 25 Vetoed Sections: 1075 and 1095c]

15. QUALITY RATING AND TIERED REIMBURSEMENT SYSTEMS FOR CHILD CARE PROVIDERS UNDER W-2 [LFB Paper 857]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	-\$1,700,000	\$1,700,000	\$0

Governor: Provide \$2,900,000 in 2005-06 and decrease funding by \$4,600,000 in 2006-07 to support a child care quality rating system and to reflect estimated savings from the implementation of a tiered reimbursement system for child care providers under W-2.

Quality Rating System. Provide \$2,900,000 in 2005-06 and \$1,400,000 in 2006-07 to implement a quality rating system for child care providers. Under current law, DHFS may license a person to operate a day care center, and no person may provide care and supervision for four or more children under the age of seven for less than 24 hours a day unless the person obtains a license to operate a day care center. In addition, a county department of human services or social services may certify a day care provider for reimbursement under the W-2 program, and a school board may establish or contract for the provision of day care programs

for children. The quality rating system would rate the quality of the child care provided by a state licensed or certified child care provider or provided by a day care program established or contracted for by a school board. In addition, the bill would require DWD to make the rating information available, including on DWD's Internet site, to the parents, guardians, and legal custodians of a child who receives or may receive care and supervision from these child care providers.

The funds would be used to support: (a) the assessment of child care providers to assign a rating, which would be accomplished by contracting with an entity for that purpose (\$1,400,000 in 2005-06 and \$700,000 in 2006-07); (b) the creation, implementation, and maintenance of a computer system to manage and display the quality rating information (\$1,500,000 in 2005-06 and \$500,000 in 2006-07); and (c) a public information campaign to explain the quality rating system and how to use it (\$200,000 in 2006-07).

Tiered Reimbursement System. Reduce funding by \$6,000,000 in 2006-07 for child care subsidies to reflect the implementation of a tiered reimbursement system for child care subsidies under W-2. The tiered reimbursement system would reimburse child care providers at a rate that is based on the provider's quality rating under the quality rating system. The bill would authorize DWD to exceed the maximum reimbursement rate established under current law, which would allow DWD to pay higher reimbursements to the child care providers that have a higher quality rating. Under current law, DWD may reimburse at a rate less than the maximum rate. Therefore, under the tiered reimbursement system, DWD would pay lower subsidies to the child care providers that have a lower quality rating. Base funding for child care subsidies is \$308,040,600.

Under current law, each county establishes the maximum child care subsidy that will be paid to a licensed child care provider on an annual basis, subject to DWD approval. The rates are determined by surveying licensed day care centers for the rates they charge to the general community. The rate is set so that at least 75% of the number of places for children with licensed providers could be purchased at or below the maximum rate. The maximum rate for certified regular providers may not exceed 75% of the rate for licensed family day care providers, and the maximum rate for certified provisional providers may not exceed 50% of the rate for licensed family day care providers. Separate rates are provided for the different types of child care (licensed family, licensed group, regular certified, provisionally certified, and certified in-home), for infants and toddlers under age two, for children with special needs (on a case-by-case basis), and for providers that are accredited by certain national or state organizations.

Joint Finance/Legislature: Delete provision.

16. LICENSING OF CHILD CARE PROVIDERS [LFB Paper 858]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR-REV	\$1,148,600		-\$1,148,600		\$0	
GPR	\$574,400	0.00	-\$455,700	0.00	\$118,700	0.00
FED	-1,148,600	55.44	892,800	-55.44	-255,800	0.00
PR	<u>6,119,200</u>	<u>27.76</u>	<u>-6,119,200</u>	<u>-27.76</u>	<u>0</u>	<u>0.00</u>
Total	\$5,545,000	83.20	-\$5,682,100	-83.20	-\$137,100	0.00

Governor: Increase funding by \$2,772,500 annually (\$287,200 GPR, -\$574,300 FED, and \$3,059,600 PR) and increase FTE positions by 83.2 annually (55.44 FED and 27.76 PR) to reflect the transfer of licensing responsibilities of child care providers from DHFS to DWD and to reflect an increase in licensing fees.

Under current law, DHFS staff license and monitor family and group day care facilities. Licensing activities are funded from child care development block grant funds, which are transferred from DWD to DHFS, general purpose revenue, licensing fees, and the social services block grant.

The bill would provide \$287,200 GPR annually in DWD for child care licensing activities, which is currently allocated in DHFS for child care licensing. In addition, under the bill, child care development block grant funding would be retained by DWD for licensing activities, rather than transferred to DHFS under current law. Base CCDBG funding for child care licensing activities is \$4,507,900 FED. The bill would also require DHFS to transfer \$474,600 PR annually to DWD from the social services block grant to support child care licensing activities, which is the amount currently used to support these activities in DHFS. The bill would also transfer 83.2 positions from DHFS to DWD.

The bill would create a program revenue appropriation for the funds received from licensing fees to be used for the costs of licensing child care providers. Under current law, the licensing fee for a family child care license is \$60.50 every two years, and the fee for a group child care license is \$30.25, plus \$8.47 for every child the center is licensed to serve, every two years. Base funding from license fees in DHFS is \$718,200. In addition, the bill would increase the per child fee from \$8.47 to \$16.94, which would generate additional program revenue of \$574,300 annually, for total program revenue generated from license fees in DWD of \$1,292,500 annually. The additional revenue from these fees would reduce the amount of CCDBG funding needed for licensing by \$574,300 FED annually.

The bill includes \$1,292,500 annually in PR-S funding for DWD's interagency and intra-agency programs appropriation to reflect that these costs are assessed to DWD's licensing activities appropriation on a charge-back basis and, therefore, "double-counted" in the agency's budget.

As shown below, with these changes, the bill would provide DWD with \$5,987,900 annually to administer licensing activities. This is the same total amount provided to DHFS under current law, but the bill would replace \$574,300 in federal CCDBG funds with the additional revenue from the license fee increase.

Child Care Block Grant	\$3,933,600
Social Services Block Grant Transfer	474,600
Licensing Fees*	1,292,500
GPR	<u>287,200</u>
Total	\$5,987,900

*The bill includes an additional \$1,292,500 PR-S annually to reflect the charge-back.

The additional fiscal effect of transferring child care licensing activities from DHFS to DWD is reflected under "Health and Family Services -- Children and Families."

Joint Finance/Legislature: Decrease funding by \$2,842,200 in 2005-06 (-\$229,000 GPR, \$446,400 FED, and -\$3,059,600 PR) and \$2,839,900 in 2006-07 (-\$226,700 GPR, \$446,400 FED, and -\$3,059,600 PR) and decrease FTE positions by 83.20 annually (-55.44 FED and -27.76 PR) to delete the provision that would have transferred licensing responsibilities for child care providers from DHFS to DWD, to reflect a lower increase in licensing fees than proposed under the bill, and to reflect increased funding of \$58,200 GPR in 2005-06 and \$60,500 GPR in 2006-07 to offset an increase in CCDBG funding needed for standard budget adjustments for licensing activities in DHFS.

The increase of \$446,400 FED annually represents an increase in the amount of CCDBG funds transferred from DWD to DHFS to reflect a per child license fee of \$10.33 adopted by the Joint Committee on Finance. Under the Governor's bill, the per child fee would have increased from \$8.47 to \$16.94, which would have reduced the amount of CCDBG funds needed. Less revenue is generated with a per child fee of \$10.33, rather than \$16.94, so more CCDBG funds are needed to fund child care licensing activities.

The table below shows the amount that would be provided in DHFS for licensing activities in each fiscal year. These figures reflect the correct number of positions (80.19 FTE positions) and associated SSBG and GPR funding dedicated to child care licensing and increased CCDBG funding due to standard budget adjustments and a per child license fee of \$10.33.

	<u>2005-06</u>	<u>2006-07</u>
Child Care Block Grant Transfer	\$4,438,200	\$4,440,500
Social Services Block Grant	328,800	328,800
Licensing Fees	846,100	846,100
GPR	<u>263,100</u>	<u>263,100</u>
Total	\$5,876,200	\$5,878,500

[Act 25 Sections: 346d, 962d, 1075, 1076d, 1599, 9321(8f), and 9421(10f)]

17. KINSHIP CARE [LFB Paper 859]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	-\$747,600	-\$1,776,300	-\$2,523,900

Governor: Reduce funding transferred to DHFS for the kinship care program by \$373,800 annually to reflect a reestimate of the number of families anticipated to use the kinship care program. The program provides monthly payments of \$215 per child to certain individuals caring for relative children. The total allocation under the bill would be \$23,748,400 annually, including \$21,893,900 for benefits, \$235,000 for administration, and \$1,619,500 for assessments.

Joint Finance/Legislature: Reduce funding by \$714,200 in 2005-06 and \$1,062,100 in 2006-07 to reflect: (a) a reestimate of kinship care benefits (-\$561,200 in 2005-06 and -\$909,100 in 2006-07); (b) reduced funding for kinship care assessments (-\$155,500 annually); and (c) increased funding for administrative costs (\$2,500 annually). The total allocation under the bill would be \$23,034,200 in 2005-06, including \$21,332,700 for benefits, \$237,500 for administration, and \$1,464,000 for assessments, and \$22,686,300 in 2006-07, including \$20,984,800 for benefits, \$237,500 for administration, and \$1,464,000 for assessments.

[Act 25 Section: 1100m]

18. CARETAKER SUPPLEMENT [LFB Papers 396 and 850]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$516,700	\$1,971,100	\$2,487,800

Governor: Increase TANF funding by \$798,500 in 2005-06 and decrease funding by \$281,800 in 2006-07 for benefits and administration of the caretaker supplement for children of recipients of supplemental security income, administered by DHFS. TANF funding under the bill would total \$29,973,600 in 2005-06, including \$29,464,600 for benefits and \$509,000 for administration, and \$28,893,300 in 2006-07, including \$28,356,500 for benefits and \$536,800 for administration. The benefits amounts are based on reestimates of caseloads under the program.

Joint Finance/Legislature: Increase TANF funding by \$470,400 in 2005-06 and \$1,500,700 in 2006-07 to reflect a reestimate to fully fund the projected costs of the program. TANF funding under the bill would total \$30,444,000 in 2005-06, including \$29,799,400 for benefits and \$644,600 for administration, and \$30,394,000 in 2006-07 including \$29,749,400 for benefits, and \$644,600 for administration.

[Act 25 Section: 1101]

19. JOB ACCESS LOANS

FED	- \$1,033,400
PR	<u>1,068,500</u>
Total	\$35,100

Governor/Legislature: Increase funding by \$535,400 PR in 2005-06 and \$533,100 PR in 2006-07, decrease funding by \$516,700 FED annually, and delete the TANF allocation for job access loans to reflect a reestimate of job access loan repayments and the elimination of TANF funding. Base funding for job access loans is \$600,000 (\$516,700 FED and \$83,300 PR).

The bill would specify that the sole source of funding for job access loans would be job access loan repayments and would expand the permissible uses of the repayments to include administrative costs associated with collecting delinquent job access loan repayments. As a result, the job access loan program would no longer be included as a source of revenue or as an expenditure in TANF-related programs.

[Act 25 Sections: 341, 1061, 1086, and 1093]

20. STATE ADMINISTRATION

	<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
FED	-\$3,948,000	0.00	-\$1,889,000	-9.00	-\$5,837,000	-9.00

Governor: Reduce funding by \$1,974,000 annually to reflect a decrease to TANF state administration expenses to balance the TANF budget. Base funding for state administration of the TANF program is \$18,610,100. Under the bill, the allocation would total \$17,004,500 annually, which includes \$368,400 shown as standard budget adjustments.

Joint Finance/Legislature: Reduce funding by \$944,500 annually and eliminate 9.0 FTE positions, beginning July 1, 2005, to reflect the elimination of the Division of Workforce Solution's Milwaukee regional office.

Governor's Veto Message [page xxxi of the veto message]: In his veto message, the Governor indicates his intent to give discretion to DWD to determine which positions will be deleted so that DWD would have the flexibility to eliminate other positions in place of the Milwaukee regional office positions. The funding reduction would have to be absorbed in other areas of DWD's budget to ensure that the Milwaukee office remains open and fully operational.

[Act 25 Section: 1091]

21. CHILDREN FIRST [LFB Paper 861]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
FED	\$442,000	-\$1,053,200	\$600,000	-\$11,200

Governor: Increase funding by \$221,000 annually to expand the children first program to Brown, Douglas, Eau Claire, La Crosse, and Rock Counties. The children first program is the state employment and work experience program for noncustodial parents who fail to pay child support.

In addition, provide that the children first program may also be supported with program revenue funds assigned to the state by current or former public assistance recipients. The children first program is currently supported with GPR funds that are used as maintenance of effort for the TANF block grant. Base funding is \$1,140,000.

Joint Finance/Legislature: Reduce funding by \$526,600 annually. The total allocation would be \$834,400 annually.

Veto by Governor [A-26]: Maintain the current statutory allocation for the children first program of \$1,140,000 annually by deleting the change to the children first allocation adopted by the Legislature. However, through the Governor’s partial veto, only an additional \$300,000 annually is available to increase funding for the children first program, for a total of \$1,134,400 annually. Additional annual funding of \$300,000 is available for the children first program due to the reduction in TANF funding for the EITC (summarized below under Item #40 -- Earned Income Tax Credit).

[Act 25 Sections: 343 and 1119]

[Act 25 Vetoed Section: 1092]

22. ENGLISH FOR SOUTHEAST ASIAN CHILDREN

FED	-\$200,000
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Governor/Legislature: Reduce funding by \$100,000 annually to eliminate TANF funding and delete the TANF statutory allocation for the English for Southeast Asian children program. These funds are provided to the Wausau School District for English language training for Southeast Asian children ages three to five. The bill would replace this funding with GPR under the Department of Public Instruction (DPI).

[Act 25 Sections: 179 and 1108]

23. TRANSPORTATION PROGRAMS [LFB Paper 861]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$1,800,000	-\$1,800,000	\$0

Governor: Provide \$900,000 annually for transportation assistance programs for TANF-eligible individuals. These programs support capacity building and group transportation solutions, such as expanded transit services, transit route extensions, increased frequency of services, shared ride taxi service expansions, employer initiatives, volunteer driver programs, and improved coordination among existing employment transportation services. There is no base TANF funding for these programs. Funding from the Department of Transportation, the federal job access and reverse commute program, and local agencies currently support these programs.

Joint Finance/Legislature: Delete provision.

24. EARLY CHILDHOOD EXCELLENCE [LFB Paper 861]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	-\$2,750,000	-\$2,250,000	-\$5,000,000

Governor: Reduce funding by \$250,000 in 2005-06 and \$2,500,000 in 2006-07 and delete the TANF allocation and statutory authority beginning July 1, 2006, for the early childhood excellence program, which provides grants to early childhood centers for children under age five who come from families with incomes at or below 200% of the federal poverty level. The centers provide child care education services, outreach, and training for parents and training for child care providers. A local matching contribution of 25% is required.

Base funding is \$2,500,000. The bill would provide \$2,250,000 in 2005-06 and no funding in 2006-07.

Joint Finance: Reduce funding by \$2,250,000 in 2005-06 and delete the TANF allocation and statutory authority beginning July 1, 2005, for the early childhood excellence program.

Senate/Legislature: Restore the statutory authority for the early childhood excellence program. No funding would be provided for this program.

[Act 25 Section: 1098n]

25. HEAD START

FED	- \$7,000,000
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Governor/Legislature: Reduce funding by \$3,500,000 annually to eliminate TANF funding and delete the TANF statutory allocation for the Head Start supplement program administered by DPI. The funds are distributed to federally-designated Head Start programs to enable expansion of the programs. Base funding is \$7,212,500 (\$3,712,500 GPR and \$3,500,000 TANF). The bill would replace the TANF funding with GPR under DPI to maintain the total supplement of \$7,212,500 in each year.

[Act 25 Sections: 188, 347, 1107, and 1859]

26. ADOLESCENT SERVICES AND PREGNANCY PREVENTION PROGRAMS

FED	- \$2,734,200
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Governor/Legislature: Reduce funding by \$1,367,100 annually to eliminate TANF funding and delete the statutory allocations for the brighter futures and tribal adolescent services programs administered by DHFS. These programs distribute grants to counties and tribes to prevent and reduce the incidence of youth violence and other delinquent behavior, prevent and reduce the incidence of youth alcohol and other drug use and abuse, prevent and reduce the incidence of child abuse and neglect, prevent and reduce the incidence of non-marital pregnancy and increase the use of abstinence as a method of preventing non-marital pregnancy, and increase adolescent self-sufficiency. The bill would replace this funding with GPR under DHFS.

[Act 25 Sections: 309, 347, 918 thru 922, and 1102]

27. DOMESTIC VIOLENCE

FED	- \$1,500,000
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Governor/Legislature: Reduce funding by \$750,000 annually to eliminate TANF funding and delete the TANF statutory allocation for domestic violence programs. These funds are distributed by DHFS to organizations that provide domestic abuse services, including shelter facilities or private home shelter care, advocacy and counseling for victims, a 24-hour telephone service, and community education. Base funding is \$7,800,000, including \$750,000 in TANF funds. The TANF funds support services for victims of domestic abuse and their children, domestic violence services to traditionally underserved populations, and legal services for victims of domestic violence. Individuals that receive services funded with TANF must be from families whose incomes do not exceed 250% of the federal poverty level. The bill would replace this funding with GPR under DHFS.

[Act 25 Sections: 309, 347, 898, 899, and 1103]

28. CHILD ABUSE NEGLECT AND PREVENTION BOARD

FED	- \$680,000
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Governor/Legislature: Reduce funding by \$340,000 annually to eliminate TANF funding and delete the TANF statutory allocation for the CANP Board. Funding currently supports grants to organizations to fund early childhood family education centers and community-based child abuse and neglect prevention programs. The bill would replace this funding with GPR under the CANP Board.

[Act 25 Sections: 297, 347, 1045 thru 1047, and 1109]

29. CHILD WELFARE INFORMATION SYSTEM

FED	- \$297,900
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Governor/Legislature: Reduce funding by \$152,400 in 2005-06 and \$145,500 in 2006-07 for the Wisconsin statewide child welfare information system (WISACWIS) administered by DHFS. WISACWIS is the automated child welfare system that assists case workers and administrators in managing child welfare services, including intake, assessment, eligibility determinations, case management, court processing, financial reporting, and administration. The TANF funds support the portion of implementation and ongoing support costs of the system that are related to the kinship care program.

[Act 25 Section: 1105]

30. APPROPRIATION CHANGES [LFB Paper 864]

Governor: Create or modify several appropriations related to W-2.

Overpayment Recoveries. Create a federal revenue appropriation that consists of recovered overpayments, incorrect or disallowed payments, and voluntary repayments of CCDBG funds, TANF block grant funds, and state maintenance-of-effort funds for these block grants. Expenditures from this appropriation could be used for recovery costs, activities to reduce errors in W-2 and the child care subsidy program, and any other purposes for which CCDBG and TANF funds may be used. Under current law, these funds are deposited into the TANF block grant aids, CCDBG aids, or the maintenance-of-effort appropriations. The new appropriation would track receipt of the recovery amounts and expenditures of the recovery amounts.

Refunds of Expenditures. Modify the TANF and CCDBG aids appropriation to expand the time DWD could credit to this appropriation the amount of any returned check, or payment in other form, from the same fiscal year in which the original payment attempt was made to the same contract period in which the original payment attempt was made, regardless of the fiscal year in which the original payment attempt was made. Under current law, refunds that serve to reduce or eliminate the original payment in the same fiscal year in which the original payment was made may be designated as a refund of an expenditure. The bill would allow DWD to

credit these payments as refunds of expenditures any time during the same contract period, rather than during the same fiscal year.

TANF Maintenance-Of-Effort. Modify the GPR appropriation for TANF maintenance-of-effort to change the appropriation from an annual appropriation to a continuing appropriation. The bill would allow DWD to expend the appropriated funds until depleted.

Joint Finance/Legislature: Delete the provision related to the TANF maintenance-of-effort appropriation. As a result, the appropriation would remain an annual appropriation.

[Act 25 Sections: 124, 126, 340, 347, 348, and 1086]

31. COLLECTIONS OF PUBLIC ASSISTANCE OVERPAYMENTS

Governor/Legislature: Specify statutory changes to the collection procedures implemented if W-2 recipients do not repay the amounts that they were overpaid.

Filing Fees. The bill would make DWD's payment of filing fees for satisfactions, releases, and withdrawals of warrants semiannual. Under current law, these fees are paid when the documents are filed. However, the payment of filing fees for warrants constituting liens on the real and personal property of overpaid persons are billed semiannually. The bill would make all of these fees payable semiannually.

Notice of Withdrawal of Warrant. The bill would make the issuing and filing of a notice of withdrawal of a warrant discretionary with DWD in cases where DWD has made a payment arrangement with a debtor. Under current law, DWD is required to issue and file a notice of withdrawal of a warrant if a person who received an overpayment complies with a payment schedule arranged with DWD. Under the bill, DWD would no longer be required to withdraw a warrant after just one payment is made on schedule.

Levy Against Property of Third Parties. The bill would eliminate a one-year time limit on a levy against the property of a third party, so that the levy would remain in effect until satisfied or released. Under current law, DWD may subject property of an overpaid person to a levy until the overpayment is recovered. If a third party has an interest in the property that is subject to the levy, the third party is subject to proceedings to enforce the levy and is liable to DWD for up to 25% of the overpayment. The levy involving a third party remains in effect until it is satisfied or released, or until one year from the date the levy was served, whichever occurs first. The new provision would first apply to levies served on the bill's general effective date.

In addition, the bill would specify that if a third party retained a levy fee, the third party would be required to increase the amount of the levy by the fee amount before deducting the fee from the proceeds. Under current law, any third party in possession of property subject to a levy, such as a financial institution at which an overpaid person has an account, is entitled to a levy fee of \$5 that may be deducted from the proceeds of the levy. As a result, under the bill,

the levy fee would be paid by the overpaid person, rather than by DWD through reduced proceeds.

[Act 25 Sections: 1110 thru 1113, and 9354(2)]

32. CHILD CARE SUBSIDIES [LFB Paper 855]

FED	\$7,683,000
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Joint Finance/Legislature: Increase funding by \$2,291,500 in 2005-06 and \$5,391,500 in 2006-07 for direct child care services under the Wisconsin Shares program, which includes child care subsidies, local administration, on-site child care at job centers and counties, and migrant child care.

In addition, require DWD to modify child care provider reimbursement rates so that reimbursement rates are lower for providers of after-school day care and to increase the amount of copayments paid by the families receiving child care subsidies by 15%.

The increase in funding reflects: (a) a reestimate to fully fund child care subsidies (\$9,338,500 in 2005-06 and \$13,838,500 in 2006-07); (b) a 15% increase in copayments paid by parents, which results in a savings to the child care subsidies program (-\$3,700,000 in 2005-06 and -\$5,100,000 in 2006-07); (c) the establishment of lower reimbursement rates for child care providers for after-school child care (-\$2,000,000 annually); (d) a reduction for migrant child care (-\$347,000 annually); and (e) a reduction for on-site child care (-\$1,000,000 annually). The allocation for the Wisconsin Shares program would total \$310,332,100 in 2005-06 and \$313,432,100 in 2006-07.

Finally, modify current state law to conform to federal law and base eligibility for child care subsidies, in part, on whether the child receiving child care is a United States citizen or a qualifying alien. Under current state law, eligibility for child care subsidies is based, in part, on the immigration status of the parent, rather than the child receiving child care.

Veto by Governor [A-25]: Delete the provision that would have increased copayments paid by parents by 15%. No additional funding is provided to compensate for the loss in savings that the increase in copayments would have generated. Instead, the Governor indicates in his veto message that DWD has determined that by implementing additional efficiencies through a more equitable rate allocation, sufficient savings will accrue to offset revenues that would have been collected by a 15% increase in family copayments.

[Act 25 Sections: 1077r, 1079s, 1080, 1083m, and 1094d]

[Act 25 Vetoed Section: 9154(1k)]

33. CHILD WELFARE -- SAFETY SERVICES [LFB Paper 860]

FED	- \$3,232,800
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Joint Finance/Legislature: Reduce funding by \$1,616,400 annually to reflect the revised estimate of projected costs for the current safety services program and to support the expansion of the safety services program to also serve families with children at imminent risk of abuse or neglect. Funding under the Governor's budget bill to support the mental health stabilization clinic would be eliminated.

[Act 25 Section: 1104]

34. EMERGENCY ASSISTANCE

Joint Finance/Legislature: Modify current law to allow emergency assistance to needy persons in cases of homelessness or impending homelessness to obtain or retain a permanent living accommodation to be provided once in a 12-month period. Under current law, emergency assistance for homelessness or impending homelessness may be provided once in a 36-month period, while emergency assistance in cases of fire, flood, natural disaster, or energy crisis may be provided once in a 12-month period. This provision would provide emergency assistance for all allowable reasons once in a 12-month period.

[Act 25 Sections: 1059b and 1059d]

35. AFDC REIMBURSEMENTS OF EXPENDITURES [LFB Paper 863]

GPR-REV	\$3,008,500
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Joint Finance/Legislature: Transfer \$3,008,500 in AFDC reimbursements from the child support local assistance appropriation in DWD to the general fund on the effective date of the bill. In 2003-04, DWD requested and received federal AFDC matching funds in the amount of \$3,008,500 for eligible AFDC expenses incurred during 1995-96 and 1996-97 and placed these funds in its child support local assistance appropriation. These funds would lapse to the general fund on the effective date of the bill.

[Act 25 Section: 9254(1m)]

36. STATEMENT OF ECONOMIC INTERESTS BY W-2 AGENCIES

PR-REV	\$2,000
PR	\$2,000
FED	- 2,000
Total	\$0

Joint Finance/Legislature: Require all W-2 agencies, which are not county departments or tribal governing bodies, to include a statement of economic interests and a \$50 filing fee with the submission of a bid to participate in W-2 under the W-2 agency contracts. The statement of economic interests would have to include all of the following: (a) the agency's assets and liabilities; (b) the sources of the agency's income; (c) all of the agency's other clients, as well as a description of the goods or services provided to those clients; and (d) the identity of all of the agency's subsidiaries, affiliates, and parent companies, if any.

If the W-2 agency is not required to submit a bid because it has been awarded the right of first selection, the W-2 agency would have to, before executing the succeeding contract, submit to DWD a statement of economic interests described above and a \$50 filing fee.

In addition, require W-2 agencies that are required to submit a statement of economic interests to submit an updated statement of economic interests and a \$50 filing fee to DWD one year after entering into a W-2 agency contract.

Finally, modify the Department's economic support fees for administrative services appropriation to receive monies from the statement of economic interests filing fee and to expand the allowable uses of the appropriation to include purposes of filing statements of economic interests.

This provision would first apply to W-2 agency contracts that begin on January 1, 2006. Fee revenues are estimated at \$1,000 annually.

[Act 25 Sections: 340w, 1059f, 1059h, and 9354(4c)]

37. OVERSIGHT OF W-2 AGENCIES

Joint Finance/Legislature: Modify current law to increase oversight of the W-2 agencies as follows:

W-2 Agency Contracts. Require the W-2 agency contracts to contain financial penalties that DWD must enforce against a W-2 agency that fails to serve W-2 participants as required under the contract, beginning with the 2006-2007 W-2 agency contracts.

W-2 Agencies. Require each W-2 agency to maintain its financial records in accordance with generally accepted accounting principles.

Beginning with the effective date of the bill, require a W-2 agency to be liable for the amount of an overpayment if: (a) the overpayment cannot be recovered from the W-2 participant who was overpaid; and (b) the overpayment is the result of an error or omission by a W-2 agency or a staff person of a W-2 agency.

W-2 Requirements. Require participants in a full-time community service job placement to work in a community service job for at least 20 hours, but no more than 30 hours, per week. Require participants in transitional placements to engage in activities at least 20 hours, but no more than 28 hours, per week. These provisions would first apply to individuals who apply for participation in W-2 on the effective date of the bill.

DWD. To ensure that all expenditures of state and federal moneys related to W-2 are made in compliance with applicable state laws and rules, applicable federal laws and regulations, and the terms of the contracts between the W-2 agencies and DWD, require DWD to review: (a) the financial records of each W-2 agency that administers W-2 in any of the 10 most populous counties at least quarterly; (b) the financial records of each W-2 agency not

included under (a) at least annually; and (c) the financial records of entities that have entered into subcontracts with W-2 agencies to provide goods or services related to W-2 periodically.

Require DWD to monitor the number of hours that participants in community service job placements and transitional placements are engaged in to ensure compliance with the requirements by W-2 agencies.

Require DWD to submit a report to the Joint Committee on Finance no later than December 1, 2006, that provides information about all of the following issues related to W-2: (a) the success of each W-2 agency in placing W-2 participants into unsubsidized jobs; (b) the wages earned by former W-2 participants; (c) the job retention rate of former W-2 participants; (d) the results of efforts made by DWD and each W-2 agency to ensure that adequate training is provided to all staff persons of the W-2 agency; and (e) the appropriateness and effectiveness of work, education, and training activities into which W-2 participants are placed by each W-2 agency.

Authorize DWD to select the auditor for an annual single financial audit that is required under federal law for a W-2 agency that is not a county department or a tribal governing body.

Veto by Governor [A-23]: Delete provisions.

[Act 25 Vetoed Sections: 1059g, 1059t thru 1059w, 1060m, 1060p, 1085f, 9154(1f), and 9354(4f)]

38. NOTICE PROVISIONS FOR W-2 PARTICIPANTS

Joint Finance/Legislature: Require W-2 agencies to do all of the following before taking any action against a W-2 participant that would result in a 20% or more reduction in the W-2 participant's benefits or in termination of the W-2 participant's eligibility to participate in W-2: (a) provide written notice of the proposed action and of the reasons for the proposed action to the W-2 participant; (b) after providing written notice, explain orally in person or by phone, or make reasonable attempts to explain to the participant orally in person or by phone, the proposed action and the reasons for the proposed action; and (c) after providing written notice and an oral explanation, allow the W-2 participant reasonable time to rectify the deficiency, failure, or other behavior to avoid the proposed action.

Require DWD to promulgate rules that establish procedures for the written notice and oral explanation and that define "reasonable attempts" and "reasonable time."

[Act 25 Section: 1069m]

39. CHILD SUPPORT DEMONSTRATION WAIVER [LFB Paper 862]

Joint Finance/Legislature: Modify current law to require DWD to pay the portion of assigned child support that is not required to be paid to the federal government to an individual

applying for or participating in W-2 or to a custodial parent of a child of supplemental security income (SSI) recipients and to require DWD to pay the federal share as required under federal law or a waiver of federal law.

Under current federal law, for child support collected on behalf of families receiving assistance from the state, the state must: (a) first pay to the federal government the federal share of the support collected; and (b) retain, or distribute to the family, the remaining amount collected. The federal share is based on the federal financial participation rate for the Medicaid program in effect during the year in which the collections were made (currently about 58% in Wisconsin). However, the federal share in Wisconsin is offset against an accumulated balance of unclaimed waiver savings under a child support demonstration waiver. Therefore, the state is not required to pay the federal government its share of assigned child support.

Under current state law, an individual must assign any right to child support to the state in order to receive cash assistance or a child care subsidy under W-2 or as a custodial parent of a child of SSI recipients. However, all support money received by DWD must be paid to the W-2 participant or the custodial parent in addition to their benefits.

The child support demonstration waiver is scheduled to expire on September 30, 2005. If the waiver expires, and there is no other federal provision that would allow the state to pass the federal share through to W-2 recipients and custodial parents of children of SSI recipients, then the state would be required to pass all assigned child support collected to the benefit recipients (under state law) and pay the federal share of assigned child support to the federal government (under federal law). The state would have to pay approximately \$1.58 for each dollar received (\$1.00 to the family and \$0.58 to the federal government).

This provision adopted by the Joint Committee on Finance would change state law so that the amount of assigned child support that is not required to be paid to the federal government would be passed through to W-2 recipients and custodial parents of children of SSI recipients, and the federal share would be paid as required under federal law. Therefore, if a federal provision authorized the state to pass through the federal share to recipients without having to pay the federal government, the recipients would receive the entire amount of assigned child support collected (as under current state law). However, if the federal government requires payment, then the state would pay the federal government its share of the assigned child support collected and pass the remaining amount through to the recipients (for each dollar received, the federal government would be paid \$0.58, and the family would be paid \$0.42).

[Act 25 Sections: 1059x and 1188p]

40. EARNED INCOME TAX CREDIT

FED	- \$8,600,000
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Veto by Governor [A-24]: Decrease TANF funding for the EITC by \$4,300,000 annually, for a total of \$55,232,0000 annually in TANF funds available for the EITC, by restoring some digits and statutory language and eliminating other digits and language. Instead, increase funding for child care quality programs and children first by \$4,300,000 annually (summarized above under

Item #14—Quality Care for Quality Kids and Item #21—Children First).

[Act 25 Vetoed Section: 1106]

Child Support

1. FEDERAL FUNDS FOR CHILD SUPPORT ENFORCEMENT ACTIVITIES [LFB Paper 870]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$734,600	-\$1,838,000	-\$1,103,400

Governor: Increase federal expenditure authority by \$678,200 in 2005-06 and \$56,400 in 2006-07 for state and county child support enforcement activities.

Under current state law, DWD distributes the state's award of federal child support incentive payments to counties annually as follows: (a) the amount of federal incentive payments awarded to the state if the award is less than \$12,340,000; or (b) \$12,340,000 plus 30% of the amount awarded to the state that exceeds \$12,340,000. In addition, counties receive the federal matching funds for the federal child support incentive payments that they receive. DWD may retain 70% of the federal child support incentive payments awarded to the state that exceed \$12,340,000 to support state operations. If the state receives a federal child support incentive payment that is less than \$12,340,000, then the state may provide state supplemental payments. However, the total of federal incentive payments and state supplemental funding cannot exceed \$12,340,000, with state supplemental payments capped at \$5,690,000. The state incentive payments are funded with program revenue from child support assigned to the state by certain public assistance recipients. Funding from assigned support payments in excess of the amount needed for state incentive payments is used to help fund the W-2 program.

The state received federal incentive payments of \$15.92 million in 2003-04 from the federal fiscal year (FFY) 2002 award of incentive payments and \$15.63 million in 2004-05 from the FFY 2003 award. Under the bill, it is estimated that the state would receive \$15,395,500 in 2005-06 and \$15,124,200 in 2006-07 in federal incentive payments. The state would also receive federal child support matching funds that would be claimed during the 2005-07 biennium. [Under federal law, expenditures of state and local funds (including incentive payments received from the federal government) on child support enforcement activities are eligible for a 66% federal match.] More detailed information on the funding adjustments recommended by the Governor is provided below.

State Share of Excess Federal Incentive Payments. The bill would decrease federal incentive payments by \$853,200 in 2005-06 and \$1,361,600 in 2006-07 to reflect a reestimate of the amount

of the federal incentive payments to the state. The state would receive 70% of the amount above \$12,340,000, for a total of \$2,138,800 in 2005-06 and \$1,948,900 in 2006-07. In addition, the state would have incentive payments carried over from prior years in the amount of \$943,300 in 2005-06 and \$624,800 in 2006-07. Therefore, the state share of federal incentive payments would total \$3,082,100 in 2005-06 and \$2,573,700 in 2006-07.

County Share of Federal Incentive Payments. The bill would increase federal incentive payments by \$2,389,700 in 2005-06 and \$2,308,300 in 2006-07 to reflect a reestimate of the amount of the federal incentive payments to the counties. The counties would receive \$12,340,000 plus 30% of the total amount over \$12,340,000, for a total of \$13,256,700 in 2005-06 and \$13,175,300 in 2006-07. In addition, the counties would receive \$3,000,000 annually for medical support liability incentive earnings. The county share of federal incentive payments would total \$16,256,700 in 2005-06 and \$16,175,300 in 2006-07.

Federal Match on County Child Support Earnings. The bill would increase federal matching funds for the federal incentive payments distributed to counties by \$174,100 in 2005-06 and \$16,100 in 2006-07 to reflect the estimated increase in federal incentive payments. The federal matching funds on incentive payments would total \$31,557,100 in 2005-06 and \$31,399,100 in 2006-07.

Federal Match on State Child Support Expenditures. The bill would decrease federal matching funds for state child support expenditures by \$1,032,400 in 2005-06 and \$906,400 in 2006-07. Under this decision item, federal matching funds would total \$17,386,900 in 2005-06 and \$17,512,900 in 2006-07. These amounts reflect federal matching funds of 66% for the following expenditures: (a) general purpose revenue of \$5,064,700 annually (match of \$9,831,500 annually); (b) federal incentive payments retained by the state of \$2,138,800 in 2005-06 and \$1,948,900 in 2006-07 (match of \$4,151,800 in 2005-06 and \$3,783,200 in 2006-07); (c) federal incentive payments that would be carried over from 2004-05 of \$943,300 in 2005-06 and \$624,800 in 2006-07 (match of \$1,831,100 in 2005-06 and \$1,212,800 in 2006-07); (d) expenditures from other agencies of \$810,100 in 2005-06 and \$717,700 in 2006-07 (match of \$1,572,500 in 2005-06 and \$1,393,200 in 2006-07); and (e) one-time funding of \$665,600 transferred from the child support transfers appropriation in 2006-07 (match of \$1,292,200 in 2006-07).

Under the bill, before considering budget efficiency measures (which are described in a separate entry), DWD would have approximately \$35 million in each year for state child support enforcement activities. These funds would cover the cost of operating the kids information data system (KIDS), including the centralized receipt and disbursement function, and other activities by the Bureau of Child Support (BCS). However, the \$35 million figure does not reflect the budget efficiency measures recommended by the Governor, which would reduce the general program operations allocation by \$587,600 GPR annually. Most of this allocation supports child support enforcement activities. Therefore, this GPR reduction could reduce GPR funding for child support enforcement activities by as much as \$587,600. A decrease in GPR funding for child support enforcement activities would also cause the federal match on state child support expenditures to be decreased. The federal match could be decreased by as much as \$1,140,600. Therefore, if the entire \$587,600 GPR were reduced from child support

enforcement activities, the reduction from the \$35 million amount would total \$1,728,200 annually. Information provided by the administration does not indicate how these cuts would be achieved.

The bill would also make technical changes to current law to change the "medical liability support program" to the "medical support liability program" and to clarify that the medical support liability program is part of the state's child and spousal support and paternity establishment programs.

Joint Finance/Legislature: Reduce federal matching funds on state child support expenditures by \$918,900 in 2005-06 and \$919,100 in 2006-07 due to the reduction of \$587,600 GPR annually from the Department's economic support general program operations appropriation from a budget reduction measure.

[Act 25 Sections: 1118, 1203, and 1230]

2. CENTRALIZED RECEIPT AND DISBURSEMENT (CR&D) FEE

PR	\$932,800
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Governor/Legislature: Increase expenditure authority by \$509,400 in 2005-06 and \$423,400 in 2006-07 to reflect revised estimates of revenues from the annual CR&D fee. This annual fee (\$35) is paid by child support obligors and helps fund the CR&D system, which processes child support, maintenance (alimony), health care expenses, birth expenses, and other child support related payments. Total revenues from the fee are now expected to be \$8,500,000 in 2005-06 and \$8,414,000 in 2006-07.

3. ONE-TIME FUNDING

PR	\$665,600
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Governor/Legislature: Provide one-time funding of \$665,600 from the child support transfers appropriation in 2006-07 to support child support enforcement. The bill would modify the child support transfers appropriation to allow a portion of child support assigned to the state by public assistance recipients to be used for costs associated with receiving and disbursing support and support-related payments, including any contract costs, and for any purpose under the child support enforcement program.

[Act 25 Section: 343]

4. REVENUE FROM FEES FOR ADMINISTRATIVE SERVICES

PR	\$492,000
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Governor/Legislature: Increase funding by \$246,000 annually to reflect a revised estimate of revenues from fees for administrative services related to child support enforcement activities.

5. REVENUE FROM UNCLAIMED PAYMENTS

SEG	- \$754,800
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Governor/Legislature: Reduce expenditure authority by \$264,900 in 2005-06 and \$489,900 in 2006-07 to reflect a revised estimate of revenues from child support payments that were not able to be distributed. Child support payments that are unclaimed are used for the child support enforcement program. With the adjustments indicated, revenues from unclaimed payments are expected to total \$725,000 in 2005-06 and \$500,000 in 2006-07. The reductions reflect the implementation of direct deposit and stored value card procedures, which is expected to occur January 1, 2006.

6. INTEREST ON BALANCES IN THE SUPPORT COLLECTIONS TRUST FUND

SEG	- \$414,900
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Governor/Legislature: Decrease expenditure authority by \$180,100 in 2005-06 and \$234,800 in 2006-07 to reflect revised estimates of interest earnings on balances in the support collections trust fund, through which child support payments and other types of court-ordered family support payments pass. As with revenues from the CR&D fee, interest on trust fund balances helps fund operation of the centralized receipt and disbursement system. The reductions reflect the implementation of direct deposit and stored value card procedures, which is expected to occur January 1, 2006. Base level funding is \$356,400. With the above-identified reductions, interest earnings are estimated at \$176,300 in 2005-06 and \$121,600 in 2006-07, under the bill.

7. CHILD SUPPORT PAYMENTS

PR	- \$7,290,000
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Governor/Legislature: Decrease funding by \$3,250,800 in 2005-06 and \$4,039,200 in 2006-07 to reflect: (a) a reestimate of the cost of paying the federal government its share of child support collections that are assigned to the state by participants in W-2 employment positions; and (b) the transfer of \$100,000 annually to the child support enforcement program.

8. FEDERAL MATCHING FUNDS FOR LOCAL EXPENDITURES FOR CHILD SUPPORT ENFORCEMENT ACTIVITIES

FED	\$32,611,800
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Governor/Legislature: Increase expenditure authority by \$16,305,900 annually for county child support enforcement contracts. This amount represents federal matching funds of 66% for the amount of local revenues contributed by county child support agencies for child support enforcement activities. Under the bill, it is estimated that local contributions from county child support agencies will total \$8,400,000 annually, based on experience in recent years. The federal matching funds on local child support expenditures have not been included in prior budgets. These amounts would be included to reflect that the federal matching funds for local expenditures are received by the state and distributed to counties.

REPORTS AND STUDIES

REPORTS AND STUDIES

Date Due	Nature	Prepared By	Reported To
September 30, 2005	Grain Inspection Financing Report. Submit a plan for a financially viable grain inspection program that has a flexible workforce and maintains state oversight of the quality of inspection certificates. [Section 9103(4e)]	Agriculture, Trade and Consumer Protection	Administration and Joint Committee on Finance
January 1, 2006	Fuel and Utility Expenditure Study. Submit a joint report concerning the apportionment of energy costs for UW System buildings. [Section 9152(6q)]	UW System and Department of Administration	Building Commission
Not later than January 2, 2006	Correctional Health Care and Costs. A plan regarding the manner in which Corrections will manage adult correctional health care and health care costs in 2006-07. [Section 9109(2r)]	Corrections	Joint Committee on Finance
March 1, 2006	Online Application and Reporting System for the Open Enrollment Program. A report on the feasibility and cost of developing and implementing a statewide internet-based application and reporting system for the open enrollment program. [Section 9137(3m)]	Public Instruction	Governor and Joint Committee on Finance
By August 15, 2006, and August 15, 2007	Homeless Veterans Housing Demonstration Report. A report on the previous year's grant activity for providing housing supplements to homeless veterans in Milwaukee, containing information on: (a) the number of veterans that received a housing supplement; (b) the size of the veterans' households; (c) the amount of supplement that was provided to each veteran's household; (d) the housing status of the assisted veterans' households at the time the supplement ended; and (e) any other information DVA considers necessary to evaluate the program. [Section: 745f]	Milwaukee Housing Authority in coordination with Veterans Affairs	Governor and Legislature
December 1, 2006, and annually thereafter	State Facilities Occupancy Cost Reports. A report compiling information from state agencies on the total cost of occupancy of all building, structures, and facilities. [Section 85m]	Department of Administration	Building Commission

Date Due	Nature	Prepared By	Reported To
December 15, 2006	Air Emissions Permitting Study. A study identifying DNR's progress on air permit streamlining; the number and timing of various permits issued; and an analysis of program costs and revenues necessary to operate the program. [Section 9135(4k)]	Natural Resources	Joint Committee on Finance
January, 2007	Cost Reduction Plan. A plan (including any proposed implementing legislation) either to close one secured correctional facility for juveniles or to achieve operational savings in the costs of operating secured correctional facilities. [Section 9109(1e)]	Corrections	Joint Committee on Finance
November 15, 2008	Regional Transit Authority Report. Submit a report on the activities of the Southeastern Wisconsin Regional Transit Authority (RTA) including the following: (a) a proposal that specifically identifies a permanent regional funding source to provide local funds for the local portion of operating and capital costs of commuter rail and public transit that are not covered by passenger fares and that considers all potential funding sources; (b) a plan for the distribution of such permanent regional funding among the mass transit operators in the region; (c) recommendations as to whether the responsibilities of the RTA should be limited to collection and distribution of regional transit funding, or also include operation of transit service; (d) a recommendation on the use of bonding for commuter rail and public transit in the region, and the role of the RTA in such bonding; (e) a plan to improve the coordination of expanded mass transit, commuter rail, and passenger rail in the region; and (f) a recommendation on whether the RTA should continue in existence after September 30, 2009. [Sections 1235p thru 1235y]	Southeastern Wisconsin Regional Transit Authority	Governor and Legislature
December 31, 2011	Savings Generated from the County Alcohol and Other Drug Abuse Grant Program. A report regarding the savings generated through the implementation of this grant program. The report must include recommendations regarding how the grant program should be structured in the future. [Section 90m]	Office of Justice Assistance in collaboration with Corrections and Health and Family Services	Legislature

Date Due	Nature	Prepared By	Reported To
By December 31, 2011	Grant Program for County Alcohol and Other Drug Abuse Programs Report. A report on savings that have been generated through the implementation of the grant program. [Section 90m]	Office of Justice Assistance, in collaboration with Corrections and Health and Family Services	Legislature
45 Days after the Close of Each Calendar Quarter	Direct Charges Report. A quarterly report of all direct charges to the trust funds managed by the Investment Board by amount and percentage of assets managed under each type of dedicated and commingled account or partnership, and the change from the prior quarter. [Section 525t]	Investment Board	Joint Committee on Finance, Joint Legislative Audit Committee, and Administration
Annually	Pilot Reintegration Program for Inmates with Mental Illness Report. A report on a pilot program to provide mental health services to up to 12 eligible inmates with severe and persistent mental illness following release from the Wisconsin Resource Center. [Section 9121(14x)]	Health and Family Services	No specified
No Date Specified	Audit of Elections Board Information Technology Development Projects. A performance evaluation audit of the most recent IT development projects undertaken by the Board, including the Statewide Voter Registration System and the State of Wisconsin Elections Board Information System. [Section 9130(2q)]	Legislative Audit Bureau	Legislature, Governor, Joint Committee on Finance, Legislative Reference Bureau, Legislative Fiscal Bureau, Administration, and the Elections Board
No Date Specified	Sale of State-Owned Real Property. A report containing an inventory of recommendations and reasons to offer specified properties for sale. [Section 9101(4)]	Secretary of Administration	Building Commission

NON-FISCAL POLICY ITEMS

NON-FISCAL POLICY ITEMS

ADMINISTRATION -- GENERAL AGENCY PROVISIONS

1. PENALTIES FOR SUBMITTING FALSE CLAIMS FOR PAYMENTS TO STATE AGENCIES AND LOCAL UNITS OF GOVERNMENTS

Create a penalty forfeiture for anyone who knowingly presents or causes to be presented to a state agency or to a local unit of government a false claim for payment of the following: (a) construction work or limited trades work under contract; (b) engineering or architectural services under contract; or (c) materials, supplies, equipment, or contractual services under the contract or order. Establish the amount of the forfeiture at not less than \$5,000 nor more than \$10,000, plus three times the amount of the damages that were sustained by the state or local unit of government (or would have been sustained), whichever amount is greater, as a result of the false claim. Authorize the Attorney General to bring an action on behalf of a state agency to recover any forfeiture as a result of a false claim.

Include specific reference to these penalties in those current law provisions that exempt certain state agency purchases from various aspects of the state procurement code (Subchapter IV of Chapter 16 of the statutes). As a result, these new penalty provisions would specifically apply to contracts, services, and commodity purchases for the following: (a) Department of Natural Resources contracts for construction work sought by bid or a competitive sealed process; (b) legal counsel retained by the State of Wisconsin Investment Board (SWIB); (c) maintenance and repair of land or buildings owned by SWIB; (d) employment of professionals, contractors, or other agents necessary to evaluate or operate any property managed by SWIB; (e) Department of Transportation (DOT) highway improvement project contracts with private firms or counties; (f) DOT railroad and utility relocation contracts; (g) DOT engineering services; (h) DOT transportation assistance contracts for railroads, urban mass transit, specialized transportation, and harbors; (i); Department of Workforce Development contracts with attorneys hired to represent the interests of the Uninsured Employers Fund; (j) Department of Financial Institutions contracts with bank supervisory agencies for providing examiners of in-state branches of out-of-state banks; and (k) services provided for the management of the Injured Patients and Families Compensation Fund, as contracted through the Board of Governors

Specify that these new penalty provisions would first apply to all claims presented or caused on and after the general effective date of the biennial budget act.

COMMERCE

2. RURAL ECONOMIC DEVELOPMENT STUDY

Require the Departments of Commerce and Revenue to jointly study the status of and the alternatives for regional economic development in rural areas.

CORRECTIONS -- ADULT CORRECTIONS

3. SENTENCING COMMISSION REPORT

Require the Sentencing Commission to review sentences on individuals who are convicted of nonviolent offenses and develop recommendations for alternative dispositions for those individuals that may be used by the courts at or before sentencing. Offenses that would be excluded from review would include intoxicated operation of an all-terrain vehicle, intoxicated boating, operating under influence of intoxicant or other drug, intoxicated snowmobiling, homicide by intoxicated use of a vehicle, or injury by intoxicated use of a vehicle. The Sentencing Commission would submit its report to the Legislature by December 31, 2005.

EMPLOYMENT RELATIONS COMMISSION

4. INCREASED COMMISSION STAFFING

	Funding	Positions
GPR	\$475,600	2.00

Provide \$237,800 and 2.0 attorney positions annually for increased staffing at the Commission. According to the Executive Budget Book, the funding and positions are associated with the Governor's recommendation to repeal current statutory provisions relating to the qualified economic offer [see Item #5 below].

5. REPEAL QUALIFIED ECONOMIC OFFER PROVISIONS

Make the following changes to the procedures governing collective bargaining for school district municipal employers:

Qualified Economic Offer Provisions for Represented Teaching Employees. Delete current law provisions related to the qualified economic offer (QEO). Under the bill, school district employers and their represented teaching employees would be covered under the statutory interest arbitration procedures currently applicable to all other represented, nonprotective municipal employees in the state.

Under current law, if a school district employer makes a QEO to its professional teaching employees, the employer may avoid arbitration on unresolved economic issues in the employer's final offer. Under a valid QEO, the school district employer must maintain both the existing employee fringe benefits package and the district's percentage contribution effort to that package, subject to an overall new funding commitment of 1.7% of total compensation and fringe benefits costs. Where these new costs are less than 1.7%, the employer must pass on the difference between the lower costs and 1.7% as an additional component of the salary offer. Where the costs are more than 1.7%, the employer may reduce the amount of the salary offer by the amount of the overage. Subject to the fringe benefits additions or offsets, the employer must provide an annual average new funding commitment for all salary items of at least 2.1% of total compensation and fringe benefits costs. As a first draw against any increased salary funding provided under a QEO, the employer must pay seniority-based step increases to all employees eligible for such adjustments.

Salary and Fringe Benefits Limitations on Nonrepresented Personnel. Delete current law provisions limiting the total amounts available for salary and fringe benefits increases for nonrepresented school district professional employees during any year to the greater of: (a) an amount generated by multiplying 3.8% of the total prior year's cost of salaries and fringe benefits for such employees, or (b) the total average percentage increase in total salary and fringe benefits increases per employee provided by the school district for the most recent 12-month period ending on June 30 for its represented professional employees.

Collective Bargaining Units. Delete the requirement that school district professional employees be placed in a collective bargaining unit that is separate from the units of other school district employees.

Initial Applicability. Specify that the provisions affecting collective bargaining law would first apply to petitions for arbitration that relate to collective bargaining agreements that cover periods beginning on or after July 1, 2005, and that are filed for interest arbitration on the effective date of the bill.

GENERAL FUND TAXES -- UTILITY AND MISCELLANEOUS TAXES

6. REAL ESTATE TRANSFER FEE IN FIRST CLASS CITIES

Provide that the 20% county share of the real estate transfer fee (RETF) collected in conjunction with the transfer of real estate in a first class city is to be transmitted to the first class city. Specify that the remittances to the first class city are to be made monthly by the county treasurers by the 15th day of the month following the close of the month in which the fee is collected. Specify that the provisions first apply to conveyances of real estate that are recorded on the effective date of the bill.

Currently, the RETF is imposed upon the grantor of real estate at a rate of \$3.00 per \$1,000 of value. To pay the fee, a return is filed and the fee is collected at the county level by the register of deeds when the deed or other instrument of conveyance is submitted for recording. Proceeds from the RETF are divided between the state and the county in which it is collected with the state receiving 80% and the county retaining 20%. The state share is paid on the 15th day of each month based on collections during the prior month.

While there would be no state fiscal effect, the administration has estimated that approximately \$1,000,000 would be transferred from Milwaukee County to the City of Milwaukee as a result of these provisions. The provision could also affect a small number of parcels in Washington and Waukesha Counties.

GENERAL PROVISIONS

7. INTERGOVERNMENTAL COOPERATION COMMISSIONS

Modify the provisions of general municipal law relating to intergovernmental cooperation to provide that any municipalities (which in this statute is defined to include the state, cities, villages, towns, counties, school districts, public library systems, public inland lake protection and rehabilitation districts, sanitary districts, farm drainage districts, metropolitan sewerage districts, sewer utility districts, solid waste management systems, local exposition districts, local professional baseball park districts, local professional football districts, local cultural arts districts, family care districts, water utility districts, mosquito control districts, municipal electric companies, county or city transit commissions, taxation districts, regional planning commissions, city-county health departments and local commissions created under contracts between two or more municipalities) which agree to a contract for the joint delivery of services or joint exercise of those municipalities' powers that includes provision for the creation of a commission for this purpose, then under the proposed law change the employees of any

such commission are not employees of the municipalities that created the commission unless the contracting municipalities specify otherwise in the contract.

**HEALTH AND FAMILY SERVICES -- MA, BADGERCARE, AND SENIORCARE --
ELIGIBILITY, PAYMENTS, AND SERVICES**

8. PHARMACY REIMBURSEMENT REPORT

Require DHFS to investigate alternatives to using the average wholesale price methodology for pharmacy reimbursement for brand name prescription drugs purchased or dispensed under MA, BadgerCare, and SeniorCare. Require the Department's investigation to include review and research of different methodologies, and require that DHFS submit a report on its findings, conclusions, and recommendations to DOA no later than June 30, 2006.

HEALTH AND FAMILY SERVICES -- MEDICAL ASSISTANCE -- LONG-TERM CARE

9. REGIONAL HMOS

GPR	\$759,100
FED	<u>1,022,900</u>
Total	\$1,782,000

Require DHFS to issue inquiries concerning the existence of managed care organizations that have the capability to develop the provision of primary, acute, and long-term managed care, on a regional basis, to elderly and disabled MA recipients, prior to July 1, 2006. Further, require DHFS to consult with the Department of Administration in connection with these inquiries and the responses received.

JUSTICE

10. CIVIL RIGHTS ENFORCEMENT AUTHORITY

Authorize the Attorney General to prosecute civil rights violations. Specify that the Attorney General would have the power to bring an action for injunctive or other appropriate

equitable relief against any person who interfered with any individual's exercise or enjoyment of a right secured by the constitution or laws of the United States or the State of Wisconsin.

LEGISLATURE

11. DESIGNATION OF OFFICIAL STATE NEWSPAPER

Modify current law to provide that the Secretary of DOA, rather than the Joint Committee on Legislative Organization and the Legislature (by joint resolution), designate some newspaper published in Wisconsin as the official state newspaper. All required legal notices must be published in the official state newspaper. The Wisconsin State Journal is currently the official state newspaper and was so designated, effective July 1, 1996, by the Legislature's adoption of 1995 Senate Joint Resolution 60.

OFFICE OF STATE EMPLOYMENT RELATIONS

12. STUDY OF ADMINISTRATOR SALARIES

Include session law language requiring the Director the office to conduct a study of compensation paid to administrators in state agencies in the executive branch of state government including administrative executives and officers employed by the UW Board of Regents. Specify that the report include recommendations for addressing any disparities in compensation paid to administrators. Require that the Director submit the report to the Secretary of DOA by December 31, 2006.

13. TECHNICAL STATUTORY CORRECTIONS

Include language to change two remaining statutory references to the Secretary of the Department of Employment Relations to instead refer to Director of the Office of State Employment Relations. 2003 Act 33 eliminated the Department and created in its stead the Office of State Employment Relations.

PUBLIC INSTRUCTION -- ADMINISTRATIVE AND OTHER FUNDING

14. SCHOOL DISTRICT GENERAL FUND BALANCES

Require school districts to include in their budget summary required under current law municipal budgeting procedures, the district's general fund balance at the end of the fiscal year divided by the district's general fund expenditures in that fiscal year, expressed as a percentage. Specify that this percentage would have to be shown for the budget in the previous fiscal year, for the current year's budget, and for the proposed budget for the following year. Require DPI to provide school districts with the statewide average school district general fund balance at the end of the fiscal year divided by the statewide average school district general fund expenditures in that fiscal year, expressed as a percentage, for the previous fiscal year and the estimated amount for the current budget. Require school districts to include in their budget summary the information provided by DPI.

Specify that, if a school board adopts a proposed budget in which the district's general fund balance at the end of the fiscal year divided by the district's general fund expenditures in that fiscal year is greater than 90 percent of the statewide average of that calculation for the previous fiscal year as determined by DPI, the school board would be required to conduct a separate vote approving the excess.

Specify that, unless other statutory provisions apply, school districts in cities of the first class (Milwaukee Public Schools) would be subject to the general statutory provisions regarding municipal budget summaries and public hearings, including the proposed changes described above.

Provide that these changes would first apply to school district budgets proposed for the 2006-07 school year.

SHARED REVENUE AND TAX RELIEF -- LOCAL REVENUE OPTIONS

15. COUNTY REVENUE SHARING AGREEMENT AUTHORITY

Provide counties the authority to enter into revenue sharing agreements with another county, municipality, or federally recognized American Indian tribe or band. This provision would extend to counties the current law authority of municipalities to enter into a revenue sharing agreement. All the current law provisions pertaining to municipal revenue sharing agreements would apply to any county government that enters into an agreement. Under the

bill, references to municipality or municipal government would be replaced with references to political subdivision, which would be defined as a city, village, town, or county.

The bill would also allow any payments received from the state and any fee revenues to be shared under a revenue sharing agreement between political subdivisions.

UNIVERSITY OF WISCONSIN SYSTEM

16. REPORT ON POSITION CREATION

Require the Board of Regents to submit a report to the Secretary of Administration that describes, by position classification and campus, the faculty and instructional staff positions that were created from July 1, 2004, to July 1, 2006, to promote access to the UW System.

17. ELIMINATE OBSOLETE REQUIREMENT FOR UW MEDICAL SCHOOL ENROLLMENT REDUCTION

Delete a current law requirement that the University of Wisconsin Medical School reduce the size of the entering class by 2.5 percent each year from academic years 1984-85 through 1987-88 as compared to the size of the class entering the UW Medical School in the 1983-84 academic year. The provision was designed to achieve a 10 percent class size reduction by the 1987-88 academic year.

VETERANS AFFAIRS -- GENERAL AGENCY PROVISIONS

18. DEFINITION OF VETERAN FOR CERTAIN PROGRAM ELIGIBILITY PURPOSES

Delete obsolete references to the definition of a veteran and employ the current standardized definition under Chapter 45 of the statutes for purposes of establishing program eligibility for the following: (a) veterans qualifying for a burial allowance; (b) veterans preferences for employees of DVA; (c) the appointment of assistant county veterans service officers; and (d) certification as a "veteran-owned business" for state agency procurement purposes.

In general, the current standardized definition provides that a person must satisfy the following criteria in order to be deemed a veteran: (a) completed two continuous years of active

duty, under honorable conditions, regardless of when the service was performed; (b) performed active service of 90 days or more during a designated war period or a period of duty during specified conflicts or peacekeeping missions; or (c) was a member of the National Guard or reserve called up for service during certain designated periods.

WORKFORCE DEVELOPMENT -- AGENCYWIDE

19. EQUAL RIGHTS -- PREVAILING WAGE LAW CONTRACTOR RECORDS REQUIREMENT

Require that no later than a week following a week in which a contractor, subcontractor, or agent perform work on a project subject to the state prevailing wage law, other than a highway project, the contractor, subcontractor, or agent must submit to the contracting unit of government a certified record, for the preceding week, indicating the name and trade of every person performing work on the project and the number of hours worked by each of those persons and the actual wages paid for the work. This provision would first apply to work performed on the bill's general effective date, except if the provisions conflicted with an existing contract, then the provisions would first apply on the date on which the contract expires or is extended, modified, or renewed.

Under current law, the Division of Equal Rights in DWD determines the prevailing wage rate for all types of state and local public works projects, and investigates alleged violations of the prevailing wage requirements. Each contractor and subcontractor that performs work on a project subject to the prevailing wage provisions is required to maintain payroll records. DWD and the contracting agency are authorized to obtain and examine those records. In addition, the Department is authorized to inspect the records at the request of any person. Once the Department or other public agency obtains the records they become public records.

20. EQUAL RIGHTS -- STATE EMPLOYEE COMPLAINT INVESTIGATION MODIFICATIONS

Eliminate the requirement that DWD's Division of Equal Rights submit a biennial report to the Legislature containing information about state employee complaints of supervisor retaliation and related hearings and actions, including monetary settlements, taken by the Division under state employee "whistleblower" statutes. Also, a reference to unanimous vote by the Division would be deleted, to make a technical modification reflecting transfer of the investigative function to the Division in the 2003-05 biennial budget. The 2003-05 biennial budget eliminated the state Personnel Commission and transferred its state employee complaint investigation functions to the Division of Equal Rights.

WORKFORCE DEVELOPMENT -- CHILD SUPPORT

21. HEALTH INSURANCE INFORMATION

Require DHFS to provide any information that it receives from a health insurer to DWD for the medical support liability program. Under current law, DHFS may request information from health insurers to identify medical assistance recipients who are eligible, or would be eligible as dependents, for health insurance coverage. An insurer that receives a request must provide the information. The bill would require DHFS to provide that information to DWD for the medical support liability program. Under the bill, DWD could allow a county or tribal child support agency access to the information, subject to the use and disclosure restrictions under current law. The bill would also require DWD to consult with DHFS regarding the procedures and methods to adequately safeguard the confidentiality of the information provided.