

Comparative Summary of Budget Recommendations

2007 Act 20

Volume II



Legislative Fiscal Bureau
March, 2008

2007-09 Wisconsin State Budget

2007-09 WISCONSIN STATE BUDGET

Comparative Summary of Budget Provisions

Enacted as 2007 Act 20

Volume II

LEGISLATIVE FISCAL BUREAU

**ONE EAST MAIN, SUITE 301
MADISON, WISCONSIN**

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STATE AGENCY BUDGET SUMMARIES

Health Insurance Risk-Sharing Plan Authority

Through Workforce Development



HEALTH INSURANCE RISK-SHARING PLAN AUTHORITY

1. INVESTMENT OF FUNDS BY STATE INVESTMENT BOARD

Governor/Legislature: Require the State of Wisconsin Investment Board, if requested by the Health Insurance Risk-Sharing Plan Authority (the Authority), to invest funds of the Authority in the state investment fund. Repeal the current requirement that the Authority select regulated financial institutions in the state in which to establish and maintain its accounts.

[Act 20 Sections: 675, 679, and 2878]

2. PARTICIPATION IN THE STATE RETIREMENT SYSTEM [LFB Paper 450]

Governor: Define the Authority as a "state agency" for purposes of the public employee trust fund, which would permit the Authority's employees to participate in the Wisconsin Retirement System, and to be eligible for such benefits as health and long-term care benefits, disability benefits, and survivor benefits.

Under current law, the Authority is not defined as a state agency for these purposes, although other authorities, including the Wisconsin Housing and Economic Development Authority, the Wisconsin Health and Educational Facilities Authority, the World Dairy Center Authority, the Fox River Navigational System Authority, the Wisconsin Aerospace Authority, and the University of Wisconsin Hospitals and Clinics Authority, are included in the definition of "state agency." The bill would also include the Healthy Wisconsin Authority, which would be created under the bill, as a state agency for purposes of the Wisconsin Retirement System.

Joint Finance/Legislature: Modify the Governor's recommendation by including a nonstatutory provision to allow the Authority's current employees to be immediately eligible for participation in the Wisconsin Retirement System on the bill's general effective date.

[Act 20 Sections: 761 and 9114(2w)]

3. DIRECT PAYMENTS TO THE AUTHORITY

Governor/Legislature: Require that moneys received from two of the Authority's funding sources, insurer assessments and federal government high-risk pool grants, be received directly by the Authority. Further, require insurers to pay assessments directly to the Authority. Under current law, insurer assessments and federal high-risk pool grants are first received by the Office of the Commissioner of Insurance (OCI), and then paid to the Authority through two OCI appropriations, both of which would be repealed under this provision.

[Act 20 Sections: 213, 2876, 2877, 2885, 2892, and 2893]

4. PILOT PROGRAM FOR COVERAGE UNDER HIRSP

Governor/Legislature: Direct DHFS to conduct a three-year pilot program under which DHFS would pay premiums for health insurance coverage and drug copayments under HIRSP for certain individuals currently receiving benefits under DHFS' HIV/AIDS drug assistance program (ADAP). Modifications to the Governor's proposal are summarized under "Health and Family Services -- Health."

5. HEALTH CARE TAX CREDIT AND BADGERCARE PLUS [LFB Paper 383]

Joint Finance: Repeal the current statutory requirement that the Authority design and administer a health care tax credit (HCTC) program, under which a covered individual may receive a federal income tax credit for a portion of the premiums they pay for coverage.

Instead: (a) require DHFS to seek any necessary federal approvals to ensure that BadgerCare Plus is a HCTC qualifying plan; (b) specify that, if BadgerCare Plus is determined to be a HCTC qualifying plan, expand eligibility to BadgerCare Plus to include any individual who would be eligible for the HCTC, and that these individuals would remain eligible for BadgerCare Plus as long as they are eligible for the HCTC; and (c) specify that all individuals eligible for the HCTC would be required to pay premiums equal to the capitation payments DHFS would make on behalf of similar individuals enrolled in BadgerCare Plus, or the full per member per month cost of coverage, whichever is appropriate.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Sections: 1605(2m) and 2895h]

6. AUTHORITY TO DESIGNATE INSURANCE TYPES FOR ELIGIBILITY PURPOSES

Governor: Authorize the Authority's Board of Directors to specify types of health insurance coverage provided by an employer, in addition to those currently identified in statute, that do not make a person ineligible for coverage under the health insurance plan offered by the Authority. Under current law, no person who is eligible for coverage provided by an employer on a self-insured basis or through health insurance, with some exceptions, is eligible for coverage under HIRSP. The bill would allow the Authority to specify additional types of employer-provided coverage that would not render a person ineligible for coverage under HIRSP.

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

7. ELIGIBILITY FOR PREMIUM SUBSIDIES

Governor: Require that all plan enrollees with incomes below current statutorily-

specified levels be eligible for subsidies for premiums, deductibles, and prescription drug copayment amounts. Under current law, those subsidies are only available to enrollees in some of the health insurance plans offered by the Authority. The bill would require low-income enrollees in all plans offered by the Authority to be eligible for those subsidies.

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

8. PHARMACY AND PHARMACIST PARTICIPATION

Governor: Authorize the Authority to establish a network of pharmacists and pharmacies approved by the Authority's Board of Directors to provide prescription drugs to plan enrollees, regardless of whether the provider of the drug is a certified provider under the state's medical assistance (MA) program. Require that this prescription drug network include, at a minimum, all licensed pharmacists and pharmacies certified as providers under the state's MA program. Current law requires that all services and articles covered by the plan be provided by a licensed provider certified under the state's MA program.

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

9. PROVIDER RATES

Governor: Require the Authority to establish provider payment rates for covered expenses that consist of the usual and customary payment rates, as determined by the Authority, plus an adjustment determined by the Authority. Delete the requirement that the Authority establish provider payment rates equal to the allowable charges under the state's MA program, plus an enhancement determined by the Authority. Delete the requirement that provider rates be based on the allowable charges paid under the state's MA program, projected plan costs, and trend factors. Repeal the provision that requires the Authority to establish hospital and outpatient per visit reimbursement rates that are specific to diagnostically related groups of eligible persons by using the same methodology that applies to the state's MA program.

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

10. FISCAL AGENT RESPONSIBILITIES

Governor: Require that any person with whom the Authority contracts to perform all eligibility and administrative claims payment functions relating to HIRSP also be the administrator of the health care tax credit program. 2005 Wisconsin Act 25 requires the Authority to establish a health care tax credit program, under which a covered eligible person may receive an income tax credit for a portion of the premiums they pay for coverage under the plan offered by the Authority.

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

HEALTHY WISCONSIN AUTHORITY

Budget Summary							
Fund	2006-07 Base Year Doubled	2007-09 Governor	2007-09 Jt. Finance	2007-09 Legislature	2007-09 Act 20	<u>Act 20 Change Over Base Year Doubled</u>	
						Amount	Percent
SEG	\$0	\$1,000,000	\$0	\$0	\$0	\$0	0.0%

FTE Position Summary
There are no authorized positions for the Healthy Wisconsin Authority.

Budget Change Item

1. CREATE HEALTHY WISCONSIN AUTHORITY [LFB Paper 455]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$1,000,000	-\$1,000,000	\$0

Governor: Provide \$500,000 annually from the health care quality fund (HCQF) to support costs of establishing and operating the Healthy Wisconsin Authority (Authority). Create a continuing appropriation for this purpose. The bill's provisions relating to the creation of the HCQF are summarized under "Health and Family Services -- Health Care Quality Fund."

Create the Authority as a public body corporate and politic to study options, develop recommendations, and submit to the Secretary of the Department of Administration (DOA), no later than September 15, 2008, a report with its recommendations for implementing a reinsurance program to provide reinsurance to groups or individuals, or both, in this state, for catastrophic claims under group or individual, or both, health insurance policies. Authorize the Authority to develop and administer a reinsurance program in accordance with any legislation that requires the Authority to do so.

Catastrophic Health Care Reinsurance Program. Require the Authority to do all of the following:

- a. Study options and develop recommendations for implementing a reinsurance program to provide reinsurance to groups or individuals, or both, in this state for catastrophic claims under group or individual, or both, health insurance policies;
- b. Submit to the DOA Secretary, no later than September 15, 2008, a report with its recommendations for implementing a reinsurance program; and
- c. Develop and administer a reinsurance program in accordance with any legislation enacted that required or authorizes the Authority to do so.

Require the Authority, in developing its recommendations for a reinsurance program, to develop guidelines for defining high-cost claims and attachment points, set premiums to be paid for the reinsurance coverage based on the number of covered lives included in the reinsurance pool, set coinsurance rates for claims paid, and to design all other features of the reinsurance program.

Provide that the Authority can, in developing its recommendations for a reinsurance program, consider the impact of, and make recommendations to the Governor on, allowing health benefit purchasing cooperatives to participate in a reinsurance program, evaluate the challenges faced by American Indian tribes and bands in this state and other sectors of the group health insurance market and make recommendations to the Governor on proposals to reduce health insurance premiums for the tribes and bands and other sectors. Further, provide that the Authority can, in developing its recommendations, explore other ways to lower health care costs and to increase access to, and improve the quality of health care, including considering options for comprehensive health care reform.

Permit the Authority to contract with any vendor to administer any such reinsurance program, including the performance of such responsibilities as estimating reinsurance premiums, paying claims, customer services, and day-to-day administration.

Annual Evaluations. Require the Authority annually, after it implements any reinsurance program, to contract with an independent entity to conduct an evaluation of the program and financial audit of the most recent fiscal year ending before the audit. Require the program evaluation to include a review of best practices that may impact appropriate use of health care and disease management, and direct the Authority to make any necessary adjustments or improvements, if, as a result of the evaluation or audit, problems or deficiencies are determined to exist. Require the Authority, after each evaluation and audit, to explore the feasibility of expanding the program to cover more state residents. Further, require the Authority to submit to the Governor a report of the results of each evaluation and audit no later than January 1 of the year beginning after the year in which the evaluation and audit are conducted.

Board of Directors. Specify that the Authority's Board of Directors would consist of the Commissioner of Insurance, or his or her designee as a nonvoting member, and the following 13

members, who would serve four-year terms: (a) one majority party senator appointed by the Senate Majority Leader; (b) one minority party senator appointed by the Senate Minority Leader; (c) one majority party representative to the Assembly appointed by the Speaker of the Assembly; (d) one minority party representative to the Assembly appointed by the Assembly Minority Leader; and (e) nine nominees of the Governor, appointed with the advice and consent of the Senate, consisting of one health care provider, one representative of a Wisconsin health insurance company that offers coverage in the small group market, one representative of a Wisconsin small employer, one representative of Wisconsin labor unions, one representative of health benefit purchasing cooperatives, and four members who represent the public interest. Direct the Governor to annually appoint one member to serve as Chairperson of the Board, and authorize the members of the Board to elect other officers as they consider appropriate.

Provide that each Board member would hold office until a successor is appointed and qualified unless the member vacates or is removed from office, and that a member who serves as a result of holding another office or position vacates his or her office as a member when he or she vacates the other office or position. Provide that a member who ceases to qualify for office vacates his or her office. Require any vacancy on the Board to be filled in the same manner as the original appointment to the Board for the remainder of the unexpired term, if any. Under the bill, the initial board members identified in (a), (b), (c), and (d), above, would be appointed for terms that expire July 1, 2009. Of the nine initial board members identified in (e), above, four would be appointed for terms that expire July 1, 2010, and five would be appointed for terms that expire July 1, 2011.

Provide that, notwithstanding the requirement for Senate confirmation, initial members of the Board may be provisionally appointed by the Governor, subject to Senate confirmation, and that such provisional appointments would be in force until acted upon by the Senate and, when confirmed by the Senate, would continue for the remainder of the term or until a successor is chosen and qualifies. Authorize a provisional appointee to exercise all of the powers of the office to which he or she is appointed during the period in which they qualify. Provide that any provisional appointment by the Governor that is withdrawn or rejected by the Senate would lapse, in which case a vacancy occurs. Require that whenever a new Legislature is organized, any appointments then pending before the Senate be referred by the President to the appropriate standing committee of the newly-organized Senate.

Provide that a majority of the members of the Board would constitute a quorum for purposes of conducting the Board's business and exercising its powers and for all other purposes, notwithstanding the existence of any vacancies. Further, provide that action may be taken by the Board upon a majority vote of the members present, and authorize Board meetings to be held anywhere within or without the state. Prohibit a member of the Board from being compensated for his or her services, except for reimbursement for actual and necessary expenses incurred in the performance of his or her duties, including travel expenses, subject to uniform travel schedule amounts as otherwise provided by statute. Prohibit any cause of action to arise against, and any civil liability to be imposed upon a member or Executive Director of the Authority for any act or omission in the performance of his or her powers and duties unless the person asserting liability proves the act or omission constituted willful misconduct.

Executive Director. Require the Authority's Board to appoint an Executive Director who would not be a member of the Board, who would serve at the Board's pleasure, and who would receive such compensation as determined by the Board. Direct the Executive Director or other person designated by resolution of the Board to keep a record of the Authority's proceedings and to be custodian of the Authority's books, documents, papers filed with the Authority, the Authority's minute book or journal, and its official seal. Authorize the Executive Director or other person to cause copies to be made of all the Authority's minutes and other records and documents, and to give certificates under the official seal of the Authority to the effect that such copies are true copies and all persons dealing with the Authority may rely upon such certificates.

Powers of the Authority. Provide the Authority with all powers necessary or convenient to carry out the purposes for which it is created, including the authority to: (a) adopt, amend or repeal bylaws and policies and procedures for the regulation of its affairs and the conduct of its business; (b) have a seal and alter the seal at its pleasure; (c) maintain an office; (d) sue and be sued; (e) accept gifts, grants, loans, or other contributions from private or public sources; (f) establish the Authority's annual budget and monitor the fiscal management of the Authority; (g) execute contracts and other instruments, including contracts for any professional services required for the Authority; (h) employ any officers, agents, and employees that it may require and determine their qualifications and compensation; and (i) procure liability insurance. Prohibit the Authority from issuing bonds.

Other Provisions. The Authority would be subject to or exempt from a range of statutes and regulations, including but not limited to the following: (a) the Authority would be subject to state laws regulating lobbying activities; (b) the Authority would be included among the entities to which the Legislative Fiscal Bureau has access, including any books, records, or other documents maintained by the Authority relating to its expenditures, revenues, operations, and structure; (c) the DOA Secretary and his or her designated employees could enter the Authority's office and examine its books and accounts and any other matter that in the Secretary's judgment should be examined, and interrogate the Authority's employees publicly or privately relative thereto; (d) the Authority, its officers, and employees would be required to cooperate with the DOA Secretary, and assist the Secretary in preparing the state budget report and budget bill as the Secretary or Governor may request, and, upon request, provide the Secretary such information concerning anticipated revenues and expenditures as the Secretary requires for effective control of state finances; (e) the Authority would be subject to certain provisions of state law regarding purchasing and bidding, including requirements with respect to nondiscriminatory contracting practices; (f) the Authority would be exempt from various taxes, including the general property tax and the income tax; and (g) the Authority would be included in the definition of a "state agency" for purposes of the Wisconsin retirement system. The Authority's records would also be subject to audit by the Legislative Audit Bureau at least once each five years.

Joint Finance/Legislature: Delete provision.

HEALTHY WISCONSIN AUTHORITY AND HEALTHY WISCONSIN PLAN

1. HEALTHY WISCONSIN AUTHORITY AND HEALTHY WISCONSIN PLAN

Senate: Create the Healthy Wisconsin Authority and establish the Healthy Wisconsin Plan as follows:

Board Membership. Create the Health Wisconsin Authority (Authority) as a public body corporate and politic, the Board of Trustees (Board) of which would consist of: (a) five non-voting members, including the Secretary of Employee Trust Funds, who would serve as the initial chairperson until the Board elects a chairperson from its voting members, and four representatives from the Authority's health care advisory committee who are health care personnel and administrators and who would be selected as Board members by the health care advisory committee; and (b) 16 voting members, nominated by the Governor and appointed with the advice and consent of the Senate, comprised of: (1) four members selected from a list submitted by statewide labor or union coalitions, one of which would be a public employee; (2) four members selected from a list submitted by statewide business and employer organizations, one of which would be a public employer; (3) one member selected from a list submitted by statewide public school teacher labor organizations; (4) one member selected from a list submitted by statewide small business organizations; (5) two members who are farmers, selected from a list submitted by statewide general farm organizations; (6) one member who is a self-employed person; and (7) three members selected from a list submitted by statewide health care consumer organizations. Specify that Board members would serve staggered terms of six years each. Authorize the Board to appoint an Executive Director who would serve at the Board's pleasure and whose compensation would be determined by the Board.

Board Responsibilities. Charge the Board with the duty to establish, fund, and administer a health care system in Wisconsin that would ensure that all eligible persons have access to high quality, timely, and affordable health care. Direct the Board, in carrying out that duty, to seek to attain the following goals: (a) that every Wisconsin resident has access to affordable, comprehensive health care services; (b) that health care reform would maintain and improve the choice of health care providers and high quality health care services in Wisconsin; and (c) that health care reform would implement cost containment strategies that retain and assure affordable coverage for all Wisconsin residents.

Require the Board to do the following: (a) provide for mechanisms to enroll into the Healthy Wisconsin Plan (plan) every eligible Wisconsin resident; (b) create a program for consumer protection and a process to resolve disputes with providers; (c) establish an independent and binding appeals process for resolving disputes over eligibility and other determinations made by the Board, and entitle individuals adversely affected by any such determination to judicial review of the determination; (d) submit an annual report on the

Board's activities to the Governor and each house of the Legislature; (e) contract for annual, independent program evaluations and financial audits that measure the extent to which the plan is achieving its statutorily-defined goals; (f) accept bids from health care networks, or make payments to fee-for-service providers, upon consulting with the Department of Employee Trust Funds to determine the most effective and efficient way to purchase health care benefits; and (g) audit health care networks and providers to determine if their services meet the plan's statutory objectives and criteria.

Vest the Board with all powers necessary or convenient to carry out the plan's statutory purposes and provisions. Specify that those powers would include, but not be limited to, the power to establish the Authority's annual budget and monitor its fiscal management, to execute contracts, to employ any Officers, agents, and employees it may require, to sue and to be sued, to borrow money as necessary on a short-term basis to address cash flow issues, and to compel witnesses to attend meetings and to testify upon any necessary matter concerning the plan.

Healthy Wisconsin Trust Fund. Create the Healthy Wisconsin Trust Fund (fund) as a separate, nonlapsible trust fund consisting of all moneys appropriated or transferred to or deposited in the fund. Establish from the fund a sum sufficient appropriation to pay the Authority for the operation and funding of the plan.

Health Care Advisory Committee. Require the Board to establish a health care advisory committee to advise the Board on all the following issues: (a) matters related to promoting healthier lifestyles; (b) promoting health care quality; (c) increasing the transparency of health care cost and quality information; (d) preventive care; (e) early identification of health disorders; (f) disease management; (g) appropriate use of primary care, medical specialists, prescription drugs, and hospital emergency rooms; (h) confidentiality of medical information; (i) appropriate use of technology; (j) benefit design; (k) availability of physicians, hospitals, and other providers; (l) reducing health care costs; (m) any other subject assigned to it by the Board; and (n) any other subject determined appropriate by the committee.

Direct the Board to appoint as members of the health care advisory committee all the following individuals: (a) at least one member designated by the Wisconsin Medical Society, Inc.; (b) at least one member designated by the Wisconsin Academy of Family Physicians; (c) at least one member designated by the Wisconsin Hospital Association, Inc.; (d) one member designated by the President of the Board of Regents of the University of Wisconsin System who is knowledgeable in the field of medicine and public health; (e) one member designated by the President of the Medical College of Wisconsin; (f) two members designated by the Wisconsin Nurses Association, the Wisconsin Federation of Nurses and Health Professionals, and the Service Employees International Union; (g) one member designated by the Wisconsin Dental Association; (h) one member designated by statewide organizations interested in mental health issues; (i) one member representing health care administrators; and (j) other members representing health care professionals.

Office of Outreach, Enrollment, and Advocacy. Direct the Board to establish an Office of

Outreach, Enrollment, and Advocacy (Office). Require the Office to contract with nonprofit organizations, but not an organization that provides services under the plan or that has any other conflict of interest, to perform the following outreach, advocacy, and enrollment functions: (a) engage in aggressive outreach to enroll eligible persons and participants in their choice of health care coverage under the plan; (b) assist eligible persons in choosing health care coverage by examining cost, quality, and geographic coverage information regarding their choice of available networks or providers; (c) inform plan participants of the role they can play in holding down health care costs by taking advantage of preventive care, enrolling in chronic disease management programs if appropriate, responsibly utilizing medical services, engaging in healthy lifestyles, and inform participants of networks or workplaces where healthy lifestyle incentives are in place; (d) at the direction of the Board, establish a process for resolving disputes with providers; (e) act as an advocate for plan participants having questions, difficulties, or complaints about their health care services or coverage, investigate the complaint, including, when appropriate, consulting with the health care advisory committee regarding best practice guidelines, and attempt to resolve the complaint; (f) if a participant's complaint cannot be successfully resolved, inform the participant of any legal or other means of recourse for his or her complaint, including, where applicable, the appeals process for Board decisions; (g) provide information to the public, agencies, legislators, and others regarding problems and concerns of plan participants, and, in consultation with the health care advisory committee, make recommendations for resolving those problems and concerns; and (h) ensure that plan participants have timely access to the services provided by the Office.

Prohibit the Office and its employees and contractors from having any conflicts of interest relating to the performance of their duties. Define a conflict of interest for these purposes as any of the following: (a) direct involvement in the licensing, certification, or accreditation of a health care facility, health insurer, or health care provider; (b) direct ownership interest or investment interest in a health care facility, health insurer, or health care provider; (c) employment by, or participation in the management of a health care facility, health insurer, or health care provider; or (d) receipt of, or having the right to receive, directly or indirectly, remuneration under a compensation arrangement with a health care facility, health insurer, or health care provider.

Eligibility for Participation in the Plan. Establish eligibility criteria that would make a person eligible to participate in the plan if they satisfy all the following: (a) they have maintained their place of permanent abode in this state for at least 12 months; (b) they maintain a substantial presence in this state; (c) they are under age 65; (d) they are not eligible for health care coverage from the federal government or a foreign government, they are not an inmate of a penal facility, and they are not placed or confined in, or committed to, an institution for the mentally ill or the developmentally disabled; and (e) unless a waiver request has been granted by the Secretary of the U.S. Department of Health and Human Services and is in effect, they are not eligible for medical assistance or for health care coverage under the BadgerCare health care program.

In addition, designate the following persons as eligible to participate in the plan: (1) a

person and the members of that person's immediate family, if the person is gainfully employed in Wisconsin and the person and the members of the person's immediate family satisfy criteria (c) through (e); (2) a child under age 18 who resides with his or her parent in Wisconsin, even if the parent does not yet satisfy criteria (a), regardless of how long the child has resided in Wisconsin; and (3) a pregnant woman who resides in Wisconsin, even if the woman does not yet satisfy criteria (a), regardless of how long the woman has resided in Wisconsin.

Prohibit any person who is otherwise eligible to participate in the plan, but who receives health care coverage under a collective bargaining agreement that is in effect on January 1, 2009, from being eligible to participate in the plan until the day on which the collective bargaining agreement expires or the day on which the collective bargaining agreement is extended, modified, or renewed.

For purposes of establishing the plan's eligibility criteria, require the Board to define the terms "place of permanent abode," "immediate family," and "gainfully employed," the latter of which must include employment by persons who are self-employed and persons who work on farms. Require the Board to also define the term "substantial presence in this state," and in so doing, consider such factors as the amount of time per year the person is actually present in the state and the amount of taxes the person pays in the state, except that if the person attends school outside this state and is under age 23, the factors would include the amount of time the person's parent or guardian is actually present in the state and the amount of taxes the person's parent or guardian pays in the state, and if the person is in active service with the U.S. armed forces outside this state, the factors would include the amount of time the person's parent, guardian, or spouse is actually present in this state and the amount of taxes the individual's parent guardian or spouse pays in this state.

Waiver Request. Require the Department of Health and Family Services (DHFS) to develop a request for a waiver from the Secretary of the U.S. Department of Health and Human Services to provide coverage under the plan to individuals who are eligible for medical assistance in the low-income families category, as determined by DHFS, and to individuals who are eligible for health care coverage under the BadgerCare health care program. Require the waiver request to be written so as to allow the use of federal financial participation to fund, to the maximum extent possible, health care coverage under the plan for these individuals. Further, require DHFS to submit the waiver request, not later than July 1, 2008, to a special legislative committee comprised of the members of the Joint Committee on Finance and members of the standing committees of the Senate and Assembly with subject jurisdiction over health issues, which would have 60 days to review and comment to DHFS on the waiver request. Authorize DHFS to develop other waiver requests to appropriate federal agencies so as to permit funds from federal health care services programs to be used for health care coverage for persons under the plan.

Benefits. Require the Board to establish a health care plan that will take effect on January 1, 2009 and that will provide the same benefits as those that were in effect as of January 1, 2007, under the state employee health plan. Authorize the Board to adjust the plan benefits to

provide additional cost-effective treatment options if there is evidence-based research that the options are likely to reduce health care costs, avoid health risks, or result in better health outcomes. In addition, require the plan to provide coverage for mental health services and alcohol or other drug abuse treatment to the same extent as the plan covers treatment for physical conditions, and to provide coverage for preventive dental care for children up to 18 years of age.

Require the plan to cover the following preventive services without any cost-sharing requirement: (a) prenatal care for pregnant women; (b) well-baby care; (c) medically appropriate examinations and immunizations for children up to 18 years of age; (d) medically appropriate gynecological exams, Papanicolaou tests, and mammograms; (e) medically appropriate regular medical examinations for adults, as determined by best practices; (f) medically appropriate colonoscopies; (g) preventive dental care for children up to 18 years of age; (h) other preventive services or procedures, as determined by the Board, for which there is scientific evidence that exemption from cost sharing is likely to reduce health care costs or avoid health risks; and (i) chronic care services, provided that the participant receiving the services is participating in, and complying with, a chronic disease management program as defined by the Board.

Deductibles. Specify that during any year, the following deductibles would apply to all covered services and articles: (a) \$300 for a participant who is 18 years of age or older on January 1 of that year; (b) \$600 for a family consisting of two or more participants who are 18 years of age or older on January 1 of that year; and (c) \$0 for a participant who is under 18 years of age on January 1 of that year. Authorize the Board to adjust the plan's deductible amounts, but only to reduce those amounts. Except for copayments and coinsurance, require the plan to provide a participant with full coverage for all covered services and articles after the participant has received covered services and articles totaling the applicable deductible amount, regardless of whether the participant has paid the deductible.

Require providers that provide to a participant a covered service or article to which a deductible applies to charge, and to accept as full payment for that service or article, the payment rate established by the Board.

Except for prescription drugs, prohibit a provider from refusing to provide to a participant a covered service or article to which a deductible applies on the basis that the participant does not pay, or has not paid, any applicable deductible amount before the service or article is provided. Further, prohibit a provider from charging any interest, penalty, or late fee on any deductible amount owed by a participant unless the deductible amount is at least six months past due and the provider has provided the participant with notice of the interest, penalty, or late fee at least 90 days before the interest, penalty, or late fee payment is due. Prohibit any such interest charges to exceed 1% per month, and any penalty or late fee to exceed the provider's reasonable cost of administering the unpaid bill.

Copayments and Coinsurance. Establish the following copayment and coinsurance requirements under the plan.

- General copayments. During any year, a participant who is 18 years of age or older on January 1 of that year would pay a copayment of \$20 for medical, hospital, and related health care services, as determined by the Board;
- Specialist provider services without referral. A participant, regardless of age, who receives health care services from a specialist provider without a referral from his or her primary care provider under the plan would be required to pay 25% of the cost of the services provided;
- Inappropriate emergency room use. A participant who is 18 years of age or older would pay a copayment of \$60 for inappropriate emergency room use, as determined by the Board;
- Prescription drugs. All participants, regardless of age, would pay \$5 for each prescription of a generic drug that is on the formulary determined by the Board, \$15 for each prescription of a brand-name drug that is on the formulary determined by the Board, and \$40 for each prescription of a brand-name drug that is not on the formulary determined by the Board. Authorize the Board to adjust the plan's copayment and coinsurance amounts.

Maximum Out-of-Pocket Amounts. Specify that, notwithstanding the deductible, coinsurance, and copayment amounts described above, a participant who is 18 years of age or older on January 1 of that year would not be required to pay more than \$2,000 a year in total cost sharing, and a family consisting of two or more participants would not be required to pay more than \$3,000 a year in total cost sharing.

Service Areas, Selection, and Payment of Health Care Providers and Health Care Networks. Define a "health care network" as a provider-driven, coordinated group of health care providers comprised of primary care physicians, medical specialists, physician assistants, nurses, clinics, one or more hospitals, and other health care providers and facilities, including providers and facilities that specialize in mental health services and alcohol or other drug abuse treatment.

Authorize the Board to establish areas in the state for the purpose of receiving bids from health care networks so as to maximize the level and quality of competition among health care networks or to increase the number of provider choices available to eligible persons and participants in the areas.

Require the Board, in each such designated area, to offer both of the following options for delivery of health care services under the plan: (a) a fee-for-service option, under which participants would choose a primary care provider, may be referred by the primary care provider to any medical specialist, and may be admitted by the primary care provider or specialist to any hospital or other facility, for the purpose of receiving the benefits provided

under the plan. Under this option, the Board, with the assistance of one or more administrators chosen by a competitive bidding process and with whom the Board has contracted, would pay directly, at the provider payment rates established by the Board, for all health care services and articles that are covered under the plan; and (b) an option under which one or more health care networks that meet the qualifying criteria, and are certified by the Board, provide health care services to participants. Require the Board to offer option (b) in each area designated by the Board to the extent qualifying health care networks exist in that area.

Solicitation of Bids from Health Care Networks. Require the Board to annually solicit sealed risk-adjusted premium bids from competing health care networks for the purpose of offering health care coverage to participants. Require the Board to request each bidder to submit information pertaining to whether the bidder is a qualifying health care network. A health care network would be deemed a qualifying health care network if it does all the following:

(a) demonstrates to the satisfaction of the Board that the fixed monthly risk-adjusted amount that it bids to provide participants with the health care benefits specified under the plan reasonably reflects its estimated actual costs for providing participants with such benefits in light of its underlying efficiency as a network, and has not been artificially underbid for the predatory purpose of gaining market share;

(b) spends at least 92% of the revenue it receives under the plan on payments to health care providers in order to provide the health care benefits specified under the plan to participants who choose the health care network, or on investments the health care network has reasonably determined will improve the overall quality or lower the overall cost of patient care;

(c) ensures that participants living in an area that a health care network serves would not be required to drive more than 30 minutes, or in a metropolitan area served by mass transit, spend more than 60 minutes using mass transit facilities, in order to reach the offices of at least two primary care providers, as defined by the Board;

(d) ensures that physicians, physician assistants, nurses, clinics, hospitals, and other health care providers and facilities that specialize in mental health services and alcohol or other drug abuse treatment are conveniently available, as defined by the Board, to participants living in every part of the area the health care network serves;

(e) ensures that participants have access, 24 hours a day, seven days a week, to a toll-free hotline and help desk that is staffed by persons who live in the area and who have been fully trained to communicate the benefits provided under this plan and the choices of providers that participants have in using the health care network;

(f) ensures that each participant who chooses the health care network selects a primary care provider who is responsible for overseeing all the participant's care;

(g) provides each participant with medically appropriate and high-quality health care,

including mental health services and alcohol or other drug abuse treatment, in a highly coordinated manner;

(h) emphasizes in its policies and operations the promotion of healthy lifestyles, preventive care, including early identification of and response to high-risk individuals and groups, early identification of and response to health disorders, disease management, including chronic care management, and best practices, including the appropriate use of primary care, medical specialists, medications, and hospital emergency rooms, and the utilization of continuous quality improvement standards and practices that are generally accepted in the medical field;

(i) has developed and is implementing a program, including providing incentives to providers when appropriate, to promote health care quality, increase the transparency of health care cost and quality information, ensure the confidentiality of medical information, and advance the appropriate use of technology;

(j) has entered into shared service agreements with out-of-network medical specialists, hospitals, and other facilities, including medical centers of excellence in the state, through which participants can obtain, at no additional expense to participants beyond the normally required level of cost sharing, the services of out-of-network providers that the network's primary care physicians selected by participants have determined is necessary to ensure medically appropriate and high-quality health care, to facilitate the best outcome, or, without reducing the quality of care, to lower costs;

(k) has in place a comprehensive, shared, electronic patient records and treatment tracking system and an electronic provider payment system;

(l) has adopted and implemented a strong policy to safeguard against conflicts of interest;

(m) has been organized by physicians or other health care providers, a cooperative, or an entity whose mission includes improving the quality and lowering the cost of health care, including the avoidance of unnecessary operating and capital costs arising from inappropriate utilization or inefficient delivery of health care services, unwarranted duplication of services and infrastructure, or creation of excess capacity;

(n) agrees to enroll and provide the benefits specified under the plan to all participants who choose the network, regardless of the participant's age, sex, race, religion, national origin, sexual orientation, health status, marital status, disability status, or employment status, except that a health care network may limit the number of new enrollees it accepts if the health care network certifies to the Board that accepting more than a specified number of enrollees would make it impossible to provide all enrollees with the benefits specified under the plan at the level of quality that the network is committed to maintaining, provided that the health care network uses a random method for deciding which new enrollees it accepts. A health care network may

also limit the participants it serves to a specific affinity group, such as farmers or teachers, that is in existence as of December 31, 2007 and that the health care network has certified to the Board, provided the limitation does not involve discrimination based on any of the factors described above and has neither been created for the purpose, nor will have the effect, of screening out higher-risk enrollees.

Certification of Health Care Networks and Classification of Bids. Require the Board to review the information submitted pertaining to bidding health care networks, and based on that information, to certify which health care networks are qualifying health care networks. With respect to all such qualifying health care networks, require the Board to open the submitted, sealed bids at a predetermined time. Require the Board to classify the certified health care networks according to price and quality measures after comparing their risk-adjusted per-month bids and assessing their quality. Require the Board to classify the network that bid the lowest price as the lowest-cost network, and to classify as a low-cost network any network that has bid a price that is close to the price bid by the lowest-cost network. Any other network would be classified as a higher-cost network.

Open Enrollment. Require the Board to provide an annual open enrollment period, during which each participant may select a certified health care network from among those offered, or a fee-for-service option, with coverage being effective on the following January 1. Specify that a participant who does not select a certified health care network or the fee-for-service option would be assigned randomly to one of the networks that has been classified as having submitted the lowest or a low bid and as performing well on quality measures, or to the fee-for-service option if that is the lowest-cost option. Further, specify that a participant who selects the fee-for-service option or a certified health care network that has been classified as a higher-cost network, but who fails to pay the additional payment required under the plan, would be assigned randomly to one of the networks that has been classified as the lowest-cost or as a low-cost network and as performing well on quality measures, or to the fee-for-service option if that is the lowest-cost option.

Payments to Networks and Providers. Require the Board, on behalf of each participant who selects or who has been assigned to a certified health care network that has been classified as the lowest-cost network or a low-cost network and as performing well on quality measures, to pay monthly to the health care network the full risk-adjusted per-member per-month amount that was bid by the network, the dollar amount of which would be actuarially adjusted for the participant based on age, sex, and other appropriate risk factors determined by the Board. A participant who selects or is assigned to the lowest-cost network or a low-cost network would not be required to pay any additional amount to the network.

Provide that if a participant chooses to enroll in a certified health care network that has been classified as a higher-cost network, the Board would pay monthly to the chosen health care network an amount equal to the bid submitted by the network that the Board classified as the lowest-cost network and as having performed well on quality measures, the dollar amount of which would be actuarially adjusted for the participant based on age, sex, and other

appropriate risk factors determined by the Board. Require a participant who chooses to enroll in a higher-cost network to pay monthly, in addition to the amount paid by the Board, a payment sufficient to ensure that the chosen network receives the full bid price by that network.

Authorize the Board to retain a percentage of the dollar amounts established for each participant to pay to certified health care networks that have incurred disproportionate risk not fully compensated for by the actuarial adjustment in the amount established for each eligible person. Require that any such payment to a certified health care network reflect the disproportionate risk incurred by the health care network.

Payments to Fee-For-Service Providers. Require the Board to establish provider payment rates that will be paid to providers of covered services and articles that are provided to participants who choose the fee-for-service option that are fair and adequate to ensure that this state is able to retain the highest quality of medical practitioners. Limit increases in the provider payment rate for each service or article such that any increase in per person spending under the plan does not exceed the national rate of medical inflation. Except for deductibles, copayments, coinsurance, and any other cost-sharing required or authorized under the plan, require a provider of a covered service or article to accept as payment in full for the covered service or article the payment rate determined by the Board, and prohibit the provider from billing a participant who receives the service or article for any amount by which the charge for the service or article is reduced.

Require the Board, with the assistance of its actuarial consultants, to establish the monthly risk-adjusted cost of the fee-for-service option offered to participants under the plan, and to classify the fee-for-service option in the same manner the Board classifies certified health care networks. If the Board determines there is at least one certified low-cost health care network in an area, which may be the lowest-cost health care network, and if the fee-for-service option offered in that area has been classified as a higher-cost choice, the cost to a participant enrolling in the fee-for-service option would be determined as follows:

(a) if there are available to the participant three or more certified health care networks classified as low-cost networks, or as the lowest-cost network and two or more low-cost networks, the participant would pay the difference between the cost of the lowest-cost health care network and the monthly risk-adjusted cost established for the fee-for-service option, except that the amount paid may not exceed \$100 per month for an individual, or \$200 per month for a family, as adjusted for medical inflation;

(b) if there are available to the participant two certified health care networks classified as low-cost networks, or as the lowest-cost network and one low-cost network, the participant would pay the difference between the cost of the lowest-cost health care network and the monthly risk-adjusted cost established for the fee-for-service option, except that the amount paid may not exceed \$65 per month for an individual, or \$125 per month for a family, as adjusted for medical inflation;

(c) if there is available to the participant only one certified health care networks classified as a low-cost network, or as the lowest-cost network, the participant would pay the difference between the cost of the lowest-cost health care network and the monthly risk-adjusted cost established for the fee-for-service option, except that the amount paid may not exceed \$25 per month for an individual, or \$50 per month for a family, as adjusted for medical inflation; and

(d) if the Board has determined there is no certified lowest-cost health care network or low-cost health care network in the area, there would be no extra cost to the participant enrolling in the fee-for-service option.

Incentive Payments to Fee-for-Service Providers. Encourage health care providers and facilities providing services under the fee-for-service option to collaborate with each other through financial incentives established by the Board. Require providers to work with facilities to pool infrastructure and resources, to implement the use of best practices and quality measures, and to establish organized processes that will result in high-quality, low-cost medical care. Require the Board to establish an incentive payment system for complying providers and facilities, in accordance with criteria established by the Board.

Pharmacy Benefit. Except for prescription drugs to which a deductible applies, require the Board to assume the risk for, and pay directly for, prescription drugs provided to participants. In implementing this requirement, direct the Board to replicate the prescription drug buying system developed by the Group Insurance Board for prescription drug coverage under the state employee health plan, unless the Board determines another approach would be more cost-effective. Authorize the Board to join the prescription drug purchasing arrangement under the plan with similar arrangements or programs in other states to form a multi-state purchasing group to negotiate with prescription drug manufacturers and distributors for reduced prescription drug prices, or to contract with a third party, such as a private pharmacy benefits manager, to negotiate with prescription drug manufacturers and distributors for reduced prescription drug prices.

Subrogation. Entitle the Board and the Authority to the right of subrogation for reimbursement to the extent that a participant may recover reimbursement for health care services and items in an action or claim, against any third party.

Employer-Provided Health Care Benefits. Provide that nothing under the plan would prevent an employer, or a Taft-Hartley trust on behalf of an employer, from paying all or part of any cost sharing under the plan, or from providing any health care benefits not provided under the plan, for any of the employer's employees.

Assessments on Individuals. For an employee (defined as an individual who has an employer), require the Board to calculate the following assessments, based on its anticipated revenue needs. For an employee who is under age 65, a percent of social security wages that is at least 2% and not more than 4%, subject to the following: (a) if the employee's social security

wages are 150% or less of the federal poverty level (FPL), the employee may be not be assessed; (b) if the employee has no dependents and his or her social security wages are more than 150% and 200% or less of the FPL, the assessment would be in an amount, as determined by the Board on a sliding scale based on the employee's social security wages, that is between 0% and 4% of the employee's social security wages; (c) if the employee has one or more dependents, or the employee is a single individual who is pregnant, and their social security wages are more than 150% and 300% or less of the FPL, the assessment would be in an amount as determined by the Board on a sliding scale based on the employee's social security wages, that is between 0% and 4% of the employee's social security wages.

For a self-employed individual (defined as an individual who is required under the Internal Revenue Code to file Schedule SE) who is under age 65, a percentage of social security wages that is at least 9% and not more than 10%.

For an eligible individual who has no social security wages, 10% of federal adjusted gross income, up to the maximum amount of income that is subject to social security tax.

Assessments on Employers. For an employer, require the Board to collect an assessment, based on the Board's anticipated revenue needs, that is a percentage of aggregate social security wages that is at least 9% and not more than 12%.

Collection and Calculation of Assessments. For taxable years beginning after December 31, 2008, require the Department of Revenue (DOR) to impose on, and collect from, individuals the assessment amounts the Board calculates either through an assessment that is collected as part of the income tax, or through another method devised by DOR. For taxable years beginning after December 31, 2008, require DOR to impose on, and collect from, employers the assessment amounts the Board calculates either through an assessment that is collected as part of the taxation of corporations, or through another method devised by DOR. Require DOR to deposit these assessment amounts into the fund.

Require the Secretary of the Department of Administration (DOA Secretary) to establish a methodology for allocating employer assessments among state agencies to the fund for the operation and funding of the plan. Require state agencies to pay, from appropriations used to fund fringe benefit costs of state employees, to the fund the amounts determined by the DOA Secretary.

Require the DOA Secretary, in consultation with the Authority's Board, to establish by rule a program to contain health care costs in Wisconsin during any year in which the Board determines that health care costs increase at a rate exceeding the national average of medical inflation.

Authorize the Board to annually increase or decrease the amounts that may be assessed, provided, however, that no annual increase may exceed the percentage increase for medical inflation unless a greater increase is provided for by law.

Public Employers. Generally, the effect of the amendment would be to include the active

employees of public employers (state and local) under the age of 65 in the Healthy Wisconsin Plan. Active employees over the age of 65 would continue to be covered under current law provisions for health insurance coverage provided by public employers to their employees.

The state would be authorized to continue to offer health care coverage under current law provisions to active state employees who are 65 years and older, certain non-state Wisconsin Retirement System (WRS) annuitants, certain elected and executive officials who have left state service, retired state employees, or an employee of the state who terminates creditable service after attaining 20 years of creditable service, remains a WRS participant, and is not eligible for an immediate annuity. Provide that current law provisions relating to the initial state contributions for health care coverage and the level of such contributions would only apply to those state employees not covered under the Healthy Wisconsin Plan (that is, for employees over the age of 65). Provide that the standard health insurance plan in which all insured employees must participate except as otherwise provided in law, must not provide employees any health care coverage that the employees receive under the Healthy Wisconsin Plan.

Provide that any state or local governmental employee covered under the Healthy Wisconsin Plan may not receive coverage under plans offered by the Group Insurance Board (GIB). Provide that the GIB may provide state and local governmental employees with coverage for benefits not provided under the Healthy Wisconsin Plan. These supplemental benefits would be required to conform to certain insurance standards set in current law.

Provide that current law provisions for the payment of health insurance premiums for state employees activated for military duty would not apply to an eligible employee who is receiving health care coverage under the Healthy Wisconsin Plan. Provide that, if a health care coverage program is developed under the Private Employer Health Care Purchasing Alliance (which is currently inactive), the coverage may not provide employees any health care coverage that the employees receive under the Healthy Wisconsin Plan.

Further, as under current law, a local governmental units (a city, village, town, county, school district, sewerage district, drainage district, and, without limitation because of enumeration, any other political subdivision of the state) may provide for the payment of premiums for hospital and surgical care for its retired employees. For its employees covered under the Healthy Wisconsin Plan, provide that local units may only provide health care benefits that are not provided under the Healthy Wisconsin Plan. This provision applies to self-insured plans and joint self-insured plans of local governmental units. These supplemental benefits would be required to conform to certain insurance standards set in current law.

State Employment Labor Relations Law. Provide that the state as an employer would be prohibited from bargaining on health care coverage of employees under the Healthy Wisconsin Plan.

Well-Woman MA. Amend current law to specify that any woman covered under the plan is not eligible for services for the treatment of breast or cervical cancer or for a precancerous condition of the breast or cervix under the well woman medical assistance program.

BadgerCare Cost Sharing. Repeal the provision in current law that requires certain recipients of health care coverage under the BadgerCare program to pay up to 5% of their income toward the cost of the health care coverage provided under that program.

Disease Aids Program. Amend current law to specify that a person is not ineligible to receive aid for services related to the treatment of chronic renal disease, adult cystic fibrosis, or hemophilia under the disease aids program by virtue of being eligible for, or having coverage under the plan.

Health Insurance Risk-Sharing Plan. Amend current law to specify that any person eligible for coverage under the plan is not eligible for the health insurance plans offered by the Health Insurance Risk-Sharing Plan Authority.

Defined Network Plans. Amend Chapter 609 of the statutes, relating to defined network plans, as follows: (a) repeal the definition of a standard plan to mean a health care plan other than a health maintenance organization or a preferred provider plan; (b) repeal the requirement that an employer that offers any of its employees a health maintenance organization or a preferred provider plan that provides comprehensive health care services must, in some circumstances, also offer the employees a standard plan that provides at least substantially equal coverage of health care expenses and a point-of-service plan; and (c) repeal the statutory direction to the Commissioner of Insurance to promulgate rules regarding the requirement referenced in (b).

Commissioner of Insurance. Repeal current statutory provisions that require the Commissioner of Insurance to do the following: (a) provide information and assistance to the Department of Employee Trust Funds to facilitate the development and implementation of innovative approaches to the delivery of health care services, and to increase awareness and understanding among employers and their employees, providers of health care services and members of the public regarding the availability and nature of innovative or cost-effective health care plans; (b) assist the Department of Employee Trust Funds in developing health care plans that employers can offer their employees through a program offered by the Group Insurance Board; and (c) provide employers and employees information regarding the plans referenced in (b).

Restrictions on Health Care Services. Amend current law to remove, where applicable, references to health care benefit plans provided on a self-insured basis by school districts, cities, county boards, villages, political subdivisions, and towns in connection with coverage requirements relating to the following: (a) Papanicolaou tests, pelvic examinations, or associated laboratory fees; (b) blood tests for lead for children under six years of age; (c) diagnostic procedures and medically necessary surgical or nonsurgical treatment for the correction of temporomandibular disorders; and (d) appropriate and necessary immunizations, from birth to the age of six years, for a dependent who is a child of the insured.

Exclusion of Policies that Provide Only Health Care Benefits Not Provided Under the Plan. Amend current law to exclude disability insurance policies that provide only health care

benefits not provided under the plan from the requirement to provide coverage for the following: (a) two examinations by low-dose mammography to a woman when that woman is age 45 to 49; (b) drugs prescribed by the insured's physician for the treatment of HIV infection or an illness or medical condition arising from or related to HIV infection, as provided in statute; (c) blood lead tests for children under six years of age; (d) diagnostic procedures and medically necessary surgical or nonsurgical treatment for the correction of temporomandibular disorders; and (e) appropriate and necessary immunizations, from birth to the age of six years, for a dependent who is a child of the insured.

Property Tax Exemption. Create a property tax exemption for all property owned by the Healthy Wisconsin Authority, if the property's use is primarily related to the purposes of the Authority, effective on July 1, 2007, or on the day after publication of the act, whichever is later.

Property Tax Credit. Require any taxing jurisdiction that reduces the cost of providing health care coverage to its employees in 2009 as a result of providing coverage under the Healthy Wisconsin Plan, together with any supplemental coverage needed to ensure that the health care coverage provided to the jurisdiction's employees is actuarially equivalent to the coverage they received in 2008, to distribute 50% of those savings in the form of a property tax credit on tax bills issued in 2009. Require the tax credit to be used to reduce taxes otherwise payable and to be distributed proportionately to all property owners in the taxing jurisdiction on the basis of equalized values.

Other Provisions. In addition to the provisions summarized above, make the Authority subject to, or exempt from, various state laws, including the following: (a) include the Authority within the definition of an "agency" for purposes of state laws regulating lobbying; (b) require the Legislative Audit Bureau, annually, to conduct a financial audit of the plan, and to charge the Authority for the cost of those audits; (c) require the Authority to provide the Legislative Fiscal Bureau access to any books, records, or other documents maintained by the Authority and relating to its expenditures, revenues, operations, and structure; (d) require the Authority to provide the DOA Secretary access to the Authority's books and accounts and to cooperate with the DOA Secretary with respect to the Secretary's requests, and (d) exempt the Authority from general property taxes, state income and franchise taxes, and other taxes as set forth in the bill.

Effective Date. Most of these provisions, including the provisions relating to coverage under the plan, the Department of Revenue's authority to impose and collect assessments to fund the plan, and changes to coverage under other health plans, would take effect on January 1, 2009, except the provisions relating the creation and operation of the Authority, which would take effect on the bill's general effective date.

Fiscal Effect

The Lewin Group, a national health care and human services consulting firm, has prepared an actuarial analysis of the Wisconsin Health Plan. That analysis, dated June 19, 2007, estimates that approximately 3.8 million individuals would be enrolled in the plan. That

estimate, as well as the cost and revenue estimates summarized below, are premised in part upon the state obtaining a waiver from the Secretary of the U.S. Department of Health and Human Services that would expand the eligibility criteria for the state's medical assistance program to include families and pregnant women with household income up to 300% of the federal poverty level (FPL), and to include non-custodial adults with household income up to 200% of the FPL. The Lewin analysis assumes that if that waiver is granted, the number of individuals enrolled in the state's medical assistance and BadgerCare programs would increase by approximately 261,000 from current enrollment levels.

Lewin's analysis estimates that the plan's annual costs (based on calendar year 2007 figures) would total approximately \$15.2 billion during its first year of operation, comprised of the following expenditure categories:

Estimated Plan Costs (2007)
(\$ in Millions)

Program Benefits Payments	\$13,679
Program Administrative Costs	315
Insurer Administration Costs	484
Costs Associated with Cap on Premiums for Higher Cost Plans	<u>95</u>
Total Program Costs for WI Residents	\$14,573
Costs Associated with Eligible Individuals who are not WI Residents	<u>639</u>
Total Program Costs	\$15,212

Lewin's analysis indicates that these program costs would be funded through the following assessment revenues generated under the plan. In the following table, the numbers in parentheses indicate the assumed plan assessment stated as a percent of social security wages:

Estimated Plan Revenues (2007)
(\$ in Millions)

Private Employers Assessment (10.5%)	\$8,868
Sole Proprietor Assessment (10.0%)	685
Employee Assessment (4.0%)	3,590
State and Local Government Assessment (10.5%)	1,332
Special Assessment	<u>98</u>
Total Assessments on WI Employers and Residents	\$14,573
Assessments on Eligible Individuals who are not WI Residents	<u>639</u>
Total Program Assessments	\$15,212

According to Lewin's analysis, state and local governments would save approximately \$1.36 billion in health care costs during the plan's first year of operation, savings Lewin estimates would result from the fact that the plan's assessments, and the supplemental coverage these entities would purchase for their employees, retirees and dependents, would be less than the amounts they currently pay in health care costs for those individuals. In part, this savings is due to the fact that some of these individuals will assume a greater portion of their health care costs than is currently the case. In addition, it is estimated that the plan would reduce the shifting of health care costs to state and local plans that occurs under current law. The Lewin analysis further assumes that pursuant to provisions in the proposal, one-half of those savings, or approximately \$680 million, would be used by taxing jurisdictions to reduce property taxes to households (\$490 million) and businesses (\$190 million) in 2009.

In addition to the estimated savings for public employers, Lewin's analysis also estimates that private employers that currently provide health insurance coverage to their employees will, in the aggregate, reduce their health costs under the plan. Conversely, private employers that currently do not provide health insurance coverage to their employees will, according to Lewin, incur additional costs as a result of mandatory payroll assessment.

With respect to the uninsured, Lewin's analysis estimates that the number of individuals in Wisconsin without health insurance would decline from approximately 476,000 to 15,000 during the plan's first year of operation.

Finally, with respect to total health care spending in this state, Lewin's analysis estimates that total spending on health care in Wisconsin will decline by \$751 million during the plan's first year. Lewin estimates that those savings would be achieved through a variety of factors, including primary care emphasis, central purchasing of prescription drugs, and lower administrative costs.

The proposal would not provide funding to support the Authority's activities prior to January 1, 2009, nor does it provide an estimate of what those costs might be. However, the Authority would be permitted to borrow moneys, on a short-term basis, to address cash flow issues.

Based on the estimates provided in the Lewin Study, and the January 1, 2009, effective date for these provisions, it is estimated that this proposal would increase segregated revenue to the fund by \$7.6 billion and increase SEG expenditures by a corresponding amount in 2008-09.

Legislative Findings

In establishing the Healthy Wisconsin Plan, create session law provisions that state the following legislative findings.

1. *Costs.* Health care costs in Wisconsin are rising at an unsustainable rate, making the need for comprehensive reform urgent. Rising costs are seriously threatening the ability of Wisconsin businesses to globally compete; farms to thrive; government to provide needed services; schools to educate; and local citizens to form new and successful business ventures.

Some indicators of rising costs are the following:

a. Total health care spending in Wisconsin in 2007 is projected to be \$42.3 billion, and is projected to grow 82%, to \$76.9 billion, in the next decade.

b. The cost of employer-provided health care in Wisconsin increased by 9.3% in 2006, averaging \$9,516 per employee. This figure is 26% more than the national average.

c. Employee premium contributions and out-of-pocket costs are rising faster than wages.

d. Rising costs have led to a decline in employer-provided health benefits. In 1979, 73% of private-sector Wisconsin workers had employer-based health insurance coverage; however, only 57% received health benefits in 2004.

e. At least one-half of all personal bankruptcies in the United States are the result of medical expenses. Over 75.7% of this group had insurance at the onset of illness. In 2004, there were 13,454 medical bankruptcies in Wisconsin affecting 37,360 people.

f. The costs of health services provided to individuals who are unable to pay are shifted to others. Of the \$22 billion charged by hospitals in 2005, \$736,000,000 was not collected. Those who bear the burden of this cost shift have an increasingly difficult time paying their own health care costs.

2. *Access.* There is a large and increasing number of people who have no health insurance or who are underinsured. For this growing population, health care is unaffordable and, most often, not received in the most timely and effective manner. Some indicators of lack of access to health care are as follows:

a. Over 500,000 Wisconsin residents were uninsured at any given point during 2007.

b. Over 65% of the uninsured in Wisconsin are employed.

c. The uninsured are less likely to seek care and, thus, have poorer health outcomes compared to the insured population.

d. In 2007, total spending on the uninsured in Wisconsin is projected to reach over \$1,000,000,000. About 23.2% of this amount will be in the form of uncompensated care; 21.7% will be provided through public programs; and 37.5% will be paid by the uninsured individuals.

3. *Inequity.* The health care system contains inequities. Some indicators of inequity are as follows:

a. Wisconsin businesses are competing on an uneven playing field. The majority of Wisconsin businesses that do insure their workers are subsidizing those businesses that are not paying their fair share for health care.

b. Our current system forces the sick and the aging to pay far higher premiums than the healthy and those covered under group plans, rather than spreading the risk across the broadest pool possible.

c. The uninsured face medical charges by hospitals, doctors, and other health care providers that are 2.5 times what public and private health insurers pay.

4. *Inefficiency.* Wisconsin does not have a clearly defined, integrated health care system. Our health care system is complex, fragmented, and disease-focused rather than health-focused, resulting in massive inefficiencies and placing inordinate administrative burdens on health care professionals. Some indicators of inefficiency are as follows:

a. Health care financing is accomplished through a patchwork of public programs, private sector employer-sponsored self-insurance, commercial insurance, and individual payers. The most recent study for Wisconsin estimates that about 27 cents of every health care dollar is spent on marketing, overhead, and administration, leaving only 73 cents left to deliver medical care.

b. This fragmentation and misaligned financial incentives lead, in some instances, to excessive or inadequate care and create barriers to coordination and accountability among health care professionals, payers, and patients.

c. The Institute of Medicine estimates that between 30 cents and 40 cents of every health care dollar is spent on costs of poor quality -- overuse, underuse, misuse, duplication, system failures, unnecessary repetition, poor communication, and inefficiency. Included in this inefficiency are an unacceptable number of adverse events attributable to medical errors. Patients receive appropriate care based on known "best practices" only about one-half of the time.

d. The best care results from the conscientious, explicit, and judicious use of current best evidence and knowledge of patient values by well-trained, experienced clinicians.

5. *Limitations on Reform.* Federal laws and programs, such as Medicaid, Medicare, Tri-Care, and Champus, constrain Wisconsin's ability to establish immediately a fully integrated health care system.

6. *Wisconsin as a Laboratory for the Nation.* Wisconsin is in a unique position to successfully implement major health care reform. Many providers are already organized into comprehensive delivery systems and have launched innovative pilot programs to improve both the quality and efficiency of their care. Wisconsin is at the forefront in developing systems for health information transparency. Organizations such as the Wisconsin Collaborative for Healthcare Quality, Wisconsin Health Information Organization, and the Wisconsin Hospital Association have launched ambitious projects to provide data on quality, safety, and pricing.

Conference Committee/Legislature: Delete provision.

HIGHER EDUCATIONAL AIDS BOARD

Budget Summary							
Fund	2006-07 Base Year Doubled	2007-09 Governor	2007-09 Jt. Finance	2007-09 Legislature	2007-09 Act 20	Act 20 Change Over Base Year Doubled Amount	Percent
GPR	\$198,489,800	\$242,285,300	\$242,285,300	\$242,285,300	\$242,285,300	\$43,795,500	22.1%
FED	3,415,800	2,709,000	2,709,000	2,709,000	2,709,000	- 706,800	- 20.7
PR	<u>2,385,200</u>	<u>2,385,200</u>	<u>2,415,200</u>	<u>2,415,200</u>	<u>2,415,200</u>	<u>30,000</u>	1.3
TOTAL	\$204,290,800	\$247,379,500	\$247,409,500	\$247,409,500	\$247,409,500	\$43,118,700	21.1%

FTE Position Summary						
Fund	2006-07 Base	2008-09 Governor	2008-09 Jt. Finance	2008-09 Legislature	2008-09 Act 20	Act 20 Change Over 2006-07 Base
GPR	11.86	10.50	10.50	10.50	10.50	- 1.36

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
GPR	- \$40,600	- 2.00

Governor/Legislature: Adjust the base budget by -\$20,300 and -2.0 project positions annually for: (a) removing noncontinuing elements from the base (-\$45,800 and -2.0 project positions annually); (b) full funding of salaries and fringe benefits (\$22,000 annually); and (c) reclassifications (\$3,500 annually).

2. WHEG-UW PROGRAM FUNDING INCREASE

GPR	\$26,438,800
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Governor: Provide \$10,719,400 in 2007-08 and \$15,719,400 in 2008-09 to increase funding for Wisconsin higher education grants (WHEG) for University of Wisconsin students by approximately 15% in 2007-08 and by 10% in 2008-09. Total funding would increase from the base level of \$39,280,600 in 2006-07 to \$50,000,000 in 2007-08 and \$55,000,000 in 2008-09.

Because of a partial veto in 2005 Act 25, funding was carried forward from 2005-06 to 2006-07, so approximately \$43.3 million is available for WHEG-UW grants in 2006-07. Under current law, the WHEG-UW appropriation is sum sufficient and increases in the appropriation are linked to the average percentage increase in resident undergraduate tuition at UW System institutions. According to the Governor's budget message, the Governor anticipates that UW System tuition will increase by approximately 4% annually. If the average increase in undergraduate resident tuition is 4% in each of the two years of the biennium, the WHEG-UW sum sufficient appropriation would be approximately \$40.9 million in 2007-08 and \$42.5 million in 2008-09 under current law. The Governor's budget would suspend the statutory link between WHEG-UW increases and the average percentage increase in resident undergraduate tuition at UW System institutions until February 1, 2009. In addition, modify the statutory base funding reference for calculating future WHEG-UW appropriation increases to reflect total funding provided under the Governor's provision in 2008-09.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Sections: 224, 745, 746, and 747]

3. WHEG -- LINK MAXIMUM AWARDS TO UW-MADISON TUITION [LFB Paper 461]

Governor: Modify the statutorily set maximum value of a Wisconsin higher education grant (WHEG) such that it is 50% of resident undergraduate tuition charged by the University of Wisconsin-Madison in the previous academic year beginning in the 2007-08 academic year. Under current law, the maximum grant is set at \$3,000; resident undergraduate tuition at UW-Madison is \$6,000 in 2006-07. The WHEG program provides need-based grants to resident undergraduate students enrolled at least half-time at UW institutions, technical colleges institutions, and tribal colleges located in the state.

Joint Finance/Legislature: Delete provision.

4. VETERAN'S TUITION REMISSION REIMBURSEMENT [LFB Paper 462]

GPR	\$11,576,000
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Governor: Provide \$5,013,700 in 2007-08 and \$6,562,300 in 2008-09 in a new biennial appropriation to reimburse the UW Board of Regents and the Wisconsin Technical College System district boards for all tuition and fees remitted to veterans and certain dependents. Require the UW Board of Regents and each technical college district board to certify the number of students who received these remissions, the number of credits for which tuition had been remitted, and the amount of tuition and fees remitted at the end of each semester. If the Higher Educational Aids Board approves this information, it would reimburse the UW Board of Regents and each district board for the amount of fees remitted. Specify that the UW Board of

Regents would deposit these moneys in an existing program revenue appropriation for funds received from other agencies and would have to expend these moneys for degree credit instruction. These provisions would first apply to students who enroll for classes in the 2007-08 academic year.

Under current law, UW System institutions and Wisconsin technical colleges must remit 100% of tuition, for up to 128 credits or eight semesters, whichever is longer, to students who are veterans and who: (a) entered service from Wisconsin; (b) are current residents; and (c) whose service meets certain criterion. In addition, UW System institutions and Wisconsin technical colleges must remit 100% of tuition, for up to 128 credits or eight semesters, whichever is longer, to a student who is the spouse, the unremarried surviving spouse, or the child of any veteran who entered service from Wisconsin and either incurred at least a 30% service-connected disability or, while a resident of this state, died on active duty, died as the result of a service-connected disability, or died in the line of duty while on active or inactive duty for training purposes. This benefit is available to the spouse or the unremarried surviving spouse for the first 10 years after the veteran received a disability rating or after the death of the veteran. Children are eligible for remission while they are at least 18 but not yet 26 years old and enrolled full-time.

Joint Finance: Modify to specify that in June of each fiscal year, HEAB would determine the total amount of remissions provided in that year by the UW System and WTCS. If the total amount of remissions exceeds the amount of available funding, authorize HEAB to prorate the payments to the UW System and WTCS districts by reimbursing the same percentage of total remissions at each institution and district. This prorate provision would relate solely to reimbursement payments to the UW System and WTCS districts; eligible veterans would receive full remissions regardless of the amount of GPR funding provided. Based on enrollment data from the 2006-07 academic year, it is estimated that tuition and fee remissions could total \$23.8 million in 2007-08 and \$28.6 million in 2008-09. Using these estimates, the funding in SB 40 would reimburse the UW System and WTCS district boards for 21% to 23% of the estimated tuition remissions.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Sections: 226, 735, 736, 740, 741, 749, and 9322(2)]

5. VETERANS TUITION REMISSION [LFB Paper 462]

Joint Finance: Modify current law such that: (a) the current law limit of 128 credits for tuition remissions would apply to the sum of remissions received by an individual at all UW System and WTCS institutions; (b) students eligible for these remissions would have to claim the remission by the end of each semester in which tuition and fees would be remitted; (c) only students enrolled as undergraduates would be eligible for such remissions; and (d) veterans

would only be eligible for tuition and fee remissions during the first 10 years following separation from service. Provide that the changes under (a) through (d) would first apply to students enrolled in 2007-08. Specify that (c) would not apply to students who receive remissions for graduate work during the fall, 2007, semester for as long as they are continuously enrolled. Specify that (d) would not apply to students who receive remissions during the fall, 2007, semester for as long as they are continuously enrolled.

Senate: Modify the provision to specify that a veteran who has an undergraduate degree may have the portion of tuition and fees that is equal to the amount of tuition and fees for an equivalent number of undergraduate credits remitted for up to 48 credits at the graduate level or until the veteran has earned a graduate degree, whichever is lesser. In addition, modify current law such that a veteran may have tuition and fees remitted for the lesser of the following: (a) 128 undergraduate credits or eight semesters, whichever is greater; or (b) until the veteran has earned an undergraduate degree. Specify that a veteran who has received a remission for undergraduate study under this provision at any time after January 1, 2008, would not be eligible for tuition and fee remissions for graduate work and that a veteran who has received a remission for graduate study under this provision would not be eligible for tuition and fee remissions for undergraduate work.

Conference Committee/Legislature: Delete provision.

6. REESTIMATE MINNESOTA WISCONSIN RECIPROcity EXPENDITURES

GPR	\$2,541,000
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Governor/Legislature: Provide \$1,270,500 annually above the base level of \$6,500,000 to reflect estimated tuition reciprocity payments to Minnesota during the 2007-09 biennium. Wisconsin has made a reciprocity payment to Minnesota in each of the past five years; the 2004-05 payment was \$6,514,759 and the 2005-06 payment was \$7,770,538. In recent years the reciprocity payment has increased because tuition charged to Minnesota residents continues to be higher than Wisconsin resident tuition and there has been an increase in participation amongst Wisconsin residents. The payment to Minnesota is offset by GPR-Earned from the program through the tuition differential charged to Minnesota students attending UW-System institutions. In 2005-06, GPR-Earned from the Minnesota students attending UW-System was \$8.7 million; with the reciprocity payment to Minnesota, net revenue to the state's general fund for Minnesota-Wisconsin tuition reciprocity was \$0.9 million.

7. MINNESOTA WISCONSIN TUITION RECIPROcity

Assembly: Modify current law governing the Minnesota-Wisconsin student reciprocity agreement to add two factors the agreement may consider, including: (a) differentials in usage; and (b) differentials in resident tuition at comparable public institutions in the two states. Current law only references educational costs incurred by the two states. Specify that the

payment between the states would be made as provided in the agreement. Provide that these changes take effect retroactively on July 1, 2007.

Conference Committee/Legislature: In addition to the modifications made by the Assembly, modify current law to: (a) require each of the two administrative agencies to determine the number of students who have received nonresident tuition waivers under the agreement at the end of each semester or academic term as opposed to once annually under current law; and (b) make the effective date of the agreement July 1, 2007. Provide that these changes take effect retroactively on July 1, 2007, but will first apply to the reimbursement owed under the agreement for the 2008-09 academic year.

The modifications to current law made by the Assembly and the Conference Committee accommodate changes to the Minnesota-Wisconsin tuition reciprocity agreement that were approved by the Joint Finance Committee in August, 2007. Under these changes, Wisconsin resident students enrolled in institutions in Minnesota will be charged Minnesota resident tuition with the state of Wisconsin paying the difference between the rate charged under the new agreement and the rate charged under the prior agreement. The amount paid by the state on behalf of a student will be shown on the student's tuition bill and titled "Wisconsin Reciprocity Supplement." At the end of each academic term, the University of Minnesota and the Minnesota State Colleges and Universities systems will each submit an invoice to HEAB for the sum of all such supplements awarded and HEAB will reimburse each of the two systems within one month of receiving such an invoice. The amount of Wisconsin's obligation to Minnesota at the end of each academic year will be reduced by the amount of the payments made by HEAB to the University of Minnesota and the Minnesota State Colleges and Universities following the conclusion of each academic term. As a result, it has been estimated that this modifications to the agreement will have no fiscal impact.

These changes will first affect students enrolled under the agreement during the 2008-09 academic year. Students who are enrolled under the agreement during the 2007-08 academic year will continue to be charged under the current agreement as long as they are continuously enrolled.

Under the previous agreement, Wisconsin resident students enrolled in Minnesota institutions generally paid the tuition rate charged at a comparable UW System institution. There were a number of exceptions to this general rule. For example, Wisconsin resident students attending the University of Minnesota-Twin Cities paid a surcharge equal to 25% of the difference in tuition charged at UW-Madison and that campus. In addition, graduate students enrolled under the agreement paid the higher of the two states' resident tuition.

[Act 20 Sections: 748t, 748u, 748v, 9322(3x), and 9422(1x)]

8. TUITION GRANT PROGRAM [LFB Paper 460]

GPR	\$1,862,700
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Governor: Provide \$620,900 in 2007-08 and \$1,241,800 in 2008-09 increase funding for the

tuition grant program for private college students by 2.5% in 2007-08 and 2.4% in 2008-09. Total funding would increase from \$24,835,700 in 2006-07 to \$25,456,600 in 2007-08 and \$26,077,500 in 2008-09. The tuition grant program provides need-based funds to Wisconsin resident undergraduates enrolled at least half-time in an accredited, private, nonprofit post-secondary institutions in Wisconsin.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

9. WHEG FUNDING FOR TECHNICAL COLLEGE STUDENTS

GPR	\$1,253,400
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[LFB Paper 460]

Governor: Provide \$417,800 in 2007-08 and \$835,600 in 2008-09 to increase funding for the Wisconsin higher education grant program for technical college students (WHEG-TCS) by 2.5% in 2007-08 and 2.4% in 2008-09. Total funding would increase from \$16,712,400 in 2006-07 to \$17,130,200 in 2007-08 and \$17,548,000 in 2008-09. WHEG-TCS provides need-based funds to Wisconsin resident undergraduates enrolled at least half-time in an accredited, Wisconsin technical college system institutions.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

10. WISCONSIN COVENANT SCHOLARS PROGRAM [LFB Paper 463]

Governor: Create a Wisconsin covenant scholars program to be administered by the Higher Educational Aids Board (HEAB) and a new annual GPR appropriation for Wisconsin covenant grants. The Wisconsin covenant scholars program would provide, beginning in the 2011-12 academic year, grants to eligible resident students. To be eligible, a student must be enrolled at least half-time and registered as a freshman, sophomore, junior, or senior at a public or private nonprofit, accredited institution of higher education or in a tribally-controlled college in this state. Provide that the grant amount would be based on financial need, as determined by HEAB. Specify that the following need-based requirements would apply: (a) the student would have to be eligible for a federal Pell grant; and (b) the federal adjusted gross income (AGI) of a parent of the student as shown on the student's application for student financial assistance does not exceed the income guidelines for receiving reduced-price lunches under the federal free and reduced-price lunch program, or, if the student is an independent student, the federal AGI of the student does not exceed those guidelines.

Provide that no student would be eligible for a grant in more than the equivalent of 10 semesters of undergraduate education. Specify that no student who fails to meet acceptable academic standards prescribed by the student's educational institution would be eligible or

could remain eligible for a grant. Provide that a student whose name appears on the statewide support lien docket would be ineligible for this grant unless a payment agreement approved by the county child support agency is provided to HEAB by the student.

Require that by February 1 of each year the UW Board of Regents, the Wisconsin Technical College System Board, and each tribally-controlled college in this state provide HEAB with resident undergraduate tuition information for the current academic year for each UW System institution and resident undergraduate tuition and fees information for each Wisconsin technical college and tribally-controlled college in this state. In addition, by April 1 of each year, require that HEAB determine the average resident undergraduate tuition charged during the current academic year at all UW System institutions, and the average tuition and fees charged at all technical colleges and all of the tribally-controlled colleges in this state.

Require HEAB to promulgate rules to implement this section, including rules establishing a reporting system to periodically provide student economic data and any other rules the Board considers necessary to assure the uniform administration of the grants program. Require HEAB to submit these rules in proposed form to Legislative Council staff no later than the first day of the 18th month beginning after the effective date of the bill. Specify that HEAB may promulgate emergency rules for the period before the effective date of the permanent rules without a finding of an emergency.

Background Information on Wisconsin Covenant Proposal. Although it is not part of the bill, a description of a memorandum of understanding relating to this proposal follows.

A memorandum of understanding (MOU) relating to the Wisconsin covenant was signed in September, 2006, by the Governor, the Superintendent of Public Instruction, the President of the University of Wisconsin System, the President of the Wisconsin Technical College System (WTCS), and the President of the Wisconsin Association for Independent Colleges and Universities (WAICU). Based on that MOU, the goals of the Wisconsin covenant are: (1) to promote access to higher education by ensuring that all students who successfully participate in the program are guaranteed a place in higher education in the state; (2) to promote success in higher education by promoting high standards and encouraging students to take courses that prepare them for higher education; and (3) to promote the affordability of higher education by ensuring that all students who successfully complete the program can afford tuition and fees. Students who want to participate in the Wisconsin covenant may sign a pledge while in eighth grade affirming that they will: (1) earn a high school diploma; (2) participate in their community by being good citizens; (3) take a high school curriculum that prepares them for higher education; (4) maintain a B average in high school; and (5) apply in a timely manner for state and federal financial aid.

Under the MOU, the UW System, WAICU, WTCS, and the Department of Public Instruction will work together to ensure there is a place for each student who successfully participates in the program in higher education in this state. The respective systems will work to prioritize the entrance of successful program participants into their systems and identify a

place for each of these students, if possible, in the higher education system of their choice. Under the MOU, successful program participants will be able to access available financial resources including scholarships, grants, loans, and work to finance their undergraduate education. Finally, under the MOU, participating students will receive support in middle and high school through the continuation, expansion, or establishment of pre-college programming, mentoring, tutoring, and other local supports.

There are currently no estimates of the cost to the state of the Wisconsin covenant scholars program if it is fully implemented. According to DOA staff, the cost of the Wisconsin covenant scholars program will depend on a number of factors, including: (a) the number of successful program participants; (b) federal support for financial aid programs, especially the Pell Grant; (c) state support for financial aid programs, especially the Wisconsin higher education grant (WHEG) program and the tuition grant program; (d) future increases in resident undergraduate tuition; and (e) policy choices, specifically those related to the determination of the amount of individual Wisconsin covenant scholars program grants.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

Veto by Governor [A-1]: Delete the requirement that grants be awarded on the basis of financial need and all need-based eligibility requirements.

[Act 20 Sections: 225, 748, 9122(1), and 9322(3)]

[Act 20 Vetoed Section: 748]

11. COORDINATION OF THE WISCONSIN COVENANT BY DOA [LFB Paper 463]

Governor: Require that the Department of Administration (DOA) serve as the state's liaison agency between the Higher Educational Aids Board (HEAB), the Department of Public Instruction (DPI), the University of Wisconsin System, the Wisconsin Technical College System (WTCS), and other public and private organizations that are interested in promoting postsecondary education in this state. In addition, specify that DOA would coordinate the postsecondary education promotional activities of DOA, HEAB, DPI, the UW System, WTCS, other public and private organizations that are interested in promoting postsecondary education in this state, and the Wisconsin Covenant Foundation, Incorporated, and prevent duplication of effort in conducting those activities. [See Administration -- General Agency Provisions for more information about the Wisconsin covenant.]

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Section: 78]

12. ADDITIONAL POSITION AUTHORITY

	Funding	Positions
GPR	\$60,200	0.64

Governor/Legislature: Provide \$27,200 in 2007-08 and \$33,000 in 2008-09 and 0.64 position beginning in 2007-08. This authority would be used to hire a 0.50 office management specialist and to increase an existing information systems computer professional position to full-time.

13. MINORITY UNDERGRADUATE RETENTION GRANT INCREASE [LFB Paper 464]

GPR	\$57,000
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Governor: Provide \$19,000 in 2007-08 and \$38,000 in 2008-09 to increase funding for the minority undergraduate retention grant program by 2.5% in 2007-08 and 2.4% in 2008-09. Total funding would increase from \$756,900 in 2006-07 to \$775,900 in 2007-08 and \$794,900 in 2008-09. The minority undergraduate retention grant program provides need-based grants to Wisconsin resident minority undergraduates, excluding freshman, who are enrolled at least half-time at a Wisconsin technical college, tribal college, or private, nonprofit postsecondary institution in the state. By statute, a minority student is defined as a student who is African American, Native American, Hispanic, or from Cambodia, Laos, or Vietnam and admitted to the U.S. after December 31, 1975.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

14. REESTIMATE ACADEMIC EXCELLENCE SCHOLARSHIP PROGRAM EXPENDITURES

GPR	\$47,000
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Governor/Legislature: Provide \$23,500 annually to reflect a reestimate of the amount required to fully fund the GPR share of scholarships in the 2007-09 biennium for the academic excellence scholarship program. This program provides college scholarships to selected 12th grade students who have the highest grade point average in each public and private high school in the state. Students must enroll full-time in a participating UW System institution, Wisconsin Technical College, or private nonprofit college in this state to use this scholarship. The maximum award is \$2,250, of which half is funded from a GPR sum sufficient appropriation and half is funded by the educational institution. Annual base funding for this program is \$3,146,500.

15. PHYSICIAN LOAN FORGIVENESS PROGRAM

Assembly: Provide \$450,000 in 2008-09 in a new appropriation for a forgivable loan program to defray the cost of tuition, fees and expenses for medical students who agree to practice in a health professional shortage area in this state. To be eligible, a student must: (a) be a resident of this state and enrolled in a program leading to a doctor of medicine degree at the

University of Wisconsin School of Medicine and Public Health or the Medical College of Wisconsin; and (b) agree to practice medicine in a health professional shortage area for at least six years. Students would be eligible for a loan of up to \$10,000 in any one fiscal year up to a total of \$50,000. Specify that loan recipients would not be required to repay the loan while he or she is enrolled.

Specify that loans provided under this program would be forgiven as follows: (a) 10% annually at the end of each of the first four full years of practice; and (b) 20% annually at the end of the fifth and sixth full years of practice. Authorize HEAB to forgive loans on a prorated basis for persons who are employed less than full-time. Specify that loan repayments would be deposited in the general fund. Require HEAB to promulgate rules to implement and administer this section.

Conference Committee/Legislature: Delete provision.

16. VETERINARIANS OF FOOD-PRODUCING ANIMALS LOAN FORGIVENESS PROGRAM

Assembly: Provide \$125,000 in 2008-09 in a new appropriation for a forgivable loan program for veterinary medicine students who agree to provide veterinary medical services to food-producing animals in this state. Specify that to be eligible, a student would have to: (a) be enrolled in a curriculum leading to a doctor of veterinary medicine degree at an accredited school of veterinary medicine located in this state; and (b) agree to practice veterinary medicine in this state on a full-time basis for at least six years such that not less than 75% of the loan recipient's revenues are derived from providing veterinary medical services to food-producing animals. Provide that students would be eligible for a loan of up to \$12,500 in any one fiscal year up to a total of \$50,000. Specify that loan recipients would not be required to repay the loan while he or she is enrolled.

Specify that loans provided under this program would be forgiven as follows: (a) 10% annually at the end of each of the first four full years of practice; and (b) 20% annually at the end of the fifth and sixth full years of practice. Provide that HEAB could forgive loans on a prorated basis for persons who are employed less than full-time. Require HEAB to promulgate rules related to: (a) the verification that recipients meet the criteria established for loan forgiveness; (b) circumstances under which repayment may be deferred; and (c) an interest rate for loans or some portion thereof that are not forgiven and must be repaid. Specify that loan repayments would be deposited in the general fund.

Conference Committee/Legislature: Delete provision.

17. ELIMINATE VACANT GPR POSITIONS

Assembly: Delete \$40,400 and 1.0 position for salary and fringe benefits of GPR positions that have been vacant for 12 months or more.

Conference Committee/Legislature: Delete provision.

18. REESTIMATE FEDERAL REVENUES

FED	- \$706,800
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Governor/Legislature: Reestimate federal revenues by -\$353,400 annually to reflect an anticipated decrease in funding under the special leveraging educational assistance program (SLEAP) and the Paul Douglas scholarship. SLEAP funds provide additional support for the state's talent incentive program (TIP); the Paul Douglas scholarship program, which was repealed in 1995-96, provided loan forgiveness to students who graduated in the top 10% of their high school class and became teachers.

19. WHEG -- TRIBAL COLLEGES FUNDING

PR	\$30,000
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Joint Finance: Provide \$10,000 in 2007-08 and \$20,000 in 2008-09 over base level funding of \$404,000. The WHEG -- tribal colleges program is funded by tribal gaming revenues.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

20. AUDIT OF FINANCIAL AID PROGRAMS

Assembly: Require the Legislative Audit Bureau (LAB) to conduct a performance evaluation audit of: (a) all programs administered by the Higher Educational Aids Board; and (b) all educational loan forgiveness programs administered by the Department of Commerce. Specify that the LAB would file its reports by January 15, 2009.

Conference Committee/Legislature: Delete provision.

HISTORICAL SOCIETY

Budget Summary							
Fund	2006-07 Base Year Doubled	2007-09 Governor	2007-09 Jt. Finance	2007-09 Legislature	2007-09 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$24,018,800	\$28,699,800	\$28,636,900	\$28,636,900	\$28,636,900	\$4,618,100	19.2%
FED	2,287,400	2,374,800	2,377,400	2,377,400	2,377,400	90,000	3.9
PR	4,748,000	5,624,800	5,561,900	5,561,900	5,561,900	813,900	17.1
SEG	<u>7,807,000</u>	<u>7,975,400</u>	<u>7,975,400</u>	<u>7,975,400</u>	<u>7,975,400</u>	<u>168,400</u>	2.2
TOTAL	\$38,861,200	\$44,674,800	\$44,551,600	\$44,551,600	\$44,551,600	\$5,690,400	14.6%

FTE Position Summary						
Fund	2006-07 Base	2008-09 Governor	2008-09 Jt. Finance	2008-09 Legislature	2008-09 Act 20	Act 20 Change Over 2006-07 Base
FED	6.36	6.36	6.36	6.36	6.36	0.00
PR	14.00	16.50	16.50	16.50	16.50	2.50
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	140.04	142.54	142.54	142.54	142.54	2.50

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 470]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$1,950,300	\$0	\$1,950,300
FED	87,400	2,600	90,000
PR	282,800	0	282,800
SEG	<u>168,400</u>	<u>0</u>	<u>168,400</u>
Total	\$2,488,900	\$2,600	\$2,491,500

Governor: Adjust the base budget by \$974,500 GPR in 2007-08, \$975,800 GPR in 2008-09, \$43,700 FED annually, \$141,400 PR annually, and \$84,200 SEG annually for: (a) turnover reduction (-\$162,200 GPR annually); (b) full funding of continuing salaries and fringe (\$1,114,900 GPR, \$43,700 FED, \$141,400 PR, and \$84,200 SEG annually); (c) overtime (\$7,500

GPR annually); (d) night and weekend differential (\$12,800 GPR annually); and (e) full funding of lease costs and directed moves (\$1,500 GPR in 2007-08 and \$2,800 GPR in 2008-09).

Joint Finance/Legislature: Modify the adjustment to increase full funding of continuing salaries and fringe by \$1,300 FED annually.

2. DEBT SERVICE REESTIMATE [LFB Paper 175]

GPR	\$2,074,800
PR	3,500
Total	\$2,078,300

Governor/Legislature: Reestimate debt service by \$694,900 GPR and \$5,200 PR in 2007-08 and by \$1,379,900 GPR and -\$1,700 PR in 2008-09.

3. CIRCUS WORLD FUEL AND UTILITIES [LFB Paper 471]

GPR	\$290,200
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Governor: Provide \$142,600 in 2007-08 and \$147,600 in 2008-09 for fuel and utility payments for the Circus World Museum. This funding would be provided in the Historical Society's existing fuel and utilities appropriation.

Joint Finance/Legislature: Modify the provision to provide the second year of funding on a one-time basis.

4. FUEL AND UTILITIES FUNDING

GPR	\$175,200
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Governor/Legislature: Provide \$72,600 in 2007-08 \$102,600 in 2008-09 for fuel and utility expenses. Increased funding reflects projected fuel and utility costs in the 2007-09 biennium. Annual base level funding for fuel and utilities is \$612,000.

5. PUBLIC RECORDS MANAGEMENT

	Funding	Positions
PR	\$451,400	3.00

Governor/Legislature: Provide \$193,400 in 2007-08 and \$258,000 in 2008-09 and 3.0 positions beginning in 2007-08 for planning activities relating to the management of public records and other information in the possession of the Historical Society, the management of those records and other information, and other related program services. Executive budget documents indicate that the primary source of these revenues would be from Department of Administration revenues for agency records and information processing and storage. Funding would be provided in a new continuing appropriation created for this purpose.

[Act 20 Section: 231]

6. STORAGE FACILITY [LFB Paper 472]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$190,500	- \$62,900	\$127,600
PR	<u>190,500</u>	<u>- 62,900</u>	<u>127,600</u>
Total	<u>\$381,000</u>	<u>-\$125,800</u>	<u>\$255,200</u>

Governor: Provide \$62,900 GPR and \$62,900 PR in 2007-08 and \$127,600 GPR and \$127,600 PR in 2008-09 for the operation of a storage facility for the collections of the Historical Society. Provide the GPR funding in the agency's largest general program operations appropriation and the program revenue from Indian gaming receipts in a new appropriation created for this purpose. Specify that the unencumbered balance of this appropriation on June 30 of each year would revert to the Indian gaming receipts appropriation.

Joint Finance/Legislature: Delete \$62,900 GPR and \$62,900 PR in 2007-08.

[Act 20 Sections: 230 and 542]

7. ELIMINATE VACANT GPR POSITIONS

Assembly: Delete \$298,400 annually and 5.06 positions for salary and fringe benefits of GPR positions that have been vacant for 12 months or more.

Conference Committee/Legislature: Delete provision.

8. DELETE VACANT POSITION

	Funding	Positions
PR	-\$51,400	- 0.50

Governor/Legislature: Delete \$25,700 annually and 0.50 position, related to a long-term vacant position. Funding is reduced for permanent salaries and fringe benefits in the appropriation for general program operations--service funds.

9. WISCONSIN BLACK HISTORICAL SOCIETY AND MUSEUM

Governor/Legislature: Transfer \$90,000 annually from the general program operations appropriation to a new annual appropriation for continued grant funding of the operations of the Wisconsin Black Historical Society and Museum.

[Act 20 Sections: 227 and 782]

INSURANCE

Budget Summary							
Fund	2006-07 Base Year Doubled	2007-09 Governor	2007-09 Jt. Finance	2007-09 Legislature	2007-09 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
PR	\$37,007,800	\$31,499,900	\$31,458,500	\$31,458,500	\$31,458,500	-\$5,549,300	- 15.0%
SEG	<u>175,670,000</u>	<u>176,443,400</u>	<u>176,443,400</u>	<u>176,443,400</u>	<u>176,443,400</u>	<u>773,400</u>	0.4
TOTAL	\$212,677,800	\$207,943,300	\$207,901,900	\$207,901,900	\$207,901,900	-\$4,775,900	- 2.2%

FTE Position Summary						
Fund	2006-07 Base	2008-09 Governor	2008-09 Jt. Finance	2008-09 Legislature	2008-09 Act 20	Act 20 Change
						Over 2006-07 Base
PR	118.25	115.25	120.25	120.25	120.25	2.00
SEG	<u>13.75</u>	<u>12.75</u>	<u>12.75</u>	<u>12.75</u>	<u>12.75</u>	<u>- 1.00</u>
TOTAL	132.00	128.00	133.00	133.00	133.00	1.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	\$2,087,200
SEG	<u>139,800</u>
Total	\$2,227,000

Governor/Legislature: Provide \$1,113,500 (\$1,043,600 PR and \$69,900 SEG) annually to adjust the Office of the Commissioner of Insurance's base budget for: (a) turnover reduction (-\$149,100 PR annually); and (b) full funding of continuing salaries and fringe benefits (\$1,192,700 PR and \$69,900 SEG annually); and (c) minor transfers within the same appropriations.

2. INJURED PATIENTS AND FAMILIES COMPENSATION FUND TRANSFER [LFB Paper 377]

Governor: Transfer \$175,000,000 in 2007-08 from the injured patients and families compensation fund to the health care quality fund (HCQF), which would be created by the bill.

The injured patients and families compensation fund provides excess medical malpractice coverage to participating health care providers for medical malpractice claims that exceed the primary layer of malpractice insurance coverage Wisconsin health care providers are required to maintain by law. Currently, those statutory minimum coverage amounts are \$1,000,000 per occurrence and \$3,000,000 for all occurrences in any one policy year (for occurrence coverage), or \$1,000,000 for each claim arising from an occurrence and \$3,000,000 for all claims in any one reporting year (for claims-made coverage).

Revenues to the injured patients and families compensation fund include annual assessments paid by participating health care providers, and investment income generated by the assets in the fund. The fund's assets are managed by the State of Wisconsin Investment Board, pursuant to guidelines established by the fund's Board of Governors. As of June 30, 2006, the fund held approximately \$740,000,000 in total assets.

The Governor's provisions regarding the creation of the HCQF are summarized under "Health and Family Services -- Health Care Quality Fund."

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision, but modify it to transfer \$71,500,000 in 2007-08 and \$128,500,000 in 2008-09 from the injured patients and families compensation fund to the medical assistance trust fund. Create a sum sufficient GPR appropriation, not to exceed \$100,000,000, for paying any portion of a claim for damages arising out of the rendering of health care services that the injured patients and families compensation fund is required to pay but which the fund is unable to pay because of insufficient monies. Require that this sum sufficient appropriation be included among the factors that must be considered when establishing health care provider assessments to the fund.

[Act 20 Sections: 212p, 697p, 3701c, 3702d, 3702f, 3702h, 3702j, 3702L, and 9225(2)]

3. INJURED PATIENTS AND FAMILIES COMPENSATION FUND COMPUTER SYSTEM	SEG	\$599,400
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Governor/Legislature: Provide \$462,100 in 2007-08 and \$137,300 in 2008-09 to fund costs to upgrade the computer system OCI uses to maintain information on approximately 14,000 health care providers that participate in the injured patients and families compensation fund. The system maintains information on primary insurance coverage, billing and collection of fees, claims information, and provider noncompliance. Funding would be used to support: (a) 2.0 contracted systems analysts for one year to make systems changes (\$247,500 in 2007-08); (b) hardware and software (\$77,300 in 2007-08); and (c) ongoing service and maintenance fees (\$137,300 annually).

**4. INJURED PATIENTS AND FAMILIES COMPENSATION FUND
ACTUARIAL AUDIT**

SEG	\$75,000
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Governor/Legislature: Provide \$75,000 in 2007-08 to fund an actuarial audit of the methodologies and assumptions used by the injured patients and families compensation fund's current actuarial firm. The fund's Board of Governors has directed staff to obtain an actuarial audit of the fund's actuarial services once every three years.

5. PROCESSING FEES FOR ELECTRONIC LICENSE APPLICATIONS AND BIENNIAL LICENSE RENEWAL

PR	\$708,000
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Governor/Legislature: Provide \$354,000 annually for OCI to pay processing fees associated with electronic license applications and biennial license applications.

Beginning with biennial license renewals due at the end of January, 2007, OCI began requiring all agents and firms to pay their biennial license renewal fees using a credit card, debit card, or electronic check. OCI's current vendor charges OCI \$5.00 per transaction to cover all service fees associated with these payments. OCI estimates 60,000 agents will be billed during each year of the 2007-09 biennium, at a total estimated annual cost of \$300,000. In November 2006, OCI began requiring applicants for resident agent licenses to submit their applications electronically through the vendor. OCI's current vendor charges \$9.00 per electronic application to cover all service fees associated with each transaction. OCI estimates 6,000 resident agent licenses will be issued in each year of the 2007-09 biennium, at a total cost of \$54,000.

6. SUPPORT FOR THE OFFICE OF PRIVACY PROTECTION [LFB Paper 142]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$246,000	-\$41,400	\$204,600

Governor: Provide \$123,000 annually to reflect the Governor's recommendation to partially support positions in the Department of Agriculture, Trade and Consumer Protection's Office of Privacy Protection with program revenues collected by OCI and the Department of Financial Institutions (DFI), beginning in the 2007-09 biennium. The Office of Privacy Protection, which was created by Executive Order in April, 2006, is funded in the 2006-07 fiscal year with program revenue transferred from DFI. The Office networks and consults with government agencies, law enforcement, and business on privacy issues, and handles DATCP's identify theft complaints and investigations. [See "Office of Privacy Protection" under Agriculture, Trade, and Consumer Protection.]

Joint Finance: Delete \$20,700 PR annually to reflect reestimates of the amount of funding needed to support the Office.

Assembly: Delete provision.

Conference Committee/Legislature: Restore Joint Finance modification.

7. SUPPORT FOR THE MEDIGAP HELPLINE

PR	\$164,000
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Governor/Legislature: Provide \$77,500 in 2007-08 and \$86,500 in FY 2008-09 to increase funding for the Medigap Helpline, which is operated by the Board on Aging and Long-Term Care (BOALTC), but supported with program revenue (insurance fee revenue) collected by OCI. This funding would support the costs of supporting 1.0 additional Medigap counselor position for the helpline (\$38,500 in 2007-08 and \$47,500 in 2008-09) and projected increases in ongoing costs for the helpline (\$39,000 annually). Under the bill, OCI would be budgeted \$429,700 in 2007-08 and \$438,700 in 2008-09 to fund the operations of the helpline. BOALTC bills OCI bi-monthly for the cost of funding the helpline.

8. INSURANCE FINANCIAL EXAMINER - CHIEF

	Funding	Positions
PR	\$167,800	1.00

Governor: Provide \$75,900 in 2007-08 and \$91,900 in 2008-09 to fund 1.0 insurance financial examiner-chief position, beginning in 2007-08, in OCI's Bureau of Financial Analysis and Examinations to allow for more timely review of insurer financial data and analysis, more timely review and publication of insurer examination reports, and better training and greater involvement with the Bureau's insurance financial examiner staff. The Bureau currently has 3.0 authorized insurance financial examiner-chief positions that supervise 29.0 authorized insurance financial examiner positions.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

9. PAY PLAN PROGRESSION ADJUSTMENTS

PR	\$115,100
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Governor/Legislature: Provide \$49,300 in 2007-08 and \$65,800 in 2008-09 to fund pay plan progression adjustments for eligible insurance examiner and insurance financial examiner positions. These salary adjustments have been negotiated through the state's collective bargaining process.

10. PARALEGAL ASSISTANCE

	Funding	Positions
PR	\$114,400	1.00

Governor/Legislature: Provide \$53,000 in 2007-08 and \$61,400 in 2008-09 to fund 1.0 paralegal position in OCI's legal unit, beginning in 2007-08, to assist with investigative research and support enforcement actions taken by OCI.

11. AGENCY-WIDE ADMINISTRATIVE AND SUPPORT SERVICES

PR	- \$9,229,200
SEG	<u>78,000</u>
Total	- \$9,151,200

Governor/Legislature: Reduce funding by \$4,614,600 PR annually to reflect the net fiscal effect of eliminating a current appropriation that funds agency-wide administrative and support services, and transfer \$4,614,600 annually and 18.0 positions currently supported from that appropriation to OCI's general program operations appropriation. The consolidation of these appropriations reflects a reorganization within OCI that eliminated the Division of Administrative Services, effective May 1, 2006.

In addition, provide \$39,000 SEG annually from the injured families and patients compensation fund (\$30,700), the local government property insurance fund (\$4,700), and the state life insurance fund (\$3,600) to support each fund's share of increases in the cost of agency-wide administrative and support services.

In addition to repealing the agency's administrative and support services appropriation, the bill would: (a) authorize OCI to fund organizational support services from its general program operations appropriation, and specify that all moneys received from the injured patients and families compensation fund, the local government property insurance fund, and the state life insurance fund for organizational support services would be credited to this appropriation; and (b) transfer the unencumbered balance of the repealed appropriation to the agency's general program operations appropriation on the bill's general effective date.

Currently, funding to support these agency-wide administrative and support services appears twice in OCI's budget -- in the program revenue-services appropriation that would be eliminated under this item, and OCI's general program operations appropriation, which funds these costs on a charge-back basis. By repealing the program revenue-services appropriation, the bill would eliminate the "double counting" of these funds without reducing total funding available to support OCI's operations.

[Act 20 Sections: 22, 210 thru 212, 330, 3652 thru 3659, 3695 thru 3697, 3702, and 9225(1)]

12. REALLOCATE RENT COSTS BETWEEN PROGRAMS

PR	\$118,800
SEG	<u>- 118,800</u>
Total	\$0

Governor/Legislature: Increase funding by \$59,400 PR annually and reduce funding by \$59,400 SEG annually to reallocate rent expenses between programs to better reflect actual space usage. Under this item, the segregated insurance funds (the injured patients and families compensation fund, the local government property insurance fund and the state life insurance fund) would pay a smaller share of the agency's total rent charges to reflect the actual square feet used by the funds' staff.

13. STATE LIFE INSURANCE FUND POSITION CORRECTION

	Positions
SEG	- 1.00

Governor/Legislature: Delete 1.0 position, beginning in 2007-08, that should have been removed from the agency's base budget as a result of position reductions

enacted in 2003 Wisconsin Act 33. Funding for this position, which was previously authorized to support the state life insurance fund, is not included in the agency's base budget.

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	-5.00	5.00	0.00

Governor: Delete 6.0 classified positions and create 1.0 unclassified position in 2008-09 to reflect the consolidation of the agency's attorneys and legal staff under DOA, effective July 1, 2008. Reallocate \$633,200 in 2008-09 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. 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 July 1, 2008. [See "Administration -- Transfers to the Department."]

Joint Finance: Delete provision.

Senate: Restore provision with the following modifications: (a) specify that the lead attorneys would be in the classified service; and (b) exempt the Board on Aging and Long-Term Care, the Department of Military Affairs, and the Department of Public Instruction from the consolidation.

Assembly/Legislature: Delete provision.

15. REASSIGN EXECUTIVE POSITION TO NEW EXECUTIVE SALARY GROUP LEVEL [LFB Paper 606]

Governor: Reassign the executive salary group (ESG) classification of the Commissioner of Insurance from ESG 5 to ESG 6. Under current law, state agency executive positions are assigned to one of ten executive salary groupings. Under the state's biennial compensation plan, approved by the Joint Committee on Employment Relations, a minimum and maximum salary amount is established for each ESG level. Currently, the annual salary range for ESG 5 is from \$76,726 to \$118,926. The range for ESG 6 is from \$82,864 to \$128,441. The Governor's provisions would affect other executive positions in a number of state agencies. [See "Office of

State Employment Relations."]

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Section: 619]

16. INJURED PATIENTS AND FAMILIES COMPENSATION FUND -- OTHER PROVISIONS

Assembly: Modify current law pertaining to the injured patients and families compensation fund (IPFCF) to require corporations operating in Wisconsin to participate in the IPFCF. Under current law, corporations must be both organized and operated in Wisconsin to participate in the IPFCF.

In addition, modify current law to prohibit the Governor from introducing a budget that uses funds from the IPFCF for any purpose other than a purpose specifically authorized under statutes pertaining to the IPFCF.

Conference Committee/Legislature: Delete provision.

17. REQUIRED HEALTH INSURANCE COVERAGE FOR AUTISM SPECTRUM DISORDERS

Governor: Require every health insurance policy and every self-insured health plan of the state or of a county, city, town, village, or school district, to provide coverage of treatment for autism spectrum disorders, if the treatment is provided by any of the following: (1) a psychiatrist; (2) a psychologist; (3) a social worker who is certified or licensed to practice psychotherapy; (4) a speech language pathologist; (5) a paraprofessional working under the supervision of a provider identified in (1) through (4); or (6) a professional working under the supervision of a certified mental health clinic. Define "autism spectrum disorder" as autism disorder, Asperger's syndrome, or pervasive developmental disorder not otherwise specified. Specify that the required coverage may be subject to any limitations, exclusions, and cost-sharing provisions that apply generally under the health insurance policy or the self-insured governmental or school district health plan. Specify that the required coverage does not apply to any of the following: (1) a disability insurance policy that covers only certain specified diseases; (2) a health care plan offered by a limited service health organization, or by a preferred provider plan, that is not a defined network plan; (3) a long-term care insurance policy; or (4) a Medicare replacement policy or Medicare supplement policy.

Specify that these statutory changes would take effect on the first day of the seventh month beginning after the bill's publication (general effective date), and that the changes would first apply to health insurance policies and self-insured governmental or school district health

plans as follows: (1) except as otherwise provided, to health insurance policies that are issued or renewed, and self-insured governmental or school district health plans that are established, extended, modified, or renewed, on the general effective date; (2) to health insurance plans covering employees affected by a collective bargaining agreement containing provisions inconsistent with the coverage requirements stated herein that are issued or renewed on the earlier of the day on which the collective bargaining requirement agreement expires or the day on which the collective bargaining agreement is extended, modified, or renewed; and (3) to self-insured governmental or school district health plans covering employees who are affected by a collective bargaining agreement containing provisions inconsistent with the coverage requirements stated herein that are established, extended, modified, or renewed on the earlier of the day on which the collective bargaining agreement expires or the day on which the collective bargaining requirement is extended, modified, or renewed.

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

Senate: Restore provision.

Assembly/Legislature: Delete provision.

18. MINIMUM COVERAGE REQUIREMENTS FOR TREATMENT OF MENTAL HEALTH AND ALCOHOL AND OTHER DRUG ABUSE PROBLEMS

Governor: Increase the minimum coverage requirements for the treatment of mental health and alcohol and other drug abuse (AODA) problems that group or blanket disability insurance policies (health insurance policies) must meet as follows.

Policies that Cover Inpatient or Outpatient Treatment, or Both. Increase from \$7,000 to \$20,250 the minimum dollar amount of coverage that health insurance policies that cover inpatient hospital treatment, outpatient treatment, or both must provide in each policy year for total inpatient hospital services, outpatient services, and transitional treatment services for the treatment of nervous or mental disorders and AODA problems.

Policies that Cover Inpatient Treatment. Increase from \$7,000 to \$20,250, minus any applicable cost sharing at the level charged under the policy, the minimum dollar amount of coverage that health insurance policies that cover any inpatient hospital treatment must provide in every policy year for inpatient hospital services for the treatment of nervous or mental disorders and AODA problems. Increase from \$6,300 to \$18,250 the minimum dollar amount of coverage under these policies for inpatient services if the policies do not use cost sharing.

Policies that Cover Outpatient Treatment. Increase from \$2,000 to \$3,450, minus any applicable cost sharing at the level charged under the policy, the minimum dollar amount of coverage that health insurance policies that cover outpatient services must provide in every policy year for outpatient services for the treatment of nervous or mental disorders and AODA problems. Increase from \$1,800 to \$3,100 the minimum dollar amount of coverage under these policies for outpatient services if the policies do not use cost sharing.

Transitional Treatment. Increase from \$3,000 to \$5,200, minus any applicable cost sharing at the level charged under the policy, the minimum dollar amount of coverage a policy that covers either inpatient treatment or outpatient treatment must provide in every policy year for transitional treatment arrangements. Increase from \$2,700 to \$4,650 the minimum dollar amount of coverage for transitional services for policies that do not use cost sharing.

Require DHFS to report annually to the Governor and the Legislature on revising the coverage limits contained in the bill, based on the change in the consumer price index for medical costs.

These provisions would first apply to policies issued, renewed, or modified on the first day of the 13th month beginning after the bill's publication.

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

Senate: Restore provision.

Assembly/Legislature: Delete provision.

19. HEALTH INSURANCE -- INSURER DISCLOSURE OF CURRENT PROCEDURAL TERMINOLOGY CODE CHANGES AND EXPLANATION OF RESTRICTION OR TERMINATION OF POLICY COVERAGE

Governor: Provide that if an insurer changes the current procedural terminology code that was submitted by a health care provider to describe the services he or she performed, the insurer must include on the explanation of benefits form the explanation for the change and the source for the change. Define "current procedural terminology code" as a number established by the American Medical Association that a health care provider puts on a health insurance claim form that describes the services he or she performed.

Provide that if an insurer restricts or terminates coverage for the treatment of a condition or complaint and, as a result, the insured becomes liable for payment for all of his or her treatment for the condition or complaint, the insurer must provide on the explanation of benefits form a detailed explanation of the clinical rationale and the basis in the policy, plan, or contract or in applicable law for the insurer's restriction or termination of coverage.

Provide that if, on the basis of an independent evaluation, an insurer restricts or terminates a patient's coverage for the treatment of a condition or complaint by a chiropractor acting with the scope of his or her license and the restriction or termination results in the patient becoming liable for payment for his or her treatment, the insurer must provide to the patient and to the treating chiropractor a written statement that includes, among other things, a detailed explanation of the clinical rationale and of the basis in the policy, plan, or contract or in applicable law for the insurer's restriction or termination of coverage.

Under current law, insurers are required to provide to the patient and their treating chiropractor a reasonable explanation of the factual basis and of the basis in the policy, plan, or contract or in applicable law for the insurer's restriction or termination of coverage. This amendment requires that explanation to be a detailed explanation of the clinical basis for the insurer's decision to restrict or terminate coverage. The amendment would also extend that requirement to the treatment of conditions and complaints beyond those treated by chiropractic services.

These provisions would first apply to claims for insurance coverage submitted to an insurer on the bill's general effective date. If, however, a health insurance policy or plan in effect on that date contains a provision inconsistent with these new requirements, the new requirements would first apply on the date that health insurance policy or plan is renewed.

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

Senate/Legislature: Restore provision.

[Act 20 Sections: 3677c, 3685f, 3686w, and 9325(1f)]

20. HEALTH INSURANCE COVERAGE OF A FULL-TIME STUDENT ON MEDICAL LEAVE

Assembly: Require every health insurance policy, including every health care plan offered by the state, and every self-insured health plan of the state or a county, city, village, town, or school district, that provides coverage for a dependent because he or she is a full-time student to continue to provide coverage for the student if he or she ceases to be a full-time student because of a medically necessary leave of absence. Specify that the student must provide physician documentation to prove that the leave is medically necessary. Further, specify that the policy must continue the coverage for the student only until any of the following occurs: (a) the student advises the policy or plan that he or she does not intend to return to school full time; (b) the student becomes employed full time; (c) the student obtains other health coverage; (d) the student gets married and is eligible for coverage through his or her spouse; (e) the student reaches an age at which he or she would no longer be covered even as a full-time student; (f) coverage of the person through whom the student has dependent coverage is discontinued or not renewed; or (g) one year has elapsed since the student's continuation coverage under these provisions began and the student has not returned to school full time.

Conference Committee/Legislature: Delete provision.

INVESTMENT BOARD

Budget Summary							
Fund	2006-07 Base Year Doubled	2007-09 Governor	2007-09 Jt. Finance	2007-09 Legislature	2007-09 Act 20	Act 20 Change Over Base Year Doubled Amount	Percent
PR	\$44,949,400	\$44,949,400	\$44,949,400	\$44,949,400	\$44,949,400	\$0	0.0%

FTE Position Summary						
Fund	2006-07 Base	2008-09 Governor	2008-09 Jt. Finance	2008-09 Legislature	2008-09 Act 20	Act 20 Change Over 2006-07 Base
PR	104.50	104.50	104.50	104.50	104.50	0.00

Budget Change Item

1. OPERATING BUDGET AUTHORITY AND ASSESSMENT PROCESS [LFB Paper 485]

Governor: Eliminate SWIB's statutory annual budget floor of \$20,352,800 and provide that the total amount that the Board may assess the funds for which it has management responsibility may not exceed, in each fiscal year, the greater of the amount that: (a) the Board could have assessed the funds in the second year of the prior fiscal biennium; or (b) 0.0325% of the average market value of the assets of the funds at the end of each month between November 30 and April 30 of the prior fiscal year. Require the Board annually, no later than June 15th, to certify to the Department of Administration and the Joint Committee on Finance the maximum amount that the Board may assess the funds in the next fiscal year.

Provide that on September 1, of each year the Board would be required to assess each fund for its share of the Board's operating expenditures for the current fiscal year in an equitable manner.

Under current law, SWIB is required to estimate, on July 1 and January 1 its operating expenses for the next six-month period and to assess each fund for which it has management responsibility for its share of the expenses in an equitable manner. The Board's assessment may not exceed the greater of \$20,352,800 or 0.0275% of the average market value of the assets of the

funds at the end of each month between November 30 and April 30 of the preceding fiscal year. The Board may, however, request that it be allowed to assess an additional 0.0025% for a fiscal year with the approval of the Joint Committee on Finance under a 14-day passive review process.

In summary, the provisions in the bill: (a) eliminate the statutory annual budget floor of \$20,352,800; (b) modify the basis point calculation for operating expenses from 0.0275% to 0.0325% [a 0.005% increase]; (c) authorize SWIB to assess the greater of the amount that the Board could have assessed the funds in the second year of the prior fiscal biennium, or 0.0325% of the average market value of the assets at the end of each month between November 30 and April 30 of the prior fiscal year; and (d) replace the six-month fund assessment process with an annual assessment process;

As determined under current law, the average month-end market value of assets under management for the period November 30, 2005 through April 30, 2006, was \$81,726,000,000. As a result, budget authority for the 2006-07 adjusted base year was established at \$22,474,700. Under the bill, the Governor did not recommend any change to the Investment Board's adjusted base budget amount. Under current law, the actual budget levels for the 2007-08 fiscal year will be determined by the average month-end market value of assets under management for the period November 30, 2006 through April 30, 2007. The actual budget levels for the 2008-09 fiscal year will be determined by the average month-end market value of assets under management for the period November 30, 2007 through April 30, 2008.

Joint Finance/Legislature: Modify the Governor's recommendation by providing that the total amount that the Board may assess the funds for which it has management responsibility may not exceed, in 2007-08, the greater of the amount that: (a) the Board could have assessed the funds in the second year of the prior fiscal biennium; or (b) 0.0285% of the average market value of the assets of the funds at the end of each month between November 30 and April 30 of the prior fiscal year. [The basis-point factor for 2008-09 and subsequent years would be 0.0325% of the average market value of the assets of the funds at the end of each month between November 30 and April 30 of the prior fiscal year.]

In addition, require SWIB to report, on or before January 31, 2009, and January 31, 2010, to the Joint Committee on Audit and the Joint Committee on Finance on the implementation and outcomes of initiatives commenced as a result of the increase in the basis-point operating budget provided under the bill.

On June 7, 2007, SWIB notified the Co-Chairs of the Joint Committee on Finance and the Secretary of the Department of Administration that the average month-end market value of assets under management for the period November 30, 2006, through April 30, 2007, totaled \$90,329.2 million. Under prior law (0.0275% of assets), SWIB's 2007-08 operating budget authority would have been set at \$24,840,500. Under the Committee's provision (0.0285% of assets), SWIB's 2007-08 operating budget authority would be set at \$25,743,800.

[Act 20 Sections: 683 thru 686 and 9126(1f)&(1h)]

JUDICIAL COMMISSION

Budget Summary							
Fund	2006-07 Base Year Doubled	2007-09 Governor	2007-09 Jt. Finance	2007-09 Legislature	2007-09 Act 20	Act 20 Change Over Base Year Doubled Amount	Percent
GPR	\$489,200	\$501,800	\$478,200	\$478,200	\$478,200	-\$11,000	- 2.2%

FTE Position Summary						
Fund	2006-07 Base	2008-09 Governor	2008-09 Jt. Finance	2008-09 Legislature	2008-09 Act 20	Act 20 Change Over 2006-07 Base
GPR	2.00	2.00	2.00	2.00	2.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$12,600
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Governor/Legislature: Provide standard adjustments to the base budget totaling \$6,300 annually for full funding of continuing salaries and fringe benefits.

2. RE-CREATION OF THE JUDICIAL COUNCIL AS A SEPARATE AGENCY

GPR	-\$23,600
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Joint Finance/Legislature: Delete \$11,800 annually and delete the general program operations; judicial council appropriation.

The provisions of 1995 Wisconsin Act 27 deleted the positions and funding for the Judicial Council and required Judicial Commission staff to provide support functions for the Judicial Council and pay meeting expenses of Judicial Council members. Subsequent action of the Legislature restored some supplies and services funding (currently \$11,800 GPR annually) to the Judicial Commission to offset meeting costs and other supplies and services costs of the Judicial Council.

Under the provisions of the act, the Judicial Council is re-created as a separate agency and provided staffing of 1.0 unclassified attorney position. Act 20 transfers this supplies and services funding to the Judicial Council's GPR annual general program operations appropriation. [See "Judicial Council."]

[Act 20 Section: 557g]

JUDICIAL COUNCIL

Budget Summary							
Fund	2006-07 Base Year Doubled	2007-09 Governor	2007-09 Jt. Finance	2007-09 Legislature	2007-09 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$0	\$0	\$201,200	\$201,200	\$201,200	\$201,200	N.A.

FTE Position Summary						
Fund	2006-07 Base	2008-09 Governor	2008-09 Jt. Finance	2008-09 Legislature	2008-09 Act 20	Act 20 Change Over 2006-07 Base
GPR	0.00	0.00	1.00	1.00	1.00	1.00

Budget Change Items

1. RE-CREATION OF THE JUDICIAL COUNCIL AS A SEPARATE AGENCY

	Funding Positions	
GPR	\$177,600	1.00

Joint Finance/Legislature: Provide 1.0 unclassified attorney position and \$78,200 in 2007-08, and \$99,400 in 2008-09, to re-create the Judicial Council as a separate agency. Create both a GPR annual general program operations appropriation and a federal aid continuing appropriation under the Judicial Council. Provide that the attorney must be a member in good standing of the State Bar of Wisconsin, must be strictly nonpartisan, and may not make a campaign finance contribution (as defined under state statute) to a candidate for state or local office while employed by the Judicial Council.

Specify that the Executive Director of the Judicial Commission would no longer be required to provide staff services to the Judicial Council. Further, specify that the names of Judicial Council members would now be certified to the Secretary of State by the Judicial Council attorney, not the Executive Secretary of the Judicial Commission.

The provisions of 1995 Wisconsin Act 27 deleted the positions and funding for the Judicial

Council and required Judicial Commission staff to provide support functions for the Judicial Council and pay meeting expenses of Judicial Council members. Subsequent action of the Legislature restored some supplies and services funding (currently \$11,800 GPR annually) to the Judicial Commission to offset meeting costs and other supplies and services costs of the Judicial Council.

Under the provisions of the act, the Judicial Council is re-created as a separate agency and provided staffing of 1.0 unclassified attorney position. [See "Judicial Commission."]

[Act 20 Sections: 557r, 628m, 3013m, 3707e, 3707r, and 3707s]

2. TRANSFER BASE SUPPLIES AND SERVICES FUNDING

GPR	\$23,600
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Joint Finance/Legislature: Transfer \$11,800 annually in base supplies and services funding for the Judicial Council from the Judicial Commission's general program operations; judicial council appropriation to the Judicial Council's GPR annual general program operations appropriation. Delete the Judicial Commission's general program operations; judicial council appropriation. [See "Judicial Commission."]

[Act 20 Section: 557g]

JUSTICE

Budget Summary							
Fund	2006-07 Base Year Doubled	2007-09 Governor	2007-09 Jt. Finance	2007-09 Legislature	2007-09 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$69,550,000	\$77,378,000	\$81,519,300	\$81,519,300	\$81,519,300	\$11,969,300	17.2%
FED	15,968,600	16,325,200	16,580,800	16,580,800	16,580,800	612,200	3.8
PR	77,650,800	84,124,100	83,091,200	83,091,200	83,091,200	5,440,400	7.0
SEG	<u>672,400</u>	<u>696,000</u>	<u>696,000</u>	<u>696,000</u>	<u>696,000</u>	<u>23,600</u>	3.5
TOTAL	\$163,841,800	\$178,523,300	\$181,887,300	\$181,887,300	\$181,887,300	\$18,045,500	11.0%

FTE Position Summary						
Fund	2006-07 Base	2008-09 Governor	2008-09 Jt. Finance	2008-09 Legislature	2008-09 Act 20	Act 20 Change Over 2006-07 Base
FED	30.85	30.85	32.35	32.35	32.35	1.50
PR	183.31	183.81	183.81	183.81	183.81	0.50
SEG	<u>2.75</u>	<u>2.75</u>	<u>2.75</u>	<u>2.75</u>	<u>2.75</u>	<u>0.00</u>
TOTAL	555.99	561.99	576.99	576.99	576.99	21.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide standard adjustments totaling \$1,779,600 GPR and -4.5 GPR positions, \$88,300 FED, \$1,259,800 PR and -0.5 PR position, and \$11,800 SEG in 2007-08, and \$1,779,600 GPR and -4.5 GPR positions, \$88,300 FED, \$1,263,800 PR and -0.5 PR position, and \$11,800 SEG in 2008-09. Adjustments are for: (a) turnover reduction (-\$467,500 GPR and -\$119,700 PR annually); (b) removal of noncontinuing elements from the base (-4.5 GPR, and -\$20,600 PR and -0.5 PR position annually); (c) full funding of continuing salaries and fringe benefits (\$2,062,000 GPR, \$88,300 FED, \$812,600 PR, and -\$1,100 SEG annually); (d) reclassifications (\$14,300 GPR, \$26,700 PR, and \$1,600 SEG in 2007-08, and \$14,300 GPR, \$30,700 PR, and \$1,600 SEG in 2008-09); (e) overtime (\$156,000 GPR,

	Funding	Positions
GPR	\$3,559,200	- 4.50
FED	176,600	0.00
PR	2,523,600	- 0.50
SEG	<u>23,600</u>	<u>0.00</u>
Total	\$6,283,000	- 5.00

\$555,200 PR, and \$11,300 SEG annually); (f) night and weekend differential (\$10,200 GPR and \$2,300 PR annually); (g) full funding of lease costs and directed moves (\$4,600 GPR and \$3,300 PR annually); and (h) offsetting position transfers within the Department's Law Enforcement Services general program operations GPR annual appropriation.

2. DNA ANALYSIS RESOURCES [LFB Paper 495]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$2,905,100	0.00	\$3,984,000	16.00	\$6,889,100	16.00
PR	<u>844,900</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>	<u>844,900</u>	<u>0.00</u>
Total	\$3,750,000	0.00	\$3,984,000	16.00	\$7,734,000	16.00

Governor: Provide \$1,020,400 GPR and 9.0 GPR positions, \$704,900 PR and 6.0 PR positions in 2007-08, and \$1,884,700 GPR and 15.0 GPR positions, and \$140,000 PR in 2008-09, to provide additional staffing and supplies and services resources to the state crime laboratories for deoxyribonucleic acid (DNA) analysis. Under the recommendation, the state crime laboratories would be provided 11.0 additional DNA analysts and 4.0 additional DNA technicians. Assuming a three month period to recruit and fill the positions, the 15.0 DNA analysis positions would be provided nine months of funding in 2007-08. Of the amount provided, salary and fringe benefits funding totals \$416,900 GPR and \$285,900 PR in 2007-08, and \$937,000 GPR in 2008-09.

Under s. 165.77 of the statutes, the state crime laboratories at the Department of Justice (DOJ) are required to provide DNA analysis and maintain a DNA databank. The laboratories are required to analyze the DNA in a human biological specimen, if requested: (a) by a law enforcement agency regarding an investigation; (b) pursuant to a court order; and (c) by an individual regarding his or her own specimen, subject to rules established by the Department. In 2006-07, the state crime laboratories at DOJ are authorized 29.0 DNA analysts.

Joint Finance/Legislature: Implement the provisions of 2007 Act 5 by providing an additional 31.0 GPR-funded, DNA analysis-related positions to DOJ, specifically: (a) 29.0 DNA analysts; (b) 1.0 DNA technician; and (c) 1.0 DNA analysis supervisor. Act 5 created 15.0 of these positions on April 1, 2007, with the remaining 16.0 positions authorized, effective July 1, 2007. Due to their creation during 2006-07, 15.0 of these positions are considered base resources.

[In order to address DNA analysis caseload growth, under 2007 SB 39/AB 72 (Act 5), the Governor recommended providing \$96,600 GPR in 2006-07, to support the creation of 15.0 GPR DNA analysis positions on April 1, 2007. Under SB 40, the Governor recommended providing \$1,725,300 and 15.0 positions in 2007-08 (all funds), and \$2,024,700 and 15.0 positions in 2008-09 (all funds), to provide ongoing funding and position authority for this DNA analysis initiative.]

Modify the Governor's recommendations as follows to implement the provisions of Act 5

related to DNA analysis at the state crime laboratories: (a) delete 6.0 PR positions in 2007-08, and associated salary and fringe benefits funding of \$285,900 PR in 2007-08, as Act 5 created all 31.0 positions as GPR-funded positions; (b) provide \$285,900 PR in 2007-08 in supplies and services funding; (c) create 22.0 additional GPR-funded positions in 2007-08, 16.0 additional GPR-funded positions in 2008-09, and additional salary and fringe benefits funding of \$1,230,900 GPR in 2007-08, and \$790,300 GPR in 2008-09; and (d) provide \$1,158,100 GPR in 2007-08, and \$804,700 GPR in 2008-09, in additional supplies and services funding.

3. INTERNET CRIMES AGAINST CHILDREN TASK FORCE [LFB Paper 496]

	<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	\$700,000	3.00	-\$500	2.00	\$699,500	5.00

Governor: Provide \$350,000 and 3.0 special agents annually to provide additional staffing and supplies and services resources to the Internet Crimes Against Children (ICAC) Task Force. Funding would be provided for the special agents as well as to recruit retired law enforcement officers to assist the task force. Of the amount provided, salary and fringe benefits funding totals \$153,900 in 2007-08, and \$205,000 in 2008-09.

Currently, the task force responds to the threat of individuals using online technology to sexually exploit children. The task force conducts investigations, provides investigative, forensic and prosecutorial assistance to police agencies and prosecutors, encourages statewide and regional collaboration, and provides training for law enforcement, prosecutors, parents, teachers, and other community members. In 2004-05, the task force made 118 arrests. These arrests typically involved using a computer to facilitate a sex crime.

Joint Finance/Legislature: Delete the provision and instead provide \$352,100 in 2007-08, and \$347,400 in 2008-09, and 2.0 special agents, and 3.0 computer forensic analysts annually, to provide additional resources to the ICAC unit at DOJ. Funding would no longer be provided to recruit retired law enforcement officers to assist the task force.

4. WISCONSIN STATEWIDE INTELLIGENCE CENTER [LFB Paper 497]

	<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	\$452,400	5.00	-\$452,400	-5.00	\$0	0.00

Governor: Provide \$452,400 and 5.0 positions in 2008-09 to support the operation of the Wisconsin Statewide Intelligence Center (WSIC) at DOJ's Division of Criminal Investigation. Funding would be utilized to fund a 1.0 special agent in charge, 1.0 special agent, and 3.0

intelligence analysts, as well as supplies and services funding.

The WSIC is undertaking the following activities: (a) building a database of threats and intelligence compliant with federal law; (b) linking state information technology systems, wherever possible, to permit the sharing of data in these separate systems; (c) conducting threat assessments in cooperation with Wisconsin Emergency Management (at the Department of Military Affairs) and establishing a risk analysis database; (d) providing law enforcement agencies broad-level access to a DOJ criminal investigation database (although for specific case information law enforcement agencies may need to follow-up with a WSIC intelligence analyst); (e) providing 24-hour per day access for law enforcement agencies to law enforcement bulletins and broader law enforcement and threats information provided by WSIC or by other intelligence centers or the federal government; and (f) assisting other law enforcement agencies with ongoing criminal investigations.

Joint Finance/Legislature: Delete provision.

5. REIMBURSEMENT FOR COUNTY VICTIM AND WITNESS ASSISTANCE PROGRAMS [LFB Paper 499]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR-REV	\$1,320,000	- \$1,320,000	\$0
PR	\$2,920,000	- \$1,433,100	\$1,486,900

Governor: Provide \$1,460,000 annually to increase the amounts available to reimburse counties for up to 90% of their victim and witness assistance program costs. The increased expenditure authority would be funded from additional crime victim and witness assistance surcharge revenues.

Provide that the crime victim and witness assistance surcharge no longer be imposed in the specific situation where: (a) a criminal complaint is issued charging a person with a crime for an offense that could subject the person to a forfeiture or to prosecution for a crime; (b) the prosecutor decides to defer or suspend the criminal prosecution; and (c) as a result the person agrees to pay a forfeiture.

Instead, specify that the crime victim and witness assistance surcharge be imposed if: (a) a person is charged with one or more crimes in a complaint; (b) as a result of the complaint being amended, the person is charged with a civil offense in lieu of one of those crimes; and (c) the court finds that the person committed the civil offense on or after the effective date of this change to the surcharge. The amount of the surcharge would be based on whether the original underlying charge was a felony charge (in which case an \$85 surcharge would be assessed), or a misdemeanor charge (in which case a \$60 surcharge would be assessed). Direct that all revenue generated under these new provisions be allocated for victim and witness assistance programs

and for crime victim compensation awards ("Part A" of the surcharge). Under the bill, the administration estimates the surcharge amendments at \$660,000 annually in additional revenue during 2007-09.

Under current law, when a court imposes a sentence or places a person on probation, the court also imposes the crime victim and witness assistance surcharge (\$60 for each misdemeanor offense and \$85 for each felony offense). The initial \$40 of the surcharge for a misdemeanor and \$65 for a felony is termed the "Part A" portion of the surcharge and is allocated for victim and witness assistance programs and for crime victim compensation awards.

Under 2005 Wisconsin Act 25, "Part A" of the crime victim and witness assistance surcharge was increased from \$30 for each misdemeanor offense to \$40, and from \$50 for each felony offense to \$65 (approximately a 30% increase). The administration estimates that this surcharge change under Act 25 will generate \$800,000 in additional revenue annually during 2007-09.

In 2005-06, \$5,161,700 was distributed to counties as reimbursement for crime victim and witness assistance program costs. The 2005-06 distribution included \$1,422,200 GPR and the following PR-funded amounts: (a) \$2,515,600 from "Part A" of the crime victim and witness assistance surcharge and from the delinquency victim and witness surcharge; (b) \$885,300 from penalty surcharge revenues; and (c) \$338,600 from federal Byrne Justice Assistance Grant funds administered by the Department of Administration's Office of Justice Assistance. In 2005-06, counties reported incurring \$9,558,600 in victim and witness assistance program costs.

Joint Finance: Based on a re-estimate of available Part A crime victim and witness surcharge base revenues, provide -\$184,600 in 2007-08, and \$71,500 in 2008-09, in additional expenditure authority to DOJ's victim and witness surcharge general services appropriation to provide additional funding for reimbursements to counties for their victim and witness assistance program costs.

Adopt the provisions regarding the application of the crime victim and witness surcharge to civil violations. Re-estimate additional revenue from this surcharge change at \$0 annually until revenue growth from the surcharge can be more definitively determined. Reduce expenditure authority under the victim and witness surcharge general services appropriation by \$660,000 annually to reflect the re-estimate of revenue from the expansion of the surcharge to civil violations. [If additional revenues would support increased reimbursements, the Department could subsequently submit a request for increased expenditure authority during the 2007-09 biennium to the Joint Committee on Finance under the 14-day passive review process.]

Assembly: Delete the provision modifying the imposition of the crime victim and witness assistance surcharge to civil offenses. Specifically, delete the provision specifying that the surcharge would now be imposed if: (a) a person is charged with one or more crimes in a complaint; (b) as a result of the complaint being amended, the person is charged with a civil

offense in lieu of one of those crimes; and (c) the court finds that the person committed the civil offense on or after the effective date of this change to the surcharge. Under the bill, the administration estimated that this surcharge change would generate \$660,000 annually in revenue during 2007-09. Under Joint Finance, the revenue from this surcharge change was re-estimated at \$0 annually until revenue growth from the surcharge could be more definitively determined.

Conference Committee/Legislature: Restore Joint Finance provision.

[Act 20 Sections: 496, 497, and 3880 thru 3884]

6. CRIME VICTIM COMPENSATION AWARD FUNDING [LFB Paper 500]

GPR-REV	-\$600,000
PR-REV	\$600,000
FED	\$180,000
PR	600,000
Total	\$780,000

Governor: Specify the following changes to the crime victim compensation program:

a. *Restitution Payment Revenues from the General Fund.* Provide that restitution payments received by the state from defendants to offset awards made to victims under the crime victim compensation program would no longer be deposited to the general fund but instead would be credited to a new, PR appropriation created under DOJ. Under current law, approximately \$300,000 annually is credited to the general fund from restitution payments. The recommended crediting of these funds to the new program revenue account would result in a corresponding general fund revenue decrease of \$300,000 annually.

b. *Victim Compensation Restitution Appropriation Created.* Create a PR continuing crime victim restitution appropriation to receive these restitution payments and provide expenditure authority of \$300,000 PR annually. Authorize DOJ to expend these funds to provide crime victim restitution.

c. *Federal Victims of Crime Act (VOCA) Funding.* Federal VOCA funds are made available to match 60% of state funding for crime victim compensation. The Governor estimates that providing an additional \$300,000 PR in state crime victim compensation funding in 2007-08, will permit the state to receive an additional \$180,000 FED in VOCA funding in 2008-09.

Under current law, the crime victim compensation program compensates victims and their dependents for the cost of medical treatment (both physical and mental), lost wages, funeral and burial expenses, loss of support to dependents of a deceased victim, and replacement costs of any clothing or bedding that is held for evidentiary purposes. In addition, victims who are homemakers may be compensated for expenses related to securing homemaker services when someone must be hired to perform these services. The maximum award for any one injury or death is \$40,000. This amount is in addition to a \$2,000 maximum reimbursement of burial expenses that may be awarded. In 2006-07, \$2,390,700 (\$1,258,000 GPR, \$643,900 FED and \$488,800 PR) is budgeted under this program to make awards to victims of crime. The

program is funded from GPR, from part "A" of the crime victim and witness assistance surcharge and from federal VOCA grants.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Sections: 498 and 3892]

7. PENALTY SURCHARGE SHORTFALL [LFB Paper 501]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR-REV	\$755,200	-\$755,200	\$0
PR	-\$240,200	\$240,200	\$0

Governor: Include the following statutory and funding changes to address a projected shortfall in the penalty surcharge receipts appropriation.

Increase the Amount of the Penalty Surcharge. Increase the penalty surcharge from 26% to 27% of the total fine or forfeiture imposed for most violations of state law or municipal or county ordinance. The surcharge increase would first apply to offenses committed on the day after publication of the budget act. It is estimated that this increase would result in additional penalty surcharge revenue of \$755,200 in 2008-09.

Appropriation Modifications and Handgun Purchaser Record Check Fees. Rename DOJ's "penalty surcharge receipts" appropriation the "criminal justice program support" appropriation, and provide that penalty surcharge receipts and handgun purchaser record check fees would both be deposited to this receipts appropriation. Under current law, only penalty surcharge revenue is deposited to this appropriation. Increase the handgun purchaser record check fee from \$8 to \$30, effective for firearms restrictions record searches requested on the day after publication of the budget act [see Item #8]. Increased revenue from the handgun purchaser record check fee would be utilized in part to address the shortfall in penalty surcharge funding.

Reduce Penalty Surcharge Funded Appropriations. Generally reduce penalty surcharge funded appropriations in five different state agencies by 5% in 2007-08 (after standard budget adjustments). The fiscal effects of these reductions are described in the budget summaries of each affected agency [Administration -- OJA, Corrections -- Adult Correctional Facilities, Justice, Public Defender, and Public Instruction].

Reduce Affected DOJ Appropriations. Generally reduce expenditure authority under the following agency appropriations by 5% in 2007-08 (after standard budget adjustments).

<u>Appropriation</u>	<u>Reduction Amount</u> <u>2007-08</u>
Crime Laboratory Equipment and Supplies	\$18,200
TIME System Appropriation	49,400
Drug Enforcement Intelligence Operations	85,900
Drug Crimes Enforcement; Local Grants	42,400
Reimbursement to Counties for Victim-Witness Services	<u>44,300</u>
Total	\$240,200

Joint Finance/Legislature: Delete provision.

8. INCREASE HANDGUN PURCHASER RECORD CHECK FEE [LFB Paper 501]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR-REV	\$1,408,000	-\$1,408,000	\$0

Governor: Increase the handgun purchaser record check fee from \$8 to \$30, effective for firearms restrictions record searches requested on the day after publication of the budget act. It is estimated that the fee increase would generate additional revenue of \$704,000 annually.

Eliminate the direct deposit of handgun purchaser record check fees into DOJ's handgun purchaser record check appropriation to support the operation of the handgun purchaser record check program (the "handgun hotline"). Instead provide that DOJ's handgun purchaser record check appropriation be funded from revenues deposited to the new "criminal justice program support" appropriation [see Item #7].

Under SB 40, the additional revenue from increasing the handgun purchaser record check fee would be utilized to: (a) fully fund the cost of the handgun hotline during 2007-09; and (b) address a shortfall in penalty surcharge and handgun purchaser record check fee funding.

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.

Joint Finance/Legislature: Delete provision.

9. SEXUALLY VIOLENT PERSON COMMITMENT AND REEVALUATION PROCEEDINGS

	Funding	Positions
GPR	\$136,300	1.00

Governor/Legislature: Provide \$63,200 in 2007-08 and \$73,100 in 2008-09, and 1.0 attorney position annually to represent the state in sexually violent person commitment and post-commitment proceedings.

Under current law, a petition alleging that an individual is a sexually violent person may be filed by either: (a) DOJ at the request of the "agency with jurisdiction" (either the Department of Corrections or the Department of Health and Family Services); or (b) a district attorney. If an individual is found guilty of a sexually violent offense, he or she is sentenced to prison, while if an individual is found not guilty of or not responsible for a sexually violent offense by reason of insanity or mental disease, defect, or illness, he or she is committed to an institution under the Department of Health and Family Services (DHFS). Subsequent to an individual serving a prison sentence or being released from the care of DHFS for having committed a sexually violent offense, the individual may be committed to DHFS as a sexually violent person based on the petition filed by DOJ or a district attorney. If, after a trial, an individual is determined to be a sexually violent person, the court must enter a judgment on the finding and commit the person as a sexually violent person. In that event, the court must order the person committed to the custody of DHFS for control, care, and treatment until the person is no longer a sexually violent person.

10. INFORMATION SYSTEM SYSTEMS DEVELOPMENT SERVICES SPECIALIST

	Funding	Positions
PR	-\$100,000	1.00

Governor/Legislature: Reduce the Department's budget by \$50,000 annually and provide 1.0 information system systems development services specialist position annually to DOJ to provide information system services for the Transaction Information for Management of Enforcement (TIME) System. Under the bill, DOJ would be provided \$70,900 in 2007-08 and \$94,600 in 2008-09 in salary and fringe benefits to fund the position from base resources, but its supplies and services funding would be reduced by \$120,900 in 2007-08 and \$144,600 in 2008-09 to reflect savings from decreased utilization of private information technology contractors.

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 vehicle records; driver and vehicle registration data; and identifiable stolen property listings. The bill would reduce the need for penalty surcharge funding for the TIME System. Under current law, whenever a court imposes a fine or forfeiture for most violations of state law or municipal or county ordinance, the court also imposes a penalty surcharge of 26% of the total fine or forfeiture.

11. EXECUTIVE ASSISTANT

Positions	
GPR	1.00

Governor/Legislature: Create position authority for a 1.0 unclassified Executive Assistant annually, to permit the Attorney General to retain an Executive Assistant as authorized under state statute. No funding is provided for the salary and fringe benefits of the position. As a result, DOJ would have to utilize base resources to provide compensation. The Executive Assistant serves at the pleasure of the Attorney General and performs duties as prescribed by the Attorney General.

12. PARTIAL REALLOCATION OF 2005-07 BASE BUDGET REDUCTION

Governor/Legislature: Reallocate a portion of the Department's 2005-07 base budget reduction by providing an additional \$64,000 GPR annually in supplies and services funding to Legal Services' GPR general program operations appropriation, and providing offsetting supplies and services funding reductions for the following DOJ appropriations: (a) -\$42,900 GPR annually from Law Enforcement Services' GPR general program operations appropriation; (b) -\$17,300 GPR annually from Administrative Services' GPR general program operations appropriation; and (c) -\$3,800 GPR annually from Victims and Witnesses' GPR general program operations appropriation.

13. SEXUAL ASSAULT FORENSIC EXAMINATION COMPENSATION PROGRAM [LFB Paper 502]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$75,000	\$25,000	\$100,000
PR	- 75,000	0	- 75,000
Total	\$0	\$25,000	\$25,000

Governor: Delete the current law sexual assault forensic examination program, which provides funding of \$37,500 PR annually for the cost of sexual assault forensic exams. Sexual assault forensic exams are utilized to collect forensic evidence from the victims of sexual assault. Funding for the program is provided by the \$8 crime laboratories and drug law enforcement surcharge and by the \$250 DNA surcharge. Instead, create a GPR-funded sexual assault forensic examination compensation program supported by a sum sufficient reimbursement for forensic examinations appropriation. Limit expenditures from this sum sufficient appropriation to \$50,000 annually. Expenditures from the sum sufficient GPR appropriation are estimated at \$37,500 GPR annually under the bill.

Create the following provisions regarding the sexual assault forensic examination compensation program:

Administration. The Department of Justice would be required to administer the program. The Department would be required to appoint a program director to assist in administering the

program. The Department would be further required to promulgate rules for the implementation and operation of the program. The rules would be required to include procedures to ensure that any limitation of an award was calculated in a fair and equitable manner.

Application for Awards. Provide that any health care provider who conducts an examination to gather evidence regarding a sex offense could apply for an award under the program. DOJ would be required to prescribe application forms for awards under the program and would be required to furnish health care providers with the forms. A "health care provider" would be defined as any person providing health care services. A "sex offense" would mean an act committed in Wisconsin that, if committed by a competent adult, would be a criminal act constituting: (a) sexual assault; (b) sexual assault of a child; (c) engaging in repeated acts of sexual assault of the same child; (d) sexual exploitation of a child; (e) incest with a child; (f) soliciting a child for prostitution; or (g) sexual intercourse with a child age 16 or older.

In applying for an award, a health care provider would be required to submit to DOJ reports from any physician, physician's assistant, or nurse who treated or examined the victim to gather evidence regarding a sex offense, performed any procedure during that treatment or examination that tested for or prevented a sexually transmitted disease, or provided or prescribed any medication to prevent or treat a sexually transmitted disease. A health care provider could not submit to DOJ any other records than those pertaining to the examination, treatment, procedure, or medication for which the provider was seeking an award under the program. A "sexually transmitted disease" would mean syphilis, gonorrhea, chlamydia, and other diseases included by rule by the Department of Health and Family Services.

Computation of Awards. A health care provider seeking an award under the program could not seek payment for any examination costs from the victim or any guardian of the victim. A health care provider seeking an award under the program could also not seek payment for any examination costs from insurance or another available source of payment, unless the victim, or any guardian of the victim, authorized the health care provider to seek payment from such third parties. In seeking payment under the program, DOJ would be required to reimburse a health care provider for the examination costs to gather evidence regarding a sex offense, as follows: (a) if the provider was not authorized to seek payment from insurance or another available source of payment, the award under the program would be for examination costs, regardless of whether the victim, or any guardian of the victim, cooperated with a law enforcement agency regarding the sex offense; and (b) if the provider was authorized to seek payment from insurance or another available source of payment and the victim, or any guardian of the victim, did not cooperate with a law enforcement agency regarding the sex offense, the award under the program would be examination costs, reduced by any payment to be received from insurance or another available source of payment.

The Department would not be authorized to make an award under the program if: (a) the health care provider was authorized to seek payment for any examination costs from insurance or another available source of payment; and (b) the victim, or any guardian of the victim,

cooperated with a law enforcement agency. The Department could not refuse to make an award under the program because the victim or the guardian of the victim did not cooperate with a law enforcement agency regarding the sex offense, or due to lack of an investigation or prosecution of the sex offense.

"Cooperate with a law enforcement agency" would mean to report a sex offense to a law enforcement agency or to aid a law enforcement agency in the investigation of a sex offense. "Examination costs" would mean the cost of an examination that is done to gather evidence regarding a sex offense, any procedure during that examination process that tests for or prevents a sexually transmitted disease, and any medication provided or prescribed, during that examination process, that prevents or treats a sexually transmitted disease that the person performing the examination or procedure believes could be a consequence of the sex offense. "Examination costs" would not include any processing or administrative costs, attorney fees, or other expenses. A "guardian of the victim" would mean either: (a) if the victim was under 18 years of age, the parent, guardian, or legal custodian of the victim; and (b) if the victim had been determined to be incompetent under Chapter 54 of the statutes (guardianships and conservatorships), the guardian of the victim.

Limitation on Awards. No award under the program could be made unless the application for an award was made within one year after the date of the examination. Further, DOJ could not make an award under the program: (a) that exceeded the examination costs of the victim; (b) for any part of the examination costs of the victim for which the health care provider seeking the award had received compensation from any other source; and (c) if the total dollar amount awarded under the program in any year was greater than \$50,000.

Confidentiality. If a health care provider sought an award under the program, any personally identifiable information of the victim who received the examination would be required to remain confidential unless written consent for the release of any personally identifiable information was provided by either the victim or the guardian of the victim.

Crime Victim Compensation Program. Any award to a victim under the crime victim compensation program would be reduced by any award provided under this program.

State or Local Agency Cooperation. At the request of DOJ, any state or local agency, including a district attorney or law enforcement agency, would be required to make available all reports, files, and other appropriate information which the Department requested in order to make a determination that a health care provider was eligible for an award under the program.

Offenses. In connection with an award under the program, no person could do any of the following: (a) submit a fraudulent application or claim for an award; (b) intentionally make or cause to be made any false statement or representation of a material fact; or (c) intentionally conceal or fail to disclose information affecting the amount of or the initial or continued right to any such award when reasonably requested to provide such information by DOJ. Any person committing such an offense could be fined not more than \$500, or imprisoned not more than six months, or both. Any person committing such an offense would be required to forfeit any benefit received and would be required to reimburse the state for payments received. The state

would have a civil cause of action for relief against any person who committed such an offense for the amount of damages that the state sustained by reason of the offense and, in addition, for punitive damages not more than double the amount of damages that the state could have sustained, together with interest, and the cost of the suit. The Attorney General could bring any action and would have such powers as would be necessary to enforce these provisions.

Subpoenas. The Department or any of its authorized agents could issue subpoenas for persons or records for any investigation or hearing conducted under the program and could enforce compliance with such subpoenas.

Hearings. The procedure of Chapter 227 of the statutes (Administrative Procedure and Review) for contested cases would generally apply to hearings under the program. The Department of Administration's Division of Hearings and Appeals would be required to appoint hearing examiners to make findings and orders under the program. All hearings would be required to be open to the public unless in a particular case the examiner determined that the hearing, or a portion of the hearing, would have to be held in private, respecting the fact that either: (a) the offender had not been convicted; or (b) the interest of the victim. In a proceeding under the program, there would be no legal privilege, except legal privileges arising from the attorney-client relationship, as to communications or records relevant to an issue of the physical condition of the victim in a proceeding in which that condition would be an element.

Biennial Report. Modify DOJ's biennial report requirement to the Legislature to require a report of its activities under this program, including all of the following: (a) an explanation of the procedures for filing and processing claims under the program; (b) a description of the programs and policies instituted to promote awareness about the awards under this program; (c) an analysis of future needs and suggested program improvements; (d) a copy of the forms used by the program; and (e) a complete statistical analysis of the cases handled under the program, including all of the following: (1) the number of claims filed; (2) the number of claims approved and the amount of each award; (3) the number of claims denied and the reasons for rejection; and (4) a breakdown of claims by geographic area and month.

Effective Date. The provisions creating a new reimbursement for forensic examinations sum sufficient appropriation (capped at \$50,000 GPR annually) and statutory language creating a new sexual assault forensic examination compensation program would first apply to examinations conducted on the day after publication of the budget act.

Joint Finance/Legislature: Re-estimate expenditures at \$50,000 annually (a \$12,500 increase annually) to reflect increased costs under the program to reimburse health care providers for prescription costs incurred for any medication to prevent or treat a sexually transmitted disease. Delete the provision capping expenditures under the program at \$50,000 annually. As a result, the Department would have the authority to fully reimburse all reimbursement claims of health care providers in a given year for the costs of sexual assault forensic exams, regardless of the aggregate total of such claims.

[Act 20 Sections: 491, 492, 494, 495, 499, 500, 3752, 3757, 3806, 3837 thru 3865, 3887, 3891, and 9329(4)]

14. INVESTIGATION AND PROSECUTION EXPENSES

Governor/Legislature: Permit DOJ to retain moneys received for the expenses of investigation and prosecution of violations, including attorney fees: (a) under Chapter 291 (Hazardous Waste Management) of the statutes; and (b) for violations of Department of Natural Resources' rules governing the control of invasive species. DOJ would first be permitted to retain moneys received for the expenses of investigation and prosecution of violations under Chapter 291 of the statutes for actions commenced under the chapter on the day after publication of the budget act. Specify that moneys be deposited to DOJ's PR continuing investigation and prosecution appropriation. The administration indicates that these provisions would generate an unknown amount of additional revenue for the DOJ appropriation.

[Act 20 Sections: 482, 663, 3092, and 9329(1)]

15. APPROPRIATION REPEALS AND MODIFICATION

Governor/Legislature: Repeal the following three appropriations: (a) a PR continuing telecommunications positions appropriation under Legal Services for all moneys received from the Public Service Commission for services provided by DOJ relating to telecommunications matters. No moneys may be encumbered from the appropriation after June 30, 1999; (b) a GPR annual drug enforcement appropriation under Law Enforcement Services for drug law enforcement programs to work with local law enforcement agencies in a coordinated effort, and for operating costs of the crime laboratory in the City of Wausau; and (c) a FED continuing federal aid, drug enforcement appropriation for all moneys received from the federal government for drug law enforcement programs to work with local law enforcement agencies in a coordinated effort, and for operating costs of the crime laboratory in the City of Wausau. None of these appropriations were funded under 2005 Wisconsin Act 25 (the 2005-07 biennial budget act).

Specify that DOJ would no longer offer and pay rewards for tips provided to DOJ's drug tipline from the repealed GPR annual drug enforcement appropriation, but rather from Law Enforcement Services' federal aid, state operations appropriation.

[Act 20 Sections: 483, 484, 493, and 2905]

16. PUBLIC INTERVENOR

Governor: Require the Attorney General to designate an assistant attorney general as public intervenor. Require the Secretary of the Department of Natural Resources (DNR) to give notice of proceedings under Chapters 30 (navigable waters, harbors and navigation), 31 (regulation of dams and bridges affecting navigable waters), 281 (water and sewage), 283 (pollution discharge elimination), 285 (air pollution), 289 (solid waste facilities), 291 (hazardous waste management), 292 (remedial action), 293 (metallic mining), 295 (nonmetallic mining

reclamation; oil and gas), and 299 (general environmental provisions) of the statutes, to: (a) the public intervenor; (b) relevant DNR division administrators; and (c) the Natural Areas Preservation Council.

Specify that the public intervenor would be required to formally intervene in the proceedings under the above statutory chapters when requested to do so by a DNR division administrator. Further, the public intervenor could, on the public intervenor's own initiative or upon request of any legislative committee, formally intervene in proceedings under the above statutory chapters whenever that intervention would be needed for the protection of public rights in water and other natural resources, as provided in Chapters 30 and 31 of the statutes and as defined by the State Supreme Court. In carrying out his or her duty to protect public rights in water and other natural resources, the public intervenor would have the authority to initiate actions and proceedings before any agency or court in order to raise issues, including issues concerning constitutionality, present evidence and testimony, and make arguments.

Upon the request of the public intervenor, DNR personnel would be required to make such investigations, studies, and reports as the public intervenor would request in connection with proceedings under the above statutory chapters, either before or after formal intervention. State agency personnel would be required, at the public intervenor's request, to: (a) provide information; (b) serve as witnesses in proceedings under the above statutory chapters; and (c) otherwise cooperate in the carrying out of the public intervenor's intervention functions.

Specify that the public intervenor would be required to formally intervene by filing a statement to that effect with the examiner or other person immediately in charge of the proceeding. Upon that filing, the public intervenor would be considered a party in interest with full power to present evidence, subpoena and cross-examine witnesses, submit proof, file briefs, or do any other acts appropriate for a party to the proceedings. The public intervenor could appeal from administrative rulings to the courts. In all administrative proceedings and judicial review proceedings, the public intervenor would be identified as "public intervenor." This authority of the public intervenor would not preclude or prevent any DNR division, or any other department or independent agency, from appearing by its staff as a party in any proceedings.

Exempt the public intervenor from the provisions of s. 814.245 of the statutes which specifies that if an individual (making less than \$150,000 annually in federal adjusted gross income), a small nonprofit corporation or a small business prevails in any court action brought by a state agency (or whose cost award in an administrative proceeding has been appealed to a court for judicial review), such a private party must be reimbursed for eligible costs incurred in the relevant proceeding unless the court finds either: (a) that the state agency was "substantially justified" in taking its position; or (b) that special circumstances exist that would make the award unjust.

Require the Attorney General to appoint a Public Intervenor Advisory Committee consisting of not less than seven, nor more than nine members. Under the provision, the Attorney General could only appoint members to the Committee who have backgrounds in or demonstrated experience or records relating to environmental protection or natural resource

conservation. The Attorney General would be required to appoint at least one member who had a working knowledge of agriculture. The Committee would be required to advise the public intervenor consistent with his or her duty to protect public rights in water and other natural resources. The Public Intervenor Advisory Committee would be required to conduct meetings consistent with the state's open meetings laws and would be required to permit public participation and public comment on public intervenor activities.

The public intervenor would not have authority to initiate any action or proceeding concerning the issuance of obligations by the Building Commission.

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

17. CIVIL RIGHTS ENFORCEMENT AUTHORITY

Governor: 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, whether or not acting under color of law, 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.

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

18. LAW ENFORCEMENT COMMUNITY POLICING GRANTS PROGRAM [LFB Paper 123]

GPR	\$500,000
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Joint Finance: Provide \$250,000 annually to the law enforcement community policing grants program to provide grants to the City of Milwaukee for activities related to decentralized law enforcement and crime prevention in targeted neighborhoods that suffer from high levels of violent and drug-related crime. If the City of Milwaukee applies for a grant under the program, the City must include a proposed plan of expenditure of the grant funds. DOJ is required to review any such application and plan and must provide the grant to the City of Milwaukee if the submitted materials meet the requirements of the program. [See "Administration -- Office of Justice Assistance."]

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

19. TRIBAL LAW ENFORCEMENT GRANT PROGRAM

PR	\$160,000
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Joint Finance/Legislature: Provide \$80,000 annually to the tribal law enforcement grant program and specify that this funding be annually awarded to the Lac Courte Oreilles Band of Lake Superior Chippewa Indians for tribal law enforcement services. Further, specify that DOJ may not consider this designation when determining grant awards from the base funding under

the program. Under current law, \$700,000 annually in tribal gaming revenues is allocated to DOJ for grants under this program.

[Act 20 Sections: 2909h, 2909j, and 2909L]

20. MEDICAID FRAUD CONTROL UNIT

	Funding	Positions
GPR	\$85,200	0.50
FED	<u>255,600</u>	<u>1.50</u>
Total	\$340,800	2.00

Joint Finance/Legislature: Provide the following funding and position authority to increase staffing to the Medicaid Fraud Control Unit: (a) \$36,500 GPR in 2007-08, \$48,700 GPR in 2008-09, and 0.5 GPR-funded auditor position to the Legal Services' general program operations appropriation; and (b) \$109,500 FED in 2007-08, \$146,100 FED in 2008-09, and 1.5 FED-funded auditor positions to the Legal Services' federal aid appropriation. The GPR funding would serve as the required state match to draw down federal funds to provide additional staffing to the Unit.

The Medicaid Fraud Control Unit investigates and prosecutes crimes committed against vulnerable adults in nursing homes and other facilities, as well as fraud perpetrated by providers against the Wisconsin Medicaid Program. The Unit is predominantly funded with federal funding.

21. ELIMINATE VACANT GPR POSITIONS

Assembly: Delete \$40,200 and 1.0 position annually associated with the salary and fringe benefits of a GPR position which has been vacant for 12 months or more.

Conference Committee/Legislature: Delete provision.

22. DEPARTMENT OF JUSTICE NUISANCE LITIGATION

Assembly: Prohibit DOJ from bringing or joining a nuisance lawsuit if the alleged activity is not in violation of a statute, rule, permit, or ordinance.

Conference Committee/Legislature: Delete provision.

23. PARTIAL EXEMPTION OF UTILITY SECURITY SYSTEM PLANS FROM THE OPEN RECORDS LAW

Assembly: Adopt the provisions of Enrolled 2003 Senate Bill 8 which would provide that an authority (as defined under the state's Open Records Law) may withhold access to any record containing a utility security system plan or a portion of a utility security system plan if the authority determines that a facility or system that is the subject of the plan is so vital to the

state that the incapacity or destruction of the facility or system would have a debilitating impact on the physical or economic security of the state or on public health, safety, or welfare.

A "utility" would mean a person that generates, transmits, or distributes electricity, transports or distributes natural gas, operates a public water system, or provides telecommunications or sewer service. A "security system plan" would mean a plan for the physical or electronic security of facilities, telecommunications systems, or information technology systems owned or operated by a utility, including any information, photograph, audio or visual presentation, schematic diagram, survey, recommendation, consultation, or other communication related to such a plan, and including any threat assessment, vulnerability or capability assessment, or threat response plan or any emergency evacuation plan.

Conference Committee/Legislature: Delete provision.

LEGISLATURE

Budget Summary							
Fund	2006-07 Base Year Doubled	2007-09 Governor	2007-09 Jt. Finance	2007-09 Legislature	2007-09 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$133,937,000	\$138,121,800	\$137,542,300	\$137,542,300	\$137,542,300	\$3,605,300	2.7%
PR	<u>3,638,000</u>	<u>3,906,500</u>	<u>3,906,500</u>	<u>3,906,500</u>	<u>3,906,500</u>	<u>268,500</u>	7.4
TOTAL	\$137,575,000	\$142,028,300	\$141,448,800	\$141,448,800	\$141,448,800	\$3,873,800	2.8%

FTE Position Summary						
Fund	2006-07 Base	2008-09 Governor	2008-09 Jt. Finance	2008-09 Legislature	2008-09 Act 20	Act 20 Change
						Over 2006-07 Base
GPR	768.17	768.17	758.17	758.17	758.17	- 10.00
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	787.97	787.97	777.97	777.97	777.97	- 10.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$4,065,300
PR	<u>268,500</u>
Total	\$4,333,800

Governor/Legislature: Provide standard adjustments totaling \$2,029,600 GPR and \$127,800 PR in 2007-08 and \$2,035,700 GPR and \$140,700 PR in 2008-09. Adjustments are for: (a) full funding of continuing position salaries and fringe benefits (\$2,122,400 GPR and \$112,800 PR annually); (b) turnover reduction (-\$110,100 GPR annually); (c) full funding of lease costs (\$17,300 GPR and \$2,800 PR in 2007-08 and \$23,400 GPR and \$2,800 PR in 2008-09); and (d) funding of position reclassifications (\$12,200 PR in 2007-08 and \$25,100 PR in 2008-09).

2. MEMBERSHIP DUES APPROPRIATION

GPR	\$119,500
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Governor: Provide \$53,100 in 2007-08 and \$66,400 in 2008-09 for legislative organization membership dues. Organizations include the National Conference of State Legislatures and the National Conference of Commissioners on Uniform State Laws. Base funding for membership

dues is \$148,300 annually.

Assembly: Reduce the legislative membership dues appropriation associated with payments to the National Conference of State Legislatures (NCSL) by \$166,200 in 2007-08 and \$179,500 in 2008-09. The funding reduction represents the estimated NCSL dues for the 2007-09 biennium.

Conference Committee/Legislature: Delete Assembly provision.

3. AUDIT OF THE STATE CRIME LABORATORIES

Governor: Require the Legislative Audit Bureau to conduct an audit of the state crime laboratories in the Department of Justice regarding the management of the deoxyribonucleic acid (DNA) analysis and data bank. Require that the audit include the management of cases, the type of screening done on cases, and how priority is determined for the analysis of samples. Specify that the report be completed by June 30, 2008.

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

4. ELIMINATE REVISOR OF STATUTES BUREAU

	Funding Positions	
GPR	- \$594,500	- 10.00

Joint Finance/Legislature: Eliminate the Revisor of Statutes Bureau effective December 31, 2007. Delete \$925,400 in 2008-09 and 10.0 positions annually associated with the Revisor of Statutes Bureau. Specify that no monies may be expended from the appropriation after June 30, 2008.

Transfer the Revisor of Statutes Bureau's duties and responsibilities associated with the Wisconsin Statutes, Administrative Code and the Wisconsin Administrative Register to the Legislative Reference Bureau. Eliminate the requirement that the Revisor of Statutes Bureau employ individuals in the classified service, and supervise and train the personnel assigned to the Revisor. Delete statutory provisions related to the Revisor of Statutes attendance at specific committee meetings, and regional and national conferences. Eliminate the requirement that the Revisor of Statutes Bureau pay the expenses of attendance at meetings of members of the Commission on Uniform State Laws who are appointed by the Governor.

Provide \$111,100 in 2007-08 and \$219,800 in 2008-09 and create 2.0 unclassified positions, beginning in 2007-08, in the Legislative Reference Bureau. Delete 1.0 position annually in the Legislative Council as designated by the Director of the Legislative Council Staff in lieu of transferring functions of the Revisor of Statutes Bureau to the Legislative Council staff. Delete 1.0 position annually in the Senate as designated by the Senate Chief Clerk.

Specify that if requested by any person who holds an attorney position at the Revisor of Statutes Bureau, the Chief of the Legislative Reference Bureau will interview the person to fill an attorney position at the Reference Bureau. Specify that if requested by any person who holds a publications editor position at the Revisor of Statutes Bureau, the Chief of the Reference Bureau will interview the person to fill a publications editor position at the Reference Bureau. Require that the Chief of the Reference Bureau offer employment at the Reference Bureau,

beginning on or before December 31, 2007, to one person who holds an attorney position and one person who holds a publications editor position at the Revisor of Statutes Bureau. Specify that those employees holding positions in the classified service at the Revisor of Statutes Bureau who have achieved permanent status in class and are offered and accept an unclassified position in the Legislative Reference Bureau, retain, while serving in the unclassified service at the Legislative Reference Bureau, those protections afforded employees in the classified service relating to demotion, suspension, discharge, layoff or reduction in base pay. Further, specify that the attorney position also has reinstatement privileges, and that the editor position has reinstatement privileges and restoration rights to the classified service.

[Act 20 Sections: 3d thru 3t, 9q, 9r, 14d thru 14t, 17be thru 17xr, 128m, 167e, 174e, 558d thru 558t, 619m, 635m, 726b thru 726t, 727c thru 727s, 2143m, 2650e, 2650r, 2768e, 2768r, 2993m, 2997be thru 2997ze, 3082e, 3082r, 3707p, 3778m, 9130(1f), and 9430(1f)]

5. ACTUARIAL STUDY

GPR	\$15,000
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Joint Finance/Legislature: Provide \$15,000 GPR in 2007-08 to the Joint Legislative Council contractual studies appropriation for an actuarial opinion on 2007 Senate Bill 19 or 2007 Assembly Bill 43, and amendments to either bill, relating to creditable military service under the Wisconsin Retirement System. Request the Joint Survey Committee on Retirement Systems to contract for an actuarial opinion on 2007 SB 19 or AB 43.

[Act 20 Section: 9130(1d)]

6. LEGISLATURE GIFTS AND GRANTS APPROPRIATION

Senate: Create a continuing program revenue appropriation under the Legislature for the receipt and expenditures for gifts and grants by either the Senate or Assembly. Under the appropriation, funds could be expended for the purpose for which the donor specified. The intent of the provision is to allow support of the Senate Scholars Program.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

7. LEGISLATIVE LAPSE REQUIREMENT

GPR-Lapse	\$6,305,600
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Assembly/Legislature: Require the Co-chairs of the Joint Committee on Legislative Organization (JCLO) to ensure that an amount equal to \$6,305,600 over the 2007-09 biennium is lapsed to the general fund (\$3,561,000 in 2007-08 and \$2,744,600 in 2008-09). When combined with the elimination of the Revisor of Statutes Bureau (contained in the Joint Committee on Finance version of SB 40, \$111,100 GPR in 2007-08 and -\$705,600 GPR in 2008-09 and -10.0 GPR positions annually), the Legislature's budget (base budget plus standard budget adjustments) would be reduced by the equivalent of 5% annually (\$3,449,900 in 2007-08 and \$3,450,200 in 2008-09).

[Act 20 Section: 9130(4v)]

8. REQUIRED SIX-YEAR REVIEW OF ADMINISTRATIVE RULES

Assembly: Specify that every agency that has promulgated administrative rules must determine which of these rules has been in effect for six years before the effective date of the bill without being modified or revised. Specify that each agency must submit a notice to the Chief Clerk of each house of the Legislature regarding these rules. Further, when any other rule has been in effect for six years without being modified or revised, the agency that promulgated the rule must submit a notice to the Chief Clerk of each house of the Legislature regarding the rule. Specify that the notice include the rule's identifying name and number, the date it was promulgated and last modified or revised, if appropriate, and a brief description of the subject matter of the rule.

Require that the presiding officer of each house of the Legislature, within 10 working days following the day on which a notice is received, direct the appropriate Chief Clerk to refer the notice to one standing committee. Upon receipt of notice that a rule has been referred to a committee, the chairperson of the committee must notify, in writing, each committee member of the referral. If the chairperson of the committee does not notify the head of the agency that the committee has scheduled a meeting for the purpose of reviewing the rule within 14 working days after the date of the notification, the rule continues in effect. If, however, within 14 working days after the date of the notification, the chairperson of the committee notifies the head of the agency that the committee has scheduled a meeting for the purpose of reviewing the rule, the committee may schedule a meeting to discuss the rule.

Specify that a committee may be convened upon the call of its chairperson to review a rule. A committee may hold a public hearing to review a rule. Specify that the committee review period for each committee extends for 30 days after referral. If the chairperson of a committee takes either of the following actions within the 30-day period, the committee review period for that committee is continued for 30 days from the date on which the first 30-day review period would have expired: (a) requests in writing that the agency meet with the committee to review the rule; or (b) publishes or posts notice that the committee will hold a meeting or hearing to review the rule and immediately sends a copy of the notice to the agency. Specify that if a committee in one house votes to object to and recommend suspension of a rule, the chairperson of the committee must immediately notify the chairperson of the committee to which the rule was referred in the other house. Upon receipt of the notice, the review period for the committee in the other house immediately ceases and no further action on the rule may be taken, but the committee in the other house may proceed to vote to object and recommend suspension of the rule.

If a committee has not concluded its jurisdiction over a rule before the next Legislature convenes, jurisdiction immediately ceases and, within 10 working days after that date, the presiding officer of the appropriate house must refer the rule to the appropriate standing committee. The committee review period that was interrupted by the loss of jurisdiction continues for the committee to which the rule is referred beginning on the date of referral.

Specify that a committee, by a majority vote of a quorum of the committee during the review period, may object to a rule and recommend that the rule be suspended if a change in

circumstances since enactment of the law upon which the rule is based makes the rule no longer necessary to accomplish the policy objective of that law.

Specify that when a standing committee objects to a rule and recommends that the rule be suspended, the committee must, within 30 days of the date of the objection, meet and take executive action regarding the introduction, in the committee's house of the Legislature, of a bill to support the objection and suspension of the rule. Further, the committee must introduce the bill within five working days after taking executive action in favor of introduction of the bill unless the bill cannot be introduced during the time period under the joint rules of the Legislature.

Conference Committee/Legislature: Delete provision.

9. JOINT COMMITTEE ON STATE MANDATES

Assembly: Include the provisions of 2007 Assembly Bill 350 which would create a legislative Joint Committee on State Mandates. The committee would consist of three majority party and two minority party members from each house. At least one member of the majority party of each house who is appointed to the committee would also have to be a member of the Joint Committee on Finance.

Specify that that any bill placing a statutory requirement on a local governmental unit must be referred at once to the Joint Committee on State Mandates and the bill may not be considered further until the committee submits a report or 30 days have lapsed. If the committee's report concludes that the bill has a negative uncompensated fiscal effect on local governmental units, and the mandate is a wholly state-imposed mandate upon local governmental units, specify that the committee must offer an amendment to the bill appropriating funds to offset the cost of the mandate. Define "mandate" to exclude certain provisions and those that have minimal fiscal effect.

Additionally, specify that the Legislature may not enact a bill that imposes future state-imposed mandates unless they receive a hearing before the committee or are funded. If an enacted mandate is not funded, either upon passage or in the future, the mandate may not be enforced until it is funded. Require that a state agency may not promulgate a rule or take an action that imposes a mandate and that a state agency shall not take an action required by law if the action would impose a mandate, unless there is a sufficient amount to fund the mandate. Create a continuing GPR appropriation under DOA for state funding of mandates. Require that affected local governments are reimbursed annually for the approximate costs attributable to state-imposed mandates.

Direct the Legislative Fiscal Bureau, by January 1, 2009, to identify all mandates for the committee, other than ones having a minimal fiscal effect. Require the committee to submit legislation repealing all mandates to each house of the Legislature. Require the committee to review and evaluate existing mandates. Specify that to carry out its duties, the committee may make investigations and hold hearings.

Conference Committee/Legislature: Delete provision.

10. PRINTING AND DISTRIBUTION OF THE STATUTES

Assembly: Include the provisions of 2007 Senate Bill 136 which would delete the automatic distribution of the Wisconsin Statutes to each of the officers identified below but provide that any of the officers may still receive a set of any edition of the statutes at state expense by making written application to the Department of Administration.

Currently, each of the following federal and state government officers receives one hardbound set of each edition of the Wisconsin Statutes: each member and member-elect of Congress from this state, each state senator, and each representative to the assembly. Currently, each of the following local government officers receives one softbound set of each edition of the Wisconsin Statutes: each county board chairperson, each county clerk, each city clerk, each town clerk, each village clerk, each sheriff, each county corporation counsel, each register of deeds, each coroner or medical examiner, each county treasurer, each county surveyor, each county human services or social services department director, and each county veterans' service officer. The distribution is paid for by the Legislature.

Conference Committee/Legislature: Delete provision.

11. LEGISLATIVE APPROVAL OF TRIBAL GAMING ESTABLISHMENTS

Assembly: Include the provisions of 2007 Assembly Bill 205 relating to requiring legislative approval to locate a gaming establishment on certain lands taken into trust for the benefit of Indian tribes. Specify that the Governor may not concur with a decision of the U.S. Secretary of the Interior that an Indian gaming establishment proposed to be located on off-reservation lands would be in the best interest of the Indian tribe and its members and would not be detrimental to the surrounding community, unless the Legislature first concurs in the determination by joint resolution. The provision would first apply to concurrences issued by the Governor on the effective date of the bill.

Conference Committee/Legislature: Delete provision.

LIEUTENANT GOVERNOR

Budget Summary							
Fund	2006-07 Base Year Doubled	2007-09 Governor	2007-09 Jt. Finance	2007-09 Legislature	2007-09 Act 20	Act 20 Change Over Base Year Doubled Amount	Percent
GPR	\$805,400	\$816,400	\$816,400	\$816,400	\$816,400	\$11,000	1.4%

FTE Position Summary						
Fund	2006-07 Base	2008-09 Governor	2008-09 Jt. Finance	2008-09 Legislature	2008-09 Act 20	Act 20 Change Over 2006-07 Base
GPR	4.00	4.00	4.00	4.00	4.00	0.00

Budget Change Item

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$11,000
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Governor/Legislature: Provide \$5,500 annually for full funding of continuing position salaries and fringe benefits.

LOWER FOX RIVER REMEDIATION AUTHORITY

Budget Summary							
Fund	2006-07 Base Year Doubled	2007-09 Governor	2007-09 Jt. Finance	2007-09 Legislature	2007-09 Act 20	Act 20 Change Over Base Year Doubled Amount	Percent
GPR	\$0	\$0	\$100,000	\$100,000	\$100,000	\$100,000	N.A.

FTE Position Summary
There are no state authorized positions for the Lower Fox River Remediation Authority.

Budget Change Item

1. CREATE AUTHORITY

GPR	\$100,000
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Joint Finance/Legislature: Provide \$100,000 GPR in 2007-08 and create a Lower Fox River Remediation Authority. Authorize the Authority to issue assessment bonds for eligible waterway improvement costs, which would generally include environmental investigation and remediation of the Fox River extending from Lake Winnebago to the mouth of the river in Lake Michigan, and including any portion of Green Bay in Lake Michigan containing sediments discharged from the River, as described in an administrative or judicial order or decree or an administrative or judicially approved agreement. A consenting landowner could submit an application to the Authority to request the Authority to issue bonds for eligible waterway improvement costs. The consenting landowner making application would have to agree to the levy of an assessment against affected property owned by the landowner for the bond repayment costs, costs of financing and associated administrative costs, fees, and reserves. The Authority would calculate the amount of the assessment and levy the assessment on the consenting landowner. The landowner would pay the assessment to the Authority. The Authority would use the assessment to repay the bonds and associated costs. The state would not be liable for the Authority's bonds, and the bonds would not be debt of the state.

Definitions. The following definitions would be created.

a. "Affected property" means real property in this state that is owned by a person who, with respect to the property, is responsible for waterway improvement costs due to discharges from the property into the Fox River extending from Lake Winnebago to the mouth of the river in Lake Michigan, and including any portion of Green Bay in Lake Michigan containing sediments discharged from the Fox River.

b. "Authority" means the Lower Fox River Remediation Authority.

c. "Board" means the Board of Directors of the Authority.

d. "Bond" means any bond, note or other obligation of the Authority issued under this provision, including any refunding bond.

e. "Bond resolution" means a resolution of the Board authorizing the issuance of, or providing terms and conditions related to, bonds issued under this provision and includes, where appropriate, any trust agreement or trust indenture providing terms and conditions for the bonds.

f. "Consenting landowner" means a person who owns affected property, or a parent or subsidiary of such a person, who requests the Authority to issue bonds for waterway improvement costs, and who consents to the levy of an assessment on the affected property.

g. "Waterway improvement" means any of the following environmental actions, taken under an administrative or judicial order or decree or an administrative or judicially approved agreement, related to discharges into the Fox River: (1) determining if a discharge occurred, whether the discharge poses a significant threat to human health and the environment, or whether additional remedial actions may be required with respect to the discharge; (2) conducting a feasibility study; (3) planning for remedial action or removal; and (4) conducting remedial action or removal.

h. "Waterway improvement costs" means the costs of waterway improvements and any of the following: (1) the reasonable cost of financing and associated administrative costs incurred by the Authority; (2) the fees and charges imposed by the Authority or by others in connection with the financing; and (3) a reserve for payment of the principal of and interest on the bonds.

Creation and Organization. Create a public body politic and corporate to be known as the "Lower Fox River Remediation Authority". The Board of Directors of the Authority would consist of seven members nominated by the Governor, and with the advice and consent of the Senate appointed for staggered seven-year terms. The term of one of the initial members would expire on June 30 of each year between 2009 and 2015. Members would be residents of the state, and not more than four may be members of the same political party. The members of the Board of Directors of the Authority would be appointed to seven-year terms with one expiring on each June 30. Each member's appointment would remain in effect until a successor is appointed. Annually, the Governor would appoint one member as chairperson and the Board would elect one member as vice chairperson.

The Board would appoint an executive director and may appoint an associate executive

director who would not be members of the Board and who would serve at the pleasure of the Board. They would receive such compensation as the Board fixes, except that the compensation of the executive director would not exceed the maximum of the salary range established for positions assigned to executive salary group 4 and the compensation of each other employee of the Authority would not exceed the maximum of the salary range established for positions assigned to executive salary group 3. The executive director or associate executive director or other person designated by resolution of the Board of Directors would keep a record of the proceedings of the Authority and be custodian of all books, documents and papers filed with the Authority, and its official seal. The executive director or associate executive director or other person may cause copies to be made of all minutes and other records and documents of the Authority and may give certificates under the official seal of the Authority to the effect that such copies are true copies, and all persons dealing with the Authority may rely upon such certificates.

Four members of the Board would constitute a quorum. The affirmative vote of a majority of all the members of the Board would be necessary for any action taken by the Authority. A vacancy in the membership of the Board of Directors would not impair the right of a quorum to exercise all of the rights and perform all the duties of the Authority. Each meeting of the Board would be open to the public. Notice of meetings, or waivers thereof, would be as provided in the bylaws of the Authority. Resolutions of the Authority need not be published or posted. The Authority may delegate by resolution to one or more of its members or its executive director such powers and duties as it deems proper.

The members of the Board would receive no compensation for the performance of their duties as members, but each member would be reimbursed for actual and necessary expenses while engaged in the performance of the member's duties.

It would not be a conflict of interest or violation of this provision for a trustee, director, officer or employee of a consenting landowner or for a person having the required favorable reputation for skill, knowledge and experience in state and municipal finance or for a person having the required favorable reputation for skill, knowledge and experience in the field of environmental remediation to serve as a member of the Board of Directors of the Authority. If in each case to which the previous point is applicable, the trustee, director, officer or employee of the consenting landowner would abstain from discussion, deliberation, action and vote by the Authority in specific respect to any undertaking in which the consenting landowner has an interest, or the person having the required experience in state and municipal finance would abstain from discussion, deliberation, action and vote by the Authority in specific respect to any sale, purchase or ownership of bonds of the Authority in which any business of which such person is a participant, owner, officer or employee has a past, current or future interest, or such person having the required experience in the field of environmental remediation would abstain from discussion, deliberation, action and vote by the Authority in specific respect to construction or acquisition of any project of the Authority in which any business of which such person is a participant, owner, officer or employee has a past, current or future interest.

Any employee of the Authority shall be exempt from subch. II of ch. 230 of the statutes

(relating to civil service requirements), except s. 230.40 (relating to prohibiting certain political activity on the job) would apply.

Powers of the Authority. The Authority would have all the powers necessary or convenient to carry out and effectuate the purposes of the provision. In addition, the Authority may do any of the following: (a) adopt bylaws, policies and procedures for the regulation of its affairs and the conduct of its business; (b) adopt an official seal and alter it at pleasure; (c) maintain an office; (d) sue and be sued in its own name, plead and be impleaded; (e) enter into any contracts that are necessary or useful for the conduct of its business; (f) employ or contract for attorneys, accountants and financial experts and any other employees and agents as it finds necessary and fix their compensation; (g) appoint any technical or professional advisory committees that the Authority finds necessary, define the duties of any committee, and provide reimbursement of the expenses of the committee; (h) accept contributions or grants in money, property, labor or other things of value and, comply with any restrictions on the use of the contribution or grant; (i) obtain, or aid in obtaining, from any department or agency of the United States or of this state or any private company, any insurance or guaranty concerning the payment or repayment of, all or part of the interest or principal, or both, on any bond issued under this provision; and (j) to enter into any agreement, contract or any other instrument with respect to that insurance or guaranty, to accept payment in the manner and form provided therein in the event of default in payment of the bonds and to assign the insurance or guaranty as security for the Authority's bonds.

Expenses. All expenses of the Authority would be payable solely from funds provided to the Authority, and no liability may be incurred by the Authority beyond the extent to which moneys have been provided under this provision.

Provide \$100,000 GPR in 2007-08 in a biennial appropriation for the establishment and initial costs of the Authority. The Authority would use the appropriation for the purposes of meeting the necessary expenses of initial organization and operation of the Authority. Any funds spent from the initial costs appropriation would be assessed to, and apportioned among, consenting landowners in an equitable manner, and the Authority would repay the initial costs to the Department of Administration for deposit in the general fund. Ongoing operational and management costs would be assessed to and apportioned among consenting landowners in an equitable manner, in connection with the Authority's initial bond issues, as the Authority may determine.

Application for Bond Issuance. One or more owners of affected property may apply to the Authority for the issuance of bonds to finance all or a portion of the waterway improvement costs associated with the affected property. The application would have to include all of the following: (a) a copy of an administrative or judicial order or decree or an administrative or judicially approved agreement that imposes financial responsibility for a waterway improvement on the applicant or applicants; (b) an acknowledgement by the applicant or applicants that the waterway improvement will confer a benefit on the affected property; (c) the consent of the applicant or applicants to the levy of an assessment by the Authority on the

affected property; and (d) a waiver by the applicant or applicants of any requirement for notice and hearing and of any right to oppose the levy of the assessments. An applicant may recommend to the Authority an underwriter for the bonds issued to finance all or a portion of the waterway improvement costs.

Approval of Application and Issuance of Bonds. The Board may approve an application for issuance of bonds if it complies with the submission of the required information, and if the Authority makes a determination that the waterway improvement will last for many years and will result in long-term benefits to this state. The Authority may issue bonds to finance all or a portion of the waterway improvement to which an approved application applies.

The Authority would be required to notify the Department of Natural Resources (DNR) of its action on an application at the same time it notifies the applicant or applicants.

All of the Authority's bonds would be negotiable for all purposes, notwithstanding their payment from a limited source. The Authority shall employ the Building Commission as its financial consultant to assist and coordinate the issuance of bonds of the Authority.

The bonds of each issue would be payable solely out of a special fund into which would be deposited the assessments calculated by the Authority, and levied by the Authority against the affected property of consenting landowners.

The bonds may be issued as serial bonds or as term bonds, or the Authority may issue bonds of both types. The bonds shall be authorized by a bond resolution of the Authority and shall bear such dates, mature at such times not exceeding 30 years from their respective dates of issue, bear interest at such rates, fixed or variable, be payable at such times, be in such denominations, be in fully registered form, carry such registration and conversion privileges, be executed in such manner, be payable in lawful money of the United States at such places, and be subject to such terms of redemption as the bond resolution provides. The bonds shall be executed by the manual or facsimile signatures of such officers of the Authority as it designates. The bonds may be sold at public or private sale for such price and in such manner and from time to time as the Authority determines.

Any bond resolution may contain provisions, which would be a part of the contract with the holders of the bonds to be authorized, as to: (a) the setting aside of reserves or sinking funds, and the regulation, investment and disposition thereof; (b) limitations on the purpose to which or the investments in which the proceeds of sale of any issue of bonds then or thereafter to be issued may be applied; (c) the refunding of outstanding bonds; (d) the procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds the holders of which must consent thereto and the manner in which such consent may be given; (e) defining the acts or omissions to act which shall constitute a default in the duties of the authority to holders of its obligations, and providing the rights and remedies of such holders in the event of a default; and (f) any other matters relating to the bonds which the Authority deems desirable.

Neither the members of the Board nor any persons executing the bonds are liable personally for the bonds or subject to any personal liability or accountability by reason of the issuance of the bonds.

The Authority would pay the net proceeds of bonds issued under the provision to the entity to which moneys for waterway improvements are required to be paid by the administrative or judicial order or decree or administratively or judicially approved agreement. The entity would only be allowed to use the bond proceeds for eligible waterway improvement costs. If the actual waterway improvement costs to be paid from the Authority's bonds are less than the assessments levied by the Authority, the entity would return the excess to the Authority.

Assessments. Before the Authority issues bonds, the Authority would calculate the amount to be assessed against the affected property of consenting landowners whose application for issuance of bonds is approved. The Authority would levy the assessment on the affected property of the consenting landowner. The consenting landowner would pay the assessment to the Authority. The assessment is a lien against the affected property. The Authority would be required to record the lien of assessment with the County Register of Deeds.

The assessment levied on affected property of consenting landowners would be required to be sufficient to do all the following: (a) pay the share of the administrative costs of the Authority that is allocated to the bond issue; (b) pay the costs of any financial and legal services incurred by the Authority and other item of direct or indirect cost that may reasonable be attributed to processing the application, issuing the bonds, and imposing the assessment on the affected property; (c) pay the principal of, the premium, if any, and the interest on outstanding bonds of the Authority issued to finance waterway improvement costs as they become due and payable; and (d) create and maintain reserves which may, but need not, be required or provided for in the bond resolution relating to such bonds of the Authority.

If the Authority assesses more than one consenting landowner in connection with a bond issue, it would determine the amount to be assessed on the affected property of each consenting landowner in a manner that would be consistent with the administrative or judicial order or decree or administrative or judicially approved agreement that describes the waterway improvement. In making a determination of the amount to be assessed, the Authority would consider such factors as present and past capacity for discharges, estimates of actual discharges, the degree of toxicity and water quality characteristics of past and present discharges, involvement in the generation, treatment, transportation, storage or disposal of discharged substances, degree of care exercised in reducing discharges, and the amount of impervious surface on a property. The Authority would also have to make a determination that the waterway improvement will last for many years and result in long-term benefits to this state.

Before finalizing its determination of the amount of an assessment to be levied on affected property, the Authority would pass a preliminary resolution declaring its intention to do so. The resolution would include a general description of the contemplated purpose of the

assessment, a description of the affected property proposed to be assessed, the number of installments in which the assessments may be paid, or a statement that the number of installments will be determined at the hearing required under this section, and a direction to an officer or employee of the Authority to make a report on the proposal.

The report required by the preceding paragraph would consist of: (a) a reference to the agreement or order that describes the waterway improvement; (b) a schedule of the proposed assessments; and (c) an estimate, as to each parcel of affected property, of the assessment to be levied. The officer or employee of the Authority making the report would file a copy of the report with the Authority for public inspection.

After completion and filing of the report required above, the Authority would prepare a public notice describing: (a) the proposed parcels of affected property to be assessed; (b) the place and time at which the report may be inspected; and (c) the place and time at which all interested persons, or their agents or attorneys, may appear before the Authority and be heard concerning the matters contained in the preliminary resolution and the report. The Authority would publish the notice as a class 1 notice, under ch. 985 of the statutes. The hearing concerning the levying of the proposed assessment would commence not less than 10 days and not more than 40 days after publication of the notice.

After the hearing about the levying of an assessment, the Authority may approve, disapprove or modify the report, or it may refer the report to the designated officer or employee of the Authority with directions to change the assessments to accomplish a fair and equitable assessment. After approving the report, the Authority would adopt a resolution approving the amount of the assessments, authorizing the issuance of bonds, and directing that the net proceeds of its bonds be transferred to the entity to which moneys are required to be paid by the administrative or judicial order or decree or administratively or judicially approved agreement. The Authority would publish the final resolution as a class 1 notice, under ch. 985 of the statutes. After the final resolution is published, the Authority would levy the assessments and issue the bonds.

If the actual waterway improvement costs to be paid from the Authority's bonds are found to vary materially from the estimates, if any assessment is void or invalid, or if the Board decides to reopen and reconsider any assessment, it may, after publishing a class 1 notice, under ch. 985 of the statutes, adopt a resolution amending, canceling or confirming the prior assessment. If an assessment is amended to provide for the refunding of bonds, all direct and indirect costs reasonably attributable to the refunding of the bonds may be included in the amended assessment. If the actual waterway improvement costs to be paid from the Authority's bonds are less than the assessments levied, the Authority could use unspent bond proceeds to pay a portion of the outstanding bonds, and then would reduce each assessment proportionately.

After the 90th day after the date on which a bond is issued, the bond is conclusive evidence of the legality of all proceedings up to and including the issue of the bond and is prima facie evidence of the proper application of the proceeds of the bond.

Bond Security. The Authority may enter into a trust agreement or trust indenture between the Authority and one or more corporate trustees, which may be any trust company or bank having the powers of a trust company. The bond resolution providing for the issuance of bonds shall pledge the assessments to be received by the Authority with respect to the bonds referred to in the resolution. The pledge is valid and binding from the time that the resolution is adopted. The revenues pledged are immediately subject to the lien of the pledge without any physical delivery or any further act. The lien is valid and binding as against all persons having claims in tort, contract, or otherwise against the Authority, irrespective of whether the persons have notice of the lien. Neither the bond resolution nor any financing statement, continuation statement, or other instrument by which a pledge is created or by which the Authority's interest in revenues is assigned need be filed or recorded in any public records in order to perfect the lien of the pledge as against third parties, except that the Authority would file a copy of the instrument in the records of the Authority and with the Department of Financial Institutions.

A bond resolution could: (a) contain such provisions for protecting and enforcing the rights and remedies of the bondholders as are reasonable and proper and not in violation of law; restrict the individual right of action by bondholders; and (c) contain any other provisions that are determined by the Board to be reasonable and proper for the security of the bondholders.

Refunding Bonds. The Authority may issue bonds to refund any outstanding bond of the Authority, including the payment of any redemption premium on the outstanding bond or indebtedness and any interest accrued or to accrue to the earliest or any subsequent date of redemption, purchase, or maturity. The Authority may apply the proceeds of the bonds issued to refund or refinance any outstanding bond to the purchase or retirement at maturity or redemption of the outstanding bond either on the earliest or any subsequent redemption date, upon purchase, or at the maturity of the bond. The Authority may, pending application of the proceeds, place the proceeds in escrow to be applied to the purchase, retirement at maturity, or redemption of any outstanding bond at any time.

If the Authority determines that it is necessary to amend the prior assessments in connection with the issuance of refunding bonds under this section, it may reconsider and reopen the assessments. If the assessments are amended, the refunding bonds shall be secured by, and be payable from, the assessments as amended. If the assessments are amended, all direct and indirect costs reasonably attributable to the refunding of the bonds may be included in the cost of the waterway improvements being financed.

All refunding bonds issued under this provision would be subject to this provision in the same manner and to the same extent as other bonds issued pursuant to this provision.

Bonds not Public Debt. The state is not liable for bonds of the Authority, and the bonds are not a debt of the state. Each bond of the Authority would contain a statement to this effect on the face of the bond. The issuance of bonds under this provision would not, directly or indirectly or contingently, obligate the state or any political subdivision thereof to levy any form of taxation therefore or to make any appropriation for their payment. The Authority has no

power to pledge its full faith and credit to the payment of bonds authorized under this provision.

Nothing in this provision authorizes the Authority to create a debt of the state, and all bonds issued by the Authority under this provision are payable, and shall state that they are payable, solely from the special fund containing the assessments and other amounts pledged for their payment in accordance with the bond resolution authorizing their issuance or in any trust agreement or trust indenture entered into to provide terms and conditions for the bonds. The state would not in any event be liable for the payment of the principal of or interest on any bonds of the Authority or for the performance of any pledge, obligation or agreement which may be undertaken by the Authority. No breach of any such pledge, obligation or agreement may impose any pecuniary liability upon the state or any charge upon its general credit or against its taxing power.

State Pledge. The state pledges to and agrees with the holders of any obligations issued under this provision, and with persons that enter into contracts with the Authority under this provision, that the state will not limit or alter the rights vested in the Authority before the Authority has fully met and discharged the bonds, including any interest due on the bonds, and has fully performed its contracts, unless adequate provision is made by law for the protection of the bondholders or persons entering into contracts with the Authority.

Trust Funds. All moneys received by the Authority, whether as proceeds from the sale of bonds or as assessments or fees, shall be deemed to be trust funds to be held and applied solely as provided in this provision. Any officer with whom, or any bank or trust company with which, such moneys are deposited would act as trustee of such moneys and would hold and apply the same for the purposes of this provision, subject to any regulations as this provision and the bond resolution authorizing the bonds of any issue provide.

Rights of Bondholders. Any holder of bonds issued under this provision or a trustee under a trust agreement, trust indenture, indenture of mortgage or deed of trust entered into under this provision may, by any suitable form of legal proceedings, protect and enforce any rights under the laws of this state or granted by the bond resolution, except to the extent that their rights are restricted by the bond resolution. These rights include: (a) the right to compel the performance of all duties of the Authority required by this provision or the bond resolution; (b) to enjoin unlawful activities; and (c) in the event of default with respect to the payment of any principal of, and the premium, if any, and interest on any bond or in the performance of any covenant or agreement on the part of the authority in the bond resolution, with full power to pay, and to provide for payment of, principal of and premium, if any, and interest on the bonds, and with the powers, subject to the direction of the court, as are permitted by law and are accorded receivers, excluding any power to pledge additional revenues of the Authority to the payment of such principal, premium and interest.

Investment of Funds. The Authority may invest funds in any of the following: (a) bonds, notes, certificates of indebtedness, treasury bills, or other securities constituting direct obligations of, or obligations the principal and interest of which are guaranteed by, the United

States; (b) certificates of deposit or time deposits constituting direct obligations of any bank that are insured by the federal deposit insurance corporation; (c) certificates of deposit constituting direct obligations of any credit union that are insured by the national board, as defined in s. 186.01(3m); (d) certificates of deposit constituting direct obligations of any savings and loan association or savings bank that are insured by the federal deposit insurance corporation; (e) short-term discount obligations of the federal national mortgage association; or (f) any of the investments provided under s. 66.0603(1m)(a) of the statutes. Any such securities may be purchased at the offering or market price thereof at the time of such purchase.

The notes and bonds of the Authority are securities in which all public officers and bodies of this state and all political subdivisions and public officers thereof, all banks, trust companies, savings banks and institutions, savings and loan associations, investment companies, and all personal representatives, guardians, trustees and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control.

Reports and Records. The Authority would keep an accurate account of all its activities and of all its receipts and expenditures, and would annually in January make a report thereof to the Governor and the chief clerk of each house of the Legislature, for distribution to the Legislature under s. 13.172(2) of the statutes. The reports shall be in a form approved by the State Auditor. The State Auditor may investigate the affairs of the Authority, may examine the properties and records of the Authority, and may prescribe methods of accounting and the rendering of periodical reports in relation to activities undertaken by the Authority.

The Authority, annually on January 15, shall file with the Department of Administration and the Joint Legislative Council, a complete and current listing of all forms, reports and papers required by the Authority to be completed by any person, other than a governmental body, as a condition of obtaining the approval of the Authority or for any other reason. The Authority shall attach a blank copy of each such form, report or paper to the listing.

Other Provisions. The Authority would be subject to or exempt from a range of statutes and regulations, including the following: (a) the Authority would be subject to state laws regulating lobbying activities; (b) the Authority would be included among the entities to which the Legislative Fiscal Bureau has access, including any books, records, or other documents maintained by the Authority relating to its expenditures, revenues, operations, and structure; (c) the Secretary of the Department of Administration (DOA) and his or her designated employees could enter the Authority's office and examine its books and accounts and any other matters that in the Secretary's judgment should be examined, and interrogate the Authority's employees publicly or privately relative thereto; (d) the Authority would not be subject to requirements for state agencies related to surveillance of state employees; (e) the Authority, its officers, and employees would be required to cooperate with the DOA Secretary, and assist the Secretary in preparing the state budget report and budget bill as the Secretary or Governor may request, and, upon request, provide the Secretary such information concerning anticipated revenues and expenditures as the Secretary requires for effective control of state finances; (f) the Authority would be subject to certain provisions of state law regarding accounting, purchasing

and bidding, including requirements with respect to nondiscriminatory contracting practices; (g) the Authority would be subject to requirements related to dual employment of individuals by state agencies and authorities; (h) the employees and members of the Board of Directors would be required to file ethics disclosure forms; (i) the Authority would not be included in the definition of a "state agency" for the purpose of purchase of alternative fuels, applicability of resource recycling and recovery programs, and removal of ozone-depleting refrigerant; (j) the Authority would not be included in the definition of a "state agency" for requirements related to making purchases and awarding contracts to the low bidder; (k) the Authority would be included in the requirements that state agencies must follow related to hiring of employees; (L) the Authority would be included in state open records and open meetings laws; and (m) the Authority would not be included in the definition of a "state agency" for purposes of the Wisconsin retirement system.

[Act 20 Sections: 7b, 10b, 18, 20b, 69b thru 71p, 76b, 76m, 80b, 81b, 86b, 89b, 90b, 92b, 100b, 101k, 101L, 102e, 103g thru 111b, 115b, 116b, 158e, 305g, 2634b, 3004b, 3070p, and 9135(2u)]

LOWER WISCONSIN STATE RIVERWAY BOARD

Budget Summary							
Fund	2006-07 Base Year Doubled	2007-09 Governor	2007-09 Jt. Finance	2007-09 Legislature	2007-09 Act 20	Act 20 Change Over Base Year Doubled Amount	Percent
SEG	\$341,000	\$373,800	\$373,800	\$373,800	\$373,800	\$32,800	9.6%

FTE Position Summary						
Fund	2006-07 Base	2008-09 Governor	2008-09 Jt. Finance	2008-09 Legislature	2008-09 Act 20	Act 20 Change Over 2006-07 Base
SEG	2.00	2.00	2.00	2.00	2.00	0.00

Budget Change Item

1. STANDARD BUDGET ADJUSTMENTS

SEG	\$32,800
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Governor/Legislature: Provide \$16,400 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	2006-07 Base Year Doubled	2007-09 Governor	2007-09 Jt. Finance	2007-09 Legislature	2007-09 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$14,972,800	\$17,514,100	\$15,014,100	\$15,014,100	\$15,014,100	\$41,300	0.3%
PR	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>0</u>	0.0
TOTAL	\$15,472,800	\$18,014,100	\$15,514,100	\$15,514,100	\$15,514,100	\$41,300	0.3%

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.</p>

Budget Change Items

1. TRANSLATIONAL RESEARCH PROGRAM [LFB Paper 185]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$2,500,000	-\$2,500,000	\$0

Governor: Provide \$2,500,000 in 2008-09 to the Medical College of Wisconsin (MCW) for a translational research program. Define translational research as the transfer of knowledge gained from basic research to new and improved methods of preventing, diagnosing, or treating disease, as well as the transfer of clinical insights into hypotheses that can be tested and validated in a basic research laboratory. Specify that MCW could not use these moneys to supplant funds available for translational research from other sources. Require MCW to report annually to the appropriate standing committees of the Legislature and the Governor on the research projects conducted under this program in the previous fiscal year.

Joint Finance/Legislature: Delete provision.

2. DEBT SERVICE REESTIMATE [LFB Paper 175]

GPR	\$41,300
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Governor/Legislature: Reestimate debt service costs by -\$85,600 in 2007-08 and \$126,900 in 2008-09.

MILITARY AFFAIRS

Budget Summary							
Fund	2006-07 Base Year Doubled	2007-09 Governor	2007-09 Jt. Finance	2007-09 Legislature	2007-09 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$41,130,400	\$39,538,300	\$38,411,800	\$42,315,600	\$42,315,600	\$1,185,200	2.9%
FED	92,927,000	97,049,200	97,049,200	97,049,200	97,049,200	4,122,200	4.4
PR	10,945,600	11,370,400	11,370,400	11,370,400	11,370,400	424,800	3.9
SEG	<u>6,949,000</u>	<u>4,852,800</u>	<u>4,852,800</u>	<u>949,000</u>	<u>949,000</u>	<u>-6,000,000</u>	<u>-86.3</u>
TOTAL	\$151,952,000	\$152,810,700	\$151,684,200	\$151,684,200	\$151,684,200	-\$267,800	-0.2%

FTE Position Summary						
Fund	2006-07 Base	2008-09 Governor	2008-09 Jt. Finance	2008-09 Legislature	2008-09 Act 20	Act 20 Change Over 2006-07 Base
GPR	88.82	88.82	88.82	88.82	88.82	0.00
FED	243.35	243.35	243.35	243.35	243.35	0.00
PR	<u>45.74</u>	<u>45.74</u>	<u>45.74</u>	<u>45.74</u>	<u>45.74</u>	<u>0.00</u>
TOTAL	377.91	378.91	377.91	377.91	377.91	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide standard budget adjustments totaling \$343,000 GPR, \$2,061,100 FED, and \$212,400 PR, annually.

Adjustments are for: (a) turnover reduction (-\$90,200 GPR and -\$210,000 FED annually); (b) full funding of continuing salaries and fringe benefits (\$395,700 GPR, \$1,780,000 FED, and \$164,900 PR annually); (c) overtime (\$37,500 GPR, \$419,400 FED, and \$42,900 PR annually); and (d) night and weekend differential (\$71,700 FED and \$4,600 PR annually).

GPR	\$686,000
FED	4,122,200
PR	<u>424,800</u>
Total	\$5,233,000

2. DEBT SERVICE REESTIMATES [LFB Paper 175]

Governor/Legislature: Reestimate debt service costs related to National Guard facilities

GPR	\$870,700
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operated by the Department by \$389,200 in 2007-08 and \$481,500 in 2008-09. Base level funding for debt service is \$3,784,200 annually.

3. CONVERSION OF CERTAIN EMERGENCY MANAGEMENT PROGRAMS FROM THE GENERAL FUND TO THE TRANSPORTATION FUND [LFB Paper 765]

	Governor (Chg. to Base)	Legislature (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 raids (-\$19,000 GPR and \$19,000 SEG annually); and (e) emergency response team supplements (no associated funding). Specify that the new appropriations for regional emergency response teams, emergency response equipment grants, emergency response team training, civil air patrol raids, and emergency response team supplements be made from the transportation fund notwithstanding a current law provision that restricts the use of transportation fund revenues to a list of statutorily-enumerated transportation programs and functions.

This item is part of an initiative to convert several appropriations from the general fund to the transportation fund. A summary listing of these appropriations is shown in an item titled "Use of Transportation Fund Revenues for General Fund Purposes," which can be found under the Transportation Finance section of the Department of Transportation.

Senate: Delete \$1,951,900 SEG and provide \$1,951,900 GPR in 2008-09 to reflect the elimination, for the second year of the biennium, of provisions converting the funding for these appropriations from the general fund to the transportation fund.

Assembly/Legislature: Delete provision. Delete \$1,951,900 SEG annually and provide an equal amount of GPR annually to reflect this change.

4. MAJOR DISASTER ASSISTANCE PROGRAM [LFB Paper 525]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	-\$6,000,000	1.00	\$0	- 1.00	-\$6,000,000	0.00

Governor: Convert the Division of Emergency Management's major disaster assistance, petroleum inspection fund SEG annual appropriation to a continuing appropriation, and delete the entire \$3,000,000 annually in base expenditure authority. As a continuing appropriation, any amounts appropriated will not lapse back to the petroleum inspection fund at the end of a fiscal year, but instead will remain in the appropriation until expended. Provide 1.0 position under the appropriation to administer the major disaster assistance program.

Provide that the dollar amount for this appropriation be increased in 2007-08 by an amount equal to the unencumbered balance in the appropriation immediately before the lapse of any money remaining in the appropriation on June 30, 2007. The Governor indicates that the new position would be funded from unencumbered balances carried over from 2006-07.

Under 2005 Wisconsin Act 269, the state created a disaster assistance program to make payments to local units of government for governmental damages and costs incurred as the result of a major catastrophe. Act 269 created two appropriations to make disaster payments under the program to local units of government. A major disaster assistance GPR annual appropriation was created under DMA funded at \$0. In addition, a major disaster assistance SEG annual appropriation was also created under DMA funded at \$3 million SEG annually (from the petroleum inspection fund). The act did not provide funding or position authority to DMA to administer the program.

Joint Finance/Legislature: Provide that up to \$1,000,000 in unencumbered balances in the major disaster assistance, petroleum inspection fund SEG appropriation immediately before the lapse of any money remaining in the appropriation on June 30, 2007 (instead of the entire unencumbered balance), be provided to this converted SEG continuing appropriation in 2007-08. Delete 1.0 position under the appropriation to administer the program.

[Act 20 Sections: 507 and 9234(1)]

5. FUEL AND UTILITY COST INCREASES

GPR	\$715,000
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Governor/Legislature: Provide \$296,000 in 2007-08 and \$419,000 in 2008-09 for increased fuel and utility costs at agency facilities. Base level funding for agency energy costs is \$2,523,300.

6. UTILITY FUNDING FOR AIR BASES

GPR	\$40,000
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Governor/Legislature: Provide \$15,000 in 2007-08 and \$25,000 in 2008-09 for fuel and utility funding at the following new facilities: (a) a hanger expansion at Mitchell Field (Milwaukee); and (b) a munitions facility at Truax Field (Madison).

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

Governor: Effective July 1, 2008, specify that 1.0 existing classified attorney position and associated base level funding would be retained in DMA as a lead attorney. Provide that the Secretary of DOA would be authorized to designate this attorney position as DMA's lead attorney. [See "Administration -- Transfers to the Department".]

Joint Finance: Delete provision.

Senate: Approve the Governor's recommendation with the following modifications: (a) specify that the lead attorneys and the Division of Legal Services division administrator would be under classified service; and (b) exempt the Board on Aging and Long-Term Care, the Department of Military Affairs, and the Department of Public Instruction from the consolidation.

Assembly/Legislature: Delete provision.

8. REASSIGN EXECUTIVE POSITION TO NEW EXECUTIVE SALARY GROUP LEVEL [LFB Paper 606]

Governor: Reassign the executive salary group (ESG) classification of the Adjutant General from ESG 5 to ESG 6. Under current law, state agency executive positions are assigned to one of ten executive salary groupings. Under the state's biennial compensation plan, approved by the Joint Committee on Employment Relations, a minimum and maximum salary amount is established for each ESG level. Currently, the annual salary range for ESG 5 is from \$76,726 to \$118,926. The range for ESG 6 is from \$82,864 to \$128,441. The Governor's provision would affect other executive positions in a number of state agencies. [See "Office of State Employment Relations."]

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Section: 620]

9. NATIONAL GUARD TUITION GRANTS [LFB Paper 526]

GPR	-\$1,126,500
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Joint Finance/Legislature: Reestimate the amounts appropriated for National Guard Tuition Grants by -\$668,500 in 2007-08 and -\$458,000 in 2008-09 related to expected decreases in reimbursements due to increased tuition and fee remittance requirements at University of Wisconsin System and Wisconsin Technical College system institutions. 2005 Wisconsin Act 468 specifies that these institutions remit 100% of tuition and fees for eligible veterans as of the 2007-08 academic year. Previously these institutions were required to remit 50% of tuition and fees for eligible veterans.

[Act 20 Sections: 635q and 9334(2t)]

10. ELIMINATE VACANT GPR POSITIONS

Assembly: Delete \$180,600 and 4.24 positions annually associated with the salary and fringe benefits of GPR positions which have been vacant for 12 months or more.

Conference Committee/Legislature: Delete provision.

11. PRE-APPLICATION FOR TUITION GRANTS

Assembly/Legislature: Delete current law requirement that the Department of Military Affairs must require National Guard Tuition Grant participants to provide 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.

12. EMERGENCY RESPONSE TRAINING

Assembly: Delete \$700 annually from the emergency response training appropriation (an 8.8% reduction) to reflect the deletion of the proposed 35¢ per ton increase in the environmental repair tipping fee that is deposited in the environmental management account, in order to maintain a positive account balance. Funding from the environmental management account for this purpose would decrease from \$7,700 to \$7,000 annually. (See the entry under "DNR -- Air, Waste and Contaminated Land" for a list of all of the appropriations from the account that would be reduced by 8.8%.)

Conference Committee/Legislature: Delete provision.

MISCELLANEOUS APPROPRIATIONS

Budget Summary							
Fund	2006-07 Base Year Doubled	2007-09 Governor	2007-09 Jt. Finance	2007-09 Legislature	2007-09 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$228,566,600	\$261,800,100	\$261,696,300	\$286,850,300	\$286,850,300	\$58,283,700	25.5%
SEG	<u>55,391,400</u>	<u>92,198,400</u>	<u>79,782,000</u>	<u>70,729,000</u>	<u>70,729,000</u>	<u>15,337,600</u>	27.7
TOTAL	\$283,958,000	\$353,998,500	\$341,478,300	\$357,579,300	\$357,579,300	\$73,621,300	25.9%

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

Budget Change Items

1. OPERATING NOTE INTEREST AND ISSUANCE COSTS

GPR	\$23,625,000
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Governor/Legislature: Provide \$11,725,000 in 2007-08 and \$11,200,000 in 2008-09 for estimated interest costs on operating notes. In addition, provide \$350,000 annually for operating note issuance costs. The administration estimates operating notes of \$600,000,000 in each year. The funding reflects the size of the notes and anticipated interest rates during the biennium.

2. TRANSFER FROM THE PETROLEUM INSPECTION FUND TO THE TRANSPORTATION FUND

SEG	\$14,000,000
SEG-REV	\$14,000,000

Conference Committee/Legislature: Provide \$14,000,000 SEG in 2007-08 in the appropriation for making a transfer from the petroleum inspection fund to the transportation fund and increase transportation fund revenues by that amount to reflect the transfer. The base appropriation for making a transfer from the petroleum inspection fund to the transportation fund is \$6,321,700 annually. This item would increase the transfer to \$20,321,700 in 2007-08.

3. CONVERT GPR APPROPRIATION FOR NONPOINT POLLUTION ACCOUNT TO A TRANSPORTATION FUND APPROPRIATION [LFB Paper 765]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	-\$22,360,000	\$0	\$25,139,000	\$2,779,000
SEG	<u>26,399,400</u>	<u>- 3,346,400</u>	<u>- 23,053,000</u>	<u>0</u>
Total	\$4,039,400	-\$3,346,400	\$2,086,000	\$2,779,000

Governor: Reduce funding in a general fund appropriation for making an annual transfer to the environmental fund (for the nonpoint pollution account) by \$11,180,000 GPR annually, which eliminates all funding in that appropriation. This decrease reflects the sum of the following: (a) decreases of \$507,000 GPR in 2007-08 and \$453,600 GPR in 2008-09 to reflect a reestimate of base transportation fund revenues generated by the supplemental vehicle title fee, which is the basis for determining the amount of general fund revenue that is appropriated for the transfer; and (b) decreases of \$10,673,000 GPR in 2007-08 and \$10,726,400 GPR in 2008-09 to reflect the replacement of the GPR appropriation for making the environmental fund transfer with a transportation fund appropriation.

Provide \$12,773,000 SEG in 2007-08 and \$13,626,400 SEG in 2008-09 in a new transportation fund appropriation for making the annual transfer to the environmental fund. These amounts reflect the sum of the following: (a) funding of \$10,673,000 in 2007-08 and \$10,726,400 in 2008-09 to replace the estimated amount of general fund revenue that would otherwise be appropriated for making the transfer with transportation fund revenue; and (b) increases of \$2,100,000 in 2007-08 and \$2,900,000 in 2008-09 to reflect additional revenue that would be appropriated due to an increase in the supplemental title fee, from \$7.50 to \$9.50 (summarized in the Transportation Finance section of the Department of Transportation).

Although revenue generated by the supplemental vehicle title fee revenue is deposited in the transportation fund, under current law the appropriation that provides the amount generated by the fee to the nonpoint pollution account of the environmental fund is made from the general fund. This item would convert that GPR appropriation so that the transfer would be made from the transportation fund. The fiscal effects described in this item reflect the net effect of: (a) a reestimate of the supplemental title fee revenues that are used to determine the amount of the transfer appropriation; (b) the conversion of the appropriation from the general fund to the transportation fund; and (c) an increase in the supplemental title fee that results in an increase in the amount appropriated for making the transfer to the environmental fund.

Prohibit any moneys from being transferred to the environmental fund from the GPR appropriation after the effective date of the bill. Specify that if the effective date is after October 1, 2007 (the date on which the transfer is normally made), the Secretary of the Department of Administration shall make a transfer in 2007-08 from the transportation fund to the general fund equal to the amount that had been transferred from the GPR appropriation to the environmental fund in that fiscal year. Specify that the new appropriation for making a transfer to the environmental fund shall be made from the transportation fund notwithstanding a

current law provision that restricts the use of transportation fund revenues to a list of statutorily-enumerated transportation programs and functions.

The bill reflects the effect of the fee increase in the appropriation for making a transfer to the environmental fund in both years of the biennium. However, since the amount of the transfer (under current law and under the bill) is based on the revenue collected from the supplemental title fee in the prior fiscal year, the effect of the fee increase would not result in an increase to the environmental fund until 2008-09, one year after the fee increase takes effect. DOA indicates that the intent was to have the full amount of supplemental title fee revenues, including the amount attributable to the fee increase, transferred to the environmental fund in the same year that those revenues would be generated.

This item is part of an initiative to convert several appropriations from the general fund to the transportation fund. A summary listing of these appropriations is shown in an item titled "Use of Transportation Fund Revenues for General Fund Purposes," which can be found under the Transportation Finance section of the Department of Transportation.

Joint Finance: Reduce funding in the transfer appropriation by \$2,483,000 SEG in 2007-08 and \$863,400 SEG in 2008-09 to reflect a reestimate of the amount that would be transferred to the environmental fund under the provisions of the bill, to \$10,290,000 in 2007-08 and \$12,763,000 in 2008-09. This reestimate reflects updated estimates of the number of vehicle title transactions that are subject to the supplemental title fee and an adjustment to reflect that the increase to the supplemental title fee would not result in an increase in the transfer in 2007-08, since the transfer is based on title revenues generated in the prior year.

Senate: Increase funding in the transportation fund transfer appropriation by \$2,473,000 SEG in 2007-08 and decrease funding by \$12,763,000 SEG in 2008-09. Delete the SEG appropriation for making the transfer, effective July 1, 2008, and provide \$13,623,000 GPR in 2008-09 for making the transfer, to restore the current law arrangement for funding the nonpoint account, beginning in that year. For 2007-08, the increase reflects the effect of a change to how the amount of the transfer is determined. Under the Senate, the amount of the transfer for each year would be based on the amount of supplemental title fee revenue generated in that year, instead of the amount generated in the prior year. Therefore, the \$2.00 increase in the fee (effective October 1, 2007), included in the Governor's bill and maintained in the Senate, would result in an increase in the transfer, beginning in 2007-08. In 2008-09, the transportation fund appropriation for making the transfer would be eliminated and the current law GPR appropriation for making the transfer would be reestablished. The amount of the transfer in 2008-09 would be higher than under Joint Finance by \$860,000 due to the effect of the change to how the amount of the transfer is determined.

Assembly: Delete \$12,763,000 SEG in 2007-08 to reflect the elimination of the transportation fund appropriation for making the nonpoint account transfer. Provide \$14,040,000 GPR in 2007-08 and \$882,000 in 2008-09, to provide a total of \$14,040,000 in 2007-08 and \$14,505,000 in 2008-09 in the current law GPR appropriation for making the transfer.

Specify that the annual transfer shall be based on the amount of revenue generated by the supplemental title fee in the prior year (current law), plus \$3,750,000.

Conference Committee/Legislature: Delete current law provisions that base the transfer to the nonpoint account on the amount of revenue generated by the supplemental title fee. Instead, the transfer would be based on the amounts provided annually in the Chapter 20 appropriations schedule for that purpose. Delete \$2,526,000 GPR in 2007-08 and \$880,000 GPR in 2008-09 to provide for total transfers of \$11,514,000 in 2007-08 and \$13,625,000 in 2008-09.

[Act 20 Sections: 572c and 2542c]

4. AIRLINE AD VALOREM TAX HUB EXEMPTION -- GENERAL FUND TRANSFER

GPR	- \$1,154,200
SEG-REV	- \$1,154,200

Governor/Legislature: Reduce funding by \$577,100 annually in the appropriation for making a transfer from the general fund to the transportation fund for the airline hub exemption, to reflect a determination that Air Wisconsin Airlines will no longer qualify for the exemption in 2007. Reduce transportation fund revenues by a corresponding amount to reflect a reduction in the transfer. Under current law, commercial air carriers are exempt from paying the state airline ad valorem tax if they operate a hub facility in the state. Air Wisconsin Airlines has previously qualified for the exemption, which is based on, among other things, the number of scheduled flights that the airline operates in the state. However, the Department of Revenue indicates that the airline no longer met the criteria for the hub exemption in 2006 and, therefore, will begin paying ad valorem taxes in 2007. Also under current law, there is an annual transfer from the general fund to the transportation fund for each exempt airline equal to the amount paid in the last year that the airline paid the tax. The transfer would be reduced under this item to reflect the fact that Air Wisconsin will no longer be exempt from the tax. Midwest Airlines is expected to continue to qualify for the exemption, and so an annual transfer of \$1,953,300 will continue to be made to the transportation fund to reflect that exemption.

Although the reduction in the GPR appropriation and the resultant reduction in transportation fund revenues are reflected under the bill, the increase in transportation fund revenues associated with the resumption of ad valorem tax payments by Air Wisconsin is not reflected. The amount that Air Wisconsin will pay in ad valorem taxes is unknown, but will partially or wholly offset the reduction in transportation fund revenues shown in this item.

5. OIL PIPELINE TERMINAL TAX DISTRIBUTION [LFB Paper 346]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$1,117,800	-\$162,100	\$955,700

Governor: Increase payments by \$514,900 in 2007-08 and \$602,900 in 2008-09 to reflect estimated oil pipeline terminal tax payments of \$1,167,000 in 2007-08 and \$1,255,000 in 2008-09 under the sum sufficient appropriation. The initial payment under this program was made in 2006-07 and was limited to \$652,100. Payments in 2007-09, as well as all subsequent payments, will be calculated as the amount of state ad valorem taxes from pipeline companies that is proportional to the value of oil pipeline terminal facilities relative to the value of all taxable pipeline property. Payments are made each November to each municipality where an oil pipeline terminal facility is located.

Joint Finance/Legislature: Decrease payments by \$95,600 in 2007-08 and \$66,500 in 2008-09 to reflect estimated payments of \$1,071,400 in 2007-08 and \$1,188,500 in 2008-09.

6. RAIL PROPERTY TERMINAL TAX PAYMENT REESTIMATE

SEG	\$82,900
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Governor/Legislature: Provide \$2,100 in 2007-08 and \$80,800 in 2008-09 to reflect a reestimate of payments to local governments under the rail property terminal tax distribution program. 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 property tax rates. These amounts are paid to towns, villages, and cities where terminal storage property or repair facilities are located. Total payments under the program are estimated at \$1,380,200 in 2007-08 and \$1,458,900 in 2008-09. Revenue from the railroad ad valorem tax is deposited in the transportation fund and the railroad property terminal tax payments are made from that fund.

7. CANCELED DRAFTS APPROPRIATION REESTIMATE

GPR	\$550,000
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Governor/Legislature: Provide \$275,000 annually for estimated expenditures from the sum sufficient appropriation 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 canceled and the funds are credited to the state's general fund as GPR-Earned. Where situations warrant the issuance of a new check, GPR funded checks are paid the GPR canceled drafts appropriation. Under the bill, total expenditures for this purpose are estimated at \$1,275,000 annually.

8. TRANSFER TO AFFORDABLE HOUSING TRUST FUND [LFB Paper 220]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$8,000,000	-\$8,000,000	\$0

Governor: Provide \$4,000,000 annually under miscellaneous appropriations as the amount to be transferred from the county aid fund to the affordable housing trust fund. Other

entries related to the county aid fund are located under Circuit Courts, Department of Commerce, Department of Corrections, General Fund Taxes, and Shared Revenue and Tax Relief.

Joint Finance/Legislature: Delete provision.

9. TRANSFERS TO THE CONSERVATION FUND [LFB Paper 570]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$87,900	\$0	- \$87,900
SEG	<u>2,324,700</u>	<u>- 1,550,000</u>	<u>774,700</u>
Total	\$2,236,800	- \$1,550,000	\$686,800

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 the current fuel tax rate and the estimated number of registered boats, snowmobiles, and ATVs as follows:

	2006-07	2007-08		2008-09	
		Change to 2006-07	Total	Change to 2006-07	Total
Snowmobile Transfer	\$4,738,200	-\$24,700	\$4,713,500	\$22,400	\$4,760,600
ATV Transfer	1,734,300	146,700	1,881,000	239,400	1,973,700
Water Resources Transfer	<u>13,163,400</u>	<u>830,300</u>	<u>13,993,700</u>	<u>1,110,600</u>	<u>14,274,000</u>
Total	\$19,635,900	\$952,300	\$20,588,200	\$1,372,400	\$21,008,300

Also, reestimate the reimbursement to the conservation fund for debt service on certain land acquisitions by -\$3,700 GPR (to \$233,800) in 2007-08 and -\$84,200 GPR (to \$153,300) in 2008-09.

Joint Finance/Legislature: Decrease funding by \$674,600 SEG in 2007-08 and \$875,400 SEG in 2008-09 related to motor vehicle fuel tax transfers to the conservation fund as shown in the following table.

	2007-08			2008-09		
	Governor	JFC/Leg.	Difference	Governor	JFC/Leg.	Difference
Snowmobile Transfer	\$4,713,500	\$4,537,600	-\$175,900	\$4,760,600	\$4,499,000	-\$261,600
ATV Transfer	1,881,000	1,815,200	-65,800	1,973,700	1,877,200	-96,500
Water Resources Transfer	<u>13,993,700</u>	<u>13,560,800</u>	<u>-432,900</u>	<u>14,274,000</u>	<u>13,756,700</u>	<u>-517,300</u>
Total	\$20,588,200	\$19,913,600	-\$674,600	\$21,008,300	\$20,132,900	-\$875,400

10. MARQUETTE DENTAL SCHOOL DEBT SERVICE

GPR	\$24,000
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Governor/Legislature: Provide \$14,500 in 2007-08 and \$9,500 in 2008-09 over base level funding of \$983,300 to reflect estimated increases in debt service costs on state bonds issued to fund a portion of the dental clinic and education facility for the Marquette Dental School.

11. OTHER MISCELLANEOUS APPROPRIATION CHANGES

Governor/Legislature: The description and fiscal effect of miscellaneous appropriations changes related to Minnesota-Wisconsin and Illinois-Wisconsin income tax reciprocity and interest payments on overpayment of taxes are summarized as entries under "General Fund Taxes."

12. AVIATION FUEL PETROLEUM INSPECTION FEE REFUND REESTIMATE [LFB Paper 225]

SEG	\$480,000
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Joint Finance/Legislature: Provide \$240,000 annually to reestimate payments of the aviation fuel petroleum inspection fee refund from \$360,000 to \$600,000 per year. Purchasers of aviation fuel are eligible for a refund of the two cents per gallon petroleum inspection fee for each gallon of aviation fuel purchased in excess of 1,000,000 gallons per month.

13. DEPARTMENT OF ADMINISTRATION -- ONE-TIME GRANTS

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
GPR	\$72,500	\$15,000	\$87,500

Joint Finance: Create an annual GPR aids to individuals and organizations appropriation at \$72,500 in 2007-08 to fund one-time grants administered by the Department of Administration for the following local purchases and projects. Repeal the appropriation on June 30, 2009.

a. Resch Aquatic Center. Provide \$15,000 on a one-time basis in 2007-08 to the Resch Aquatic Center in Green Bay to assist with the costs associated with furnishings including lockers for the center's lifeguards and/or construction of a concrete apron for spectators;

b. Town of Pensaukee, Oconto County. Provide \$10,000 on a one-time basis in 2007-08 to the Town of Pensaukee to purchase furnishings, including historical photographs and frames, conference furniture, desks, and chairs, for the town hall;

c. City of Sun Prairie. Provide \$25,000 on a one-time basis in 2007-08 to the City of Sun Prairie to be used for the design and construction of a handicapped-accessible playground in Firemen's Park;

d. *Southside Organizing Committee.* Provide \$12,500 on a one-time basis in 2007-08 to the Southside Organizing Committee in the City of Milwaukee for the purchase of a lap top computer and projector, a portable sound system with four wireless microphones, and translating equipment for 15 individuals;

e. *Violence Reduction and Child Safety.* Provide \$10,000 in one-time funding in 2007-08 to Greater New Birth, Inc. in the City of Milwaukee to assist with the costs of a project to address child safety and violence reduction programming.

Senate: Provide one-time funding of \$50,000 in 2007-08 to fund parking lot and road improvements at the Cleghorn Community Center in the Town of Pleasant Prairie in Eau Claire County.

Assembly: Delete provision.

Conference Committee/Legislature: Restore Joint Finance provision and include the Senate provision, as modified to provide \$15,000 in 2007-08, instead of \$50,000, to fund parking lot improvements at the Cleghorn Community Center.

[Act 20 Sections: 79m, 79n, 572m, 572n, 9155(5a), and 9455(4f)]

14. ELECTION CAMPAIGN FUND REESTIMATE [LFB Paper 273]

GPR	-\$14,200
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Joint Finance/Legislature: Reduce estimated transfers from the election campaign payments sum sufficient appropriation by \$7,100 annually to \$242,900, to reflect the reduced current level of \$1 individual income tax check-off designations to the Wisconsin Election Campaign Fund (WECF).

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. During the last three state fiscal years (2004-05 through 2006-07), the average transfer from the election campaign payments sum sufficient appropriation to the WECF has equaled \$242,900 GPR.

NATURAL RESOURCES

Budget Summary							
Fund	2006-07 Base Year Doubled	2007-09 Governor	2007-09 Jt. Finance	2007-09 Legislature	2007-09 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$297,572,400	\$309,820,100	\$309,154,300	\$310,984,300	\$310,984,300	\$13,411,900	4.5%
FED	143,335,600	149,315,300	149,079,300	147,280,100	147,280,100	3,944,500	2.8
PR	74,509,400	77,473,300	78,844,100	78,844,100	78,844,100	4,334,700	5.8
SEG	<u>563,060,600</u>	<u>601,821,000</u>	<u>594,268,600</u>	<u>615,426,400</u>	<u>615,426,400</u>	<u>52,365,800</u>	9.3
TOTAL	\$1,078,478,000	\$1,138,429,700	\$1,131,346,300	\$1,152,534,900	\$1,152,534,900	\$74,056,900	6.9%
BR		\$1,088,000,000	\$1,085,200,000	\$898,000,000	\$898,000,000		

FTE Position Summary						
Fund	2006-07 Base	2008-09 Governor	2008-09 Jt. Finance	2008-09 Legislature	2008-09 Act 20	Act 20 Change Over 2006-07 Base
GPR	296.85	293.10	296.10	296.85	296.85	0.00
FED	471.35	455.85	461.85	451.85	451.85	- 19.50
PR	261.64	264.64	265.64	265.64	265.64	4.00
SEG	<u>1,687.34</u>	<u>1,683.69</u>	<u>1,689.94</u>	<u>1,699.19</u>	<u>1,699.19</u>	<u>11.85</u>
TOTAL	2,717.18	2,697.28	2,713.53	2,713.53	2,713.53	- 3.65

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

Governor: Provide an increase of \$13,997,100 with -5.0 positions in 2007-08 and \$13,828,600 with -8.5 positions in 2008-09 for adjustments to the base budget as follows: (a) -\$2,900,500 annually for turnover reduction (-\$371,500 GPR, -\$388,800 FED, -\$147,600 PR, -\$1,992,600 SEG annually); (b) -\$2,513,100 in 2007-08 (-\$84,200 FED, -\$855,300 PR,

	Funding	Positions
GPR	\$1,325,800	0.00
FED	5,484,900	- 8.50
PR	1,742,800	0.00
SEG	<u>19,272,200</u>	<u>0.00</u>
Total	\$27,825,700	- 8.50

and -\$1,573,600 SEG) with a reduction of 5.0 FED positions and -\$2,681,600 (-\$252,700 FED, -\$855,300 PR, and -\$1,573,600 SEG) in 2008-09 with a reduction of 8.5 FED project positions for removal of non-continuing elements from the base; (c) \$16,307,200 annually for full funding of continuing salaries and fringe benefits (\$1,034,400 GPR, \$3,299,700 FED, \$1,866,100 PR, and \$10,107,000 SEG); and (d) \$3,103,500 annually (\$8,200 PR and \$3,095,300 SEG) for overtime.

Assembly: Adopt the provision, except delete \$662,900 GPR annually for adjustments to the base budget.

Conference Committee/Legislature: Restore Governor's provision.

2. DEBT SERVICE REESTIMATES [LFB Paper 175]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$10,495,900	-\$690,800	\$9,805,100
PR	- 100,000	0	- 100,000
SEG	1,334,200	0	1,334,200
Total	\$11,730,100	-\$690,800	\$11,039,300

Governor: Provide \$3,231,800 in 2007-08 (\$3,063,700 GPR, -50,000 PR, and \$218,100 SEG) and \$8,498,300 in 2008-09 (\$7,432,200 GPR, -50,000 PR, and \$1,116,100 SEG) to fund estimates of principal repayment 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: Delete \$74,900 GPR in 2007-08 and \$615,900 GPR in 2008-09 to reflect a reestimate of debt service costs related to municipal clean drinking water.

3. AIDS IN LIEU OF PROPERTY TAXES [LFB Paper 558]

GPR	\$1,955,000
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Governor/Legislature: Provide \$400,000 in 2007-08 and \$1,555,000 in 2008-09 to reflect estimated aids in lieu of property tax payments. Total payments for aids in lieu of property taxes are estimated to be \$8.7 million in 2007-08 and \$9.9 million in 2008-09 (with \$4,000,000 annually being paid from forestry account SEG and the remainder with GPR).

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.

4. CONVERSION OF GENERAL FUND APPROPRIATIONS TO THE TRANSPORTATION FUND [LFB Paper 765]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR	-\$1,801,000	\$1,801,000	\$0
SEG	<u>1,801,000</u>	<u>-1,801,000</u>	<u>0</u>
Total	\$0	\$0	\$0

Governor: Provide \$900,500 SEG annually with 0.75 vehicle emissions management position and delete an equal amount of GPR to reflect the conversion of funding from the general fund to the transportation fund for the following three programs. Specify that the three appropriations be made from the transportation fund notwithstanding a current law provision that restricts the use of transportation fund revenues to a list of statutorily-enumerated transportation programs and functions.

<u>Appropriation</u>	<u>GPR</u>	<u>SEG</u>
Car-Killed Deer Removal	-\$514,600	\$514,600
State Park, Forest, and Riverway Roads	-321,400	321,400
Motor Vehicle Emissions Testing	<u>-64,500</u>	<u>64,500</u>
Total	-\$900,500	\$900,500

The three appropriations have been funded by GPR since 1997. However, prior to 1996 Act 27, these expenditures had been supported by the transportation fund. Funding for the car-killed deer removal program would total \$1,029,200 annually under the bill, funded equally between the transportation fund and the fish and wildlife account of the conservation fund.

This item is part of an initiative to convert several appropriations from the general fund to the transportation fund.

Senate: Delete \$900,500 SEG in 2008-09 and provide \$900,500 GPR in 2008-09.

Assembly/Legislature: Delete provision. [See also Conversion of Appropriations from the General Fund to the Transportation Fund in "Transportation."]

5. RENTAL COSTS [LFB Paper 545]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$497,600	-\$94,000	\$403,600
SEG	<u>1,621,000</u>	<u>-306,000</u>	<u>1,315,000</u>
Total	\$2,118,600	-\$400,000	\$1,718,600

Governor: Provide \$1,059,300 annually (\$248,800 FED and \$810,500 SEG) for DNR facility rental costs across the state.

Joint Finance: Reduce the amount provided by \$200,000 annually to reflect a reestimate of anticipated costs. Annual expenditure authority would be provided as follows:

	<u>Annual</u>
Environmental Fund	\$178,600
Petroleum Inspection Fund	118,100
Recycling Fund	66,400
Conservation Fund	294,400
Federal Revenue	<u>201,800</u>
 Total	 \$859,300

Assembly: Reduce the amount provided by an additional \$96,600 FED and \$314,700 SEG annually for DNR facility rental costs across the state. (The Assembly provision would maintain chargebacks to DNR programs for rental costs at approximately \$1.5 million annually rather than approximately \$1.1 million under the Joint Finance provision.)

Conference Committee/Legislature: Delete Assembly provision.

6. **SOUTHEAST REGION HEADQUARTERS [LFB Paper 546]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$142,000	- \$142,000	\$0
PR	195,300	- 195,300	0
SEG	<u>639,300</u>	<u>- 639,300</u>	<u>0</u>
Total	\$976,600	- \$976,600	\$0

Governor: Provide \$443,900 in 2007-08 (\$64,600 FED, \$88,700 PR and \$290,600 SEG) and \$532,700 in 2008-09 (\$77,400 FED \$106,600 PR and 348,700 SEG) in facility rental funds for the lease on a new, combined southeast region headquarters and service center building budgeted for occupation in September, 2007. Administration officials indicate a location has not yet been identified. Funding would be provided as follows:

	<u>2007-08</u>	<u>2008-09</u>
Segregated Revenue		
Conservation Fund	\$131,100	\$157,400
Environmental Fund	119,100	142,900
Recycling Fund	40,400	48,400
Program Revenue		
Air Emission Sources	88,700	106,600
Federal Revenue	<u>64,600</u>	<u>77,400</u>
 Total	 \$443,900	 \$532,700

Joint Finance/Legislature: Delete provision (the location, cost, and expected occupancy date of the new facility are not known).

7. FLEET RATE INCREASE [LFB Paper 547]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$59,500	- \$35,300	\$24,200
SEG	1,642,600	- 974,600	668,000
Total	\$1,702,100	- \$1,009,900	\$692,200

Governor: Provide \$1,702,100 in 2008-09 for anticipated fleet rate increases affecting all programs. A 39% rate increase is anticipated by DNR due to a decline in available reserve funds combined with increasing fleet acquisition, maintenance, and insurance costs.

Joint Finance/Legislature: Adjust the Governor's recommendation by deleting \$1,009,900 in 2008-09 reflecting a reestimate of expected fleet costs (\$692,200 would remain). Expenditure authority is provided as follows:

	<u>2008-09</u>
Program Revenue	\$24,200
Segregated Revenue	
Recycling Fund	2,300
Conservation Fund	634,700
Environmental Fund	22,300
Environmental Improvement Fund	200
Petroleum Inspection Fund	<u>8,500</u>
Total	\$692,200

8. ENVIRONMENTAL ANALYSIS OF ROAD PROJECTS [LFB Paper 548]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$0	3.00	\$351,400	0.00	\$351,400	3.00

Governor: Provide 3.0 regional environmental analysis and review specialist positions beginning in 2007-08 to support the analysis of Department of Transportation and local government transportation projects.

Under a cooperative funding agreement between DNR and the Department of Transportation (DOT), DNR provides funding from a GPR appropriation in the Bureau of Science Services for 3.0 DNR positions and DOT provides funding from the state highway rehabilitation SEG appropriation (transportation fund) to support 4.0 DNR PR positions for a streamlined state highway project review process. These seven staff assist with environmental reviews (erosion, waterway, and wetland regulations, and environmental assessments, as needed) of state roadway projects in the DNR regions; expedite testing, review and cleanup of transportation sites contaminated by petroleum tank or other spills; and conduct endangered

and threatened species reviews. For state projects that fall under the cooperative agreement, a single DNR employee serves as the contact point and DOT liaison for all of the permits required for a given highway project.

The 3.0 additional positions would be funded by DOT through additional payments from the state highway rehabilitation SEG appropriation and would also be assigned to DNR's Bureau of Science Services, Environmental Analysis and Review Program. (While not included in the bill, expenditures from this DNR continuing PR appropriation would be expected to increase by approximately \$175,000 annually). This would bring environmental analysis staffing for this purpose to ten. The equivalent of seven positions would continue to perform environmental reviews of state roadway projects, while the equivalent of three staff would be utilized to create a similar effort to assist local governments in completing the environmental review process and provide a single point of contact in each county for local road projects.

Joint Finance: Adopt the Governor's recommendation. In addition, provide \$150,600 in 2007-08 and \$200,800 in 2008-09 for associated salary, fringe benefits, and supplies. Further, specify that DOT may make a payment to DNR from the SEG appropriation for the formula component of the local roads improvement program for the support of 3.0 positions related to the environmental review of local transportation projects, subject to an interagency agreement, but that if such a payment is made it must be made from that appropriation. In addition, specify that such a payment be made prior to the allocations for entitlements under the program.

Assembly: Delete provision.

Conference Committee/Legislature: Restore Joint Finance provision.

[Act 20 Sections: 306m and 2557m]

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 17.5 classified positions (6.0 FED, 3.0 GPR, 1.0 PR, and 7.5 SEG) and create 1.0 unclassified position (SEG) in 2008-09 to reflect the consolidation of the agency's attorneys and legal staff under DOA, effective July 1, 2008. Reallocate \$1,928,800 in 2008-09 (\$866,500 FED, \$229,900 GPR, \$51,700 PR, and \$780,700 SEG) 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 DNR as general counsel for

the agency. 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 July 1, 2008. [See "Administration -- Transfers to the Department."]

Joint Finance: Delete provision.

Senate: Restore provision with the following modifications: (a) specify that the lead attorneys would be under classified service; (b) exempt the Board on Aging and Long Term Care, the Department of Military affairs, and the Department of Public Instruction from the consolidation.

Assembly/Legislature: Delete provision.

10. TRANSFERS BETWEEN APPROPRIATIONS

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

	<u>Amount</u>	<u>FTE</u>	<u>Transfer From</u>	<u>Transfer To</u>
Transfer Aeronautics Program	\$959,500	12.0	Administrative and Field Services	Forestry Operations
Create Office of Communications (Director and Communications Officer)	\$144,800	2.0	Bureau of Finance Bureau of Administration	Bureau of Education and Information
Move Legislative Liaison and Policy Advisor to Secretary's Office	\$209,000	2.0	Customer & Employee Services Program Management	Secretary's Office
Pheasant Restoration and Stocking	\$0	3.0	Wild Pheasant Restoration	Pheasant Stocking and Propagation
Southeast Regional Headquarters and Service Center rental costs	\$247,300	0.00	General Maintenance Operations	Facility Rental Costs
Wisconsin Waters Initiative Transfer	\$441,600	0.00	Environmental Operations	Nonpoint Operations
Water Division Realignment	\$210,700	3.0	Fisheries and Clean Water Fund Program	Watershed Management and Safe Drinking Water Loan Program

Transfer \$959,500 SEG from an appropriation split-funded from the conservation fund with 12.0 positions that support the Department's aeronautics program from the Customer and Employee Services Division to the Forestry Division (an appropriation in the forestry account of the conservation fund). The Department eliminated the Administrative and Field Services subprogram (which contained the 12 aeronautics-related positions) as part of a decision to streamline operations by combining the former Division of Administration and Technology with the former Division of Customer and External Relations. The 12 positions would include: 10 pilots who primarily perform land surveys, assess fire damage and survey for potential forest fires, 1.0 aeronautics supervisor position who supervises the 10 pilots, and 1.0 radio communications manager who would manage radio networks and oversee the communications towers and master leases for communications' equipment needs.

Create the Office of Communications (OOC) in the Bureau of Education and Information and transfer \$144,800 SEG and 2.0 positions (1.0 FED, 0.8 SEG and 0.2 GPR). Positions include a Director and a Communications Officer. The Director of the office would report to the Customer and Employee Services Division Administrator. The Department of Administration approved the creation of the OOC in January, 2006. The office consists of five full-time positions. It consists of three reallocated Bureau positions and the two positions under the budget that would be created by reallocating a vacant auditor position from the Bureau of Finance and Administration and a vacant program assistant position from the Secretary's office.

Transfer \$209,600 (\$84,000 GPR and \$125,000 SEG) and 2.0 positions (1.0 GPR and 1.0 SEG), the legislative liaison and the policy-initiatives advisor, from the Customer and Employee Services Program Management subprogram to the Secretary's office. In the 2005-07 budget, the Department combined the Administration and Technology Division and the Customer and External Relations Division to form the Customer and Employee Services Division.

Transfer 3.0 wildlife biologist positions from the wild pheasant restoration appropriation to the pheasant stocking and propagation appropriation. Both of these appropriations are funded from pheasant stamp revenues deposited in the fish and wildlife account. In the 2005-07 budget, the pheasant stamp fee was raised from \$7.50 to \$10 with 40% of the revenue dedicated to the existing wild pheasant restoration appropriation and 60% to a newly created pheasant stocking and propagation appropriation.

Transfer \$247,300 from customer assistance and licensing, to administration and technology. The current authority is related to security, cleaning, snowplowing and maintenance and would be used to offset the increased rental costs of the relocation of the Southeast Regional Headquarters and Service Center.

In addition, transfer \$446,100 SEG associated with the Wisconsin waters initiative from an environmental fund general operations appropriation (split funded from the environmental management and nonpoint accounts) to the nonpoint account operations appropriation. The initiative would continue to be funded from the segregated nonpoint account. Wisconsin waters initiative funding is used to develop a computer-based system to improve access to water-related site information. The goal of the initiative is to speed water permit processing and state

and local access to improved data (such as floodplain mapping).

Finally, transfer 3.0 positions (2.0 FED and 1.0 SEG) from Fisheries Management to Watershed Management to reflect the realignment of the Water Division (see Transfers Within Appropriations). The two federal positions include a fisheries technician and a natural resources regional team supervisor, and the SEG position (fish and wildlife account) would be a water supply specialist.

11. TRANSFERS WITHIN APPROPRIATIONS

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

	<u>Amount</u>	<u>FTE</u>	<u>Fund</u>	<u>Transfer From</u>	<u>Transfer To</u>
Water Division Realignment					
Water Regulation and Zoning Fees	\$820,100	8.00	PR	Fisheries Management	Watershed Management
Water Program Operations	\$51,600	0.5	GPR	Fisheries Management	Drinking Water & Ground Water
Water Program Operations	\$5,263,200	57.5	GPR	Fisheries and Water Program Management	Watershed Management
Water Program Service Funds	\$368,600	5.0	PR	Fisheries Management	Watershed Management
Water Program Federal Funds	\$312,500	4.0	FED	Fisheries Management	Watershed Management
Fish Management	\$152,200	0.8	SEG	Water Program Management	Fisheries Management
Lake, River, and Invasive Species Management	\$1,959,200	13.5	SEG	Fisheries Management	Watershed Management
Water Program Revenues	\$115,000	0.0	PR	Fisheries Management	Watershed Management
Dam Safety and Wetland Mapping	\$90,000	0.00	SEG	Fisheries Management	Watershed Management
Environmental Fund Natural Resources Region Supervisor	\$105,900	0.98	SEG	Water Program Management and Watershed Management	Drinking Water & Groundwater
Modifications to 2003-05 and 2005-07 Budgets					
Transfer Supplies Funding	\$32,100	0.0	SEG	Law Enforcement	Science Services
Whooping Crane Position	\$42,600	0.50	SEG	Wildlife Management	Endangered Resources
Administrative and Field Services Building Support	\$50,000	0.0	SEG	Customer Service and Licensing	Customer Assistance and Employee Services Program Management

The changes fall into two main categories. First, DNR would realign the Water Division. The lakes, wetland, and waterway protection programs, formerly in the Fisheries Management and Habitat Protection Bureau (which would be renamed Fisheries Management), would be moved to the Watershed Management Bureau. The transfers include positions and associated supplies. The 65.5 positions transferred would include: 40.0 water regulation and zoning specialists, 11.5 water resources management specialists, 5.0 regional water program experts, 3.0 natural resources program managers, 2.0 program assistants, 2.0 program and planning analysts, 1.0 water regulation and zoning engineer and 1.0 water resources engineer.

In addition, the Water Program Management Bureau would be reorganized to reflect the organization of other program management bureaus throughout the Department. The Water Program Management Bureau would include only the Division Administrator, the Deputy Division Administrator, the Administrative Policy Advisor, and the five Regional Water Leaders. All other staff would be moved to other Water Division Bureaus. These transfers include: 22.0 positions transferred from Water Program Management to Watershed Management (1.0 natural resources region program supervisor and 21.0 natural resources basin supervisors), 1.0 natural resources region program supervisor transferred from Fisheries Management to Drinking Water and Groundwater, 0.98 natural resources region supervisor (split-funded from the conservation fund) transferred from Water Program Management and Watershed Management to Drinking Water and Groundwater, 0.80 program and planning analyst transferred from Water Program Management to Fisheries Management, and 0.50 wastewater specialist transferred from Drinking Water and Groundwater to Watershed Management.

Second, DNR would complete modifications to the 2003-05 and 2005-07 budgets. DNR would transfer supplies funding from the Science Services Bureau to the Law Enforcement Bureau to complete a transfer authorized in the 2005-07 budget within a general operations appropriation split-funded from the conservation fund. As a result of GPR reductions in 2003-04, the Law Enforcement Bureau ended up with a negative GPR supplies amount. The Law Enforcement and Science Services Bureaus agreed on a SEG/GPR transfer to solve this problem; and in the 2005-07 budget a correction was attempted. However, the SEG portion of the transfer was not completed.

In addition, in the 2005-07 budget, the Administrative and Field Services subprogram was eliminated. Supplies funding for building support was transferred to the Customer and Employee Services Program Management subprogram with the exception of \$50,000 erroneously transferred to Customer Service and Licensing. This transfer would correct the error and consolidate building support in the Customer and Employee Services Program Management subprogram. Also in the 2005-07 budget, a position was authorized for whooping crane reintroduction. The position was budgeted 0.5 from tribal gaming revenues, and 0.5 from fish and wildlife SEG. This transfer would move the 0.5 SEG position to the Endangered Resources Bureau, but the position would remain funded from fish and wildlife SEG.

12. INVASIVE SPECIES PENALTIES

Governor/Legislature: Specify penalties for violations relating to controlling or introducing invasive species for which there is no statutory penalty specified under current law. Penalties under the bill would include a forfeiture, not to exceed \$200, and fines and terms of imprisonment for intentional violations and for repeat violations. (Currently the general penalty for a violation of administrative rules under DNR conservation statutes is a forfeiture of up to \$100).

Current law prohibits the distribution of invasive aquatic plants. Plants statutorily defined as invasive aquatic plants include: Eurasian water milfoil, curly leaf pondweed, and purple loosestrife. In addition, DNR is authorized, by administrative rule, to designate any other aquatic plant as an invasive aquatic plant for a particular water body or a group of water bodies if the plant has the ability to cause significant adverse change to desirable aquatic habitat, to significantly displace desirable aquatic vegetation, or to reduce the yield of products produced by aquaculture. Distribution of invasive aquatic plants carries a maximum forfeiture of not more than \$100.

Certain other aquatic management practices (such as introduction of a nonnative aquatic plant into Wisconsin waters, removal of aquatic plants from navigable waters, and control of aquatic plants using chemicals) are also prohibited unless a person holds a valid aquatic plant management permit issued by DNR. Currently, a first-time violator would be required to forfeit not more than \$200. A person previously convicted of an aquatic plant violation (within five years of the current arrest) would "forfeit" between \$700 and \$2000 or could be imprisoned for between six and nine months, or both. The bill corrects this language from a forfeiture to a fine to reflect the misdemeanor (criminal) penalty, but retains the current penalties.

In addition, DNR is currently required to administer a statewide program to control invasive species which includes promulgating rules to classify invasive species for the program. The bill would require the Department to promulgate rules to identify and control invasive species, as well as classify them. Further, the bill would authorize DNR to establish procedures and requirements for issuing permits to control invasive species.

Under the bill, a first-time violator of the DNR invasive species rules, or permits issued under the rules, would be subject to a forfeiture of not more than \$200, unless they intentionally committed the violation. Any person who intentionally violates these rules or permits would be fined between \$1,000 or \$5,000, or could be imprisoned for between six and nine months, or both. A person previously convicted of a violation (within five years of the current arrest) would be fined between \$700 and \$2000 or could be imprisoned for between six months and nine months, or both. In addition, the bill authorizes the court to order a person who is convicted of any of these violations to abate any nuisance caused by the violation, restore any natural resource damaged by the violation, or take other appropriate action to eliminate or minimize any environmental damage caused by the violation.

The bill would also create a mechanism for enforcement of these penalties. If DNR finds

that any person is violating the invasive species rules or permits, the bill would authorize DNR to do one or more of the following: (a) issue a citation, (b) refer the matter to the Department of Justice (DOJ) for enforcement, or (c) revoke the permit after notice and opportunity for a hearing. For matters referred to the Attorney General, the bill would require DOJ to consult with DNR before determining the final disposition.

Finally, the bill would authorize the court to award restitution payments for investigation costs by DNR or DOJ and to award prosecution costs to DOJ (including attorney fees) for deposit into a DOJ program revenue appropriation.

[Act 20 Sections: 482, 660, and 662 thru 664]

13. GRANT TO FLORENCE WILD RIVERS INTERPRETIVE CENTER

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR	\$25,000	\$29,000	\$54,000

Joint Finance: Provide \$25,000 GPR in 2007-08 and direct DNR to provide a grant to the Florence Wild Rivers Interpretive Center to be used for park and recreation uses, forestry education, and tourist information provided by the center and for its operational costs.

Senate: Provide an additional \$2,000 GPR in 2007-08 and \$27,000 GPR annually beginning in 2008-09 to the Florence Wild Rivers Interpretive Center for forestry education, tourism, and operational costs. This provision would bring the total to \$27,000 GPR annually.

Assembly: Adopt the Joint Finance provision, but provide \$25,000 in 2007-08 from the forestry account of the conservation fund, rather than from GPR.

Conference Committee/Legislature: Restore Senate modification.

[Act 20 Sections: 281q and 718m]

14. ELIMINATE VACANT GPR POSITIONS

Assembly: Delete \$867,800 and 13.0 positions annually associated with the salary and fringe benefits of GPR positions which have been vacant for 12 months or more.

Conference Committee/Legislature: Delete provision.

Stewardship Program

1. STEWARDSHIP REAUTHORIZATION [LFB Paper 555 and 557]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
BR	\$1,050,000,000	-\$190,000,000	\$860,000,000

Governor: Extend the Warren Knowles-Gaylord Nelson Stewardship 2000 (stewardship) program for another 10 years to fiscal year 2019-20 and increase the annual bonding authority from \$60 million to \$105 million. This would increase the total general obligation bonding authority of the stewardship program by \$1.05 billion, to \$1,853,000,000 (from \$803 million currently).

The program is currently authorized until 2009-10, with annual bonding authority of \$60 million. Of this \$60 million, \$45 million is dedicated to the land acquisition subprogram and \$15 million is dedicated to the property development and local assistance subprogram. The bill would extend the program for an additional 10 years, to 2019-20, and increase the annual bonding authority to \$105 million, with \$79 million dedicated to the land acquisition subprogram and \$26 million dedicated to the property development and local assistance subprogram. If bonding authority remains for a subprogram on June 30, 2020, DNR may expend any portion of the remaining bonding authority for that subprogram in one or more subsequent years. Further, the bill would extend to the expanded program current provisions allowing DNR to obligate additional amounts (up to the total bonding authority for the land acquisition subprogram) for certain land acquisitions with the approval of the Natural Resources Board, or the Governor and Joint Committee on Finance. The following table shows annual bonding allocations under the current program and under the bill.

	Current Law (Through 2009-10)	SB 40 (Beginning in 2010-11)
Land Acquisition	\$45,000,000	\$79,000,000
Property Development and Local Assistance	<u>15,000,000</u>	<u>26,000,000</u>
Total Annual Bonding Allocation	\$60,000,000	\$105,000,000

Land Acquisition Subprogram

In obligating moneys under the land acquisition subprogram (under current law and the bill), DNR must give priority to the following purposes: (a) acquisition of land that preserves or enhances the state's water resources, including land along the Lower Wisconsin State Riverway and land abutting wild rivers, wild lakes, and land along the shores of the Great Lakes; (b) acquisition of land for the stream bank protection program; (c) acquisition of land for habitat areas and fisheries; (d) acquisition of land for natural areas; and (e) acquisition of land in the

middle Kettle Moraine. DNR must set aside \$3 million in each fiscal year for purchases and for state trails and the Ice Age Trail. Additionally, beginning in fiscal year 2006-07 and ending in fiscal year 2009-10, the Department must set aside \$2,000,000 in each fiscal year to acquire land from the Board of Commissioners of Public Lands (BCPL). In addition, DNR is required to set aside at least \$2,000,000, over the life of the program (2019-20), for matching funds for the purchase of land or easements under the federal forest legacy program. Under the bill, beginning in 2010-11 and ending in fiscal year 2019-20, DNR would also be required to set aside \$14,500,000 in each fiscal year for matching grants that may be awarded only to nonprofit conservation organizations (NCOs). The following table illustrates how funding is allocated annually under the land acquisition subprogram under current law, and would be allocated under the bill.

Land Acquisition Subprogram

	Current Law (Through 2009-10)	SB 40 (Beginning in 2010-11)
Department (and County) Acquisitions	\$31,750,000	\$59,500,000
Grants to NCOs	8,250,000	14,500,000
BCPL Natural Areas	2,000,000	2,000,000
Ice Age and Other Trails	<u>3,000,000</u>	<u>3,000,000</u>
Total Annual Bonding Authority	\$45,000,000	\$79,000,000

Beginning in 2010-11, the bill would create a program under the land acquisition subprogram to provide grants to counties to acquire land for nature-based outdoor recreation. The Department has defined "nature-based outdoor recreation" in administrative rule to mean "activities where the primary focus or purpose is the appreciation or enjoyment of nature". These activities may include but are not limited to: hiking, bicycling, wildlife or nature observation, camping, nature study, fishing, hunting, and multi-use trail activities. The bill would require each county receiving a grant under this program to provide matching funds of at least 50% of the land acquisition costs. Further, the bill would prohibit a county from converting the land or the rights in the land acquired using program grant money to a use that is inconsistent with the type of nature-based outdoor recreation for which the grant was awarded, without the approval of the Natural Resources Board. Grant awards would be for no more than 50% of property acquisition costs. (Counties are eligible for local assistance grants under the current program; the bill would extend eligibility to the land acquisition subprogram).

Property Development and Local Assistance Subprogram

Of the \$15 million in annual bonding authority currently dedicated to the property development and local assistance subprogram, the Department must obligate at least \$3.5 million for property development and may obligate up to \$8 million on local assistance annually, for nature-based outdoor recreation purposes. The bill would increase the annual bonding authority dedicated to property development and local assistance to \$26 million, and

would increase the maximum amount that may be obligated for local assistance to \$14 million annually (leaving at least \$12 million annually for DNR property development). The following table illustrates how funding is allocated annually under the property development and local assistance subprogram under current law, and would be allocated under the bill.

Property Development and Local Assistance Subprogram

	Current Law <u>(Through 2009-10)</u>	SB 40 <u>(Beginning in 2010-11)</u>
Property Development (minimum)	\$7,000,000	\$12,000,000
Local Assistance Grants (maximum)	<u>8,000,000</u>	<u>14,000,000</u>
Total Annual Bonding Authority	\$15,000,000	\$26,000,000

Property development allocations may be used for: (a) property development on DNR land; (b) property development on conservation easements adjacent to DNR land; and (c) grants to friends groups and non-profit conservation organizations (NCOs) for property development activities on DNR land. DNR may not encumber more than \$250,000 annually for grants to friends groups and NCOs for property development activities on DNR land, and the friends group or NCO must provide matching funds of at least 50% of project costs. (This applies only to property development grants for NCOs; NCOs are also eligible for land acquisition grants under any of the stewardship subprograms).

Local assistance allocations may be used for grants for: (a) acquisition of urban green space; (b) acquisition and development of local parks; (c) acquisition of property development rights; and (d) acquisition and development of urban rivers. Grant awards are available for up to 50% of eligible project costs. Eligible recipients of these grants include: towns, villages, counties, and tribal governments.

NCO Land Acquisition Grants

DNR may award grants under any of the stewardship subprograms to non-profit conservation organizations (NCOs) for land acquisition. Under current law, these grants may be for up to 50% of the land's current fair market value plus other acquisition costs as determined in rule by DNR (generally, the costs of appraisals and closing costs, but not attorney fees). Under the bill, grants of up to 75% of the property acquisition costs could be made to NCOs if the Natural Resources Board determined that all of the following apply: (a) that the property is uniquely valuable in conserving the natural resources of the state; (b) that delaying or deferring the acquisition until 50% of the acquisition costs are procured by the NCO is not reasonably possible; and (c) that sufficient bonding authority remains in the \$14.5 million set aside for land acquisition grants to NCOs for that fiscal year, after awarding grants to nonprofit conservation organizations that meet the 50% matching requirement.

Assembly: Delete the provision and associated \$1.05 billion BR. Rather, provide \$145 million in general obligation bonding revenue (BR) and reauthorize the Warren Knowles-Gaylord Nelson Stewardship 2000 program for an additional 10 years (through 2019-20). Allocate \$25 million BR for each year beginning in 2007-08 as follows: (a) \$16 million in 2007-08 and \$15 million each year thereafter for land acquisition (including \$4 million for NCO grants and \$2 million for Board of Commissioners of Public Lands (BCPL) purchases); (b) \$3.5 million for property development; (c) \$4 million for local assistance grants; and, (d) \$2.5 million for recreational boating aids (\$1.5 million in 2007-08) as shown in the following table.

DNR Stewardship Allocations

<u>Land Acquisition Allotments:</u>	<u>2007-08</u>	<u>Beginning 2008-09</u>
General DNR Land Acquisition	\$10,000,000	\$9,000,000
NCO Acquisition (minimum)	4,000,000	4,000,000
BCPL Natural Areas	<u>2,000,000</u>	<u>2,000,000</u>
Land Acquisition Subtotal	\$16,000,000	\$15,000,000
Property Development & Local Assistance:		
Property Development	\$3,500,000	\$3,500,000
Local Assistance	<u>4,000,000</u>	<u>4,000,000</u>
Property Development & Local Assistance Subtotal	\$7,500,000	\$7,500,000
Recreational Boating Aids	\$1,500,000	\$2,500,000
Total Allotment	\$25,000,000	\$25,000,000

In addition, beginning in 2010-11, create a program under the land acquisition subprogram to provide grants to counties to acquire land to be included in a county forest and for projects for which DNR requests a county's assistance for nature-based outdoor recreation and conservation purposes. The Department has defined "nature-based outdoor recreation" in administrative rule to mean "activities where the primary focus or purpose is the appreciation or enjoyment of nature". These activities may include but are not limited to: hiking, bicycling, wildlife or nature observation, camping, nature study, fishing, hunting, and multi-use trail activities. The provision would require each county receiving a grant under this program to provide matching funds of at least 50% of the land acquisition costs. Further, the provision would prohibit a county that receives a grant to acquire land for a project that DNR requested the county's assistance for from converting the land or the rights in the land to a use that is inconsistent with the type of nature-based outdoor recreation or conservation purpose for which the grant was awarded, without the approval of the Natural Resources Board. Grant awards would be for no more than 50% of property acquisition costs. The Governor's budget included a similar provision to provide grants to counties to acquire land for nature-based outdoor recreation purposes. However, the Governor's provision did not specify that the land acquired be included in a county forest. This provision would limit land acquired with these grants to land included in a county forest, unless DNR requests assistance from a county for a nature-based outdoor recreation or conservation purpose. (Counties are eligible for local

assistance grants under the current program; the provision would extend eligibility to the land acquisition subprogram.)

The provision would reduce authorized bonding by \$35 million for each of the next three fiscal years (to \$25 million) and then continue the program for an additional ten years at the \$25 million annual level. Reestimate GPR debt service based on the reduced bonding allocation by deleting \$525,000 in 2007-08 and \$3,577,000 in 2008-09. Further, payments for aids in lieu of property taxes would be reduced by an estimated \$142,000 GPR in 2008-09.

Conference Committee/Legislature: Delete provision. Instead, extend the Warren Knowles-Gaylord Nelson Stewardship 2000 (stewardship) program for another 10 years to fiscal year 2019-20 and increase the annual bonding authority from \$60 million to \$86 million. This would increase the total general obligation bonding authority of the stewardship program by \$860 million, to \$1,663,000,000 (from \$803 million currently).

The program is currently authorized until 2009-10, with annual bonding authority of \$60 million. Of this \$60 million, \$45 million is dedicated to the land acquisition subprogram and \$15 million is dedicated to the property development and local assistance subprogram. The act would extend the program for an additional 10 years, to 2019-20, and increase the annual bonding authority to \$86 million beginning in 2010-11, with \$62,000,000 dedicated to the land acquisition subprogram, \$21.5 million dedicated to the property development and local assistance subprogram, and \$2.5 million dedicated to a new recreational boating aids subprogram. If bonding authority remains for a subprogram on June 30, 2020, DNR may expend any portion of the remaining bonding authority for that subprogram in one or more subsequent years. Further, the act would extend to the expanded program current provisions allowing DNR to obligate additional amounts (up to the total bonding authority for the land acquisition subprogram) for certain land acquisitions with the approval of the Natural Resources Board, or the Governor and Joint Committee on Finance. The following table shows annual bonding allocations under the current program and under the act.

	Current <u>2006-07</u>	Act 20		
		<u>2007-08</u>	2008-09 and <u>2009-10</u>	Beginning <u>2010-11</u>
Land Acquisition	\$45,000,000	\$43,500,000	\$42,500,000	\$62,000,000
Property Development and Local Assistance	15,000,000	15,000,000	15,000,000	21,500,000
Recreational Boating Aids	<u>0</u>	<u>1,500,000</u>	<u>2,500,000</u>	<u>2,500,000</u>
Total Annual Bonding Allocation	\$60,000,000	\$60,000,000	\$60,000,000	\$86,000,000

Land Acquisition Subprogram

In obligating moneys under the land acquisition subprogram (under current law and the act), DNR must give priority to the following purposes: (a) acquisition of land that preserves or enhances the state's water resources, including land along the Lower Wisconsin State Riverway

and land abutting wild rivers, wild lakes, and land along the shores of the Great Lakes; (b) acquisition of land for the stream bank protection program; (c) acquisition of land for habitat areas and fisheries; (d) acquisition of land for natural areas; and (e) acquisition of land in the middle Kettle Moraine. DNR must set aside \$3,000,000 in each fiscal year for state trails and the Ice Age Trail. Additionally, beginning in fiscal year 2006-07 and ending in fiscal year 2019-20, the Department must set aside \$2,000,000 in each fiscal year to acquire land from the Board of Commissioners of Public Lands (BCPL). In addition, DNR is required to set aside at least \$2,000,000, over the life of the program (2019-20), for matching funds for the purchase of land or easements under the federal forest legacy program. Under the act, beginning in 2010-11 and ending in fiscal year 2019-20, DNR would also be required to set aside \$12,000,000 in each fiscal year for matching grants that may be awarded only to nonprofit conservation organizations (NCOs). The following table illustrates how funding is allocated annually under the land acquisition subprogram under current law, and would be allocated under the act.

Land Acquisition Subprogram

	Current <u>2006-07</u>	Act 20		
		<u>2007-08</u>	2008-09 and <u>2009-10</u>	Beginning <u>2010-11</u>
Department (and County)				
Acquisitions	\$31,750,000	\$30,500,000	\$29,500,000	\$45,000,000
Grants to NCOs	8,250,000	8,000,000	8,000,000	12,000,000
BCPL Natural Areas	2,000,000	2,000,000	2,000,000	2,000,000
Ice Age and Other Trails	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>
Total Annual Bonding Authority	\$45,000,000	\$43,500,000	\$42,500,000	\$62,000,000

Beginning in 2010-11, the act would create a program under the land acquisition subprogram to provide grants to counties to acquire land to be included in a county forest and for projects for which DNR requests a counties assistance for nature-based outdoor recreation and conservation purposes. The Department has defined "nature-based outdoor recreation" in administrative rule to mean "activities where the primary focus or purpose is the appreciation or enjoyment of nature". These activities may include but are not limited to: hiking, bicycling, wildlife or nature observation, camping, nature study, fishing, hunting, and multi-use trail activities. The act would require each county receiving a grant under this program to provide matching funds of at least 50% of the land acquisition costs. Further, the act would prohibit a county from converting the land or the rights in the land acquired using program grant money to a use that is inconsistent with the type of nature-based outdoor recreation for which the grant was awarded, without the approval of the Natural Resources Board. Grant awards would be for no more than 50% of property acquisition costs. (Counties are eligible for local assistance grants under the current program; the act would extend eligibility to the land acquisition subprogram).

Property Development and Local Assistance Subprogram

Of the \$15 million in annual bonding authority currently dedicated to the property development and local assistance subprogram, the Department must obligate at least \$3.5 million for property development and may obligate up to \$8 million on local assistance annually, for nature-based outdoor recreation purposes. The act would increase the annual bonding authority dedicated to property development and local assistance to \$21.5 million, and would increase the maximum amount that may be obligated for local assistance to \$11.5 million annually (leaving at least \$10 million annually for DNR property development).

The act would also specify that a second appraisal is not required for DNR to provide a grant to a governmental unit or a nonprofit conservation organization under the Stewardship program if the fair market value of the land is estimated by the Department to be at, or below, \$350,000 (rather than the current \$200,000). The following table illustrates how funding is allocated annually under the property development and local assistance subprogram under current law, and would be allocated under the act.

Property Development and Local Assistance Subprogram

	Current Law (Through 2009-10)	Act 20 (Beginning in 2010-11)
Property Development (minimum)	\$7,000,000	\$10,000,000
Local Assistance Grants (maximum)	<u>8,000,000</u>	<u>11,500,000</u>
Total Annual Bonding Authority	\$15,000,000	\$21,500,000

Property development allocations may be used for: (a) property development on DNR land; (b) property development on conservation easements adjacent to DNR land; and (c) grants to friends groups and non-profit conservation organizations (NCOs) for property development activities on DNR land. DNR may not encumber more than \$250,000 annually for grants to friends groups and NCOs for property development activities on DNR land, and the friends group or NCO must provide matching funds of at least 50% of project costs. (This applies only to property development grants for NCOs; NCOs are also eligible for land acquisition grants under any of the stewardship subprograms).

Local assistance allocations may be used for grants for: (a) acquisition of urban green space; (b) acquisition and development of local parks; (c) acquisition of property development rights; and (d) acquisition and development of urban rivers. Grant awards are available for up to 50% of eligible project costs. Eligible recipients of these grants include: towns, villages, counties, and tribal governments.

NCO Land Acquisition Grants

DNR may award grants under the land acquisition and the property development and

local assistance subprogram to non-profit conservation organizations (NCOs) for land acquisition. Under current law, these grants may be for up to 50% of the land's current fair market value plus other acquisition costs as determined in rule by DNR (generally, the costs of appraisals and closing costs, but not attorney fees). Under the bill, grants of up to 75% of the property acquisition costs could be made to NCOs if the Natural Resources Board determined that all of the following apply: (a) that the property is uniquely valuable in conserving the natural resources of the state; (b) that delaying or deferring the acquisition until 50% of the acquisition costs are procured by the NCO is not reasonably possible; and (c) that sufficient bonding authority remains in the \$12 million set aside for land acquisition grants to NCOs for that fiscal year, after awarding grants to nonprofit conservation organizations that meet the 50% matching requirement.

Recreational Boating Aids Subprogram

The act would create a recreational boating aids subprogram and dedicate \$1.5 million in 2007-08 and \$2.5 million beginning in 2008-09 to this subprogram. (This would maintain funding for recreational boating projects at the current level of \$3.1 million annually. The bill would transfer \$1.5 million in 2007-08 and \$2.5 million in 2008-09 from recreational boating aids to an appropriation to provide grants for the control of aquatic invasive species. See "Natural Resources -- Water Quality").

Under the recreational boating program, DNR provides grants to municipalities, counties, town sanitary districts, public inland lake protection and rehabilitation districts, qualified lake associations, the Milwaukee River Revitalization Council, and the Lower Wisconsin State Riverway Board for up to 50% of the costs (or more in certain circumstances) of developing recreational boating facilities approved by the Waterways Commission. The Waterways Commission is a five-member board appointed by the Governor with the advice and consent of the Senate for staggered, five-year terms. Grants are available for recreational boating projects that include providing public access (boat ramps and related parking facilities), navigational aids or markers, dredging, weed removal, and capital equipment used for trash or debris removal.

[Act 20 Sections: 584b, 636b thru 638b, 638r thru 646m, 647, 647m, 648b thru 656b, 659, 718b, and 719b]

2. STEWARDSHIP REVIEW [LFB Paper 557]

Assembly: 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 \$500,000 would be subject to review.

Further, specify that a DNR project or activity using stewardship funds of less than or equal to \$500,000 is subject to review by the Joint Committee on Finance if all of the following apply: (a) it is so closely related to one or more other Department projects or activities

proposed or conducted using stewardship funds that the projects or activities, if combined, would constitute a larger project or activity that exceeds \$500,000; and (b) the Department separated the projects or activities primarily to avoid Joint Finance Review.

If the Joint Finance Co-chairs do not notify DNR within 14 working days that the Committee is scheduling a meeting to review the proposal, DNR may proceed with the project. Specify that at least three members of the Committee would be required to register an objection for the item to be scheduled for a meeting. If the Committee would not hold a meeting to review the proposal within 60 days after the Co-Chairpersons notified the Department that a meeting would be scheduled, the Department could proceed with the transaction. Specify that this procedure does not apply to DNR acquisition of land held by the Board of Commissioners of Public Lands (BCPL).

Currently, DNR may obligate, under the land acquisition subprogram, any amount not in excess of the total bonding authority for that subprogram for the acquisition of land, subject to the approval of the Governor and the Joint Committee on Finance. This provision would clarify that the 14-day passive review process applies to these transactions. Under current law, the Department must set aside \$2,000,000 in each fiscal year to acquire land from the Board of Commissioners of Public Lands (BCPL). These acquisitions would not be subject to Joint Finance review.

Conference Committee/Legislature: Modify the provision to specify that all stewardship projects (excluding DNR property development projects and DNR acquisition of land held by the Board of Commissioners of Public Lands) in excess of \$750,000 would be subject to review.

Further, specify that a DNR project or activity using stewardship funds of less than or equal to \$750,000 is subject to review by the Joint Committee on Finance if all of the following apply: (a) it is so closely related to one or more other Department projects or activities proposed or conducted using stewardship funds that the projects or activities, if combined, would constitute a larger project or activity that exceeds \$750,000; and (b) the Department separated the projects or activities primarily to avoid Joint Finance Review.

If the Joint Finance Co-chairs do not notify DNR within 14 working days that the Committee is scheduling a meeting to review the proposal, DNR may proceed with the project. Specify that at least five members of the Committee, including at least one Co-Chair, would be required to object, in writing, for the item to be scheduled for a meeting. If the Committee would not hold a meeting to review the proposal within 16 working days after the Co-Chairpersons notified the Department that a meeting would be scheduled, the Department could proceed with the transaction. However, if the notification is made after the Legislature has adjourned its final general business floor period in an even-numbered year, then Joint Finance would have 31 working days to hold a meeting.

Currently, DNR may obligate, under the land acquisition subprogram, any amount not in excess of the total bonding authority for that subprogram for the acquisition of land, subject to the approval of the Governor and the Joint Committee on Finance. This provision would clarify

that the 14-day passive review process applies to these transactions. Under current law, the Department must set aside \$2,000,000 in each fiscal year to acquire land from the Board of Commissioners of Public Lands (BCPL). These acquisitions would not be subject to Joint Finance review.

Veto by Governor [B-4]: As passed by the Legislature, the stewardship review provision would have been effective on the general effective date of the act. In addition, the act specifies that a second appraisal is not required for DNR to provide a grant to a governmental unit or a nonprofit conservation organization under the Stewardship program if the fair market value of the land is estimated by the Department to be at, or below, \$350,000 (rather than the current \$200,000). The change in the second appraisal requirement would first apply to estimates made by DNR on the general effective date of the act. The Governor's partial veto deletes the language related to the initial applicability of the second appraisal requirement, but retains certain words and selected digits contained in this provision and the two following sections related to the Public Defender Board and the Department of Public Instruction to delay the effective date of the stewardship review provision to July 1, 2010. The text created as the result of the veto reads, as follows: "The treatment of section 23.0917(6m) of the statutes first applies on July 1, 2010".

Act 20 provides \$182,100 GPR in 2008-09, to permit the Office of the State Public Defender (SPD) to represent adults subject to involuntary civil commitment, protective placement, or involuntary administration of psychotropic medication, without making a finding of indigency, first effective on July 1, 2008. As passed by the Legislature, this provision would have first applied to cases opened on or after July 1, 2008. Under the Governor's partial veto, the provision would still take effect on July 1, 2008, but the SPD would have the discretion to provide representation under the veto to cases opened prior to July 1, 2008.

Act 20 provides \$1,458,100 GPR in 2007-08 and \$1,835,200 GPR in 2008-09 over annual base funding of \$1,055,400 GPR and increases the state school breakfast reimbursement rate from \$0.10 to \$0.15 per breakfast served. As passed by the Legislature, Senate Bill 40 would have specified that the increase in the state school breakfast reimbursement rate would first apply to breakfasts served during 2007-08. The Governor's partial veto deletes the provision related to the initial applicability of the school breakfast reimbursement rate.

[Act 20 Sections: 646r, 646t, 9335(2c), 9336(1), and 9337(1)]

[Act 20 Vetoed Sections: 9335(2c), 9336(1), and 9337(1)]

3. STEWARDSHIP EARMARKS [LFB Paper 556]

Governor: Direct DNR to expend up to \$1,000,000 of the bonding authority under the Warren Knowles-Gaylord Nelson Stewardship 2000 program for efforts to improve navigability for recreational boating in Mirror Lake in Sauk County and in the streams flowing into the lake. The bill would authorize DNR to expend bonding authority from either the land acquisition subprogram or the property development and local assistance subprogram.

Under the Stewardship program, the state is authorized to issue bonds for the purpose of (a) acquiring land to expand recreational opportunities and protect environmentally sensitive areas, (b) developing facilities on these state lands, and (c) providing grants to local governments and non-profit conservation organizations (NCOs) for up to 50% of the cost of acquiring or developing lands for nature-based outdoor recreation. The program currently has general obligation bonding authority of \$60 million annually.

Joint Finance: Include the Governor's provision. Further, provide up to the following amounts from the Warren-Knowles-Gaylord Nelson Stewardship 2000 program. Require the recipient to provide \$1 for each \$3 in state funding. In addition, authorize the Department to expend bonding authority from either the land acquisition or the property development and local assistance subprogram.

- a. \$500,000 to Vernon County to restore Jersey Valley Lake.
- b. \$1,000,000 to a nationwide nonprofit conservation organization dedicated to land and water resource preservation (The Conservation Fund) for property acquisition for the Milwaukee Metropolitan Sewerage District Greenseams flood management program and for habitat restoration for lands acquired under the program.
- c. \$875,800 to the City of Green Bay for the acquisition of property to be developed into a recreational trail.

Jersey Valley Lake, located in Vernon County was drained in response to a March, 2005 incident where manure runoff resulted in the death of many of the lake's fish. Further, the lake's dam is in need of repair and the lake's structure may be leaking. The county has hired an engineering firm to estimate the cost of repairing the dam and sealing the fissures in the lake bed so the lake could be refilled. The funding provided would be for a project to install a grout curtain on the dam as well as monitoring wells downstream that record water levels and determine the effectiveness of the repair and continuing lake and dam function. The preliminary estimate of the project cost is \$700,000.

Greenseams is a flood management program aimed at conserving water and preventing flooding through land protection. To implement Greenseams, the Milwaukee Metropolitan Sewerage district chose The Conservation Fund (TCF), a national non-profit conservation organization dedicated to land and water resource preservation. TCF helps MMSD acquire land along river corridors (such as the Menomonee, Milwaukee, and Root Rivers) containing hydric soils that can rapidly absorb water.

The City of Green Bay intends to use this funding to purchase approximately 25 acres from Wisconsin Central Railroad. The city would construct an off-street multi-use bicycle and pedestrian trail separated from the city street grid. Pending purchase, trail construction is tentatively scheduled to begin in May 2008, with completion in October, 2008.

Assembly/Legislature: Include Joint Finance provision (four earmarks). Further, direct DNR to expend up to \$600,000 under the Warren Knowles-Gaylord Nelson Stewardship 2000

program to the City of Antigo for property development activities related to the Ice Age and Springbrook trails. Require the Department to provide \$1 for each \$1 expended by the city of Antigo. Authorize DNR to expend bonding authority from either the land acquisition subprogram or the property development and local assistance subprogram.

[Act 20 Sections: 658 thru 658t]

4. ORIGINAL STEWARDSHIP PROGRAM BONDING AUTHORITY

Assembly: Reduce the total general obligation bonding authority authorized under the original Warren Knowles-Gaylord Nelson Stewardship program by \$2.05 million, to reflect unissued bonding authority as of May 15, 2007. In addition, specify that any funds committed, but not yet expended, by DNR from the original stewardship program, may be expended from the Stewardship 2000 program.

Conference Committee/Legislature: Delete provision.

5. PUBLIC ACCESS ON STEWARDSHIP LAND [LFB Paper 555]

Assembly/Legislature: Specify that land acquired in fee simple, or acquired by an easement or other conveyance that was withdrawn from the managed forest land program on or after the effective date of the budget, that is acquired using stewardship funds, must be open to the public for hunting, fishing, trapping, cross-country skiing, and other nature-based outdoor recreation (as defined by DNR rule), unless the Natural Resources Board determines that a closure is necessary to: (a) protect public safety; (b) protect a unique plant or animal community; or (c) to accommodate usership patterns, as defined by administrative rule. Require the Natural Resources Board to develop rules relating to public access for all other lands (such as for other conservation easement parcels) acquired in whole or in part from stewardship funds. Stewardship lands in fish or game refuges may be closed to hunting, fishing, and trapping. In addition, direct the Natural Resources Board to develop a process by rule to allow for review of a closure finding.

Require DNR to submit a report to the Legislature within 48 months of the effective date of the budget, which lists all stewardship land that was acquired before the effective date of the budget for which public access has been restricted or prohibited and the reasons for that action. Further, require a report to the Joint Committee on Finance and standing committees on natural resources by November 15 annually (beginning in 2008) identifying each property acquired in the previous fiscal year that is not open for one or more purposes listed above and the reason for the closure.

[Act 20 Sections: 638mg and 638mj]

6. STEWARDSHIP ACREAGE ALLOCATION

Assembly: Specify that no more than 10% of available Stewardship bonding authority in any fiscal year may be used to purchase parcels less than 10 acres in size.

Conference Committee/Legislature: Modify the provision to specify that no more than 20% of available stewardship bonding authority in any fiscal year may be used to purchase parcels less than 10 acres in size.

[Act 20 Section: 647r]

7. IDENTIFICATION OF STEWARDSHIP LANDS

Conference Committee/Legislature: Require DNR, within 48 months of the effective date of the budget, to establish and maintain an interactive mapping tool at the Department's website that identifies all stewardship land that is open for public access. Further, require DNR to make available a directory of all stewardship land that is open for public access. Specify that the directory be updated every two years and be organized by county and town and clearly show the location of the stewardship land and named or numbered roads. The Department may prepare the directory or may make available a map, book or directory published by a private entity. Specify that the mapping tool be available without charge, and that DNR may charge a fee for the directory, not to exceed the cost of publication.

In addition, the act requires an owner of stewardship land, or DNR, if the land is surrounded by DNR land, to provide notice of public access to the stewardship land in the form of specific signs placed at major access points to the stewardship land that identify the land as land acquired using stewardship funds (within 6 months of the effective date of the budget for land acquired on or after the effective date, and within 48 months for land acquired before the effective date). Specify that the signs be at least 108 square inches and made of a durable substance. The act would require the signs to include: (a) either the primary activities that are restricted or prohibited on the stewardship land or the primary activities that are permitted on the stewardship land; (b) the name of the owner of the stewardship land or a person to contact regarding the stewardship land; and, (c) if the stewardship land has a cumulative acreage of 10 acres or more, the postal address or telephone number of the owner of the stewardship land, the postal address or telephone number of a person to contact regarding the stewardship land, or an internet website address where a person can locate that information.

Under the act, if a landowner fails to comply with these requirements, the landowner would be ineligible for state aid under the stewardship program until DNR determines that the landowner is in compliance. If the Department is notified that a sign needs replacing, the bill would require DNR to determine whether the sign needs to be replaced within 28 days. If the Department determines that replacement is necessary, DNR must replace the sign within 28 days, or must notify the landowner within seven days of that determination. If the landowner does not replace the sign within three months after receiving notice from DNR, the landowner would be ineligible for any state aid under the stewardship program. The act also requires all owners of stewardship land to provide DNR with contact information.

Further, the act specifies that, if the Department authorizes a nonprofit conservation organization to charge a fee for hunting on stewardship land, the fee for the hunting season may not exceed the state park daily resident vehicle admission fee (currently \$7).

Under the act, these requirements do not apply to stewardship easements for trails, land acquired or managed for the Ice Age Trail, and easements for which the primary purpose of the easement is not public access.

[Act 20 Section: 638mj]

8. STEWARDSHIP AUDIT

Assembly: Request the Joint Committee on Audit to direct the Legislative Audit Bureau to conduct an audit of the Stewardship program. Specify that, if the Committee directs the Audit Bureau to perform an audit of the Stewardship program, the Bureau shall file its report before July 1, 2009.

Conference Committee/Legislature: Delete provision.

9. STEWARDSHIP COMPREHENSIVE REVIEW

Assembly: Direct DNR to conduct a comprehensive evaluation of the Stewardship program. Require the Department to submit a report to the Joint Committee on Finance, the legislative standing committees responsible for natural resources issues, and to the Assembly speaker and Senate majority leader, by January 1, 2009. The report would specify goals for the Stewardship program including criteria (such as the maximum number of acres of conservation land that should be under state ownership or easement), for determining when the Stewardship program should be concluded.

Conference Committee/Legislature: Delete provision.

10. LAND MANAGEMENT

SEG	\$400,000
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Governor: Provide \$200,000 annually split-funded from the forestry, fish and wildlife, and parks accounts of the conservation fund for operation and maintenance expenses on properties managed by the Bureau of Facilities and Lands. Funding provided would include: \$50,000 annually for control of invasive species, \$50,000 annually to develop a system to monitor Department-held easements, \$40,000 annually for a handbook for property managers, and \$60,000 annually for additional operation and maintenance activities on DNR recreational properties such as the Turtle-Flambeau and Chippewa Flowages and the Lower Wisconsin State Riverway. Other properties that may benefit from this initiative would include the La Crosse River, Big Creek, and Pine Creek Fishery Areas; the Menominee River; and the Pine and Popple Wild Rivers. After several years, a substantial portion of monies identified for the easement monitoring system and property handbook would be redistributed to property operation and

maintenance.

Assembly: Adopt provision, except specify that the \$200,000 in 2008-09 for operation and maintenance expenses on properties managed by the Bureau of Facilities and Lands be one-time funding.

Conference Committee/Legislature: Restore Governor's provision.

11. LAND MANAGEMENT CONTRACTS

Joint Finance/Legislature: Authorize DNR to contract with non-profit conservation organizations (including land trusts) and private companies to perform land management activities on DNR properties. In addition, require DNR to submit a report to the Joint Committee on Finance by November 15 of each year for the prior fiscal year. Require the report to include information on costs of contracts, activities performed, and the cost-effectiveness of the contracts.

[Act 20 Section: 638m]

Fish, Wildlife, and Recreation

1. ENDANGERED RESOURCES FUNDING [LFB Paper 560]

GPR	\$272,000
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Governor: Provide \$136,000 annually to reestimate funding from a GPR sum sufficient appropriation, to the \$500,000 maximum allowed, to match endangered resources revenues from gifts, grants and the voluntary income tax check-off designation for the endangered resources program. For 2006-07, \$364,000 is provided.

Assembly: Reduce the maximum amount appropriated from this GPR sum sufficient appropriation by \$136,000, to \$364,000 in 2007-08 and 2008-09 (the same level provided in 2006-07) to match endangered resources donations from gifts, grants and the voluntary income tax check-off designation for the endangered resources program. The maximum match would revert to \$500,000 GPR annually beginning in 2009-10.

Conference Committee/Legislature: Restore Governor's provision.

2. **KARNER BLUE BUTTERFLY HABITAT [LFB Paper 561]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$0	\$20,000	\$20,000

Governor: Create a continuing appropriation from the conservation fund into which all moneys received from gifts, grants, and bequests to, and all fees paid by partners into, the Karner blue butterfly habitat conservation plan are deposited. Specify that those monies be used for the administration and implementation of the plan. (While budget appropriation documents identify the revenues as being deposited to the fish and wildlife account, DNR and administration officials have indicated that the forestry account may be more appropriate since most partners are forest managers.)

Under current law, DNR is authorized to enter into agreements with federal agencies with respect to programs designed to conserve endangered or threatened species of wild animals. DNR administers the Karner blue butterfly habitat conservation plan under an agreement with the U.S. Fish and Wildlife Service. The plan allows Wisconsin land owners to manage land occupied by the federally endangered Karner blue butterfly, provided they follow certain guidelines to protect the species. DNR has the lead responsibility for implementing the conservation plan on state property as well as coordinating conservation efforts with other partner organizations. The plan divides Wisconsin landowners into two categories: those required to participate ("partners") and voluntary participants. Landowners are required to participate in the plan if their land includes Karner blue butterfly habitat and one or more of the following conditions apply: (a) the land has forestry practices on more than 1,000 acres; (b) the landowner's management activities constitute a permanent take of Karner blue butterfly habitat (permanent take activities include but are not limited to construction of roadways, parking lots, buildings, residential subdivisions and condominiums, or other developments that will preclude Karner blue butterfly occupation for a minimum of five years); or (c) the landowner's management activities include right of way or corridor development or maintenance. Farmers and landowners with less than 1,000 acres are encouraged to participate on a voluntary basis. Initial partners in the plan did not pay a participation fee; however, new partners in the plan, such as utility companies and large private landowners, must pay a one-time entry fee of \$2,550. These fees currently are deposited in an escrow account administered by the Natural Resources Foundation under the authority of the partnership. The administration made no estimate of revenues from donations and fees, but Foundation officials indicate that approximately \$10,000 in gifts and fees was deposited into the account in calendar year 2006.

Joint Finance/Legislature: Adopt the Governor's recommendation. However, create the Karner blue butterfly gifts, grants and fee appropriation under the forestry account of the conservation fund, rather than the fish and wildlife account to reflect the fact that forestry staff have taken the lead role in the implementation of the Karner blue butterfly habitat plan. In addition, estimate the appropriation at \$10,000 annually.

[Act 20 Section: 274]

3. CWD AND WILDLIFE DAMAGE FUNDING [LFB Paper 562]

SEG	- \$2,142,400
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Joint Finance: Specify that the \$400,000 in base level general fish and wildlife SEG appropriated for Chronic Wasting Disease (CWD) be one-time in the 2007-09 biennium (would not be available beginning in 2009-10). In addition, delete \$1,071,200 annually from wildlife damage funding for CWD. Further, prohibit DNR from using fish and wildlife SEG to replace this funding. As a result, DNR would be prohibited from expending more than \$2,360,000 (the amount spent in 2005-06) from nonfederal funds in the conservation fund in any fiscal year for the management of and testing for CWD. In addition, direct DNR to submit a plan to the Joint Committee on Finance, by January 1, 2008, that describes methods for administering the wildlife damage abatement and wildlife damage claim programs in fiscal year 2008-09 so that the amounts expended for those programs do not exceed the revenues received. Under the bill, wildlife damage related claims could exceed anticipated revenues by approximately \$1.5 million on June 30, 2009.

The wildlife damage claims and abatement program provides landowners in participating counties with financial assistance to implement projects to reduce crop damage (abatement) and partially reimburse losses incurred from crop damage. The programs are funded by two dedicated revenue sources within the fish and wildlife account of the conservation fund: (a) revenue from a \$2 surcharge on most resident and nonresident hunting licenses and a \$4 surcharge on resident and nonresident conservation patron licenses; and (b) revenue from the \$12 resident (\$20 nonresident) bonus deer permit. Together, these revenue sources generated over \$4.3 million in 2005-06. In addition, wildlife damage surcharge and bonus deer permit revenue is also used for the Department's costs of control and removal of wild animals, urban wildlife abatement and control grants, and chronic wasting disease. Current and budgeted CWD expenditures are shown in the following table. Fish and Wildlife SEG includes \$1.96 million annually reallocated primarily from other wildlife management and law enforcement programs and \$400,000 appropriated specifically for CWD management.

DNR CWD Related Expenditures

<u>Source</u>	<u>Actual 2005-06</u>	<u>Estimated 2006-07</u>	<u>Budgeted 2007-08</u>	<u>Budgeted 2008-09</u>	<u>Estimated 2009-10</u>
Federal *	\$1,039,000	\$1,039,000	\$1,039,000	\$1,039,000	\$1,039,000
GPR & PR	129,000	129,000	129,000	129,000	129,000
Wildlife Damage	1,077,000	1,077,000	0	0	0
General Fish & Wildlife	<u>2,360,000</u>	<u>2,360,000</u>	<u>2,360,000</u>	<u>2,360,000</u>	<u>1,960,000</u>
	\$4,605,000	\$4,605,000	\$3,528,000	\$3,528,000	\$3,128,000

* DNR has indicated federal funding levels for 2007-09 may decline.

Veto by Governor [B-3]: Delete the provisions relating to the limitation on the use of fish and wildlife funding for CWD purposes and the requirement that DNR submit a plan by January 1, 2008, to address the anticipated shortfall in available revenues for the program.

[Act 20 Vetoed Sections: 707d and 9135(3k)]

4. WILDLIFE DAMAGE REESTIMATES

SEG	\$2,839,600
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Senate/Legislature: Provide \$15,000 annually for estimated venison processing donations. Further, provide \$1,322,300 in 2007-08 and \$1,487,300 in 2008-09 to reflect anticipated agricultural wildlife damage claims and abatement costs (approximately \$3.5 million in 2007-08 and \$3.7 million in 2008-09). The amounts would update the continuing appropriation amounts to reflect anticipated activity for the 2007-09 biennium.

5. WILDLIFE DAMAGE PROGRAM PRIORITIES

Assembly: Specify that, in the event that available revenues are not sufficient to cover all agricultural wildlife damage program related costs, funding for the control of wild animals would first be reduced or eliminated before other program activities were reduced or eliminated. Currently, this appropriation supports 2.0 staff who oversee the wildlife damage programs, costs incurred for the removal of wild animals that cause damage, and staff response to complaints about wild animals, or their structures, which are causing a nuisance. Specify that the amount available for this biennial appropriation on each June 30, be the lesser of the amount in the appropriations schedule or the amount available after agricultural wildlife damage program costs are paid.

Under Joint Finance, agricultural wildlife damage program claims and abatement costs are expected to exceed available revenues by approximately \$1.5 million by June 30, 2009. Under current law, if funds are insufficient for all costs, agricultural wildlife damage claims are first prorated or eliminated, then abatement costs, then county administration costs. Under this provision, the approximately \$250,000 appropriated for 2.0 staff and related DNR costs of overseeing the wildlife damage programs, and for wild animal removal would be prorated or eliminated before wildlife damage claims were reduced.

Conference Committee/Legislature: Delete provision.

6. WARDEN OVERTIME [LFB Paper 563]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$571,000	-\$285,500	\$285,500

Governor: Provide \$238,000 in 2007-08 and \$333,000 in 2008-09 for increased conservation warden overtime.

Joint Finance/Legislature: Reduce funding by \$119,000 in 2007-08 and by \$166,500 in 2008-09. Expenditure authority is provided as follows:

	<u>2007-08</u>	<u>2008-09</u>
Conservation Fund		
ATV Account	\$6,000	\$8,500
Boating Account	14,200	19,800
Fish and Wildlife Account	90,300	126,400
Water Resources Account	1,500	2,000
Environmental Fund	5,400	7,600
Recycling Fund	<u>1,600</u>	<u>2,200</u>
Total	\$119,000	\$166,500

7. **WARDEN RADIOS [LFB Paper 564]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$433,200	- \$21,800	\$411,400

Governor: Provide \$218,000 in 2007-08 and \$215,200 in one-time funding in 2008-09 to purchase new radios for law enforcement wardens. Of the amount provided, \$123,600 in 2007-08 and \$118,600 in 2008-09 would be used to continue master lease payments that began in the 2005-07 biennium for 70 mobile radios and 120 portable radios for conservation wardens. Funding of \$63,600 in 2005-06 and \$127,200 in 2006-07 was provided from the recycling, environmental, and conservation funds (fish and wildlife and ATV accounts only). The remainder, \$94,400 in 2007-08 and \$96,600 in 2008-09 would be used toward the payment of the first two years of an expected four-year master lease for an additional 100 mobile radios and 50 portable radios to supply all conservation wardens with comparable radio equipment. Funds for the last two years of this master lease would need to be requested in the 2009-11 biennium. Mobile radios are placed in conservation warden vehicles, and portable radios are carried by the warden outside the vehicle.

Joint Finance: Delete \$10,900 each year to provide a total of 215 (rather than 220) each of mobile and portable radios. Expenditure authority is provided as follows:

	<u>2007-08</u>	<u>2008-09</u>
Conservation Fund		
ATV Account	\$10,500	\$10,300
Boat Registration Account	24,600	24,300
Fish and Wildlife Account	157,000	155,000
Water Resources Account	2,600	2,500
Environmental Fund	9,500	9,400
Recycling Fund	<u>2,900</u>	<u>2,800</u>
Total	\$207,100	\$204,300

Assembly: Adopt the Joint Finance modification, except delete an additional \$21,800 each year to provide 205 of each radio (mobile radio and portable).

Conference Committee/Legislature: Restore Joint Finance modification.

8. WARDEN VEHICLE DATA COMMUNICATIONS

SEG	\$228,800
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Governor/Legislature: Provide \$228,800 in 2007-08 for mobile data communications for law enforcement wardens. The Department would devote \$80,400 to complete master lease payments for vehicle modems, which began in the 2005-07 biennial budget. The remaining \$148,400 would be used for purchasing 180 new docking stations for all warden vehicle computers. Expenditure authority would be provided as follows:

	<u>2007-08</u>
Conservation Fund	
Fish and Wildlife account	\$173,600
Boat Registration account	27,200
ATV account	11,600
Water Resources account	2,800
Environmental Fund	10,500
Recycling Fund	<u>3,100</u>
Total	\$228,800

9. WARDEN MOBILE COMPUTERS

SEG	\$511,100
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Governor/Legislature: Provide \$250,900 and \$260,200 in one-time funding in 2008-09 to begin a master lease for computers for law enforcement wardens. Funding would cover the first two years of a four-year master lease for 210 durable laptop computers. The upgraded computers would allow wardens to quickly access investigation systems, wanted person information, license checks, state statutes and codes and to coordinate with the State Patrol and other emergency responders. Expenditure authority would be provided as follows:

	<u>2007-08</u>	<u>2008-09</u>
Conservation Fund		
Fish and Wildlife account	\$190,300	\$197,500
Boating account	29,800	30,900
ATV account	12,800	13,200
Water Resources account	3,100	3,200
Environmental Fund	11,500	11,900
Recycling Fund	<u>3,400</u>	<u>3,500</u>
Total	\$250,900	\$260,200

10. ENVIRONMENTAL ENFORCEMENT LTEs [LFB Paper 597]

SEG	\$165,000
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Governor: Provide \$82,500 annually from the environmental fund to provide additional LTEs for environmental enforcement activities. Funding would provide five LTEs, one LTE in

each of the five DNR regions.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

11. WILDLIFE VIOLATOR COMPACT [LFB Paper 565]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$181,100	1.00	-\$34,100	-0.25	\$147,000	0.75

Governor: Provide \$121,500 in 2007-08 and \$59,600 in 2008-09 from the fish and wildlife account of the conservation fund with 1.0 three-year project position beginning in 2007-08 to support Wisconsin's participation in a wildlife violator compact with other states. The compact allows the state to track violators who have had their hunting, fishing, or trapping privileges revoked or suspended in other states. The bill includes \$75,000 in 2007-08 to update current state law enforcement database systems to accommodate data-sharing among states participating in the compact.

Joint Finance/Legislature: Provide \$104,300 SEG in 2007-08 and \$42,700 in 2008-09 with 0.75 three-year project position to integrate and administer the wildlife violator compact. Ongoing funding would reflect the approximately \$44,000 in annual revenues expected from the \$5 wildlife violator compact surcharge created under 2005 Act 282. The surcharge applies to fines and forfeitures for hunting and fishing law violations.

12. FISHING TOURNAMENT PERMIT ADMINISTRATION

SEG	\$20,000
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Governor/Legislature: Provide \$20,000 beginning in 2008-09 from the fish and wildlife account of the conservation fund for costs related to administering the fishing tournament permit program authorized in 2003 Wisconsin Act 249. Funding would cover review and approval of permit applications, enforcement-related costs, tournament data collection, monitoring activities and studies, and tournament education programs.

Under Act 249, DNR has the authority to promulgate rules that create a tournament fishing permit and to charge fees to recover costs of administering a tournament fishing program. The Department is currently promulgating tournament fishing rules. The Department estimates that the permit fee would generate approximately \$20,000 in revenues annually for the fish and wildlife account beginning in 2008-09.

13. SHOVELNOSE STURGEON PERMIT

SEG-REV	\$300
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Governor: Create an annual permit for shovelnose sturgeon harvest, with the fee set at

\$50.75 for residents (including a 75¢ issuing fee). Permits would not be authorized for nonresidents.

Under current law, in order to harvest shovelnose sturgeon, an individual must hold at least one of the following licenses: Mississippi/St. Croix River net; Mississippi River trammel net; inland waters set or bank pole; or, inland waters setline. The bill would require that any resident applying for the shovelnose sturgeon permit also hold at least one of these licenses in order to be issued a permit. Under the bill, the shovelnose sturgeon permit would authorize the permit holder to harvest shovelnose sturgeon and their eggs. Each permit holder would submit a monthly report (on or before the 10th day of each month) to the Department which specifies the number of pounds of shovelnose sturgeon eggs harvested during the preceding calendar month. The permit would be estimated to result in increased revenues to the fish and wildlife account of the conservation fund of approximately \$150 annually.

Assembly/Legislature: Adopt provision, except modify the statutory language to specify that no person may take shovelnose sturgeon or shovelnose sturgeon eggs unless the person has a permit issued by DNR, and that a person required to hold a shovelnose sturgeon permit shall report to DNR on forms available from DNR, on or before the 10th day of each month, the number of pounds of shovelnose sturgeon eggs harvested during the preceding month. The bill would create an annual resident permit for shovelnose sturgeon harvest, with the fee set at \$50.75.

[Act 20 Sections: 713 and 716]

14. LAC DU FLAMBEAU TWO-DAY RESIDENT INLAND TROUT FISHING LICENSE

Governor/Legislature: Allow the Lac du Flambeau band of the Lake Superior Chippewa to issue a resident two-day inland lake trout fishing license, equivalent to the license issued by the DNR.

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 the DNR. The band also allows other DNR agents to issue these licenses and stamps on the Lac du Flambeau reservation. Under the agreement, all revenue received by the Department from fishing licenses sold on the reservation by the band or by other DNR agents, less any issuance fees paid to the vendors, is remitted by the Department to the tribe on a monthly basis for fisheries management on the reservation on public navigable waters. In addition 2005 Act 25 requires the Department to make an annual payment of \$50,000 (from tribal gaming revenues) to the band for the purposes of fishery management within the reservation.

The bill would add the resident two-day inland trout fishing license to the types of DNR licenses that the band may issue as an agent of the DNR. Additionally, under current law, the band may issue its own fishing licenses and stamps that are equivalent to certain fishing licenses and stamps issued by DNR. The tribe may retain the revenues from the sale of these

licenses. The bill would add resident two-day inland lake trout fishing licenses to this list of licenses for which equivalent licenses may be issued by the band.

[Act 20 Sections: 708 and 712]

15. ELK HUNTING FEES [LFB Paper 566]

Governor: Increase the fee for a resident elk hunting license from \$49 to \$75 and the fee for a nonresident elk hunting license from \$251 to \$400 (including the \$2 wildlife damage surcharge and the 75¢ issuing fee). Further, increase the application processing fee for both a resident and a nonresident elk hunting license from \$3 to \$10.

Under current law, DNR is authorized to issue elk hunting licenses and to limit the number of elk hunters and elk harvested in any area of the state. However, the Department has not established an elk hunting season because the elk herd has not met the state population goal. DNR anticipates a limited bull-only elk season could be instituted as early as December, 2009. While very few licenses would be expected to be available, DNR estimates that more than 20,000 hunters would apply, generating over \$200,000 in annual revenue (beginning in fiscal year 2009-10 or later). A hunt would be considered when the Wisconsin elk herd reaches an overwinter population of approximately 200 animals. The Department has set an overwinter goal for the Clam Lake elk herd of 1,400 animals. Since 2002 the herd surviving winter has consisted of approximately 105 elk.

Joint Finance/Legislature: Delete provision.

16. ALIS MANAGEMENT SYSTEMS [LFB Paper 567]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$274,800	-\$285,100	-\$10,300

Governor: Provide \$179,000 in 2007-08 and \$95,800 in 2008-09 to upgrade the Automated Licensing Issuance System (ALIS) and to continue a master lease entered into in 2006-07 for updates to the Boat, ATV and Snowmobile registration system (BATs). The bill also includes the creation of a continuing appropriation from the conservation fund into which ALIS contract fees are credited. ALIS is a computerized, on-line system for the sale of various DNR licenses, permits and approvals, primarily hunting and fishing licenses.

Funding includes \$108,200 in 2007-08 and \$25,000 in 2008-09 of one-time funding to integrate the Natural Resources Citations, Recreational Safety Records, and Recreational Vehicle Registration databases into the existing ALIS database as follows:

	<u>2007-08</u>	<u>2008-09</u>
Conservation Fund		
Fish and Wildlife Account	\$82,200	\$19,000
Boat Account	17,400	4,000
Snowmobile Account	6,100	1,400
ATV Account	<u>2,500</u>	<u>600</u>
 Total	 \$108,200	 \$25,000

The remaining \$70,800 annually would be split-funded from the conservation fund for payment of the second and third year costs of a four-year master lease entered into in 2006-07 for the BATs system as follows: (Funding for the 2006-07 payment was provided on a one-time basis in the 2005-07 biennial budget).

	<u>2007-08</u>	<u>2008-09</u>
Conservation Fund		
Fish and Wildlife Account	\$44,800	\$44,800
Forestry Account	11,500	11,500
Boat Account	9,200	9,200
Snowmobile Account	3,200	3,200
ATV Account	1,300	1,300
Water Resources Account	500	500
Parks Account	<u>300</u>	<u>300</u>
 Total	 \$70,800	 \$70,800

Additionally, the bill would create an appropriation for depositing ALIS contract fees. DNR contracts with a third party (currently Central Bank Trust) to operate the statewide automated license system. Under the contract, beginning in fiscal year 2007-08, the contract fee DNR pays to Central Bank Trust for each license sold will be 83¢. Under current law, license fee revenues are deposited into the conservation fund, and the contract payments are made to Central Bank Trust from an appropriation related to general operations of the Customer Assistance and Employee Services Division. The bill would create a continuing appropriation into which the contract fee for each license sold that is owed to the ALIS operator would be deposited. The ALIS operator (Central Bank Trust) would then be paid the amounts due under the contract from this appropriation. (The bill would create the appropriation under the Division of Land, rather than the intended Division of Customer Assistance and Employee Services.)

Joint Finance/Legislature: Modify the Governor's recommendation as follows: (a) delete \$3,200 in 2007-08 related to data integration costs; (b) delete \$17,000 in 2007-08 and make 2008-09 funding one-time related to the BATS master lease; and (c) delete \$65,700 in 2007-08 and \$199,200 in 2008-09 related to a reestimate of the ALIS system contract. In addition, create the ALIS contract fee appropriation under the Customer Assistance and Employee Services Division rather than the Land Division.

[Act 20 Sections: 302s and 707]

17. BOAT REGISTRATION FEE INCREASE [LFB Paper 568]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	\$2,270,000	-\$1,070,000	\$1,200,000

Governor: Increase the fees paid for a three-year boat registration by approximately 33% as follows:

<u>Registration Type</u>		<u>Current Fee</u>	<u>Governor</u>	<u>Increase</u>	<u>Percent Increase</u>
Non-Motorized	Voluntary	\$9.75	\$13.00	\$3.25	33%
	Sailboat over 12'	15.00	20.00	5.00	33
Motorized	Under 16'	16.50	22.00	5.50	33
	16' to 26'	24.00	31.00	7.00	29
	26' to 40'	45.00	59.00	14.00	31
	Over 40'	75.00	98.00	23.00	31

Voluntarily registered non-motorized boats could include canoes, kayaks, other human-powered boats, or sailboats under 12 feet in length. The fee increase would be effective upon enactment of the bill and would be estimated to result in increased revenues to the boat registration account of the conservation fund of approximately \$670,000 in 2007-08 and \$1,600,000 in 2008-09.

Joint Finance/Legislature: Modify the Governor's recommendation by increasing boat registration fees as shown below (by approximately 15%, rather than 33%). This would be expected to increase revenues to the boat registration account by approximately \$330,000 in 2007-08 and \$870,000 in 2008-09 (for a total of \$1,200,000).

	<u>Current Fee</u>	<u>Governor</u>	<u>Jt. Finance/ Legislature</u>	<u>Jt. Finance/Leg. Increase to Current Fee</u>	<u>Percent Increase</u>
Non-Motorized					
Volunteer	\$9.75	\$13.00	\$11.00	\$1.25	13%
Sailboat	15.00	20.00	17.00	2.00	13
Motorized					
Under 16'	16.50	22.00	19.00	2.50	15
16' to 26'	24.00	31.00	28.00	4.00	17
26' to 40'	45.00	59.00	52.00	7.00	16
Over 40'	75.00	98.00	86.00	11.00	15

[Act 20 Sections: 720 thru 725]

18. LOCAL ATV AIDS [LFB Papers 569 and 570]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$1,874,100	-\$162,300	\$1,711,800

Governor: Provide \$934,700 in 2007-08 and \$939,400 in 2008-09 from the ATV account of the conservation fund for local ATV trail aids and enforcement aids.

The increase in local trail aids is the result of anticipated revenues from registration and non-resident trail pass fees (\$488,000 in 2007-08 and \$400,000 in 2008-09) as well as an increase in the annual motor fuel tax transfer to the ATV account (\$146,700 in 2007-08 and \$239,400 in 2008-09). ATV trail aids are provided to towns, villages, cities, counties and federal agencies for the following ATV projects: (a) land or easement acquisition; (b) ATV facilities (such as parking areas, riding areas and shelters); (c) development and maintenance of ATV trails; (d) purchase of liability insurance; and (e) signs briefly explaining the law related to intoxicated operation of ATVs. Under the bill, local trail aids would be funded at almost \$4 million each year.

Additionally, \$300,000 annually would be provided to increase aids to counties for the costs of local ATV law enforcement patrols from \$200,000 to \$500,000. Counties may receive up to 100% of eligible costs, with aid payments prorated if claims exceed the appropriation level.

Joint Finance: Reestimate trail aids by -\$65,800 SEG in 2007-08 and -\$96,500 SEG in 2008-09 to reflect available ATV fuel tax revenues.

Assembly: Reduce the amount provided to counties for the costs of local ATV law enforcement patrols by \$80,000 in 2007-08. This provision would provide \$420,000 in 2007-08 (a 20% increase from 2006-07 eligible claims).

Conference Committee/Legislature: Restore Joint Finance modification.

19. STATE ATV PROJECTS

SEG	\$350,000
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Governor/Legislature: Provide \$300,000 in 2007-08 for the reconstruction of seven miles of existing ATV trails to improve drainage and safety at Richard I. Bong State Recreational Area in Kenosha County. In addition, provide \$50,000 in 2007-08 for a brochure, developed in conjunction with the Department of Tourism, to provide information on recreational and tourism opportunities near all-terrain vehicle trails.

20. NORTHERN STATE FOREST ATV TRAILS [LFB Paper 571]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
SEG	\$184,100	\$400,000	\$584,100

Governor: Provide \$104,100 in 2007-08 (\$24,100 in one-time funding) and \$80,000 in 2008-09 from the ATV account of the conservation fund for a sustainable all-terrain vehicle trails system in northern state forests.

There are approximately 120 miles of designated trails for ATV use on northern state forest properties. Funding under the bill would be used to assess the suitability of existing trails; evaluate locations for new trails to minimize potential ecological damage; to improve trail safety through trail maintenance; and for increased information and educational activities. While the bill would provide \$80,000 annually designated for local aids, the administration indicates the funding was intended to be provided for DNR LTE staff and supplies to conduct this work.

Senate: Provide an additional \$400,000 SEG in 2007-08 from the ATV account of the conservation fund for a total of \$504,100 in 2007-08 and \$80,000 in 2008-09 for northern state forest ATV trails. Specify that Natural Resources Board approval is required before funding may be allocated.

Assembly: Delete provision.

Conference Committee/Legislature: Restore Senate modification.

[Act 20 Section: 9135(4g)]

21. LIGHTWEIGHT UTILITY VEHICLES PILOT PROGRAM

SEG	\$10,000
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Senate: Provide \$10,000 SEG in 2007-08 from the ATV account of the conservation fund. DNR would provide grants (not to exceed \$2,000 per county) to Florence, Forest, Sawyer, Marinette and Washburn counties and to municipalities (a city, village, or town) within those counties for a pilot program to investigate the effects of using lightweight utility vehicles on trails and roadways that are currently authorized to be used by all-terrain vehicles. Direct DNR to administer the pilot program in consultation with DOT. Lightweight utility vehicles would not be subject to ATV registration requirements under the pilot program. Specify that the pilot program would sunset on September 30, 2009.

Define a "lightweight utility vehicle" to mean an engine-driven device having a gross weight of more than 700 pounds but not more than 1,999 pounds that is designed to travel on 4 or more low-pressure tires, is equipped with a cargo area, and is used primarily off a highway. Further, specify that a low-pressure tire is a tire that is designed to be mounted on a rim with a maximum diameter of 14 inches and to be inflated with an operating pressure not to exceed 20

pounds per square inch as recommended by the manufacturer. In addition, specify that the definition of a lightweight utility vehicle does not include golf carts or low-speed vehicles. Define "golf cart" to mean a vehicle whose speed attainable in one mile does not exceed 20 miles per hour on a paved, level surface, and is designed and intended to convey one or more persons and equipment to play the game of golf in an area designated as a golf course. Define "low-speed vehicle" as a motor vehicle that is four-wheeled, whose speed attainable in one mile is more than 20 miles per hour and not more than 25 miles per hour on a paved level surface, and whose gross vehicle weight is less than 3,000 pounds.

Specify that the identified counties and municipalities within the identified counties are eligible to participate in the pilot program and the governing body of each county or municipality may elect to participate in the pilot program by adopting a resolution to that effect. In addition, specify that the governing body of each county or municipality may withdraw from the pilot program prior to the end of the pilot program by adopting a resolution to that effect. Further, specify that the counties and municipalities in the pilot program may designate any of the following:

- a. all-terrain vehicle routes and trails within their respective jurisdictions that may be used by operators of lightweight utility vehicles.
- b. all-terrain vehicle routes and trails within their respective jurisdictions upon which lightweight utility vehicle use is prohibited.

In addition, specify that the operation of a lightweight utility vehicle as authorized under the pilot program is subject to the same uniform traffic citations as all-terrain vehicles are subject to under current law. Further, specify that the operator of a lightweight utility vehicle must possess a valid motor vehicle operator's license and that any trail fees imposed on all-terrain vehicle use by a county or municipalities also apply to operation of a lightweight utility vehicle.

Require DNR, in consultation with the counties and municipalities, to evaluate the effect of using lightweight utility vehicles on roadways and on all-terrain vehicle routes and trails upon conclusion of the pilot program. Direct the Department to submit a report describing the results of this evaluation to the appropriate standing committees of the legislature by January 1, 2010.

Assembly/Legislature: Include the provision as contained in the Senate's version of the bill; however, add Langlade, Lincoln and Oneida Counties.

[Act 20 Sections: 282k, 282km, and 666m]

22. ATV LANDOWNER INCENTIVE PROGRAM

SEG	\$410,000
SEG-REV	\$190,000

Senate/Legislature: Shift up to \$100,000 SEG from ATV local trail aids in 2007-08 for a landowner incentive program. In addition, increase the annual non-

resident ATV trail pass from \$18 to \$35, effective July 1, 2008. Create a continuing appropriation into which all moneys received from the sale of annual nonresident ATV trail passes would be deposited.

DNR would award incentive grants to private landowners who permit public all-terrain vehicle corridors on their lands. Specify that, under the ATV landowner incentive program, a landowner may apply for an annual incentive payment at the following rates based on the number of days the trail was open for public use during the previous fiscal year:

- a. \$25 for each mile that was open for public use for 60 to 179 days;
- b. \$75 for each mile that was open for public use at least 180 days but less than 270 days;
- c. \$100 for each mile that was open for public use for 270 days or more;

Specify that an application for a landowner incentive payment is not considered complete until the forester or another employee of each county in which the public ATV corridor is located measures the length of the corridor for the purpose of calculating the payment. Further, specify that a landowner shall receive an additional payment of 10%, if the landowner enters into at least a five-year agreement with a county to allow a public ATV corridor on the property. Also, specify that, if the total amount of incentive payments in a given fiscal year exceeds the amount available, DNR would prorate the payments.

In addition, specify that payments made to landowners under the landowner incentive programs would not be included as income under the state individual income and corporate income and franchise tax.

The provision would increase the fees for an annual non-resident ATV trail pass from \$18 to \$35. As the fee for a two-year registration would remain \$30, it could be expected that some non-residents may purchase a two-year ATV registration rather than an annual non-resident trail pass. However, in order to register an ATV in Wisconsin, a non-resident would be required to pay sales tax on the value of the vehicle or present proof that he or she had paid the sales tax on the vehicle. Therefore, it is not expected that a substantial number of non-resident ATV users would purchase a two-year registration rather than an annual non-resident trail pass. However, to the extent that some users switched from a trail pass to a registration, the amount of the motor fuel tax transfer to the ATV account would be increased due to the increased registrations. Further, the annual trail pass fee would almost double. This would likely result in some reduction in sales. While the precise effects of these factors on annual trail pass sales is not known, for the purposes of this estimate, a 5% reduction in sales is assumed.

The annual non-resident ATV trail pass currently generates revenues of approximately \$220,000 per year. Approximately \$410,000 would be available for the ATV landowner incentive program in 2008-09 (\$190,000 in new revenue from the increased trail use fee and \$220,000 of revenue currently available for general ATV account appropriation).

[Act 20 Sections: 274m, 282k thru 282L, 664m, 665g, 665r, 743s, 1959c, 2021e, 2086k, 2086L,

23. ATV SAFETY ENHANCEMENT GRANTS

SEG	\$100,000
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Governor/Legislature: Provide \$50,000 annually to increase all-terrain vehicle safety enhancement grants to \$300,000. The ATV safety enhancement grant program was created under 2001 Act 16. Available funding is awarded in the form of a grant to a non-profit organization (currently the National Off-Highway Vehicle Insurance Services Group, Inc. or NOHVIS), to assist DNR in promoting the operation of ATVs in a safe and responsible manner, recruiting and training volunteer ATV safety instructors and "trail ambassadors," and improving relationships with groups that promote recreational ATV operation.

24. AUTOMATED DNR CITATIONS

Governor: Specify that law enforcement officers may use an electronic format for filling out and issuing citations for violations of laws related to hunting, fishing, operating snowmobiles and all-terrain vehicles, and other conservation and environmental laws administered by the DNR.

Under current law, enforcement proceedings for violations of DNR laws allow a proceeding to be started by an officer issuing a written citation or by a district attorney beginning a legal proceeding in court by issuing a complaint and summons. Current law requires that a statement of probable cause must be included in the citation or complaint form. The Wisconsin Supreme Court has ruled that a statement of probable cause must contain the reason for charging the person receiving the citation or complaint and a description of the supporting evidence or witness statements (supporting statements), as well as the name of the person charged, the law violated, and the date and time of the violation (basic statements).

The provision would clarify that the definition of a citation under Chapter 23 of the statutes (conservation laws) means a complaint, which is defined as "the pleading of essential facts and applicable law coupled with a demand for judgment". The provision would allow a citation to be prepared on a paper form or in an electronic format and would specify that the defendant receive a copy of the citation. The provision would allow a law enforcement officer to serve a citation to a defendant in person or by mailing a paper copy to the defendant's last known address. The provision would also clarify the definition of what constitutes a pleading under Chapter 23, and specify that the citation under Chapter 23 or the uniform traffic citation may be used for violations relating to highway use.

Under the provision, the requirement that a citation contain a statement of probable cause would be eliminated. However, a statement of probable cause would still be required for proceedings begun with a complaint and summons. (In *State v. White*, the Wisconsin Supreme Court ruled in 1980 that a statement of probable cause was required for enforcement of criminal traffic violations. The enforcement procedures under Chapter 23, however, apply to civil violations, or forfeitures, rather than to criminal violations.) The provision would also make a

number of changes to clarify the use of citations under traffic and parking violations to reflect the elimination of the probable cause statement from the requirements for issuing a citation.

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

Senate: Restore provision.

Conference Committee/Legislature: Delete provision.

25. SNOWMOBILE TRAIL AIDS [LFB Paper 570]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	-\$155,900	-\$437,500	-\$593,400

Governor: Delete \$101,500 in 2007-08 and \$54,400 in 2008-09 from the snowmobile account of the conservation fund to reflect estimated motor fuel tax transfers and nonresident trail pass revenue to the snowmobile account. Local snowmobile trail aids would total \$7.75 million in 2007-08 and \$7.8 million in 2008-09.

Joint Finance/Legislature: Reestimate the snowmobile trails aid appropriation by -\$175,900 SEG in 2007-08 and -\$261,600 SEG in 2008-09 to reflect available snowmobile fuel tax revenues.

26. DUPLICATE RECREATIONAL SAFETY CERTIFICATES

Governor/Legislature: Allow DNR to charge a fee for the issuance of duplicate certificates showing completion of the boating, all-terrain vehicle, and snowmobile safety programs.

DNR administers safety instruction programs relating to the use of boats, all-terrain vehicles, and snowmobiles as well as a hunter education program, bow hunter education program, and trapper education program. Upon completion of these programs, participants receive a certificate of accomplishment. A \$2.75 fee is charged if a participant requests an additional certificate of accomplishment for any of the hunter safety programs. The bill establishes a fee of \$2.75 for a duplicate certificate for completion of the boating, all-terrain vehicle, and snowmobile safety programs. The bill would specify that revenues from duplicate safety certificates be credited to the continuing appropriation for education and safety programs. No estimate of revenues is made.

[Act 20 Sections: 280, 665, 726, and 3437]

27. APPROPRIATION TECHNICAL CORRECTION

Governor/Legislature: Provide for a technical correction that clarifies that DNR's law enforcement federal revenue appropriation is a federal appropriation, rather than a conservation fund SEG appropriation. Under current law, all monies received as federal aid for enforcement activities are deposited in a FED continuing appropriation in DNR to be expended for enforcement activities.

[Act 20 Section: 281]

28. MUSKELLUNGE FISHING SEASON

Joint Finance/Legislature: Require the Department of Natural Resources to hold an annual catch and release muskellunge season in the area comprised of Wisconsin inland waters north of U.S. Highway 10 (excluding Wisconsin-Michigan boundary waters) beginning on the opening day of the general game-fishing season determined by DNR (generally the first Saturday in May) and concluding the day prior to the day the DNR established muskellunge fishing season begins. Further, specify that no person may use any hooks, baits or lures other than artificial lures with barbless hooks while fishing for muskellunge during the catch and release season.

The current muskellunge season in the area comprised of Wisconsin inland waters north of U.S. Highway 10 is held from the Saturday nearest Memorial Day to November 30. Barbless hooks are defined, in NR 20.03(5) of the administrative code, as hooks with no barbs, or hooks with barbs that have been compressed to be in complete contact with the shank of the hook.

Veto by Governor [B-5]: Delete the word "during" from the provision. The intent of the veto is to clarify that artificial lures and barbless hooks must be used only while fishing a designated catch and release season for muskellunge (rather than for any species during the season).

[Act 20 Section: 712r]

[Act 20 Vetoed Section: 712r]

29. CATCH AND RELEASE BASS FISHING

Joint Finance/Legislature: Specify that no person may use any hooks, baits or lures other than artificial lures with barbless hooks while fishing for bass during a catch and release season established by the Department of Natural Resources.

Barbless hooks are defined, in NR 20.03(5) of the administrative code, as hooks with no barbs, or hooks with barbs that have been compressed to be in complete contact with the shank of the hook. Currently, the DNR holds a catch and release season for bass in the area comprised of Wisconsin inland waters generally north of U.S. Highway 64 (excluding Wisconsin-Michigan

boundary waters) beginning the first Saturday in May and concluding the Friday preceding the third Saturday in June.

Veto by Governor [B-5]: Delete the word "during" from the provision. The intent of the veto is to clarify that artificial lures and barbless hooks must be used only while fishing a designated catch and release season for bass (rather than for any species during the season).

[Act 20 Section: 712m]

[Act 20 Vetoed Section: 712m]

30. LAKE WINNEBAGO COMPREHENSIVE PROJECT

Joint Finance/Legislature: Expand the area where structures may be placed on the beds of lakes to implement the Lake Winnebago comprehensive restoration project to include the following areas in Winnebago County:

In Lake Poygan within an area that consists of the W-1/2 of Sec. 36, T.20 N., R.14 E.; the NW-1/4 of Sec. 1, T.19 N., R. 14 E; the E-1/2 of Sec. 33, all of Sec. 34, and the W-1/2 of Sec. 35, T. 20 N., R. 14 E.; and the N-1/2 of Sec. 4, T. 19 N., R. 14 E.

The Lake Winnebago comprehensive project is a joint effort of 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. This action would expand the areas of the lakes where work on the management plan may be conducted to reflect the area intended by the Lake Poygan Sportsman's Club and DNR (through federal, state or local funds that may become available).

[Act 20 Section: 717v]

31. GULL STUDY

Joint Finance: Direct DNR to submit a report, by January 1, 2008, to the Joint Committee on Finance, and the legislative standing committees responsible for natural resources issues, recommending ways to substantially reduce the seagull population in Wisconsin.

Seagulls are federally protected as a migratory bird. Therefore, federal approval may be required to implement a population reduction plan.

Assembly/Legislature: Delete provision.

32. HUNTER MENTORSHIP PROGRAM

Joint Finance: Create a hunting mentorship program and authorize a person who is 12

years of age, or such lower age as DNR specifies by rule, to hunt without obtaining a certificate of accomplishment and to possess or control a firearm while hunting if the person has a valid hunting license and is hunting with a qualified mentor. Specify that, to qualify as a mentor, a person must be 18 years of age or older and be the parent or guardian of the person for whom he or she is serving as a mentor or be authorized by the parent or guardian to serve as the mentor. Further, require that, at all times when serving as a mentor, the mentor must be within arm's reach of the person for whom he or she is serving as a mentor, must have a current valid hunting license, and must have obtained a hunter safety certificate of accomplishment or be exempt from the requirement to obtain a certificate of accomplishment. In addition, for those persons issued a hunting license and authorized to hunt with a mentor who are not required to obtain a hunter safety certificate, DNR would be required to issue a pamphlet containing hunter safety information. Also, specify that a mentor may take only one person, for whom he or she is serving as a mentor, hunting at a time.

Under section 29.304 of the statutes, the minimum age for hunting is 12 years of age. Further, a child under the age of 12 may possess a firearm only in conjunction with attending a hunter safety education class while under the supervision of an instructor, or when carrying the firearm to or from class while it is cased, unloaded, and the child is under the supervision of a parent or guardian. A child who is age 12 or 13 may hunt if accompanied by a parent or guardian, and children 14 and older may hunt without direct supervision if the child holds a hunter safety education certificate (certificate of accomplishment). With certain exceptions, no person born on or after January 1, 1973, can obtain a hunting approval unless the person is issued a certificate of accomplishment from the appropriate hunter safety education program. Exceptions include individuals who have completed comparable hunter safety courses in other states, or who have completed basic training in the U.S. armed forces, reserves, or National Guard. This action establishes a hunting mentorship program that creates an exception to the general requirement that a person obtain a hunter safety certificate in order to obtain a hunting license.

Assembly/Legislature: Delete provision.

33. WEAPONS CASING IN VEHICLES

Joint Finance: Specify that no person may place, possess, or transport a firearm or crossbow in or on a vehicle that is moving or has a running motor unless it is also encased or beyond the arm's reach of the operator and the occupants of the vehicle. In addition, specify that, in the case of a crossbow, unloaded means having the crossbow uncocked without a bolt in firing position. Require a bow to be either unstrung or encased, or to be beyond the reach of occupants while being transported.

Under section 167.31(2) of the statutes, in general, no person may place, possess, or transport a firearm, bow, or crossbow in or on a vehicle unless: (a) for a firearm, the firearm is unloaded and completely enclosed in a case that is made for the purpose of containing a firearm; or (b) for a bow or crossbow, the bow or crossbow is either unstrung or enclosed in a

carrying case. A person who violates this prohibition is subject to a forfeiture of not more than \$100. Exceptions include individuals who have completed basic training in the U.S. armed forces, reserves, or National Guard and individuals who hold a private detective license or private security permit issued under section 440.26(5) of the statutes. This provision would specify that an unloaded firearm or crossbow need not be in a case while being transported if the firearm or crossbow is placed in a location in the vehicle that is beyond arms reach of the driver and any occupants of the vehicle when the vehicle is moving or the motor is running.

Assembly/Legislature: Delete provision.

34. PREPARATION OF FISH BROUGHT IN BY CHARTER BOATS

Senate/Legislature: Authorize a restaurant or temporary restaurant to prepare and serve fish that are taken from the wild to the person who caught the fish, and to his or her guests, without obtaining a permit from DNR if all of the following conditions are satisfied: (a) the fish are legally taken; (b) while the fish are at the restaurant and before the fish are prepared for eating, they are stored in a cooler, which may be a portable cooler, that does not contain any other food; (c) the area where the fish are prepared for eating is washed and sanitized before and after preparation of the fish; and (d) all items used to prepare and serve the fish are washed in a dishwasher after such use. Further, specify that a restaurant or temporary restaurant may make a profit from preparing and serving the fish.

Under current law, an innkeeper, manager, or steward of any restaurant, club, hotel, boarding house, tavern, logging camp or mining camp is prohibited from serving or selling game fish taken from inland waters to its guests or boarders unless authorized by DNR through a permit prepared and furnished by the Department. Further, if issued a permit to serve game fish by DNR, the fish must be obtained legally, profit may not be the primary purpose for serving the game fish and the restaurant must close to the general public while serving the game fish, must comply with certain food safety requirements, and must notify the patrons that the game fish are not from an approved source. In addition, with certain exceptions, no fish taken by hook and line from outlying waters (Great Lakes), except rough fish, may be sold, bartered, or traded in any manner. Exceptions include eggs taken from trout and salmon that are not farm-raised fish, which may be sold or purchased only if the eggs are first removed from the whole fish in the presence of the buyer.

Under this provision, a DNR permit would not be required if the fish is served to the person who caught it, a restaurant would not be required to close to the general public while serving the fish, and the restaurant could profit from preparing and serving the fish.

[Act 20 Sections: 713d and 3066h]

35. WILD TURKEY FEDERATION GRANT

Assembly: Provide \$50,000 in 2007-08 and \$50,000 in 2008-09 in one-time funding from

the fish and wildlife account of the conservation fund (turkey stamp revenues) for grants to the Wisconsin chapter of the National Wild Turkey Federation. Funding would be for turkey habitat restoration, land access for private and public lands, oak restoration for turkey management, and timber stand improvement in Wisconsin.

Conference Committee/Legislature: Delete provision.

36. CAPTIVE WILDLIFE EXEMPTION

Assembly: Specify that annual community events which are sponsored by a municipality or sportsmen's club and are for charitable purposes be exempt from the requirement to obtain a permit from DNR in order to take from the wild or possess live native wild reptiles or live native wild amphibians. The exemption would apply if the Department determines that the activities do not pose a significant risk to the health or viability of a species in a particular location.

Conference Committee/Legislature: Delete provision.

37. MUNICIPAL WATER SAFETY BOAT LAUNCH FEE

Assembly: Authorize a municipality, a public inland lake protection and rehabilitation district, or a town sanitary district to issue a boat launch fee to fund rescue boat operations. Specify that this fee may not exceed 20 percent of the fee charged for a state resident daily vehicle admission pass to a Wisconsin state park (currently \$6.85, excluding the 15¢ issuing fee). In addition, specify that this fee may be charged in addition to any other boat launch fee currently authorized.

Under current law, a municipality, a public inland lake protection and rehabilitation district or a town sanitary district that has in effect one of several specified public safety ordinances may charge boat operators reasonable fees for any of the following: use of a public boat launching facility that the municipality or lake district owns or operates; the municipality's or district's costs for operating or maintaining a water safety patrol unit, and the municipality's or district's costs for providing other recreational boating services. Under administrative rule, the maximum "reasonable" daily boat launching fee that may be charged for non-motorized or non-trailered boats is the amount of the resident state park daily vehicle admission pass (currently \$7); and, for vehicles with trailers, an additional fee may be charged if an attendant is on duty, on-site toilet facilities are present, the site is located on a Great Lake, or the boat is 20 feet in length or more. In addition, if a daily launch fee is charged, a season pass must be provided at a fee of not more than 10 times the daily launch fee. This provision would allow a municipality to charge a boat launch fee of 20 percent of the fee for resident daily state park admission in addition to any reasonable fees currently charged (for a daily or season pass).

Conference Committee/Legislature: Delete provision.

38. AIRBOATS NOISE LIMIT EXEMPTION

Assembly: Specify that airboats are exempt from statutory maximum motorboat noise limits when used by licensed trappers who are engaged in trapping during an open trapping season. Under current law, the maximum allowable noise level for the operation of an engine-powered motorboat is 86 decibels, measured on an "A" weighted decibel scale.

Conference Committee/Legislature: Delete provision.

Forestry and Parks

1. OUTDOOR RECREATIONAL ACTIVITIES LAND ACQUISITION GRANT PROGRAM [LFB Paper 576]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$1,800,000	-\$800,000	\$1,000,000

Governor: Provide \$800,000 in 2007-08 and \$1,000,000 in 2008-09 in a continuing appropriation from the forestry account of the conservation fund for a public access land acquisition grant program.

The land acquisition for outdoor activities grant program would provide grants to cities, villages, towns, counties, non-profit conservation organizations, and to DNR for the purpose of acquiring easements or purchasing land for approved outdoor recreational activities including hunting, fishing, hiking, sightseeing, cross-country skiing, and other purposes compatible with these purposes.

The bill would create a five-member Managed Forest Land (MFL) Board to administer the grant program, which would consist of the chief state forester and his or her designee and four members, serving three-year terms, appointed by the Governor from nominees selected by the Wisconsin Counties Association, the Towns Association, the County Forest Association, and the Council on Forestry. Of these four members, two of the initial members would serve for terms expiring on May 1, 2009, and two of the initial members would serve for terms expiring on May 1, 2011. The Wisconsin Counties Association member would serve as chairperson of the Board.

Currently, approximately 96% of new MFL entries are designated as closed to public access. Landowners must make an additional payment for each acre of land closed to the public (up to 160 acres per municipality) that is equal to 20% of the average statewide property tax per acre of property assessed as productive forest land (closed acreage fees). The bill expands the specified uses of closed acreage fees to include these grants.

The bill would require DNR to promulgate administrative rules, in consultation with the Board, that include the following requirements: (a) the Board would give priority to counties over other grant applicants and highest priority to counties with the highest number of MFL closed acres; (b) when awarding grants to towns, the Board would give higher priority to those towns with higher numbers of MFL acres designated as closed to public access; (c) county board approval of each grant before a grant may be awarded to acquire land in a county; and (d) requirements regarding the use of sound forestry practices on land acquired through these grants. The bill does not specify any local match requirement.

Joint Finance: Approve the Governor's recommendation, but delete \$800,000 in 2007-08. In addition, require that land purchased with the Outdoor Recreational Activities Land Acquisition Grant Program be open for hunting, fishing and trapping during all applicable open seasons. Further, specify that no more than 10% of grant funds under this program may be used to purchase parcels less than 10 acres in size.

Assembly: Delete provision. Rather, effective July 1, 2008, allow the municipality to retain closed acreage payments under the Managed Forest Land (MFL) program, but to remit 20% of the revenue from these payments to the county treasurer. An estimated \$3.7 million would be retained by local governments in 2008-09. Under current law, the revenue from these payments is deposited in the forestry account of the conservation fund.

Conference Committee/Legislature: Delete Assembly provision. (Restore Joint Finance provision.)

[Act 20 Sections: 30, 68, 282, 2481, 2482, and 9135(1)]

2. LEASING ON MANAGED FOREST LAND

Joint Finance/Legislature: Specify that owners of land designated as managed forest land may not enter into a lease or other agreement for consideration (compensation) permitting persons to engage in recreational activities on the land effective the first January 1st, following the publication date of the budget, for lands designated as managed forest land prior to the publication date, and effective upon publication for lands designated as managed forest land after the publication date. Specify that recreational activities include hunting, fishing, hiking, sightseeing, cross-country skiing, horseback riding, and rental of cabins. Further, specify that this restriction does not apply to reasonable membership fees required by a non-profit entity organized under s. 501(c)(3) of the Internal Revenue Code and approved by DNR. In addition, create a penalty for the violation of this provision of \$500, or whatever income was earned from the commercial recreation while under Managed Forest Law designation, whichever is greater.

Currently, land designated as managed forest law is prohibited from being developed for commercial recreation, for industry, or for any other use determined by the Department to be incompatible with the practice of forestry. Further, an owner may close up to 80 or 160 acres (depending on when the contract was entered) to public access by paying an additional annual fee. Some landowners with large acreages enrolled in MFL have been allowed to close most of

their lands by subdividing ownerships and then leasing the MFL property to individuals willing to pay a fee for hunting on the lands. This provision is intended to prohibit the closing of MFL enrolled lands and then leasing the property for hunting or other recreational purposes.

[Act 20 Sections: 2480c thru 2480r]

3. FOREST FIRE EMERGENCY RESPONSE [LFB Paper 577]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$1,718,500	- \$91,200	\$1,627,300

Governor: Provide \$736,200 in 2007-08 and \$982,300 in 2008-09 (including \$246,100 in one-time funding) from the forestry account for efforts relating to the detection and suppression of wildfires.

	<u>2007-08</u>	<u>2008-09</u>
Emergency Firefighters and Support	\$421,200	\$667,300
Radio Communication Master Lease	300,000	300,000
Fire Tower Safety Inspection and Repair	<u>15,000</u>	<u>15,000</u>
Total	\$736,200	\$982,300

Funding is provided for the following three items:

First, provide \$421,200 in 2007-08 and \$667,300 in 2008-09 for emergency LTE firefighters, support, training, and equipment for assistance during the spring fire season. Funding includes \$54,500 annually to provide training for emergency firefighters in fire suppression and engine operation, and \$246,100 in one-time funding in 2008-09 for personal protection equipment, fire shelters, and radios. The remaining \$366,700 annually would be for increased LTE support.

Second, provide \$300,000 annually on an ongoing basis for master lease payments supporting the purchase of base station radio tower repeaters. The base stations comprise the Department's public safety communications network and are used primarily for forest fire detection and control. The 2005-07 biennial budget authorized funding for the first two years of an expected four-year master lease. The current master lease agreement is for \$1.6 million over six years.

Third, provide \$15,000 annually for the periodic inspection and repair of 93 fire towers located throughout the intensive fire protection areas of the state. Many of the towers were built 60 to 70 years ago.

Joint Finance/Legislature: Adopt the Governor's recommendation with the following modifications:

a. Designate \$300,000 in each year for master lease payments for radio tower repeaters be on a one-time basis.

b. Reduce the amount provided by \$45,600 annually to reflect resources currently allocated for emergency firefighters backup.

4. INVASIVE SPECIES CONTROL [LFB Paper 578]

SEG	\$160,000
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Governor: Provide \$50,000 in 2007-08 and \$110,000 in 2008-09 from the forestry account for a statewide program to control invasive species.

Section 23.22 of the statutes requires the Department to establish a statewide program to control invasive species and to report annually on the program. Funding includes \$50,000 annually for technology to detect and monitor the emerald ash borer, a non-native insect that is threatening ash trees in Great Lakes states. In addition, DNR's Division of Forestry has reallocated \$150,000 annually, with a three-quarter time position, beginning in 2006-07 from funding provided for gypsy moth control to the emerald ash borer effort.

Funding also includes \$60,000 beginning in 2008-09 to support cost-sharing projects with local invasive plant management groups through the Wisconsin Forest Landowner Grant Program.

	<u>2007-08</u>	<u>2008-09</u>
Emerald Ash Borer	\$50,000	\$50,000
Forest Landowner Grant Program	<u>0</u>	<u>60,000</u>
Total	\$50,000	\$110,000

Joint Finance/Legislature: Adopt the Governor's recommendation. However, specify that at least \$60,000 annually beginning in 2008-09 be allocated under the Wisconsin Forest Landowner Grant Program (WFLGP) to groups of interested parties for invasive plant projects in weed management areas (as defined by DNR rule). The groups would consist of landowners who each own less than 500 acres of nonindustrial forest.

The WFLGP program provides grants to landowners who own at least 10, but less than 500 acres of private, nonindustrial forest land. This action expands the eligibility for WFLGP grants to include groups conducting invasive plant projects.

[Act 20 Sections: 281qm, 699c thru 699x, and 702]

5. PARKS AND SOUTHERN FOREST OPERATIONS [LFB Paper 579]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$572,300	3.00	-\$87,800	0.00	\$484,500	3.00

Governor: Provide \$207,100 in 2007-08 (\$18,100 forestry account and \$189,000 parks account) and \$365,200 with 3.0 positions in 2008-09 (\$18,100 forestry and \$347,100 parks) for permanent staff, limited-term employees, utilities, and supplies to operate new buildings and campgrounds developed over the previous two biennia in the Wisconsin state park and forest systems.

Over the last five years, several new buildings have been added to upgrade parks facilities including park entrance and visitor stations, toilet and shower buildings, accessible cabins, and shop facilities. To date, properties containing these new facilities have absorbed the operational costs. The bill would provide additional operations funding from the parks and forestry accounts of the conservation fund. Funding would be provided for operations for 13 state parks, two state trails, and two southern state forests, as follows:

<u>Park/Recreation Area</u>	<u>Facilities</u>	<u>2007-08</u>	<u>2008-09</u>
Blue Mound	Visitor Station Accessible Cabin	\$4,200	\$10,900
Buckhorn	Accessible Cabin New Day Use Area	3,400	3,400
Council Grounds	Visitor Station	0	6,900
Devils Lake	Shop Building	10,000	10,000
Elroy-Sparta Trail	New Toilet Building	2,400	2,400
Hank Aaron State Trail	New Trail Miles	4,000	7,000
Harrington Beach	New Campground	41,300	124,100
Governor Thompson	Visitor Station New Day Use Area New Boat Area Shop Building	14,300	33,300
Kettle Moraine-State Forest Northern Unit*	Toilet/Shower Building	6,600	6,600
Kohler-Andrae	New Campground	26,600	72,400
Newport	Visitor Station	7,200	7,200
Perrot	Visitor Station New Toilet Building	6,100	6,100
Point Beach State Forest*	Toilet/Shower Building	11,500	11,500

<u>Park/Recreation Area</u>	<u>Facilities</u>	<u>2007-08</u>	<u>2008-09</u>
Potawatomi	Pier Installation	\$4,000	\$4,000
Wildcat Mountain	Visitor Station	0	7,100
Willow River	New Campground	45,200	32,000
Yellowstone	Visitor Station Toilet/Shower Building Shop Building	203,00	20,300
Total		\$207,100	\$365,200

*Forestry SEG

Funds provided for facilities currently being developed would include (a) operations funding, 1.0 facility repair position and 1.0 ranger position for the addition of a 75-unit campground at Harrington Beach State Park, approximately 35 miles north of Milwaukee along Lake Michigan expected to open in 2007-08; (b) operations funding for a campground addition for Willow River State Park near Hudson, which will include a Visitor Center, roads, 78 new campsites, and toilet-shower facilities expected to open in 2008-09; and (c) operations funding and 1.0 ranger position for a 30-site campground addition to Kohler-Andrae State Park in Sheboygan County expected to open in 2008-09.

Joint Finance: Adopt the Governor's recommendation, except delete funding of \$71,800 in 2007-08 and \$16,000 in 2008-09 to reflect delayed opening dates at Kohler-Andrae and Willow River State Parks.

Assembly: Delete provision.

Conference Committee/Legislature: Restore Joint Finance modification.

6. STATE PARK MOBILE RADIOS

SEG	\$94,400
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Governor/Legislature: Provide \$47,200 (\$10,900 forestry account and \$36,300 parks account) in each year, on a one-time basis, for the third and fourth year payments of a five-year master lease agreement for mobile radio equipment. The 2005-07 biennial budget provided one-time funding for the first two years of payments on a master lease to replace mobile and portable radios in the state park and forest system.

7. LAKESHORE STATE PARK OPERATIONS

SEG	\$298,000
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Governor: Provide \$159,500 in 2007-08 and \$138,500 in 2008-09 from the parks account of the conservation fund for operations at Milwaukee Lakeshore State Park. The park encompasses

approximately 22 acres along Lake Michigan. Funding for the development of Lakeshore State Park was provided in prior budgets, and 1.0 park specialist and \$25,000 for LTEs and supplies were provided for planning and operations beginning in 2000-01. Funding under the bill would include \$31,500 in 2007-08 and \$2,000 in 2008-09 for one-time equipment purchases. Additionally, it includes \$46,000 in 2007-08 and \$50,000 in 2008-09 for two ranger LTEs, one maintenance LTE, and one clerical LTE. The bill would also provide \$82,000 in 2007-08 and \$86,500 in 2008-09 for office rent, office support, equipment maintenance, boat pier utilities, and supplies.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

8. CAMPSITE ELECTRICAL SERVICE

SEG	\$141,000
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Governor/Legislature: Provide \$70,500 annually (\$3,800 forestry account and \$66,700 parks account) to add electrical facilities at new and existing campsites. The Department plans on installing 50-amp electrical service at 178 campsites by 2008 at 12 state parks and one southern state forest. The request includes \$56,200 annually for supplies and utility costs, and \$14,300 annually for LTE assistance.

9. PARKS INTERPRETIVE FEES

Governor/Legislature: Create a SEG continuing appropriation into which revenues from fees for educational and interpretive programs in state parks would be credited, to be used for costs associated with those programs.

Under current law, DNR is authorized to charge fees, in addition to vehicle admission fees, for special programs and events in state parks. Currently, these fee revenues are deposited in the parks account, but are not statutorily designated for a particular purpose. Although not recognized under the bill, the provision would shift interpretive fees of approximately \$15,000 annually from the general balance of the parks account to the new dedicated appropriation account.

[Act 20 Section: 273]

10. INFORMATION TECHNOLOGY-BADGERNET COSTS

SEG	\$300,000
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Governor/Legislature: Provide \$150,000 annually (\$45,000 forestry account and \$105,000 parks account) to offset the costs to transfer state park and forest facilities to the new, high speed Badgernet services required by the Department of Administration.

Currently, the majority of parks properties are not served by high speed network.

Funding would be provided to make the transfer to high speed service, provide 24-hour, 7-day connection and equipment support at most locations. The bill would provide \$45,000 annually to increase internet networking capabilities at two southern state forest locations and offer new BadgerNet services to five additional sites in southern state forests. The remaining \$105,000 includes \$32,400 annually to provide service to up to six additional state park locations, \$25,000 annually for maintenance and replacement of electrical and telecommunication equipment, and \$47,600 annually for fiber optic and wireless communication expansion at one or two parks each year.

11. FORESTRY BIOMASS GRANTS

Governor: Delete the authority for DNR to award forestry resource and development grants from the forestry account to match federal monies. Grants of up to \$300,000 could be awarded to nonprofit energy technology organizations. State grants, in combination with federal funds, could be for up to 50% of project costs. One-time funding of \$537,500 was provided in the 2005-07 biennium to match anticipated federal forestry biomass grants.

Under a related provision, the bill would create a renewable energy grant and loan program in the Wisconsin Development Fund under Commerce, from the segregated recycling fund.

Assembly: Delete provision. This would maintain the authority for DNR to award forestry resource and development grants from the forestry account to match federal monies. However, no funding would be appropriated.

Conference Committee/Legislature: Restore provision.

[Act 20 Sections: 700 and 702]

12. TIMBER SALES CONTRACTS

Governor/Legislature: Create a continuing appropriation into which the portion of the proceeds from timber sales on state forest lands that DNR will pay to a cooperating forester is credited, to make the required payments.

Under current law, DNR is required to establish a program that allows the Department to contract with private cooperating foresters to assist the state in the harvesting and sale of timber from state forest lands to meet its annual allowable timber harvest. The Department is authorized to use a portion of the proceeds from the timber sales to pay cooperating foresters for their assistance. Currently, DNR determines the amount to be paid to the cooperating forester (from the proceeds of the timber sale) based on a bidding process prior to the cooperating forester's harvest of the timber.

[Act 20 Sections: 177, 272, and 701]

13. FORESTRY MANAGEMENT PLAN REESTIMATE [LFB Paper 575]

SEG	- \$1,600,000
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Joint Finance/Legislature: Delete \$800,000 each year to reestimate the forestry management plan contracts appropriation to \$320,000 annually (expenditures have not exceeded this amount in any year).

14. SUSTAINABLE FORESTRY EDUCATION REESTIMATE

SEG	- \$474,800
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Joint Finance/Legislature: Delete \$118,700 SEG annually from each of the following appropriations to reflect a reestimate of available revenues: (a) DNR public education on sustainable forestry; and (b) DNR and UW-Stevens Point to develop forestry education curriculum for grades Kindergarten through 12th grade. Further, lapse \$950,000 in 2007-08 from the continuing appropriation balance under appropriation (a) above to the general balance of the forestry account.

The two appropriations each receive 50% of the 3¢ per seedling surcharge assessed on trees shipped from the state tree nurseries to be used for sustainable forestry education. Actual revenues have averaged less than \$200,000 annually. This action would reestimate each appropriation at \$200,000 annually (rather than \$318,700 under the bill) to reflect actual revenue collections. Further, \$950,000 is directed to be lapsed from a continuing balance identified by DNR in their public education appropriation to the general balance of the forestry account. This would be expected to increase the June 30, 2009, available balance of the forestry account by \$1.4 million.

[Act 20 Section: 9235(5k)]

15. COUNTY FOREST ASSOCIATION GRANT

Joint Finance/Legislature: Specify that DNR may make available grants under the county forest administrator grants program for up to 50% of the costs of a county's dues to a not-for-profit organization that would provide leadership, counsel, and continuity to a county forest administrator and their respective forestry committee and also function as an organizational liaison to the DNR. Total grant awards for dues may not exceed \$50,000 annually.

DNR provides grants under the county forest administrator grants program to counties with county forest land for up to 50% of the salary and fringe benefits of a county forest administrator or assistant county forest administrator. Expanding the eligible uses of county forest administrator grants to include up to 50% of a county's dues to the Wisconsin County Forest Association would cost at least \$38,200 annually, or higher to the extent dues may increase in the future, but not to exceed \$50,000 annually.

[Act 20 Sections: 281r, 702d, and 702e]

16. STATE PARK COLLEGE ADMISSION EXEMPTION

Joint Finance/Legislature: Create an exemption to state park vehicle admission fees for college students visiting a state park in conjunction with an accredited Wisconsin college or university course.

Under current law, an exemption for state park vehicle admission fees exists for any motor vehicle visiting the park which is operated for the purpose of transporting pupils to or from curricular or extracurricular activities of a public or private school or home-based private educational program. The operator of a motor vehicle transporting pupils must provide written authorization from an administrator of the school or home-based private educational program indicating that admission to the vehicle admission area is part of an official school or home-based private educational program function and indicating the date for which the authorization is applicable. A separate authorization is required for each date on which the motor vehicle is admitted to the vehicle admission area. This provision would expand the exemption for motor vehicles transporting students to an outdoor academic class to include students from a Wisconsin accredited college or university. This would result in a minimal loss of revenue to the parks account.

[Act 20 Section: 700e]

17. MILWAUKEE COUNTY PARKS FUNDING REPORT

Senate: Direct DNR to submit a report, by June 30, 2009, describing alternative ways of funding Milwaukee County parks to the legislative standing committees responsible for natural resources issues.

Conference Committee/Legislature: Delete provision.

Water Quality

1. WATER RESOURCES ACCOUNT LAPSES [LFB Paper 587]

Governor: To help address a structural deficit (expenditures from the water resources account exceeded revenues to the account in fiscal year 2005-06 by approximately \$1.3 million), lapse \$2,085,900 in uncommitted balances from the following continuing appropriations back to the unappropriated balance of the water resources account of the conservation fund. The lapsed amounts would not affect ongoing appropriation levels, but rather would lapse unused balances that have accrued from prior years.

<u>Appropriation</u>	<u>Lapse Amount</u>
Recreational Boating Aids	\$1,400,000
Statewide Boating Access	311,700
Mississippi and St. Croix Rivers Management	224,200
Lake Management and Invasive Species Control Grants	<u>150,000</u>
Total	\$2,085,900

Joint Finance/Legislature: Adopt the Governor's recommendation. Further, lapse an additional \$872,800 from the following continuing, uncommitted, balances of the identified appropriations to the general balance of the water resources account of the conservation fund to reflect a DNR expenditure reduction plan to bring expenditures in line with available revenues. (Grant amounts for lake protection and invasive species management would not be reduced during 2007-09.)

	<u>2007-08</u>	<u>2008-09</u>
Recreational Boating Aids Grant Program	\$377,200	\$132,000
Lake Protection and Aquatic Invasive Grants	279,800	0
State Boating Access Development	22,600	8,500
Non-Profit Conservation Organizations	19,100	7,100
State Boating Access Southeastern Lakes	11,200	4,200
Mississippi/St. Croix Rivers Acquisition Program	7,000	2,600
Facilities Acquisition and Maintenance	<u>1,100</u>	<u>400</u>
Total	\$718,000	\$154,800

[Act 20 Sections: 9235(1) thru (4L)]

2. AQUATIC INVASIVE SPECIES -- BOAT AMBASSADORS
[LFB Paper 588]

SEG	\$431,000
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Governor: Provide \$215,500 annually from the water resources account of the conservation fund for LTE support to manage aquatic invasive species. The funding would provide two LTE conservation wardens in each of the five DNR regions, providing 10 wardens for 24 weeks during the boating season. These LTE wardens would visit boat landings to conduct public education and enforcement of aquatic invasive regulations.

Joint Finance/Legislature: Adopt the Governor's recommendation, except switch the source of the \$215,500 beginning in 2008-09 for LTE boat ambassadors from the water resources account to the boat registration account.

3. AQUATIC INVASIVE SPECIES GRANTS [LFB Paper 589]

SEG	\$600,000
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Governor: Currently, the Department must make available \$1,500,000 annually for aquatic invasive species grants from its lake protection grant appropriation. The bill would

increase the state cost-sharing grant to up to 75% of the costs of projects to control aquatic invasive species. In addition, delete a restriction that grants be awarded to local governmental units. This would make any public or private entity eligible for a state grant.

Under current law, DNR administers a financial assistance program which awards cost-sharing grants for up to 50% of the costs of projects to control invasive species. Eligible projects include education and inspection activities at boat landings.

Joint Finance: Adopt the Governor's recommendation. In addition, transfer \$1,500,000 annually from the lake protection, planning and aquatic invasive species appropriation to a biennial appropriation for the distribution of grants for the control of aquatic invasive species. Further, provide an additional \$300,000 water resources SEG annually. A total of \$1.8 million annually would be provided for aquatic invasive species grants.

Assembly/Legislature: Adopt Joint Finance modification. In addition, transfer \$1.5 million in 2007-08 and \$2.5 million in 2008-09 of water resources SEG from recreational boating project aids to aquatic invasive species grants. (This would make \$3.3 million in 2007-08 and \$4.3 million annually beginning in 2008-09 available for cost sharing grants for the control of aquatic invasive species). Further, provide \$1.5 million in 2007-08 and \$2.5 million annually beginning in 2008-09 from the Warren Knowles-Gaylord Nelson Stewardship program bonding revenue for recreational boating project aids (to maintain funding at \$3.1 million annually). (Also see Stewardship Reauthorization.)

[Act 20 Sections: 282Lm, 282m, 638r, 646m, and 661]

4. AQUATIC INVASIVE SPECIES DONATIONS

Senate: Allow any applicant for a fishing license or boat registration to elect to make a voluntary contribution to be used for grants to control aquatic invasive species. In addition, require DNR to ensure that any application form, including an electronic form, for a fishing license or boat registration include a designation that allows the applicant to specify an additional amount as a voluntary contribution for the control of aquatic invasive species. Specify that fishing licenses developed and issued by the Lac du Flambeau band are exempt from this provision. Further, create a continuing appropriation for the distribution of grants for the control of aquatic invasive species into which all moneys received from the aquatic invasive species donations are deposited.

Under current law, a person purchasing a deer, bear, turkey, or small game hunting license may make a voluntary contribution of at least \$1 for the venison processing program. In addition, applicants for a fishing license may make a voluntary contribution of \$1 and applicants for a boat registration may make a voluntary contribution of \$3 for lake research. Venison processing donations have averaged approximately \$18,000 annually over the last three years, and voluntary contributions for lake research have averaged approximately \$45,000. While the level of donations is not known, a voluntary contribution for the control of aquatic invasive species could bring in similar revenue to the voluntary contribution for lake

research, or approximately \$50,000 annually. However, the invasives donation also may result in some reduction in the amount contributed to lake research. Revenues generated would provide local grants for invasive species management.

Conference Committee/Legislature: Delete provision.

5. OSHKOSH AQUATIC INVASIVE SPECIES EARMARK

Senate/Legislature: Direct DNR to provide \$25,000 in 2007-08 from the existing aquatic invasive species grants program to the City of Oshkosh for invasive species education, prevention, and control activities in Miller's Bay and the adjacent water area in Lake Winnebago. No local matching funds would be required. The act provides \$3.3 million in 2007-08 and \$4.3 million annually beginning in 2008-09 from the water resources account for aquatic invasive species grants. This provision would earmark \$25,000 in 2007-08 for Oshkosh.

[Act 20 Section: 9135(4c)]

6. SUPERIOR HARBOR CORROSION STUDY

Senate/Legislature: Direct DNR to provide \$100,000 in 2007-08 from the existing recreational boating grants appropriation to the City of Superior to complete a study of the corrosion of the dockwall in the Duluth/Superior Harbor. No matching funds would be required. Specify that this funding be provided before applying the percentages regarding Great Lakes and inland water projects. Recreational boating aids are funded at \$3.1 million annually from the water resources account (motorboat gas tax) of the conservation fund.

[Act 20 Section: 9135(4f)]

7. SOUTHEASTERN WISCONSIN FOX RIVER COMMISSION

Joint Finance/Legislature: Direct DNR to provide a grant for \$250,000 in 2007-08 from the recreational boating aids grant program to the Southeastern Wisconsin Fox River Commission to support ongoing activities consistent with the organization's 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 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. This provision would

bring to \$1,075,000 the amount provided to the Commission from the water resources account since its creation in 1997. Recreational boating project aids are funded at \$3.1 million water resources SEG annually.

[Act 20 Sections: 282e, 282f, 9135(2v), and 9435(1w)]

8. NONPOINT ACCOUNT REVENUE [LFB Paper 586]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
SEG-REV	\$13,650,000	-\$2,800,000	\$515,000	\$11,365,000

Governor: Increase the environmental repair fee (tipping fee) on most solid waste (other than high volume industrial waste) disposed of at a waste disposal facility (such as a landfill) from 50¢ per ton to \$1.60 per ton (an increase of \$1.10 per ton) effective with waste disposed of beginning on July 1, 2007. Of the \$1.60, 75¢ per ton would be deposited to the nonpoint account of the environmental fund. The administration estimates the 75¢ tipping fee would increase revenue to the nonpoint account by \$4,950,000 in 2007-08 and by \$6,600,000 in 2008-09.

In addition, increase the supplemental motor vehicle title fee by \$2, from \$7.50 to \$9.50, effective with applications for title submitted beginning on October 1, 2007.

Further, delete provisions that require an annual transfer from the general fund (through a GPR sum sufficient appropriation under miscellaneous appropriations) to the environmental fund equal to the amount generated by the supplemental title fee in the previous fiscal year. Instead, specify that the previous fiscal year's supplemental title fee revenues be transferred from the transportation fund to the nonpoint account of the environmental fund every October 1. Specify that no transfer may be made from the GPR appropriation after the effective date of the bill. Further specify that if the effective date of the bill is after October 1, 2007, revenue equal to the supplemental title fee revenue provided by the general fund to the nonpoint account in 2007-08, be transferred from the transportation fund to the general fund.

This item is part of an initiative to convert several appropriations from the general fund to the transportation fund. A summary listing of these appropriations is shown in an item titled "Use of Transportation Fund Revenues for General Fund Purposes," which can be found under the Transportation Finance section of the Department of Transportation.

The administration indicates the intent was to have the full amount of the supplemental title fee revenues, including the amount attributable to the fee increase (which DOA estimates at \$2,100,000 in 2007-08 and \$2,900,000 in 2008-09), transferred to the nonpoint account in the same year that those revenues are generated. However, since the amount of the transfer (under current law and under the bill) is based on the revenue collected from the supplemental title fee in the prior fiscal year, the fee increase under the bill would not result in an increase to the nonpoint account until 2008-09. As a result, the nonpoint account would first realize the

increase in supplemental title fee revenue (\$2,100,000) in 2008-09, with an annual increase in revenue of approximately \$2.9 million annually thereafter (beginning in 2009-10).

Under current law, the Department of Transportation (DOT) collects a supplemental vehicle title fee of \$7.50 along with applications for certificates of title for new vehicles and for vehicles whose ownership has been transferred, with revenues deposited to the transportation fund. On October 1, the amount of supplemental title vehicle fee revenue that was received in the prior fiscal year, is transferred from the state's general fund to the nonpoint account of the environmental fund. Prior to 1997, this amount was transferred from the transportation fund to the nonpoint account.

Joint Finance: Adopt the Governor's recommendations. However, because tipping fee revenues deposited to the environmental fund are based on the amount of prior calendar year revenues, and due to revised tonnage estimates, reestimate revenue related to the tipping fee increase deposited to the nonpoint account to be \$2.91 million in 2007-08 and \$5.84 million in 2008-09. The reestimate results in revenues \$2.8 million lower than estimated by the Governor.

Senate: Include Joint Finance modification with the following modifications. Specify the 75¢ tipping fee increase take effect on October 1, 2007, or three months after the effective date of the bill, whichever is later (rather than on July 1, 2007). This would have the effect of reducing revenue deposited to the nonpoint account by \$1.45 million in 2007-08 (assuming an October effective date).

In addition, specify the GPR payment based on a \$9.50 supplemental vehicle title fee be transferred on a quarterly basis to the nonpoint account, within 14 days following the end of each quarter, based on revenues generated in the previous quarter (for revenue from the final quarter of each fiscal year, the transfer would be made after the conclusion of the fiscal year, but would be applied to the fiscal year in which the revenues were collected). Based on the quarterly payment, estimate the miscellaneous sum sufficient appropriation transfer deposited to the nonpoint account to increase by \$2,473,000 in 2007-08 and \$860,000 in 2008-09. (Currently the transfer is made in October based on title fee revenues from the prior fiscal year. Therefore, the effect of the \$2 title fee increase under Joint Finance would not be realized in the nonpoint account before 2008-09.)

In addition, provide \$1 million nonpoint account SEG (rather than \$5 million) in 2007-08 and \$7 million in 2008-09 for nutrient management planning and manure management grants.

Assembly: Delete provisions (eliminating the 75¢ tipping fee and the \$2 increase in the motor vehicle title transfer fee). Instead, increase the annual GPR transfer to the nonpoint account by \$3,750,000 GPR annually, beginning with the transfer made in 2007-08. (This would reflect a net reduction of \$3.26 million from the level provided by Joint Finance.)

Conference Committee/Legislature: Increase the tipping fee on most solid waste by 75¢ per ton, effective with waste disposed of beginning November 1, 2007. The later effective date is expected to reduce revenue to the nonpoint account by \$2,160,000 in 2007-08.

In addition, delete the annual transfer from the general fund to the nonpoint account based on the prior years sale of supplemental vehicle titles. Rather, make the transfer an annual sum certain amount. Further, transfer an additional \$1,500,000 to the nonpoint account in 2007-08 and \$1,175,000 beginning in 2008-09. (Previously the transfer was made in October each year based on title fee revenues from the prior fiscal year.) Total segregated nonpoint account revenues are estimated at \$12.5 million in 2007-08 and \$19.8 million in 2008-09.

[Act 20 Sections: 572c, 690, 2542c, 3089, and 3090]

9. NONPOINT ACCOUNT MODIFICATIONS [LFB Paper 586]

Governor: Provide the Department of Agriculture, Trade and Consumer Protection (DATCP) with an additional \$5 million in 2007-08 and \$7 million in 2008-09 from nonpoint account SEG primarily for county cost-share grants to landowners for nutrient management planning and manure management grants. Further, the bill would increase nonpoint account revenues as described in the previous entry.

The bill would modify revenues and expenditures from the nonpoint account as shown in the following table.

	Effect on Nonpoint Account Balance	
	<u>2007-08</u>	<u>2008-09</u>
Supplemental vehicle title fee increase	\$0	\$2,100,000
Environmental repair fee increase	<u>4,950,000</u>	<u>6,600,000</u>
Increased Fee Revenue	\$4,950,000	\$8,700,000
Nutrient management grants	<u>-\$5,000,000</u>	<u>-\$7,000,000</u>
Net Change to Account Balance	-\$50,000	\$1,700,000

The segregated nonpoint account, along with the environmental management account, makes up the environmental fund. The nonpoint account funds appropriations in DNR and DATCP that are used to aid the state's nonpoint source 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 source water pollution abatement practices by landowners.

Joint Finance: Adopt provision. However, due to the revenue reestimates discussed in Item #6, provide new nonpoint account revenues and expenditures as shown in the following table. Because base level expenditures exceed current law revenues by approximately \$3.8 million during 2007-09, and because new expenditures under the bill are expected to exceed new revenues by about \$1.2 million over the biennium (as shown below), the nonpoint account would be projected to have a July 1, 2009, deficit of approximately \$5 million.

	Effect on Nonpoint Account Balance	
	<u>2007-08</u>	<u>2008-09</u>
Supplemental vehicle title fee increase	\$0	\$2,100,000
Environmental repair fee increase	<u>2,910,000</u>	<u>5,840,000</u>
Increased Fee Revenue	\$2,9410,000	\$7,850,000
Nutrient management grants	<u>-\$5,000,000</u>	<u>-\$7,000,000</u>
Net Change to Account Balance	-\$2,090,000	\$850,000

Senate: Provide DATCP with an additional \$1 million nonpoint account SEG (rather than \$5 million) in 2007-08 and \$7 million in 2008-09 for nutrient management planning and manure management grants.

The following table shows the estimated June 30, 2009, condition of the nonpoint account under Senate action (which include revenue modifications discussed in the entry titled "Nonpoint Account Revenue," and expenditure modifications in this entry).

Estimated Nonpoint Account Balance -- Senate

	<u>\$ in Millions</u>
Joint Finance Balance	-\$4.9
Senate Revenue Changes:	
Tipping Fee Modification	-1.5
Vehicle Title Fee Modification	<u>3.3</u>
Revenue Change	\$1.8
Senate Expenditure Change:	
Nutrient Management	-\$4.0
June 30, 2009, Balance	\$0.9

Assembly: Provide DATCP with increased funding of \$3 million (\$1 million in 2007-08 and \$2 million in 2008-09) for local nutrient and manure management planning grants (a reduction of \$4 million in 2007-08 and \$5 million in 2008-09 to the amount included by Joint Finance).

The following table shows the estimated June 30, 2009, condition of the nonpoint account under Assembly action (which include revenue modifications discussed in the entry titled "Nonpoint Account Revenue," and expenditure modifications in this entry).

Estimated Nonpoint Account Balance -- Assembly

	<u>\$ in Millions</u>
Joint Finance Balance	-\$4.9
Assembly Revenue Changes:	
Tipping Fee Elimination	-8.8
Vehicle Title Fee Increase Elimination	-2.0
GPR Transfers In	<u>7.5</u>
Revenue Change	-\$3.3
Assembly Expenditure Changes:	
Nutrient Management	-\$9.0
Discovery Farms	<u>0.5</u>
Expenditure Change	-\$8.5
June 30, 2009, Balance	\$0.3

Conference Committee/Legislature: Provide the Department of Agriculture, Trade and Consumer Protection (DATCP) with an additional \$6 million in 2008-09 from nonpoint account SEG primarily for county cost-share grants to landowners for nutrient management planning and manure management grants. For more information, see the item titled "Soil and Water Resource Management," under the Department of Agriculture, Trade and Consumer Protection. Further, increase nonpoint account revenues as described in the previous entry.

In order to address a structural imbalance and fund increased nutrient management grants, the act modifies revenues and expenditures from the nonpoint account as shown in the following table.

	Effect on Nonpoint Account Balance	
	<u>2007-08</u>	<u>2008-09</u>
Supplemental vehicle title fee related	\$1,500,000	\$3,275,000
Nonpoint tipping fee	<u>750,000</u>	<u>5,840,000</u>
Increased Revenue	\$2,250,000	\$9,115,000
Nutrient management grants	<u>0</u>	<u>-\$6,000,000</u>
Net Change to Account Balance	\$2,250,000	\$3,115,000

Under the act, the nonpoint account is expected to have an available June 30, 2009, balance of approximately \$0.9 million. The segregated nonpoint account, along with the environmental management account, makes up the environmental fund. The nonpoint account funds appropriations in DNR and DATCP that are used to aid the state's nonpoint source 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 source water pollution abatement practices by landowners.

10. RURAL NONPOINT BONDING [LFB Paper 585]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
BR	\$12,000,000	-\$1,500,000	\$1,500,000	\$12,000,000

Governor: Provide an increase in general obligation bonding authority of \$5,000,000 (from \$89.3 million currently to \$94.3 million) for cost-share grants for rural landowners to install nonpoint source pollution abatement projects in designated priority watersheds. These bond revenues may also be used for competitive projects under the targeted runoff management (TRM) program.

In addition, provide an increase of \$7,000,000 (from \$4 million currently to \$11 million) in general obligation bonding authority specified for targeted runoff management grants. The TRM program offers competitive grant awards to support small-scale, short-term nonpoint source water pollution abatement projects (generally one to three years) that are undertaken by local governmental units.

Joint Finance: Modify the Governor's recommendation to provide an increase in general obligation bonding authority of \$5,500,000 (from \$4 million currently to \$9.5 million) for TRM grants (a reduction of \$1.5 million from the Governor's recommendation).

Senate: Provide an increase in general obligation bonding authority of \$1.5 million for targeted runoff management (TRM) grants. This would provide a total of \$7 million for TRM grants (the same amount as recommended by the Governor).

Assembly: Delete Senate modification.

Conference Committee/Legislature: Include Senate modification.

[Act 20 Sections: 587 and 588]

11. URBAN NONPOINT BONDING [LFB Paper 585]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
BR	\$6,000,000	-\$1,300,000	\$1,300,000	\$6,000,000

Governor: Provide an increase in general obligation bonding of \$6,000,000 (from \$23.9 million currently to \$29.9 million) for the urban nonpoint source water pollution abatement and 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: Provide an increase in general obligation bonding authority of \$4,700,000 (from \$23.9 million currently to \$28.6 million), rather than \$6 million, for the urban nonpoint and flood control programs.

Senate: Provide an additional \$1.3 million in general obligation bonding for urban nonpoint source water pollution abatement and storm water management, and the municipal flood control and riparian restoration programs. This would provide a total of \$6 million BR for urban nonpoint programs (the same level as recommended by the Governor).

Assembly: Delete Senate modification.

Conference Committee/Legislature: Include Senate modification.

[Act 20 Section: 590]

12. CHIPPEWA FALLS MUNICIPAL FLOOD CONTROL GRANT

Senate: Direct DNR to provide the City of Chippewa Falls with a grant of up to \$200,000 from the municipal flood control grant program, but not to exceed 70% of the cost to purchase land along Highway 29. Exempt the city from the eligibility requirements of the program and the typical application scoring process. The earmarked funding would be for the purchase of land near Bridge and River Streets that is part of a plan to reinvigorate the Highway 29 gateway to the city's downtown.

Assembly: Delete provision.

Conference Committee/Legislature: Include provision.

[Act 20 Sections: 282r, 590, and 9135(1i)]

13. ANIMAL WASTE MANAGEMENT GRANTS

Governor/Legislature: Specify that DNR may make grants from funding provided for the priority watershed program to local governments to be used for cost-share grants to landowners for the implementation of animal waste management practices if the Department has issued a notice of discharge (NOD) to the landowner and has determined that providing funding for animal waste management is necessary to protect fish and aquatic life.

DNR may issue an NOD if manure from an animal feeding operation is causing significant ground or surface water pollution. Under current law, DNR generally may only make grants for animal waste management purposes under the competitive targeted runoff management (TRM) grant program. However, if the property on which DNR has issued an NOD is located within an existing priority watershed project, the county can elect to offer cost sharing to the landowner from the county's annual priority watershed allocation from DNR. Further, the Department of Agriculture, Trade and Consumer Protection (DATCP) can provide animal waste management grants as a part of its annual soil and water resource management

grants to counties (DATCP has set aside \$100,000 for this purpose in calendar year 2007).

[Act 20 Sections: 3079 and 3081]

14. MARINA CONDOMINIUMS

Joint Finance/Legislature: Specify that except for marina condominiums existing prior to June 1, 2007, no owner of riparian land that abuts a navigable water may grant an easement or similar conveyance of any riparian right in the land to another person, except for the right to cross the land in order to have access to the navigable water (which would not include the right to place any structure or material, including a boat docking facility, in the navigable water). Define a "marina condominium" as a condominium in which the common elements, limited common elements, or condominium units consist of, or include, boat docking facilities and in which one or more of the boat docking facilities is not appurtenant to a dwelling unit in the condominium, or in which there are no dwelling units.

In addition, specify that any marina condominium created prior to June 1, 2007, be effective regardless of any subsequent amendment, modification, or restatement of declaration by a court or administrative order or by all of the owners of the condominium units, or any determination by court or administrative order that the declaration is void or voidable or that the condominium units in the marina condominium are not intended for any type of independent use. However, specify that any such marina condominiums may not increase the size of the facility or number of boat slips in the boat docking facility.

Further, specify that a marina condominium in existence prior to June 1, 2007, that contains more than 300 boat slips must have at least 40% of the total number of boat slips in the marina condominium available for rent or transient use by the public. Require the marina condominium declarant to include this information in the sales or transfer document should the declarant sell or transfer interest in a condominium unit affected by this restriction.

In addition, in the instance of a marina condominium that was previously a marina, specify that a permit issued to place, maintain, or use a boat docking facility prior to the formation of the marina condominium remain in effect and may not be rescinded or modified by DNR, a municipality, or a court or administrative order, or if any modifications are made that affect the condominium declaration, if the grounds for the rescission or modification are based on the facility's status as a marina condominium, provided the permit was issued prior to the conversion of the marina into a marina condominium. In the instance of a marina condominium that was not previously a marina, specify that a permit issued to place, maintain, or use a boat docking facility prior to the formation of the marina condominium may not be modified by DNR, a municipality, court or administrative order, or if any modifications are made that affect the condominium declaration. Specify that the Department of Natural Resources retains the authority to enforce the terms and conditions of a permit or other authorization except as they relate to the form of ownership of a boat docking facility.

Further, specify that no owner of riparian land may create a marina condominium on

riparian land on or after June 1, 2007. Specify that any marina condominium created after June 1, 2007, be invalid and ownership of the riparian land would become a tenancy in common held by the owners of the marina condominium units.

[Act 20 Sections: 717g, 717r, 3703g, and 3703r]

15. CONTAMINATED SEDIMENT REMOVAL BONDING [LFB

BR	\$17,000,000
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 Paper 599]

Governor/Legislature: Authorize \$17,000,000 in general obligation bonding authority to fund a portion of the costs of a project to remove contaminated sediment from Lake Michigan or Lake Superior or a tributary of Lake Michigan or Lake Superior if federal funds are provided for the project under the Great Lakes Legacy Act. Create a sum sufficient appropriation from the segregated environmental management account of the environmental fund to pay debt service costs. No debt service costs would be estimated for the 2007-09 biennium. The administration indicates that the funds would be used for cleanup of contaminated sediment in Milwaukee in the Kinnickinnic River and the impoundment in the Milwaukee River north of the Estabrook dam in Lincoln Park, and would be expected to leverage \$31 million in federal funds from the Great Lakes Legacy Fund.

[Act 20 Sections: 291, 591, and 3082]

16. CONTAMINATED SEDIMENT POSITION

Governor/Legislature: Convert \$72,400 annually with 1.0 Fox River sediment cleanup coordinator position from federal to program revenues received from the paper companies that are responsible parties for the Fox River cleanup. Currently, the paper companies pay the U.S. Environmental Protection Agency (EPA) for the costs of the cleanup coordinator position, and EPA provides federal funds to DNR for the position. Under the bill, the paper companies would pay DNR directly for the position.

	Funding	Positions
FED	-\$144,800	- 1.00
PR	144,800	1.00
Total	\$0	0.00

17. HIGH-CAPACITY WELL PROGRAM COSTS [LFB Paper 590]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$44,000	\$1,250,000	\$1,294,000

Governor: Provide \$22,000 PR annually for groundwater quantity administration to pay transactional costs incurred when well notification fees are paid to the Department through the automated license issuance system (ALIS). The groundwater quantity administration appropriation receives revenues from a \$50 well notification fee paid by a landowner before construction of a well, and from a \$500 high capacity well fee. For each \$50 well notification fee

paid through the ALIS system, DNR pays a transactional fee to the ALIS contractor and to the ALIS agent that collected the fee. In 2005-06, the appropriation paid \$21,700 in ALIS well notification fee transactional costs. 2005 Act 25 provided funding for 5.0 positions to administer the groundwater quantity protection provisions. Of the total funding, \$61,000 was for supplies, including \$25,500 for ALIS notification fees.

Joint Finance/Legislature: Approve the Governor's recommended funding level, but provide funding for limited-term employees to collect groundwater use data from owners of high-capacity wells. In addition, approve an increase of \$1,250,000 PR in 2007-08 in the groundwater mitigation grants and local assistance appropriation to reestimate the amount available for this purpose.

18. ENVIRONMENTAL FUND POSITIONS

	Funding	Positions
SEG	-\$202,400	- 1.90

Governor/Legislature: Delete \$101,200 SEG annually with 1.9 vacant SEG positions from the environmental fund, as follows:

(a) -\$63,500 annually with -1.0 position in the watershed management program from the nonpoint account of the environmental fund; and (b) -\$37,700 annually with -0.9 position in the communication and education program split-funded from the nonpoint account (19%) and the environmental management account (81%) of the environmental fund.

19. WELL ABANDONMENT GRANTS

Joint Finance/Legislature: 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 because it is unused or poses a hazard to health or safety). Claims would be authorized 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). DNR would be required 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. In addition, under 2005 Act 123, DNR was authorized to create an area of special eligibility for the program, based on contamination reported after December 31, 2005, if results of tests performed by a certified laboratory establish that wells in the area are contaminated by fecal bacteria, and evidence demonstrates that the bacterial contamination is caused by livestock.

The well compensation program is funded from a continuing appropriation from the environmental management account of the environmental fund. Program expenditures were \$233,600 SEG in 2006-07. The program had available an unencumbered July 1, 2007, appropriation balance of \$111,000. The act continues base funding of \$294,000 annually.

[Act 20 Sections: 282p and 3081pb thru 3081qj]

20. AUTHORIZE MILWAUKEE METROPOLITAN SEWERAGE DISTRICT TO USE DESIGN-BUILD PROCESS

Governor: Authorize the Milwaukee Metropolitan Sewerage District (MMSD) to let one contract that uses the design-build construction process, and specify that contract may be let only for a deep tunnel pump station. "Design-build construction process" would be defined as a project delivery and procurement process for the design, construction, repair, renovation, installation, or demolition of a public works project under which a single entity is responsible for the professional design services and construction services related to the project. The bill does not define "a deep tunnel pump station."

Exempt the contract awarded under the design-build process from the current requirement that MMSD must award contracts for all work done and all purchases of supplies and materials to the lowest responsible bidder complying with the invitation to bid unless MMSD rejects all bids or relets the contract. MMSD is currently authorized to purchase without public advertisement or competitive bidding if the article, appliance, apparatus, material, or process to be purchased is patented or made or manufactured by one party only, or if damage or threatened damage to the sewerage system creates an emergency in which public health or welfare is endangered.

The bill would exempt the contract let under the design-build process from the requirement that MMSD administer a minority business development and training program and request contract proposals from minority businesses. The bill would require MMSD to make an effort to ensure that: (a) the current statutory goal is met that requires proposals submitted by minority businesses to include a goal that at least 25% of the total number of workers in all construction trades employed on the project will be minority group members; and (b) the current statutory requirement is met that a subcontracting plan show that the primary contractor has made or will make a good faith effort to award at least 20% of the total contract amount to bona fide independent minority business subcontractors.

The bill would require that when owners contract for a water or sewage system, plant, or extension under the design-build construction process, they submit to DNR performance objectives and preliminary designs in a form that is satisfactory to the Department, rather than complete plans. Currently, owners are required to file complete plans with DNR. DNR is required to approve or disapprove the plans within 90 days of receipt of complete plans.

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

Air, Waste, and Contaminated Land

1. STATE SOLID WASTE TIPPING FEES

Governor: Increase state solid waste tipping fees by \$4.10 per ton for most waste (other than high-volume industrial waste) disposed of in Wisconsin landfills on or after July 1, 2007. Current state tipping fees for most municipal, commercial and industrial waste (other than high-volume industrial waste) are \$3.797 per ton. The Governor's recommendation would include an increase of \$3.00 per ton for recycling (from the current \$3.00), \$0.35 for environmental management (from the current \$0.50), and \$0.75 for nonpoint (there is currently no tipping fee for nonpoint programs). State solid waste tipping fees would total \$7.897 per ton. The individual tipping fee amounts and revenue changes are summarized separately.

Solid and hazardous waste disposal facilities (landfills) pay a tipping fee for each ton of waste, except materials used for lining, daily cover, capping or constructing berms, dikes or roads within the facility. High-volume industrial waste, which would not be subject to the fee increase, includes paper mill sludge, bottom ash, foundry process waste and fly ash. Certain wastes that are used for daily cover at the landfill are exempt from the tipping fees.

Senate: Increase the recycling tipping fee by an additional \$4 per ton, to \$10, for waste other than high-volume industrial waste disposed of on or after July 1, 2007. Modify the effective date for the 75¢ nonpoint tipping fee increase to October 1, 2007, or the first day of the third month after the effective date of the bill, whichever is later. Include the 35¢ environmental management tipping fee increase. State solid waste tipping fees would total \$11.897 per ton.

Assembly: Delete the three tipping fee increases.

Conference Committee/Legislature: Increase solid waste tipping fees by \$2.10 from current law, effective for waste disposed of on or after November 1, 2007 (the first day of the first month after the effective date of the budget). The increases would include \$1.00 per ton for recycling, \$0.35 for environmental management, and \$0.75 for nonpoint. The following table shows the amount of every state tipping fee under each phase of the budget.

State Solid Waste Tipping Fees - Non- High-Volume Industrial Waste

<u>Fund, Fee</u>	<u>Type</u>	<u>Current</u>		<u>Joint</u>			<u>Act 20</u>
		<u>Law</u>	<u>Governor</u>	<u>Finance</u>	<u>Senate</u>	<u>Assembly</u>	
Recycling	SEG	\$3.00	\$6.00	\$6.00	\$10.00	\$3.00	\$4.00
Environmental management account - environmental repair	SEG	0.50	0.85	0.85	0.85	0.50	0.85
Environmental management account - groundwater	SEG	0.10	0.10	0.10	0.10	0.10	0.10
Environmental management account - well compensation	SEG	0.04	0.04	0.04	0.04	0.04	0.04
Nonpoint account	SEG	0.00	0.75	0.75	0.75	0.00	0.75
DNR Solid waste landfill administration	PR	0.15	0.15	0.15	0.15	0.15	0.15
DOA Solid Waste Facility Siting Board	PR	<u>0.007</u>	<u>0.007</u>	<u>0.007</u>	<u>0.007</u>	<u>0.007</u>	<u>0.007</u>
		\$3.797	\$7.897	\$7.897	\$11.897	\$3.797	\$5.897

High-volume industrial waste is assessed solid waste tipping fees that total \$0.497 per ton.

High-volume industrial waste includes fly ash, bottom ash, paper mill sludge and foundry process waste.

Non-high-volume industrial waste includes municipal solid waste, construction and demolition, industrial that is not high-volume, and commercial waste.

Waste used as daily cover is exempt from the fees, if use for that purpose is approved by DNR and the waste is used in that way.

2. RECYCLING TIPPING FEE INCREASE [LFB Paper 601]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
SEG-REV	\$42,000,000	-\$3,625,000	-\$28,105,000	\$10,270,000

Governor: Double the recycling tipping fee for waste disposed of in Wisconsin landfills on or after July 1, 2007, from \$3 to \$6 per ton. The fee is assessed on waste other than high-volume industrial waste, with a few exceptions. The Administration estimates the recycling tipping fee increase would generate \$18,000,000 in 2007-08 and \$24,000,000 in 2008-09. The fee is deposited in the segregated recycling fund. Under the Governor, the total tipping fee paid for most municipal and industrial waste (other than high-volume industrial waste) would rise from \$3.80 currently, to \$7.90 per ton. Recycling fund SEG would be used for the following new or expanded programs under the bill.

<u>Recycling Fund Expenditures - Change to Base</u>	<u>2007-08</u>	<u>2008-09</u>
Transfer to General Fund	\$13,000,000	\$20,000,000
Commerce Renewable Energy Grants and Loans	15,050,900	15,057,800
DNR Waste Reduction and Recycling Demonstration Grants Increase	1,000,000	1,000,000
DATCP Clean Sweep Grants Increase	289,600	289,600
DATCP Anaerobic Digester Research and Development	<u>250,000</u>	<u>0</u>
Total	\$29,590,500	\$36,347,400

In 2006-07, recycling fund revenues would be expected to be approximately \$43 million, with expenditures of approximately \$31 million (for program expenditures, excluding required

transfers to the general fund).

Joint Finance: Include provision. However, reestimate revenue from the recycling tipping fee increase as \$16,195,000 in 2007-08 (a decrease of \$1,805,000) and \$22,180,000 in 2008-09 (a decrease of \$1,820,000).

Senate: Increase the recycling tipping fee by an additional \$4 per ton effective for waste disposed of on or after July 1, 2007. This would result in a recycling tipping fee of \$10 per ton. The additional \$4 per ton would generate revenue of approximately \$21,830,000 in 2007-08 and \$27,640,000 in 2008-09. In addition, rename the fund the "recycling and renewable energy fund."

Assembly: Delete the \$3 per ton recycling tipping fee increase (maintain the current \$3 per ton fee). This would reduce recycling fund revenue by \$16,195,000 in 2007-08 and \$22,180,000 in 2008-09.

Conference Committee/Legislature: Rename the recycling fund the "recycling and renewable energy fund." Further, increase the recycling tipping fee for waste disposed of in Wisconsin landfills on or after November 1, 2007 (the first day of the first month after the effective date of the budget), from \$3 to \$4 per ton. The fee is assessed on waste other than high-volume industrial waste, with a few exceptions. The tipping fee increase is expected to generate \$2,880,000 in 2007-08 and \$7,390,000 in 2008-09. Recycling and renewable energy fund SEG will be used for the following new or expanded programs under the act.

<u>Recycling Fund Expenditures - Change to Base</u>	<u>2007-08</u>	<u>2008-09</u>
Municipal Recycling Grants Increase	\$6,500,000	\$6,500,000
Commerce Renewable Energy Grants and Loans	7,000,000	15,057,800
DNR Waste Reduction and Recycling Demonstration Grants Increase	1,000,000	1,000,000
Compensation for PCB Sediment Transport	1,500,000	3,000,000
Soybean Crushing Facility Grant	4,000,000	0
DATCP Clean Sweep Grants Increase	<u>289,600</u>	<u>289,600</u>
Total	\$20,289,600	\$25,847,400

In 2008-09, recycling and renewable energy fund revenues are estimated at approximately \$55 million, with authorized expenditures of approximately \$57 million.

[Act 20 Sections: 3088 and 9335(1)]

3. TRANSFER FROM THE RECYCLING FUND TO THE GENERAL FUND [LFB Paper 601]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR-REV	\$33,000,000	-\$33,000,000	\$0

Governor: Transfer \$13,000,000 in 2007-08 and \$20,000,000 in 2008-09 from the recycling fund to the general fund. The recycling fund receives revenues from a business tax recycling surcharge and a recycling solid waste tipping fee. Revenues are primarily used to provide financial assistance to local governments and businesses for solid waste recycling and waste reduction purposes.

Assembly/Legislature: Delete the transfer of \$13,000,000 in 2007-08 and \$20,000,000 in 2008-09 from the recycling fund to the general fund.

4. RECYCLING DEMONSTRATION GRANTS [LFB Paper 602]

SEG	\$2,000,000
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Governor: Provide \$1,000,000 annually from the segregated recycling fund for the waste reduction and recycling demonstration grant program. The funds would primarily be used for DNR contracts with nonprofit organizations to assist businesses to reduce the amount of solid waste generated or to reuse or recycle solid waste. In the 2005-07 biennial budget, DNR was authorized to use funds for this purpose, but no additional funds were appropriated. The existing waste reduction and recycling demonstration grant program is appropriated \$500,000 in 2006-07, and, in addition, has an available balance from the prior year of \$204,400. 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, and contracts with nonprofit organizations to assist businesses.

Joint Finance: In addition: (a) prohibit DNR from providing more than \$250,000 annually to an individual organization; and (b) require that any contract entered into under the provision must include goals and objectives that the nonprofit organization will meet, methods that will measure progress towards the goals and objectives, and a schedule for reporting to DNR on the use of funds and progress towards the goals and objectives.

Assembly: Delete the increase of \$1,000,000 SEG annually. Further, delete the Joint Finance modifications to contracts with nonprofit organizations.

Conference Committee/Legislature: Restore Joint Finance modification.

[Act 20 Section: 3086k]

5. RECYCLING GRANTS TO LOCAL GOVERNMENTS

SEG	\$13,000,000
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Senate: Increase the DNR municipal and county recycling grant appropriation by \$21,000,000 SEG annually to provide \$47,400,000 for recycling grants. This would include \$45,500,000 for municipal and county recycling grants, which provides financial assistance to responsible units of local government for a portion of eligible recycling expenses, and \$1,900,000 for recycling efficiency incentive grants, which provides financial assistance to responsible units of local governments that claim recycling efficiencies such as consolidation of two or more responsible units, or cooperative agreements for direct recycling services or shared private

vendor services. The provision would increase state recycling grants to an average of approximately 46% of anticipated net eligible recycling costs.

Assembly: Delete provision.

Conference Committee/Legislature: Increase the DNR municipal and county recycling grant appropriation by \$6,500,000 annually from recycling and renewable energy fund SEG to provide a total of \$32,900,000 annually for recycling grants. The act would increase state recycling grants to an average of approximately 32% of anticipated net eligible recycling costs (versus approximately 26% previously).

6. COMPENSATION FOR REMEDIATION OF PCB CONTAMINATED SEDIMENT

SEG	\$4,500,000
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Senate: Provide \$3,000,000 recycling fund SEG annually and create a program to reimburse certain responsible parties for the difference between the cost of transporting PCB contaminated sediment to an out-of-state hazardous waste disposal facility, and the cost of disposing of the PCB contaminated sediment in Wisconsin.

The Department of Natural Resources (DNR) would issue awards to eligible claimants for eligible reimbursement costs. An eligible claimant would be any person who is a responsible party under s. 292.11 (the state hazardous substances spills statute) or 42 U.S.C. sections 9601 et seq. for remediation of PCB contaminated sediment or has entered into a consent decree with DNR or the U.S. Environmental Protection Agency (EPA) to undertake the remediation of PCB contaminated sediment. PCB contaminated sediment would be defined as sediment dredged from the beds or bank of navigable waters in Wisconsin, which contains polychlorinated biphenyls (PCBs) in a concentration of 50 parts per million or greater.

An applicant would submit a claim which contains all of the following: (a) test results which show that the sediment contains PCBs in a concentration of 50 parts per million or greater; (b) documentation establishing that the sediment was removed from navigable waters in Wisconsin as part of a remediation project being undertaken by the responsible party as part of a consent decree with DNR or EPA; (c) documentation showing that the PCB contaminated sediment was transported to and disposed at a licensed hazardous waste disposal facility outside Wisconsin and that disposal occurred on or after May 1, 2007; (d) documentation showing the disposal costs, including information related to the length and any other terms of any contract entered into by the applicant and disposal facility, and any other costs DNR determines to be reasonably necessary and attributable to the out of state disposal; and (e) an estimate of the cost associated with disposal of PCB contaminated sediment in a facility in Wisconsin that is approved for the disposal of PCB contaminated sediment. If there is no facility in Wisconsin meeting those requirements, the applicant would be required to estimate the disposal costs based on one of the following methods: (a) an estimate based on the costs of disposing of PCB contaminated sediment at facilities in other states, other than the facility that the applicant uses for disposal of the contaminated sediments, that are comparable to a facility

that, if constructed in Wisconsin, would meet applicable federal and state requirements; or (b) an estimate based on the costs of constructing and operating a facility in Wisconsin that would meet the applicable state and federal requirements for a PCB waste disposal facility. Specify that if there is no facility in the state, and if DNR has accepted an estimate of an in state disposal cost based on the estimated costs of disposal from facilities in other states that would accept PCB contaminated sediment, within two years of the date of the application, the applicant may use that cost in its current application. The applicant would be required to include an explanation of the method used to estimate the cost of transporting the PCB contaminated sediment to a facility in Wisconsin.

When DNR receives a claim, the Department would notify the claimant if the claim is complete, or specify any additional information which the applicant must submit in order to complete the claim. If the claimant does not submit a complete claim, as determined by DNR, the Department may not proceed until it receives a complete claim.

Eligible reimbursement costs would include: (a) all costs associated with the transportation, permits, and disposal fees for the disposal of PCB contaminated sediment out of state, less such costs for the disposal of PCB contaminated sediment in Wisconsin; and (b) other costs that DNR determines to be reasonably necessary and attributable to the out of state disposal.

If DNR determines that a claimant submits a claim that meets all the requirements of the program, the Department would be required to issue an award in an amount equal to 95% of the amount by which the approved costs of disposal of the PCB contaminated sediment exceeds what the disposal costs would be for disposing of the PCB contaminated sediment in a facility in Wisconsin, as determined under program provisions. The claimant would be required to pay five percent of the total eligible costs.

DNR would be required to pay each claim within 60 days after receiving a completed claim application. If the claims appropriation is insufficient to pay the claim, DNR would be required to conditionally approve the completed claim, and to pay the claim if and when appropriated funds become available for payment of the claim.

DNR would be required to deny a claim if any of the following apply: (a) the claim is not within the scope of the program; or (b) the claimant submits a fraudulent claim. DNR would also be required to deny reimbursement for any costs not submitted within two years of the date the costs were incurred for the disposal of the PCB contaminated sediment included in the claim.

The applicant would be authorized to seek review of a DNR decision related to an award as follows:

a. Within 30 days after DNR makes a decision of approval or denial of an award, the applicant would be authorized to submit a petition for reconsideration to the DNR Secretary. The DNR Secretary would be required to issue a decision on whether he or she will grant the petition within 20 days of receipt of the petition. If the Secretary grants the petition for

reconsideration, he or she would meet with the applicant and DNR staff. The DNR Secretary would have to issue a decision on the reconsideration within 30 days of the meeting with the applicant and DNR staff. A request for reconsideration would not be considered a prerequisite to the other review under the program.

b. Within 30 days after DNR makes a decision of approval or denial of an award, or, if reconsideration is sought, within 30 days of the final decision on reconsideration, the applicant would be authorized to petition for a contested case hearing. A request for a contested case hearing would not be considered a prerequisite to other review under the program.

c. Within 30 days after DNR makes a decision of approval or denial of an award, or, if reconsideration is sought, within 30 days of the final decision on reconsideration, or, if a contested case hearing is sought, within 30 days of the final decision on the contested case, the applicant would be authorized to file a petition for judicial review of the award.

The existence of the relief under the program would not be a bar to any other statutory or common law remedy for a responsible party to recover costs of disposing of PCB contaminated sediment. A person would not be required to exhaust the remedy available under the program before commencing an action seeking any other statutory or common law remedy. The findings and conclusions under the program would not be admissible in any civil action.

A claim could be submitted for disposal of PCB contaminated sediments, for disposal that occurs on or after May 1, 2007.

DNR would be required to promulgate administrative rules that establish procedures for the submission, review and approval of claims under the program. DNR would be authorized to promulgate emergency rules for the program, without making a finding of emergency.

It is probable that most of the expenditures under the program in the next few years would relate to the Fox River PCB cleanup project (although PCB removal projects on the Milwaukee and Sheboygan Rivers, and other Wisconsin waters may also qualify). In May, 2007, dredging began in an area below a dam at De Pere, and approximately 20,000 to 25,000 cubic yards of PCB contaminated sediment with concentrations of 50 parts per million or greater will be hauled to a federally-licensed landfill near Detroit, Michigan. DNR and paper company representatives anticipate that at least 200,000 cubic yards of PCB contaminated sediment with concentrations of 50 parts per million or greater will be removed as part of the Fox River remediation project during the next several years. In 2006, Georgia Pacific submitted an application for licensing a portion of its landfill near Green Bay to hold PCB contaminated sediment with concentrations of 50 parts per million or greater. Georgia Pacific withdrew its application in response to local opposition.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision, as modified to provide \$1,500,000 in 2007-08 instead of \$3,000,000.

[Act 20 Sections: 282w, 3094h, and 9135(1f)]

7. VEHICLE ENVIRONMENTAL IMPACT FEE [LFB Paper 595]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	\$19,414,500	-\$334,500	\$19,080,000

Governor: Eliminate the December 31, 2007, sunset of the \$9 per title vehicle environmental impact fee. The Administration estimates making the fee permanent would generate additional revenue of \$6,450,000 in 2007-08 and \$12,964,500 in 2008-09. 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, and a sanitary permit surcharge. The vehicle environmental impact fee generates over 50% of revenue to the account, including \$12,825,300 in 2005-06. Environmental management account revenue totaled \$24.8 million in 2005-06. In addition, \$8.3 million was received specifically for the Fox River cleanup and reserved for that purpose.

Joint Finance/Legislature: Delete provision. Rather, continue the \$9 fee for two additional years, until December 31, 2009. Reestimate revenues from the fee to be \$6,210,000 in 2007-08 (a decrease of \$240,000) and \$12,870,000 in 2008-09 (a decrease of \$94,500).

[Act 20 Section: 3216]

8. ENVIRONMENTAL REPAIR TIPPING FEE INCREASE [LFB Paper 596]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
SEG-REV	\$5,390,800	-\$1,618,700	-\$832,100	\$2,940,000

Governor: Increase the environmental repair solid waste tipping fee imposed on most solid waste (other than high-volume industrial waste) by \$1.10, from 50¢ to \$1.60 per ton, for waste disposed of in Wisconsin landfills on or after July 1, 2007. Of the \$1.10 increase, 35¢ would be deposited in the environmental management account of the environmental fund (the remaining 75¢ would be deposited to the nonpoint account and is described separately under "Natural Resources -- Water Quality"). Currently, the entire 50¢ environmental repair fee is deposited in the environmental management account (85¢ under the bill). The administration estimates the 35¢ fee increase would generate additional revenue of \$5.39 million in the biennium, including \$2,310,800 in 2007-08 and \$3,080,000 in 2008-09 to the environmental

management account. In 2005-06, environmental management account revenue from solid waste tipping fees totaled \$5.7 million.

Joint Finance: Include provision. However, reestimate revenue from the tipping fee increase to \$1,254,700 in 2007-08 (a decrease of \$1,056,100) and to \$2,517,400 in 2008-09 (a decrease of \$562,600).

Assembly: Delete the 35¢ per ton increase to the solid waste tipping fee for waste other than high-volume industrial waste. This would decrease segregated environmental management account revenue from the amounts in the bill by \$1,254,700 in 2007-08 and \$2,517,400 in 2008-09, and would maintain the current tipping fees of 64¢ per ton for municipal and non- high-volume industrial waste and 34¢ per ton for high-volume industrial waste.

In addition, reduce the following appropriations in the environmental management account by a total of \$1,981,100 in 2007-08 and \$1,986,500 in 2008-09 and 6.98 positions annually (an 8.8% reduction) in order to maintain a positive account balance. This would include a reduction in DNR of \$1,336,500 in 2007-08 and \$1,341,900 in 2008-09 and 6.80 positions annually, and a reduction in other agencies of \$644,600 and 0.18 position annually.

<u>Agency and Appropriation</u>	<u>2007-08</u>	<u>2008-09</u>	<u>Annual Position Reductions</u>
DNR Air and Waste Division general operations	\$281,800	\$282,500	2.84
DNR Air and Waste Division Brownfields operations	32,400	32,400	0.26
DNR Enforcement and Science Division general operations	104,900	105,800	0.71
DNR Water Division general operations	310,200	311,600	2.62
DNR Groundwater management	8,100	8,100	0.00
DNR Administration and Technology general operations	93,900	96,100	0.00
DNR Customer Assistance and External Relations general operations	70,200	70,300	0.37
DNR State-funded response cleanup	215,200	215,300	0.00
DNR Well compensation grants	25,900	25,900	0.00
DNR Brownfields site assessment grants	149,800	149,800	0.00
DNR Brownfields green space grants	44,100	44,100	0.00
Commerce Brownfields grants	616,900	616,900	0.00
DHFS Groundwater and air quality standards	27,000	27,000	0.18
DMA Emergency response training	<u>700</u>	<u>700</u>	<u>0.00</u>
Total Reductions	\$1,981,100	\$1,986,500	6.98

Conference Committee/Legislature: Restore Joint Finance provision, as modified to be effective for waste disposed of in Wisconsin landfills on or after November 1, 2007 (the first day of the first month after the effective date of the budget). The fee increase is expected to generate additional revenue, over prior law, of \$420,000 in 2007-08 and \$2,520,000 in 2008-09 to the environmental management account.

[Act 20 Sections: 690, 3089, and 3090]

9. ENVIRONMENTAL CLEANUP BONDING AUTHORITY [LFB

BR	\$3,000,000
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 Paper 598]

Governor/Legislature: Provide \$3,000,000 in general obligation bonding authority to conduct remedial actions at contaminated sites. The request would increase DNR's general obligation bonding authority for remedial action from \$44 million to \$47 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. Debt service costs are paid from the environmental management account of the segregated environmental fund and totaled \$3.0 million in 2005-06, and are estimated at \$3.8 million in 2006-07.

[Act 20 Section: 589]

10. DRY CLEANING FEE INCREASE [LFB Paper 600]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	\$1,050,000	-\$425,000	\$625,000
SEG	\$0	\$170,000	\$170,000

Governor: Increase the dry cleaning fee imposed on dry cleaning facilities from 1.8% to 2.8% of the gross receipts from the previous three months from dry cleaning apparel and household fabrics. The fee increase would first apply to the quarterly payment due on July 25, 2007, for gross receipts from April 1, 2007, through June 30, 2007. The Department of Revenue collects the fees and deposits them in the segregated dry cleaner environmental response fund. The fund is used to reimburse owners and operators of dry cleaning facilities for a portion of cleanup costs from contamination caused by dry cleaning solvents, and for administrative costs by DNR and DOR. The Administration estimates the fee increase would generate \$525,000 in additional revenue in each of 2007-08 and 2008-09. For 2005-06, revenues to the dry cleaner fund totaled \$1.1 million with expenditures of almost \$2 million (including over \$1.7 million in cleanup reimbursement).

Joint Finance/Legislature: Approve the Governor's recommendation, but first apply the fee increase to the second quarterly payment due after publication of the biennial budget act (the April 25, 2008, payment). Reestimate revenue from the fee to \$125,000 in 2007-08 and \$500,000 in 2008-09, a decrease of \$300,000 from the amounts in the bill. Finally, provide additional dry cleaner environmental response financial assistance of \$170,000 in 2008-09, to provide a total of \$2,270,000 in the 2007-09 biennium (claim payments for the 2005-07 biennium are expected to exceed \$3.6 million).

[Act 20 Sections: 2494 and 9341(13)]

11. AIR PERMIT SYSTEM STREAMLINING

PR	\$877,500
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Governor/Legislature: Provide an increase of \$913,100 in 2007-08 and a decrease of \$35,600 in 2008-09 for air permit database system streamlining 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 generally 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 authorization to construct, reconstruct, replace or modify a stationary source expires after 18 months and can have one 18-month extension under certain instances. The following funding would be provided:

a. An increase of \$650,000 in 2007-08 and a decrease of \$35,600 in 2008-09 to pay private contractors for information technology development and maintenance. In the 2005-07 biennial budget, one-time funding of \$259,600 in 2005-06 and \$517,200 in 2006-07 was provided for these activities. In addition, the 2005-07 biennial budget provided funding of \$271,200 in 2005-06 and \$135,600 in 2006-07 to pay contractors for permit issuance activities. The Department reallocated the permit issuance contracting funds to pay private contractors for information technology development and maintenance. The \$135,600 in base funding would continue to be used for information technology contracting. Under the bill, a total of \$785,600 in 2007-08 and \$100,000 in 2008-09 would be available for these activities.

b. \$263,100 in 2007-08 to pay for DNR staff to perform computer programming activities related to completing a permit streamlining project. Of this amount, \$168,700 would pay for two existing positions in the Division of Customer and Employee Services through departmental charges, and \$94,400 would pay for limited-term employees in the Bureau of Air Management. In the 2005-07 biennial budget, one-time funding of \$225,300 in 2005-06 and \$263,100 in 2006-07 was provided for these activities.

12. REPEAL CERTAIN COOPERATIVE ENVIRONMENTAL ASSISTANCE APPROPRIATIONS

Governor/Legislature: Repeal two appropriations, one from solid and hazardous waste program revenue fees and the other from the petroleum inspection fund, that formerly provided funding to the cooperative environmental assistance program. In the 2005-07 biennial budget, the cooperative environmental assistance program, and funding in the two appropriations that would be repealed, were moved from the Division of Customer Assistance and Employee Services to the Division of Air and Waste.

[Act 20 Sections: 277, 303, 304, and 3087]

13. LANDFILL OPERATOR CERTIFICATION FEES

Governor/Legislature: Change the appropriation into which program revenue from landfill operator certification fees are deposited, and from which DNR administrative expenses

for the program are funded, from a separate program revenue appropriation, to the main solid and hazardous waste management administrative appropriation. The separate appropriation would be repealed. In 2005-06, \$14,300 in revenue was deposited in the separate appropriation. While DNR anticipates there will be no balance in the separate appropriation on the effective date of the bill, any balance would lapse to the general fund when the appropriation is repealed.

[Act 20 Sections: 277 and 278]

14. REMEDIATION AND REDEVELOPMENT STAFF FUNDING

	Funding	Positions
FED	-\$1,799,200	- 10.00
SEG	<u>1,799,200</u>	<u>10.00</u>
Total	\$0	0.00

Conference Committee/Legislature: Convert \$899,600 annually with 10.0 positions in the remediation and redevelopment program from FED to petroleum inspection fund SEG. This includes 7.5 positions under the federal Superfund program and 2.5 positions under the federal leaking underground storage tank program. Under the Superfund program, DNR administers emergency response actions at sites posing an immediate and substantial danger, evaluates potential Superfund sites, and administers cleanup at Superfund sites. Under the leaking underground storage tank program, DNR administers cleanup of leaks from high-risk underground petroleum storage tank sites, many of which will be eligible for reimbursement for cleanup costs of petroleum contamination under the petroleum environmental cleanup fund award (PECFA) program.

The petroleum inspection fund receives revenue from the 2¢ per gallon petroleum inspection fee that is assessed on all petroleum products that enter the state, including gasoline, diesel and heating oil.

15. LOCAL GOVERNMENT DEBT ISSUANCE RELATED TO BROWNFIELDS REVOLVING LOAN PROGRAM

Assembly: Include the provisions of 2007 SB 202, which would authorize any municipality to issue municipal obligations or promissory notes to secure a loan or grant from the DNR brownfields revolving loan program. Currently, DNR is authorized to administer funds received from the federal Environmental Protection Agency as a brownfields revolving loan program under which DNR makes loans or grants for the cleanup of contaminated sites (brownfields). The program is known as the Ready for Reuse Loan and Grant Program. Municipalities must provide a proof of municipal obligation or loan collateral to secure the repayment of the loan.

Conference Committee/Legislature: Delete provision.

OFFICE OF STATE EMPLOYMENT RELATIONS

Budget Summary							
Fund	2006-07 Base	2007-09	2007-09	2007-09	2007-09	Act 20 Change Over	
	Year Doubled	Governor	Jt. Finance	Legislature	Act 20	Base Year Doubled	Amount
GPR	\$9,842,400	\$10,476,000	\$10,476,000	\$10,476,000	\$10,476,000	\$633,600	6.4%
PR	<u>2,039,200</u>	<u>2,259,400</u>	<u>2,259,400</u>	<u>2,259,400</u>	<u>2,259,400</u>	<u>220,200</u>	10.8
TOTAL	\$11,881,600	\$12,735,400	\$12,735,400	\$12,735,400	\$12,735,400	\$853,800	7.2%

FTE Position Summary						
Fund	2006-07 Base	2008-09	2008-09	2008-09	2008-09	Act 20 Change
		Governor	Jt. Finance	Legislature	Act 20	Over 2006-07 Base
GPR	50.00	49.00	50.00	50.00	50.00	0.00
PR	<u>4.50</u>	<u>5.50</u>	<u>5.50</u>	<u>5.50</u>	<u>5.50</u>	<u>1.00</u>
TOTAL	54.50	54.50	55.50	55.50	55.50	1.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$633,600
PR	<u>92,200</u>
Total	\$725,800

Governor/Legislature: Provide standard adjustments totaling \$316,800 GPR and \$46,100 PR annually. Adjustments are for: (a) full funding of continuing salaries and fringe benefits (\$316,800 GPR and \$43,900 PR annually); and (b) reclassifications (\$2,200 PR annually).

2. LABOR-MANAGEMENT COOPERATION PROGRAM [LFB Paper 605]

	Funding	Positions
PR	\$128,000	1.00

Governor: Provide \$55,400 in 2007-08 and \$72,600 in 2008-09 and 1.0 four-year project position annually for a labor-management cooperation program. The program is intended to identify and replicate "best practices" in labor-management cooperation at work sites across the state. The position authorized for the program would

conduct training of union and management representatives; facilitate workplace interventions; coordinate labor-management cooperation teams and projects; serve as an intra-agency liaison for labor-management activities; and assist the Office of State Employment Relations (OSER) and union officials in the development of labor-management goals and strategic plans. The objective of the program is to reduce the overall number of grievance procedures by providing timely on-site training and interventions that address a variety of labor-management disputes.

Authorize OSER to receive revenue to reimburse the state's share of costs for training relating to grievance arbitrations. Under current law, OSER has a program revenue appropriation for costs related to collective bargaining grievance arbitrations. Under the appropriation, OSER is authorized to receive from state agencies reimbursement of the state's share of the costs related to grievance arbitrations. The Governor's provision would also allow receipt of revenue to reimburse the state's share of costs for training relating to the labor-management cooperation program.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Section: 545]

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	- 1.00	1.00	0.00

Governor: Delete 1.0 position in 2008-09 to reflect the consolidation of the agency's attorneys and legal staff under DOA, effective July 1, 2008. Reallocate \$138,400 in 2008-09 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 existing classified attorney position and associated base level funding would be retained in OSER. The Secretary of DOA would be authorized to designate this attorney position as OSER'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 July 1, 2008. [See "Administration – Transfers to the Department."]

Joint Finance: Delete provision.

Senate: Restore provision, with the following modifications: (a) specify that the lead attorneys and the Division of Legal Services division administrator would be under the classified service; and (b) exempt the Board on Aging and Long-Term Care, the Department of Military Affairs, and the Department of Public Instruction from the consolidation.

Assembly/Legislature: Delete provision.

4. REASSIGN CERTAIN EXECUTIVE POSITIONS TO NEW EXECUTIVE SALARY GROUP LEVELS [LFB Paper 606]

Governor: Reassign the executive salary group (ESG) classifications of: (a) the Secretaries of the Departments of Corrections, Health and Family Services, Regulation and Licensing, and Workforce Development; (b) the Governor's Chief of Staff; (c) the Adjutant General of the Department of Military Affairs; (d) the Insurance Commissioner; and (e) the Public Service Commissioners. The following table shows ESG assignments for these positions under current law and the proposed assignments under the bill.

	<u>Current Law</u>	<u>SB 40 Proposed</u>
Departmental Secretaries		
Corrections	ESG 6	ESG 8
Health and Family Services	ESG 9	ESG 8
Workforce Development	ESG 6	ESG 7
Regulation and Licensing	ESG 4	ESG 6
Other Positions		
Governor's Chief of Staff	ESG 4	ESG 6
Military Affairs Adjutant General	ESG 5	ESG 6
Insurance Commissioner	ESG 5	ESG 6
Public Service Commissioners	ESG 5	ESG 6

Provide that the salaries for the unclassified division administrators and bureau directors in the Department of Regulation and Licensing may not exceed the maximum of the salary range for ESG 3. Under current law, the salary maximum for these positions may not exceed the salary range for ESG 1.

Under current law, state agency executive positions are assigned to one of 10 executive salary groupings. Under the state's biennial compensation plan, approved by the Joint Committee on Employment Relations, a minimum and maximum salary amount is established for each ESG level. The following table shows the annual salary ranges in effect during the 2007-09 biennium.

Executive Salary Group Annual Pay Ranges

	<u>December, 2007, to July 2008</u>		<u>July, 2008, to April, 2009</u>		<u>April, 2009, to July, 2009</u>	
	<u>Minimum</u>	<u>Maximum</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Minimum</u>	<u>Maximum</u>
ESG-1	\$58,817	\$91,166	\$59,995	\$92,993	\$60,596	\$93,925
ESG-2	63,523	98,462	64,795	100,433	65,444	101,439
ESG-3	68,605	106,340	69,979	108,470	70,681	109,557
ESG-4	74,095	114,848	75,579	117,149	76,337	118,323
ESG-5	80,023	124,036	81,626	126,522	82,445	127,790
ESG-6	86,424	133,960	88,157	136,645	89,041	138,015
ESG-7	93,340	144,678	95,211	147,578	96,165	149,056
ESG-8	100,809	156,253	102,828	159,393	103,859	160,983
ESG-9	108,875	168,756	111,054	172,135	112,169	173,864
ESG-10	117,586	182,259	119,939	185,907	121,144	187,774

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Sections: 617 thru 619, 620, 621, 623 thru 626, and 630]

5. COLLECTIVE BARGAINING PROCESS FOR UNIVERSITY OF WISCONSIN SYSTEM FACULTY AND ACADEMIC STAFF

Governor: Create Subchapter VI of Chapter 111 [Employment Relations] and provide faculty and academic staff of the University of Wisconsin System (UW System) with the right to collectively bargain over wages, hours, and conditions of employment. The provisions under Subchapter VI would be similar to those of the State Employment Labor Relations Act (SELRA) under current law [Subchapter V of Chapter 111].

Board of Regents

Provide that the Board of Regents would negotiate and administer collective bargaining agreements for UW faculty and academic staff. Require the Board of Regents to establish a collective bargaining capacity and represent the state in its responsibility as an employer, and to coordinate its actions with the Director of the Office of State Employment Relations (OSER). To coordinate the employer position in the negotiation of agreements, require the Board of Regents to maintain close liaison with the Legislature and OSER relative to the negotiation of agreements and the fiscal ramifications of those agreements. The legislative branch would be required to act upon those portions of tentative agreements negotiated by the Board of Regents that require legislative action. With respect to labor proposals, require the Board of Regents to notify and consult with the Joint Committee on Employment Relations (JCOER), in such form and detail as JCOER requests, regarding substantial changes in wages, employee benefits, personnel management, and program policy contract provisions to be included in any contract proposal to be offered to any labor organization by the state, or to be agreed to by the state, before such proposal is actually offered or accepted.

Faculty and Academic Staff

Under current law, "faculty" in the UW System is defined in statute as persons who hold the rank of professor, associate professor, assistant professor or instructor in an academic department or its functional equivalent in an institution, and such academic staff as may be designated by the chancellor and faculty of the institution. "Academic staff" are defined as professional and administrative personnel with duties, and subject to types of appointments, that are primarily associated with higher education institutions or their administration, but does not include faculty, or Board of Regents staff. Under current law, faculty and academic staff of the UW System are unclassified civil service employees who do not have collective bargaining rights.

Under the bill, for the purpose of collective bargaining rights, faculty would have the meaning under current law, except that supervisors, management employees, individuals who are privy to confidential matters affecting the employer-employee relationship, or faculty holding limited appointments would be excluded. For the purpose of collective bargaining rights, academic staff would have its meaning under current law, except that supervisors, management employees, individuals who are privy to confidential matters affecting the employer-employee relationship, or professional librarians who are also classified as faculty would be excluded. Faculty and academic staff meeting these definitions would be deemed employees with the right of self-organization and the right to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage in lawful, concerted activities for the purpose of collective bargaining or other mutual aid or protection. Employees would also have the right to refrain from any such activities.

Although faculty and academic staff supervisors would not be considered employees under the provisions of the bill, the Wisconsin Employment Relations Commission (WERC) would be authorized to consider a petition for a statewide collective bargaining unit consisting of faculty supervisors or academic staff supervisors, but the representative of either the faculty supervisors or the academic staff supervisors may not be affiliated with any labor organization representing employees. Affiliation would not include membership in a national, state, county, or municipal federation of national or international labor organizations. Under the bill, the certified representative of either the faculty supervisors or the academic staff supervisors would not be authorized to bargain collectively with respect to any matter other than wages and fringe benefits.

Collective Bargaining Units

Provide that collective bargaining units for faculty in the unclassified service of the state would be structured with 16 separate collective bargaining units: (a) 13 collective bargaining units for faculty at each UW System campus (Madison, Milwaukee, Eau Claire, Green Bay, La Crosse, Oshkosh, Parkside, Platteville, River Falls, Stevens Point, Stout, Superior, and Whitewater); (b) one collective bargaining unit for faculty of UW Extension; (c) one collective bargaining unit for faculty of UW Colleges; and (e) one collective bargaining unit for all academic staff in the UW System.

Provide that two or more faculty collective bargaining units may be combined into a single unit. If two or more collective bargaining units seek to combine into a single collective bargaining unit, WERC would be required, upon the petition of at least 30 percent of the employees in each unit, to hold an election to determine whether a majority of those employees voting in each unit desire to combine into a single unit. A combined collective bargaining unit would be formed and would include all employees from each of those units in which a majority of the employees voting in the election approve a combined unit. The combined collective bargaining unit would be formed immediately, if there is no existing collective bargaining agreement in force in any of the units to be combined. If there is a collective bargaining agreement in force at the time of the election in any of the collective bargaining units to be combined, the combined unit would be formed upon expiration of the last agreement for the units concerned.

If two or more collective bargaining units have combined, WERC would also be required, upon petition of at least 30 percent of the employees in any of the original units, to hold an election of the employees in the original unit to determine whether the employees in that unit desire to withdraw from the combined collective bargaining unit. If a majority of the employees voting desire to withdraw from the combined collective bargaining unit, separate units consisting of the unit in which the election was held and a unit composed of the remainder of the combined would be formed. The new collective bargaining units would be formed immediately if there is no collective bargaining agreement in force for the combined unit. If there is a collective bargaining agreement in force for the combined collective bargaining unit, the new units would be formed upon the expiration of the agreement. While there is a collective bargaining agreement in force for the combined collective bargaining unit, a petition for an election could be filed only during October in the calendar year prior to the expiration of the agreement.

Provide that any labor organization may petition for recognition as the exclusive representative of a collective bargaining unit for UW faculty and academic staff in accordance with the election procedures under the bill, if the petition is accompanied by a 30 percent showing of interest in the form of signed authorization cards. Any additional labor organization seeking to appear on the ballot would be required to file a petition within 60 days of the date of filing of the original petition and prove, through signed authorization cards, that at least 10 percent of the employees in the collective bargaining unit want it to be their representative.

Provide that WERC would be required to assign UW faculty and academic staff employees to the appropriate collective bargaining unit.

Representatives and Elections

Provide that a representative chosen for the purposes of collective bargaining by a majority of the employees voting in a collective bargaining unit would be the exclusive representative of all of the employees in a unit for the purposes of collective bargaining. Any individual employee, or any minority group of employees in any collective bargaining unit, would be permitted to present any grievance to the employer in person, or through

representatives of their own choosing. Require that the employer confer with the individual employee or group of employees with respect to the grievance if the majority representative has been afforded the opportunity to be present at the conference. Any adjustment resulting from such a conference may not be inconsistent with the conditions of employment established by the majority representative and the employer.

Provide that, whenever a question arises concerning the representation of employees in a collective bargaining unit, WERC would be required to determine the representation by taking a secret ballot of the employees and certifying in writing the results to the interested parties and to the Board of Regents. Any ballot for the election of representatives must include the names of all labor organizations having an interest in representing the employees participating in the election as indicated in petitions filed with WERC. The name of any existing representative must be included on the ballot without the necessity of filing a petition. WERC would be authorized to exclude from the ballot one who, at the time of the election, stands deprived of his or her rights under state employment relations law by reason of a prior adjudication of his or her having engaged in an unfair labor practice. Provide that the ballot permit a vote against representation by anyone named on the ballot.

Provide that, for elections in a collective bargaining unit, whenever more than one representative qualifies to appear on the ballot, the ballot must be prepared to provide separate votes on two questions. The first question would be: "Shall the employees of the (name of collective bargaining unit) participate in collective bargaining?". The second question would be: "If the employees of the (name of collective bargaining unit) elect to participate in collective bargaining, which labor organization do you favor to act as representative of the employees?" The second question must not include a choice for no representative. All employees in the collective bargaining unit would be permitted to vote on both questions. Unless a majority of those employees voting in the election vote to participate in collective bargaining, no votes for a particular representative would be counted. If a majority of those employees voting in the election vote to participate in collective bargaining, the ballots for representatives would be counted. Provide that WERC's certification of the results of any election would be conclusive as to the findings included therein, unless reviewed by a court under administrative procedure and review law.

Provide that, whenever an election has been conducted for the representation of employees in the collective bargaining unit in which a majority of the employees voting indicate a desire to participate in collective bargaining, but in which no named representative is favored by a majority of the employees voting, WERC would be authorized, if requested by a party to the proceeding within 30 days from the date of the certification of the results of the election, to conduct a runoff election. In that runoff election, WERC would be required to drop from the ballot the name of the representative who received the least number of votes at the original election.

Provide that while a collective bargaining agreement between a labor organization and an employer is in force, a petition for an election in the collective bargaining unit to which the agreement applies would be allowed only during October in the calendar year prior to the expiration of that agreement. An election held under that petition would be held only if the

petition is supported by proof that at least 30 percent of the employees in the collective bargaining unit desire a change or discontinuance of existing representation. Within 60 days of the time that an original petition is filed, another petition may be filed supported by proof that at least 10 percent of the employees in the same collective bargaining unit desire a different representative. Provide that, if a majority of the employees in the collective bargaining unit vote for a change or discontinuance of representation by any named representative, the decision would take effect upon expiration of any existing collective bargaining agreement between the employer and the existing representative.

Unfair Labor Practices

Provide that it would be an unfair labor practice for an employer, individually or in concert with others, to do any of the following:

a. To interfere with, restrain, or coerce employees in the exercise of their rights guaranteed under these provisions.

b. To initiate, create, dominate, or interfere with the formation or administration of any labor or employee organization or contribute financial support to it. [With limited exceptions, no change in any law affecting the Wisconsin Retirement System (WRS) and no action by the employer that is authorized by such a law would be a violation of this provision unless an applicable collective bargaining agreement specifically prohibited the change or action. Further, no such change or action would affect the continuing duty to bargain collectively regarding the WRS to the extent required under employment relations law. The bill would also provide that it is not an unfair labor practice for the employer to reimburse an employee at his or her prevailing wage rate for the time spent during the employee's regularly scheduled hours conferring with the employer's officers or agents and for attendance at WERC or court hearings necessary for the administration of employment relations provisions.]

c. To encourage or discourage membership in any labor organization by discrimination in regard to hiring, tenure, or other terms or conditions of employment. [This provision would not apply to fair-share or maintenance of membership agreements described below.]

d. To refuse to bargain collectively on authorized matters with a representative of a majority of its employees in an appropriate collective bargaining unit. [Provide that, whenever the employer has a good faith doubt as to whether a labor organization claiming the support of a majority of its employees in an appropriate collective bargaining unit does in fact have that support, it may file a petition with WERC requesting an election as to that claim. The employer would not be considered to have refused to bargain until an election has been held and the results of the election are certified to the employer by WERC. Provide that a violation of this provision would include the refusal to execute a collective bargaining agreement previously orally agreed upon.]

e. To violate any collective bargaining agreement previously agreed upon by the parties with respect to wages, hours, and conditions of employment affecting the employees,

including an agreement to arbitrate or to accept the terms of an arbitration award, when previously the parties have agreed to accept such award as final and binding upon them.

f. To deduct labor organization dues from an employee's earnings, unless the employer has been presented with an individual order, signed by the employee personally, and terminable by at least the end of any year of its life or earlier by the employee giving at least 30 but not more than 120 days written notice of such termination to the employer and to the representative labor organization. The employer would also be required to give notice to the labor organization of the receipt of a notice of termination. [The bill would provide an exception to this provision if there is a fair-share or maintenance of membership agreement in effect (discussed below).]

Provide that it would not be an unfair labor practice for the Board of Regents to implement changes in salaries or conditions of employment for members of the faculty or academic staff at one institution, and not for other members of the faculty or academic staff at another institution. However, this would be permitted only if the differential treatment is based on comparisons with the compensation and working conditions of employees performing similar services for comparable higher education institutions or based upon other competitive factors.

Provide that it is an unfair practice for an employee individually or in concert with others to do any of the following:

a. To coerce or intimidate an employee in the enjoyment of the employee's legal rights, including those guaranteed under these provisions.

b. To coerce, intimidate, or induce any officer or agent of the employer to interfere with any of the employer's employees in the enjoyment of their legal rights including those guaranteed under these provisions, or to engage in any practice with regard to its employees which would constitute an unfair labor practice if undertaken by the officer or agent on the officer's or agent's own initiative.

c. To refuse to bargain collectively on authorized matters with the authorized officer or agent of the employer, provided it is the recognized or certified exclusive collective bargaining representative of employees in an appropriate collective bargaining unit. Provide that a refusal to bargain would include a refusal to execute a collective bargaining agreement previously orally agreed upon.

d. To violate the provisions of any written agreement with respect to terms and conditions of employment affecting employees, including an agreement to arbitrate or to accept the terms of an arbitration award, when previously the parties have agreed to accept such awards as final and binding upon them.

e. To engage in, induce, or encourage any employees to engage in a strike or a concerted refusal to work or perform their usual duties as employees.

f. To coerce or intimidate a supervisory employee, officer, or agent of the employer,

working at the same trade or profession as the employer's employees, to induce the person to become a member of, or act in concert with, the labor organization of which the employee is a member

Further, the bill would provide that it is an unfair labor practice for any person to do or cause to be done on behalf of, or in the interest of, employers or employees, or in connection with, or to influence the outcome of, any controversy as to employment relations, any act prohibited by the unfair labor practices enumerated above.

Provide that any controversy concerning unfair labor practices may be submitted to WERC, which would be required to schedule a hearing on complaints involving alleged violations within three days after a complaint is filed. Notice would be given to each party interested by service on the party personally, or by telegram, advising the party of the nature of the complaint and of the date, time, and place of hearing. WERC would be authorized to appoint a substitute tribunal to hear unfair labor practice charges by either appointing a three-member panel or submitting a seven-member panel to the parties and allowing each to strike two names. Provide that any such panel would be required to report its finding to WERC for appropriate action.

Fair-Share and Maintenance of Membership Agreements

Authorize fair-share and maintenance of membership agreements under UW faculty and academic staff collective bargaining. A fair-share agreement is defined under the bill as an agreement between the employer and a labor organization representing employees under which all of the employees in a collective bargaining unit would be required to pay their proportionate share of the cost of the collective bargaining process and contract administration measured by the amount of dues uniformly required of all members. A maintenance of membership agreement is defined under the bill as an agreement between the employer and a labor organization representing employees that requires that all of the employees whose dues are being deducted from earnings at or after the time the agreement takes effect must continue to have dues deducted for the duration of the agreement and that dues must be deducted from the earnings of all employees who are hired on or after the effective date of the agreement.

Provide that no fair-share or maintenance of membership agreement may become effective unless authorized by a referendum. WERC would be required to order a referendum whenever it receives a petition supported by proof that at least 30 percent of the employees or supervisors in a collective bargaining unit desire that a fair-share or maintenance of membership agreement be entered into between the employer and a labor organization. Provide that a petition may specify that a referendum is requested on a maintenance of membership agreement only, in which case the ballot would be limited to that question.

Provide that, for a fair-share agreement to be authorized, at least two-thirds of the eligible employees or supervisors voting in a referendum would have to vote in favor of the agreement. For a maintenance of membership agreement to be authorized, at least a majority of the eligible employees or supervisors voting in a referendum would have to vote in favor of the agreement. In a referendum on a fair-share agreement, if less than two-thirds but more than one-half of the

eligible employees or supervisors vote in favor of the agreement, a maintenance of membership agreement would be authorized.

Provide that, if a fair-share or maintenance of membership agreement is authorized in a referendum, the employer would be required to enter into an agreement with the labor organization named on the ballot in the referendum. Under the bill, each fair-share or maintenance of membership agreement would be required to contain a provision requiring the employer to deduct the amount of dues as certified by the labor organization from the earnings of the employees or supervisors affected by the agreement and to pay the amount so deducted to the labor organization. Unless the parties agree to an earlier date, the agreement would take effect 60 days after certification by WERC that the referendum vote authorized the agreement. Provide that the employer would be held harmless against any claims, demands, suits and other forms of liability made by employees or supervisors or local labor organizations which may arise for actions taken by the employer in compliance with these provisions. Provide that all lawful claims, demands, suits and other forms of liability are the responsibility of the labor organization entering into the agreement.

Provide that under each fair-share or maintenance of membership agreement, an employee or supervisor who has religious convictions against dues payments to a labor organization based on teachings or tenets of a church or religious body of which he or she is a member would be allowed, on request to the labor organization, to have his or her dues paid to a charity mutually agreed upon by the employee or supervisor and the labor organization. Provide that any dispute concerning this provision may be submitted to WERC for adjudication.

Provide that a fair-share or maintenance of membership agreement, once authorized, would continue in effect, subject to the right of the employer or labor organization concerned to petition WERC to conduct a new referendum. Such a petition would need to be supported by proof that at least 30 percent of the employees or supervisors in the collective bargaining unit desire that the fair-share or maintenance of membership agreement be discontinued. Upon so finding, WERC would be required to conduct a new referendum. If the continuance of the fair-share or maintenance of membership agreement is approved in the referendum by at least the percentage of eligible voting employees or supervisors required for its initial authorization, it would be continued in effect, subject to the right of the employer or labor organization to later initiate a further vote following the procedure described above. If the continuation of the agreement is not supported in any referendum, it would be considered terminated at the termination of the collective bargaining agreement, or one year from the date of the certification of the result of the referendum, whichever is earlier.

The bill would also provide that WERC must declare any fair-share or maintenance of membership agreement suspended, upon such conditions and for such time as WERC decides, whenever it finds that the labor organization involved has refused on the basis of race, color, sexual orientation, or creed to receive as a member any employee or supervisor in the collective bargaining unit involved, and the agreement would be made subject to the findings and orders of WERC. Provide that any of the parties to the agreement, or any employee or supervisor covered under the agreement, may come before WERC, and petition WERC to make such a

finding.

Provide that a stipulation for a referendum executed by an employer and a labor organization may not be filed until after the representation election has been held and the results certified. Provide that WERC may, under rules adopted for that purpose, appoint as its agent an official of a state agency whose employees are entitled to vote in a referendum to conduct a referendum.

Grievance Arbitration

Provide that parties to the dispute pertaining to the interpretation of a collective bargaining agreement may agree in writing to have WERC or any other appointing state agency serve as arbitrator or may designate any other competent, impartial, and disinterested persons to serve. Such arbitration proceedings would be governed by state arbitration law. Provide that the Board of Regents must charge an institution for the employer's share of the cost related to grievance arbitration for any arbitration that involves one or more employees of the institution. Each institution so charged would be required to pay the amount that the Board of Regents charges from the appropriation account or accounts used to pay the salary of the grievant. Funds received would be credited to an OSER appropriation account for collective bargaining grievance arbitrations.

Mediation

Provide that WERC may appoint any competent, impartial, disinterested person to act as mediator in any labor dispute either upon its own initiative or upon the request of one of the parties to the dispute. It would be the function of a mediator to bring the parties together voluntarily under such favorable auspices as will tend to effectuate settlement of the dispute, but neither the mediator nor WERC would have any power of compulsion in mediation proceedings.

Fact-Finding

Provide that, if a dispute has not been settled after a reasonable period of negotiation and after the settlement procedures, if any, established by the parties have been exhausted, the employee representative and the employer (or its officers, and agents), after a reasonable period of negotiation, are deadlocked with respect to any dispute between them arising in the collective bargaining process, the parties jointly may petition WERC, in writing, to initiate fact-finding procedures and to make recommendations to resolve the deadlock.

The bill would authorize WERC, upon receipt of a petition to initiate fact-finding, to make an investigation with or without a formal hearing, to determine whether a deadlock in fact exists. WERC would be required to certify the results of the investigation. If WERC decides that fact-finding should be initiated, it must appoint a qualified, disinterested person or, when jointly requested by the parties, a three-member panel to function as a fact finder. The fact finder would be authorized to establish dates and place of hearings and must conduct the hearings under rules established by WERC. Upon request, WERC would be required to issue subpoenas for hearings conducted by the fact finder. The bill would authorize the fact finder to

administer oaths.

Upon completion of the hearing, the fact finder would be required to make written findings of fact and recommendations for solution of the dispute and must cause the written findings to be served on the parties and WERC. In making findings and recommendations, the fact finder would be required to take into consideration, among other pertinent factors, the principles vital to the public interest in efficient and economical governmental administration. Upon the request of either party, the fact finder is authorized to orally present the recommendations in advance of service of the written findings and recommendations.

Provide that the cost of fact-finding proceedings would be divided equally between the parties. At the time the fact finder submits a statement of his or her costs to the parties, the fact finder would be required to submit a copy WERC at its Madison office. A fact finder would be authorized to mediate a dispute at any time prior to the issuance of the fact finder's recommendations. Provide that within 30 days of the receipt of the fact finder's recommendations, or within a time period mutually agreed upon by the parties, each party must advise the other, in writing, as to the party's acceptance or rejection, in whole or in part, of the fact finder's recommendations and, at the same time, send a copy of the notification to WERC at its Madison office. Provide that failure to comply with this provision, by the employer or employee representative, would be a violation of the legal requirement to bargain collectively in good faith.

Strikes Prohibited

The bill would require the employer, upon establishing that a strike is in progress, to either seek an injunction or file an unfair labor practice charge with WERC, or both. Provide that, it would be the responsibility of the Board of Regents to decide whether to seek an injunction or file an unfair labor practice charge. Provide that the existence of an administrative remedy does not constitute grounds for denial of injunctive relief.

Provide that the occurrence of a strike and the participation in the strike by an employee do not affect the rights of the employer, in law or in equity, to deal with the strike, including all of the following: (a) the right to impose discipline, including discharge, or suspension without pay, of any employee participating in the strike; (b) the right to cancel the reinstatement eligibility of any employee engaging in the strike; and (c) the right of the employer to request the imposition of fines, either against the labor organization or the employee engaging in the strike, or to sue for damages because of such strike activity.

Management Rights

Provide that nothing in these employment relations provisions would interfere with the right of the Board of Regents, in accordance employment relations law, to do any of the following: (a) carry out the statutory mandate and goals assigned to the Board of Regents by the most appropriate and efficient methods and means and utilize personnel in the most appropriate and efficient manner possible; (b) manage, hire, promote, transfer, assign, or retain employees, and establish reasonable work rules; (c) suspend, demote, discharge, or take other

appropriate disciplinary action against the employee, or to lay off employees in the event of lack of work or funds or under conditions where continuation of such work would be inefficient and nonproductive.

Subjects and Prohibited Subjects of Bargaining

The bill would provide that matters subject to collective bargaining to the point of impasse are salaries, fringe benefits consistent with certain limitations described below, and hours and conditions of employment, except that:

a. The Board of Regents would not be required to bargain on management rights described above, except that procedures for the adjustment or settlement of grievances or disputes arising out of any type of disciplinary action would be a subject of bargaining.

b. With certain exceptions, all laws governing the WRS and all actions of the Board of Regents that are authorized under any such law which apply to nonrepresented individuals employed by the state would apply to similarly situated employees, unless otherwise specifically provided in a collective bargaining agreement that applies to those employees. The exceptions would include certain requirements of the WRS concerning earnings relating to military service, collectively bargained limitations on an employer's right to require retirement of an employee after the employee's has attained his or her normal retirement date, benefit adjustment contributions, and employee rights under intrastate retirement reciprocity law.

c. Demands relating to retirement and group insurance must be submitted to the Board of Regents at least one year prior to commencement of negotiations.

d. The Board of Regents would not be required to bargain on matters related to employee occupancy of houses or other lodging provided by the state.

The bill would prohibit the Board of Regents from bargaining on the following:

a. The mission and goals of the Board of Regents as set forth in state statutes, the diminution of the right of tenure provided the faculty, certain rights granted faculty and academic staff under state law, the rights of appointment provided academic staff under state law; or academic freedom.

b. Amendments to state employment relations law.

c. Family leave and medical leave rights below the minimum afforded under state law. (However, the Board of Regents would not be prohibited from bargaining on rights to family leave or medical leave which are more generous to the employee than the rights provided under state law.)

d. An increase in benefit adjustment contribution rates under the WRS.

e. The rights of employees to have retirement benefits computed under intrastate retirement reciprocity law.

- f. Honesty testing requirements that provide fewer rights and remedies to employees than are provided under state law.
- g. WRS purchase of creditable service limitations relating to creditable service used to establish certain benefits with other federal, state, or local government entities;
- h. Compliance with the health benefit plan requirements under state law.
- i. Compliance with insurance practice requirements relating to domestic abuse.
- j. The definition of earnings for WRS purposes.
- k. The maximum WRS benefit limitations under state law.
- l. The limitations on WRS contributions under state law and the Internal Revenue Code.
- m. The provision to employees of mandatory health insurance coverage required under state law.
- n. The requirements related to coverage of and prior authorization for treatment of an emergency medical condition under state law.
- o. Certain requirements related to coverage of prescription drugs and devices under state law.
- p. The requirements related to experimental treatment under state law.
- q. The requirements related to offering a point-of-service option health insurance coverage plan.
- r. The requirements related to internal grievance procedures and independent review of certain health benefit plan determinations under disability insurance law.

Unless considered a prohibited subject of bargaining and except as provided in specific current law provisions that assure certain benefits or benefit procedures, all statutes and rules governing the salaries, fringe benefits, hours, and conditions of employment apply to each employee, unless otherwise provided in a collective bargaining agreement.

Agreements and Approval

Require that any tentative agreement reached between the Board of Regents, acting for the state, and any labor organization representing a collective bargaining unit, after official ratification by the labor organization, be submitted by the Board of Regents to JCOER. Require JCOER to hold a public hearing before determining its approval or disapproval of the tentative agreement. If JCOER approves the tentative agreement, it must introduce in a bill or companion bills, to be put on the calendar or referred to the appropriate scheduling committee of each house, that portion of the tentative agreement which requires legislative action for

implementation, including salary and wage adjustments, changes in fringe benefits, and any proposed amendments, deletions, or additions to existing law.

The bill or companion bills would not be subject to certain current law requirements for referral of bills to the Joint Committee on Finance or the Joint Survey Committee on Retirement Systems, or requirements pertaining to bills with fiscal effects passing prior to passage of each biennial budget bill. JCOER would be authorized to submit suitable portions of the tentative agreement to appropriate legislative committees for advisory recommendations on the proposed terms. Require JCOER to accompany the introduction of the proposed legislation with a message that informs the Legislature of the Committee's concurrence with the matters under consideration and that recommends the passage of such legislation without change.

Provide that, if JCOER does not approve the tentative agreement, it must be returned to the parties for renegotiation. If the Legislature does not adopt without change that portion of the tentative agreement introduced by JCOER, the tentative agreement must be returned to the parties for renegotiation.

Provide that no portion of any tentative agreement may become effective separately. UW faculty and academic staff agreements would be required to coincide with the state fiscal year or biennium. Provide that the negotiation of collective bargaining agreements and their approval by the parties should coincide with the overall fiscal planning and processes of the state. Provide that all compensation adjustments for employees would be effective on the beginning date of the pay period nearest the statutory or administrative date.

WERC Rules, Transcripts, and Fees

Provide that WERC may adopt reasonable and proper rules relative to the exercise of its powers and authority and proper rules to govern its proceedings and to regulate the conduct of all elections and hearings under these provisions. WERC would be required, upon request, to provide a transcript of a proceeding to any party to the proceeding for a fee, established by rule, at a uniform rate per page. All transcript fees would be credited to a WERC appropriation account for fees, collective bargaining training, publications, and appeals.

WERC would be required to assess and collect a filing fee for: (a) filing a complaint alleging that an unfair labor practice has been committed under these provisions; (b) filing a request that WERC act as an arbitrator to resolve a dispute involving the interpretation or application of a collective bargaining agreement under these provisions; (c) filing a request that WERC initiate fact-finding under these provisions; and (d) filing a request that WERC act as a mediator under these provisions.

Provide that, for the performance of actions relating to grievance arbitration, mediation, or fact-finding, WERC must require that the parties to the dispute equally share in the payment of the fee. For the performance of actions involving a complaint alleging that an unfair labor practice has been committed, WERC must require that the party filing the complaint pay the entire fee. Provide that, if any party has paid a filing fee requesting WERC to act as a mediator for a labor dispute and the parties do not enter into a voluntary settlement of the labor dispute,

WERC would not be allowed to subsequently assess or collect a filing fee to initiate fact-finding to resolve the same labor dispute. If any request concerns issues arising as a result of more than one unrelated event or occurrence, each such separate event or occurrence would be treated as a separate request.

Require WERC to promulgate rules establishing a schedule of filing fees to be paid. Provide that required fees must be paid at the time of filing the complaint or the request for fact-finding, mediation, or arbitration and that a complaint or request for fact-finding, mediation, or arbitration is not filed until the date such fee or fees are paid. Require that fees collected be credited to a WERC appropriation for fees, collective bargaining training, publications, and appeals.

Appropriation Changes

Create a GPR sum sufficient program supplements appropriation to supplement, under the current law supplementation procedure for compensation and fringe benefits, the appropriations to the Board of Regents for the cost of compensation and related adjustments approved by the Legislature for UW System unclassified faculty and academic staff who are included within a collective bargaining unit.

Create a PR sum sufficient program supplements appropriation to supplement, under the current law supplementation procedure for compensation and fringe benefits, the appropriations to the Board of Regents for the cost of compensation and related adjustments approved by JCOER under the compensation plan for nonrepresented UW System unclassified faculty and academic staff who are included within a collective bargaining unit.

Create a SEG sum sufficient program supplements appropriation to supplement, under the current law supplementation procedure for compensation and fringe benefits, the appropriations to the Board of Regents for the cost of compensation and related adjustments approved by JCOER under the compensation plan for nonrepresented UW System unclassified faculty and academic staff who are included within a collective bargaining unit.

Finally, amend WERC and OSER general program operations appropriations to include work on UW System faculty and academic staff labor relations.

In summary, the provisions to provide faculty and academic staff of the UW System with the right to collectively bargain closely parallels current law provisions under SELRA. The major differences between these provisions and SELRA include the following:

a. Under the bill, the UW Board of Regents would negotiate and administer collective bargaining agreements for UW faculty and academic staff. Under current law, OSER negotiates and administers collective bargaining agreements pertaining to represented state employees under SELRA.

b. The bill provides an exception with regard to unfair labor practices by an employer in that it would not be an unfair labor practice for the Board of Regents to implement changes in salaries or conditions of employment for members of the faculty or academic staff at one

institution, and not for other members of the faculty or academic staff at another institution, if certain conditions (described above) are met. SELRA does not provide such an exception.

c. Under the bill, the Board of Regents would be prohibited from bargaining on the mission and goals of the Board of Regents as set forth in state statutes, the diminution of the right of tenure provided the faculty, certain rights granted faculty and academic staff under state law, the rights of appointment provided academic staff under state law; or academic freedom. Under SELRA, the comparable provision prohibits the employer from bargaining on the mission and goals of state agencies as set forth in the statutes. Further, SELRA provisions relating to prohibited subjects of bargaining include certain items that pertain to the classified civil service. The provisions under the bill, which would apply to unclassified civil service UW faculty and academic staff employees, do not include these SELRA provisions.

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

Senate: Restore the Governor's provision, with the following modifications: (a) faculty supervisors and management employees would be included in faculty collective bargaining units (SB 40 would not have permitted this); (b) academic staff would be authorized, under the proposal, to organize up to 15 collective bargaining units with the option of combining units (SB 40 would have allowed one collective bargaining unit for academic staff with no option to combine with a faculty collective bargaining unit); (c) a management right to manage, hire, promote, transfer, assign, or retain employees and, in that regard, to establish reasonable work rules would not be provided (this right would be provided in SB 40 and is provided under current SELRA law); and (d) the proposal would provide that either party, in a dispute may petition the WERC, in writing, to initiative fact-finding (under SB 40, a petition to initiate fact finding would have been required to be made jointly by the parties).

Assembly/Legislature: Delete provision.

6. REDUCE SICK LEAVE BENEFIT FOR NEW NON-PROTECTIVE STATUS STATE EMPLOYEES

Assembly: Except for protective occupations, provide six days of annual sick leave to all state employees who begin employment after the effective date of the provision. Under current law, all employees, except legislators, receive 16.25 days of sick leave annually (legislators receive 10.56 days). Provide that the provision of sick leave would be a prohibited subject of collective bargaining.

Conference Committee/Legislature: Delete provision.

PERMANENT ENDOWMENT FUND AND TOBACCO FINANCING

1. PERMANENT ENDOWMENT FUND TRANSFER TO HEALTH CARE QUALITY FUND [LFB Paper 378]

Governor: Transfer \$50,000,000 annually from the permanent endowment fund to the health care quality fund created under the bill. The permanent endowment fund currently has no money in it.

Conference Committee/Legislature: Modify the Governor's provision by transferring \$50,000,000 annually from the permanent endowment fund to the medical assistance trust fund rather than the health care quality fund.

[Act 20 Sections: 697 and 697n]

2. REVENUES FOR PERMANENT ENDOWMENT FUND -- OVERVIEW OF PROPOSED TOBACCO BONDING TRANSACTION

According to the Department of Administration (DOA), revenues to the permanent endowment fund would be generated by a pending transaction relating to the state's earlier tobacco securitization. The second transaction, which the administration believes it can implement under current law, would involve: (a) refinancing the existing, outstanding tobacco securitization bonds; and (b) issuing new money bonds associated with the sale of additional years of tobacco settlement payments that are currently expected to return to the state in 2018.

2002 Tobacco Securitization Transaction

Under 2001 Act 16 (the 2001-03 budget), the DOA Secretary is authorized to securitize the state's rights to its tobacco settlement payments. Using this authority, the DOA Secretary assigned the rights to the state's tobacco settlements to the Badger Tobacco Asset Corporation (BTASC) on April 18, 2002. BTASC, after receiving the rights to the state's tobacco settlement payments, used the newly-acquired revenue stream to back the issuance of \$1.59 billion in revenue bonds. In return for the rights to the state's tobacco settlement payment revenues, BTASC provided the state with the net proceeds from those bonds.

The securitization transaction resulted in \$1.275 billion in net bond proceeds being available to the state. Under 2001 Act 109, \$681 million of these proceeds were deposited directly to the state's general fund in 2001-02. The remaining \$594 million in proceeds were deposited to the permanent endowment fund, and later expended in lieu of GPR funding in the 2001-03 biennium.

Under the 2002 securitization transaction, the state assigned the rights to the next 30 years of its tobacco settlement payments to BTASC. However, as indicated in the offering circular on

the bonds, fewer years of the state's settlement payments are expected to be needed to retire those bonds. The repayment requirements associated with most of the bonds that were issued require that any excess, annual tobacco settlement revenues, after all the scheduled, annual debt service payments are made, must be used to prepay the outstanding principal on the BTASC bonds. Therefore, according to the offering circular, using a conservative, independent forecast of the annual tobacco settlement revenues to be received by BTASC, it is projected that all of BTASC's outstanding tobacco bonds will be paid off by 2018. Therefore, beginning around 2019, tobacco settlement revenues currently assigned to BTASC, will again flow to the state.

Proposed Transaction

Detailed information on the proposed securitization transaction is not available. However, any transaction must first pay off the existing bonds, because all of the tobacco settlement revenues are pledged for the repayment of the existing bonds. Once the bonds are paid off, this pledge to current bondholders would no longer apply. As a result, the transaction would first use the proceeds from a new bond issue to pay off the existing bonds. The administration indicates that paying off the old bond issue would save the state interest costs, because the new bond issue would have a lower interest rate in the current market. It is estimated that the savings from a pure refinancing issue could allow the state to pay off the bonds around three months earlier than under the current issue, which would save an estimated \$45 million in either 2017 or 2018.

Based on a memorandum to the Secretary of Administration dated May 25, 2007, the proposal would also include a second securitization transaction, which would generate the proposed \$50 million of annual revenues for the permanent endowment fund. This additional revenue would be generated by taking longer to repay the new bonds compared to the existing bonds. Extending the repayment schedule would lower the required annual debt service amount needed to retire the bonds, which would allow the state to receive \$50 million a year from the tobacco settlement moneys. Effectively, under this transaction, the state would receive \$50 million annually through 2024 associated with forgoing its tobacco settlement payments from 2018 through 2024, which are otherwise expected to revert back to the state in 2018 under the existing tobacco securitization transaction.

As part of this transaction, the state would receive compensation bonds from BTASC with a face value in a range of \$500 million to \$700 million. These bonds from BTASC would be deposited in the permanent endowment fund. The interest rate on these bonds would be assigned to be consistent with the proposed receipt of \$50 million each year by the state. These bonds held by the permanent endowment fund would be paid off by BTASC using tobacco settlement revenues between 2024 and 2032.

The administration indicates that this proposed transaction would accomplish two major policy goals. First, the new bond issue would refinance the existing bonds and would capture the savings attributable to lower interest rates. Second, by forgoing tobacco settlement payments from 2018 through 2024, the state would receive \$50 million annually from 2007-08 through 2023-24.

PROGRAM SUPPLEMENTS

Budget Summary							
Fund	2006-07 Base Year Doubled	2007-09 Governor	2007-09 Jt. Finance	2007-09 Legislature	2007-09 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$57,612,000	\$18,418,100	\$38,603,300	\$30,603,300	\$30,603,300	-\$27,008,700	-46.9%
PR	1,630,600	1,630,600	0	2,352,800	2,352,800	722,200	44.3
SEG	<u>0</u>	<u>0</u>	<u>37,006,400</u>	<u>37,656,400</u>	<u>37,656,400</u>	<u>37,656,400</u>	N.A.
TOTAL	\$59,242,600	\$20,048,700	\$75,609,700	\$70,612,500	\$70,612,500	\$11,369,900	19.2%

FTE Position Summary
There are no authorized positions for Program Supplements.

Budget Change Items

1. JOINT COMMITTEE ON FINANCE APPROPRIATION FOR AGENCY SUPPLEMENTS [LFB Papers 102, 125, 411, 615, 660, 697, 795, 797, and 905]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	-\$42,853,600	\$23,888,800	-\$8,000,000	-\$26,964,800
PR	0	-1,630,600	2,352,800	722,200
SEG	<u>0</u>	<u>37,006,400</u>	<u>650,000</u>	<u>37,656,400</u>
Total	-\$42,853,600	\$59,264,600	-\$4,997,200	\$11,413,800

Governor: Delete \$21,426,800 annually to reflect the elimination of reserved funding that was authorized in the 2005-07 budget for the following purposes:

<u>Item</u>	<u>Annual Amount</u>
DWD -- Open Housing Law Representation	\$85,000
Corrections -- Salary and Fringe Benefits for Health Care Positions	12,766,000
Corrections -- Funding for Variable Inmate Health Care Costs	8,375,700
Corrections -- Funding for Correctional Pharmacy Rental Costs	<u>200,100</u>
Total	\$21,426,800

The Governor's recommendation would eliminate all one-time GPR funding in the Committee's appropriation provided in the 2005-07 biennium except for \$450,000 GPR which had been reserved for the Elections Board for a campaign finance database conversion project. According to the Executive Budget Book, \$450,000 GPR annually in 2007-09 would continue to be reserved for the Elections Board for the database project. [See "Elections Board."] Further, \$150,000 GPR annually in undesignated funds would remain in the Committee's supplemental appropriation.

Under the bill, one-time PR expenditure authority from the 2005-07 biennium associated with a Department of Regulation and Licensing database integration project (\$250,000 PR) and the State Treasurer's unclaimed property program (\$565,300 PR) remain in the base budget of the Committee's PR supplemental appropriation. As a result, total supplemental funding in the Committee's appropriations during the 2007-09 biennium would be \$600,000 GPR and \$815,300 PR annually.

Joint Finance: Include the Governor's recommendation and add the following amounts in the reserved portions of the Committee's appropriations.

<u>Agency and Purpose</u>	<u>2007-08</u>	<u>2008-09</u>	<u>Fund</u>
Administration -- Rent Supplement	\$1,682,200	\$1,850,000	GPR
Administration -- Office of Justice Assistance Pre-sentencing Sentencing Assessment Grant	0	500,000	GPR
Commerce -- Economic Development Promotion and Plan	50,000	700,000	GPR
Employee Trust Fund -- Redesign Lump Sum Payment System	2,487,900	0	SEG
Government Accountability Board -- Board Per Diems	28,300	28,300	GPR
Health and Family Services -- Vital Records Automation	3,452,600	4,547,400	GPR
Public Instruction -- Pupil Assessments	1,400,000	-1,400,000	GPR
Regulation and Licensing -- Remove Base Funding for Database Integration Project	-250,000	-250,000	PR
Revenue -- Lottery Instant Ticket Inventory System	0	235,000	SEG
State Treasurer -- Remove Base Funding for Unclaimed Property Program	-565,300	-565,300	PR
Transportation -- Impaired Motorcycle Riding Grants or State Patrol Operations	75,000	75,000	SEG
Transportation -- Implementation of Federal Real ID Act	9,805,300	12,184,000	SEG
Transportation -- Vehicle Emissions Inspection Program	0	12,144,200	SEG
Workforce Development/Children and Families -- Child Support	<u>2,750,000</u>	<u>5,500,000</u>	GPR
Totals	\$9,363,100	\$14,525,700	GPR
	-815,300	-815,300	PR
	12,368,200	24,638,200	SEG

Senate: Modify the Joint Committee on Finance provision by providing \$2,352,800 PR in 2008-09 to Joint Finance Committee's supplemental program revenue appropriation to assist in funding the space rental costs, maintenance, fuel and utilities, taxes, and fiber optics associated with the new data center in Madison that is to be administered by DOA.

Assembly: Modify the Senate provision relating to the Committee's supplemental appropriations by: (a) deleting \$3,452,600 GPR in 2007-08 and \$4,547,400 GPR in 2008-09 associated with the vital records automation project in DHFS; (b) transferring \$75,000 SEG annually associated with the impaired motorcycle riding grants or State Patrol operations to DOT's appropriation for the State Patrol; (c) provide \$800,000 SEG in 2007-08 to be used for preliminary engineering for the Kenosha-Racine-Milwaukee commuter rail extension project.

Conference Committee/Legislature: Include the Senate and Assembly modifications. The following table lists the purposes and the above base level funding amounts provided the Joint Committee on Finance's supplemental appropriations in the 2007-09 biennium:

<u>Agency and Purpose</u>	<u>2007-08</u>	<u>2008-09</u>	<u>Fund</u>
Administration -- Data Center Costs	\$0	\$2,352,800	PR
Administration -- Rent Supplement	1,682,200	1,850,000	GPR
Administration -- Office of Justice Assistance Pre-sentencing Sentencing Assessment Grant	0	500,000	GPR
Commerce -- Economic Development Promotion and Plan	50,000	700,000	GPR
Employee Trust Fund -- Redesign Lump Sum Payment System	2,487,900	0	SEG
Government Accountability Board -- Board Per Diems	28,300	28,300	GPR
Public Instruction -- Pupil Assessments	1,400,000	1,400,000	GPR
Revenue -- Lottery Instant Ticket Inventory System	0	235,000	SEG
Transportation -- Implementation of Federal Real ID Act	9,805,300	12,184,000	SEG
Transportation -- Vehicle Emissions Inspection Program	0	12,144,200	SEG
Transportation -- Kenosha-Racine-Milwaukee Commuter Rail	800,000	0	SEG
Workforce Development/Children and Families -- Child Support	<u>2,750,000</u>	<u>5,500,000</u>	GPR
Totals	\$5,910,500	\$9,978,300	GPR
	0	2,352,800	PR
	<u>13,093,200</u>	<u>24,563,200</u>	SEG
Total All Funds	\$19,003,700	\$36,894,300	

2. STATE-OWNED OFFICE RENT SUPPLEMENTS [LFB Paper 102]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$3,703,600	-\$3,703,600	\$0

Governor: Provide \$1,851,800 annually in the program supplements appropriation for state-owned facility rental increases. The appropriation is utilized to supplement state agencies' GPR appropriations for the increased costs of space occupied in state-owned office buildings. Currently, no funding is provided under this appropriation.

Joint Finance/Legislature: Decrease funding by \$169,600 in 2007-08 and \$1,800 in 2008-09 to reflect reestimated need for rent supplements in the biennium. Place \$1,682,200 in 2007-08

and \$1,850,000 in 2008-09 in the Joint Finance Committee's GPR supplemental appropriation (See Item #1).

3. FUNDING FOR RENT INCREASES IN PRIVATELY-OWNED STATE OFFICE SPACE

GPR	- \$43,900
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Governor/Legislature: Decrease funding by \$257,800 in 2007-08 and increase funding by \$213,900 in 2008-09 in the program supplements appropriation for private facility rental increases. The appropriation is utilized to supplement state agencies' GPR appropriations for the increased costs of any privately-leased office space that they occupy. Under this provision, state funding would be \$902,400 in 2007-08 and \$1,374,100 in 2008-09.

PUBLIC DEFENDER

Budget Summary							
Fund	2006-07 Base Year Doubled	2007-09 Governor	2007-09 Jt. Finance	2007-09 Legislature	2007-09 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$152,033,600	\$157,463,400	\$158,984,200	\$158,984,200	\$158,984,200	\$6,950,600	4.6%
PR	<u>2,651,400</u>	<u>2,812,800</u>	<u>2,819,900</u>	<u>2,819,900</u>	<u>2,819,900</u>	<u>168,500</u>	6.4
TOTAL	\$154,685,000	\$160,276,200	\$161,804,100	\$161,804,100	\$161,804,100	\$7,119,100	4.6%

FTE Position Summary						
Fund	2006-07 Base	2008-09 Governor	2008-09 Jt. Finance	2008-09 Legislature	2008-09 Act 20	Act 20 Change
						Over 2006-07 Base
GPR	518.45	518.45	530.45	530.45	530.45	12.00
PR	<u>4.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>1.00</u>
TOTAL	522.45	523.45	535.45	535.45	535.45	13.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$7,182,800
PR	<u>36,600</u>
Total	\$7,219,400

Governor/Legislature: Provide standard adjustments totaling \$3,591,400 GPR and \$18,300 PR annually. Adjustments are for: (a) full funding of continuing salaries and fringe benefits (\$3,363,200 GPR and \$12,300 PR annually); (b) reclassifications (\$3,100 PR annually); (c) overtime (\$218,400 GPR and \$2,900 PR annually); and (d) full funding of lease costs and directed moves (\$9,800 GPR annually).

2. AGENCY OPERATIONAL BUDGET MODIFICATIONS AND PRIVATE BAR FUNDING [LFB Paper 620]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$2,073,500	0.00	\$1,659,200	12.00	-\$414,300	12.00
PR	1,600	0.00	0	0.00	1,600	0.00
Total	-\$2,071,900	0.00	\$1,659,200	12.00	-\$412,700	12.00

Governor: Provide -\$1,046,100 GPR and \$800 PR in 2007-08, and -\$1,027,400 GPR and \$800 PR in 2008-09, to permit the Office of the State Public Defender (SPD) to minimize staff attorney vacancies and reduce the number of cases assigned to private bar attorneys.

Fifth Week of Vacation as Cash. Provide \$255,800 GPR and \$800 PR in 2007-08, and \$274,500 GPR and \$800 PR in 2008-09, to fully fund SPD "fifth week of vacation as cash" obligations. Under current law, certain long-term employees (generally, those with 20 to 25 or more years of service) may elect to receive a cash payment in lieu of a fifth week of paid vacation. Under state statute and collective bargaining provisions, these payments must be made to eligible SPD employees who request them.

Restoration of 2005-07 Base Budget Reduction. Restore \$201,400 GPR annually in supplies and services funding that was deleted as a base budget reduction under 2005 Wisconsin Act 25 (the 2005-07 biennial budget act).

Turnover Reduction. Exempt the SPD from the standard budget adjustment requirement that any appropriation funding more than 50.0 full-time equivalent (FTE) positions is reduced by three percent annually to reflect anticipated vacancies due to staff turnover. Exempting the Office from this requirement would permit the SPD to retain \$849,100 GPR annually in base budget expenditure authority under its GPR annual trial representation appropriation.

Private Bar Funding Reduction. Reduce the SPD's GPR-funded private bar and investigator reimbursement biennial appropriation by \$1,503,300 GPR annually to reflect reduced assignment of SPD cases to the private bar.

The intent of providing increased funding for the various operating budget items identified above is to mitigate the need for the SPD to maintain position vacancies in order to remain within its operational budget. As a result, private bar costs are reduced under the bill.

Current Law. The SPD has trial (280.0 FTE positions) and appellate (27.5 FTE) staff attorneys who provide representation to indigent defendants. Each trial division attorney (and generally each attorney supervisor) must meet one of the following annual statutory caseload requirements: (a) 184.5 felony cases; (b) 15.0 homicide or sexual predator cases; (c) 492.0 misdemeanor cases; (d) 246.0 other cases; or (e) some combination of these categories. The SPD sets the caseload standard for each appellate attorney between 54 and 60 cases per year, depending on the complexity of the attorney's case mix and the attorney's level of experience.

Private bar attorneys are assigned: (a) overflow cases; and (b) cases where a staff attorney

has a conflict of interest that precludes the attorney from providing representation. Private bar attorneys are paid in two ways: (a) an hourly rate of \$40 for in-court and out-of-court time; and (b) for some misdemeanor cases, a flat, per case contracted amount.

Joint Finance/Legislature: Modify the Governor's recommendations by: (a) creating 9.0 full-time equivalent (FTE) attorney positions and 3.0 FTE legal secretary positions under the GPR-funded trial representation appropriation; (b) transferring \$161,600 GPR in 2007-08, and \$22,600 GPR in 2008-09, from the trial representation appropriation to the private bar appropriation; and (c) providing an additional \$1,675,100 GPR in 2007-08, and -\$15,900 GPR in 2008-09, to the private bar appropriation to fully fund private bar costs during the biennium.

3. REPRESENTATION OF ADULTS SUBJECT TO INVOLUNTARY CIVIL COMMITMENT, PROTECTIVE PLACEMENT, OR INVOLUNTARY ADMINISTRATION OF PSYCHOTROPIC MEDICATION [LFB Paper 621]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$320,500	-\$138,400	\$182,100

Governor: Provide \$320,500 in 2008-09, to permit the SPD to represent adults subject to involuntary civil commitment, protective placement, or involuntary administration of psychotropic medication, without making a finding of indigency, first effective with case appointments on July 1, 2008.

Elimination of Certain Indigency Evaluations. Modify the current requirement that the SPD have all potential adult clients complete a pre-representation indigency evaluation. Specify that in any situation under Chapter 51 (Mental Health Act) or Chapter 55 (Protective Service System) of the statutes in which an adult individual has a right to be represented by counsel, the individual would have to be referred as soon as practicable to the SPD, which would have to appoint counsel for the individual without a determination of indigency. [This new requirement would generally not apply to the SPD under Chapter 51 in those instances in which the adult individual knowingly and voluntarily waived the right to counsel.] Further, provide that an adult individual under both statutory chapters would maintain the right to retain private counsel of his or her own choosing at his or her own expense.

Revised Collection Process for Commitment Clients. Specify that at, or after, the conclusion of a proceeding under Chapter 51 or Chapter 55 in which the SPD provided counsel for an adult individual, the court could inquire as to the individual's ability to reimburse the state for all or part of the cost of representation. If the court determined that the individual was able to make reimbursement for all or part of the cost of representation, the court could order the individual to reimburse the state an amount not to exceed the maximum amount established by the SPD Board, by rule, for the type of case at issue. (The reimbursement amounts set by rule would be based on the average cost, as determined by the SPD Board, for each applicable type of case under Chapters 51 and 55.) Upon the court's request, require the SPD to conduct a

determination of indigency and report the results of the determination to the court.

Any reimbursement ordered by the court would have to be made to the clerk of courts for the county where the proceedings took place. Require the clerk of courts to transmit reimbursement payments to the county treasurer, who would be required to deposit 25% of the reimbursement payment in the county treasury and transmit the remaining 75% to the Secretary of Administration. Reimbursement payments transmitted to the Secretary of Administration would have to be credited to the SPD's PR-funded private bar and investigator reimbursement appropriation. Specify that by January 31st of each year, the clerk of courts for each county would have to report to the SPD the total amount of court ordered reimbursements under Chapters 51 and 55 in the previous calendar year, and the total amount of such reimbursements paid to the clerk in the previous calendar year.

Quarterly Reports to the Joint Committee on Finance. Modify current law to provide that in the SPD Board's quarterly reports to the Joint Committee on Finance, the Board report on reimbursements received for representation of adult individuals under Chapters 51 and 55 of the statutes.

Effective Date. These provisions would take effect on July 1, 2008.

Joint Finance: Reduce funding by \$138,400 in 2008-09, to reflect a re-estimate of funding needed to permit the SPD to represent adults subject to involuntary civil commitment, protective placement, or involuntary administration of psychotropic medication, without making a finding of indigency, first effective with case appointments on July 1, 2008. Specify that at, or after, the conclusion of a proceeding under Chapter 51 or Chapter 55 in which the SPD provided counsel for an adult individual, the court could inquire as to the individual's ability to reimburse the state for the costs of representation.

Assembly: Delete provision.

Conference Committee/Legislature: Restore Joint Finance provision.

Veto by Governor [B-4]: While the provision would still take effect on July 1, 2008, permit the SPD to provide representation under the veto to cases opened prior to July 1, 2008. This provision was vetoed as part of a veto intended to delay the effective date of legislative review of the Stewardship land acquisition and outdoor recreational activities program. For additional information, see "Natural Resources -- Stewardship."

[Act 20 Sections: 546, 547, 1814 thru 1816, 1818, 1819, 1827 thru 1835, 1836 thru 1843, 3759, 3764, 3869, 3870, 3909 thru 3915, 3917 thru 3926, 9336(1), and 9436(1)]

4. VERIFICATION OF ELIGIBILITY FOR REPRESENTATION AND COLLECTION OF REQUIRED FEES FROM CLIENTS

	Funding	Positions
PR	\$130,300	1.00

Governor/Legislature: Provide \$63,100 in 2007-08, and \$67,200 in 2008-09, and 1.0 financial specialist position annually to permit the SPD to: (a) verify additional financial

eligibility forms to ensure that individuals seeking SPD representation financially qualify for such representation; and (b) improve collection of payments required to be made by SPD clients. The bill would provide: (a) \$29,100 in 2007-08 and \$38,700 in 2008-09 in salary and fringe benefits funding; (b) \$9,500 in 2007-08 (including \$6,500 in one-time costs) and \$4,000 in 2008-09 in position related supplies and services funding; and (c) \$24,500 annually in increased supplies and services funding to address increased telephone, postage, and printing costs to verify client eligibility and notify clients of payment obligations.

Program revenue funding is generated from SPD client fees. The SPD utilizes client fees to offset the cost of providing private bar counsel to the indigent.

5. PENALTY SURCHARGE SHORTFALL [LFB Paper 501]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	-\$7,100	\$7,100	\$0

Governor: Reduce expenditure authority by \$7,100 in 2007-08 under the agency's conference and training appropriation that is supported by penalty surcharge funding. The appropriation is utilized by the SPD to sponsor training and conferences for both staff attorneys and private bar attorneys who accept assignment of SPD cases. The reductions generally reflect a one-time decrease of 5% in 2007-08 (after standard budget adjustments) to appropriations supported by penalty surcharge receipts in order to address a deficit in penalty surcharge funding. [See "Justice."]

Joint Finance/Legislature: Delete provision.

6. DISCOVERY COSTS

Governor/Legislature: Specify that when the SPD, or a private bar attorney representing an SPD client, requests copies, in any format (not just photocopies as under current law), of any item that is discoverable in a criminal proceeding or a sexually violent person commitment case, the SPD must pay the fees charged from its transcripts, discovery and interpreters appropriation. As with photocopies under current law, if the person providing the copies charges the SPD a fee for the copies, the fee may not exceed the actual, necessary, and direct cost of providing the copies.

[Act 20 Sections: 3876 and 3928]

7. ELIMINATE VACANT GPR POSITIONS

Assembly: Delete \$82,200 and 1.50 positions annually associated with the salary and fringe benefits of GPR positions which have been vacant for 12 months or more.

Conference Committee/Legislature: Delete provision.

PUBLIC INSTRUCTION

Budget Summary							
Fund	2006-07 Base Year Doubled	2007-09 Governor	2007-09 Jt. Finance	2007-09 Legislature	2007-09 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$10,873,551,800	\$11,202,347,900	\$11,189,938,900	\$11,106,778,300	\$11,106,778,300	\$233,226,500	2.1%
FED	1,214,981,400	1,293,615,900	1,293,615,900	1,293,615,900	1,293,615,900	78,634,500	6.5
PR	77,681,600	79,120,100	79,228,400	79,073,500	79,073,500	1,391,900	1.8
SEG	<u>70,508,600</u>	<u>145,438,400</u>	<u>154,538,400</u>	<u>99,163,400</u>	<u>99,163,400</u>	<u>28,654,800</u>	40.6
TOTAL	\$12,236,723,400	\$12,720,522,300	\$12,717,321,600	\$12,578,631,100	\$12,578,631,100	\$341,907,700	2.8%

FTE Position Summary						
Fund	2006-07 Base	2008-09 Governor	2008-09 Jt. Finance	2008-09 Legislature	2008-09 Act 20	Act 20 Change
						Over 2006-07 Base
GPR	261.47	260.82	261.47	261.47	261.47	0.00
FED	289.10	288.05	289.10	289.10	289.10	0.00
PR	<u>74.44</u>	<u>79.14</u>	<u>79.44</u>	<u>78.44</u>	<u>78.44</u>	<u>4.00</u>
TOTAL	625.01	628.01	630.01	629.01	629.01	4.00

Budget Change Items

General School Aids and Revenue Limits

1. STATE SUPPORT FOR K-12 EDUCATION [LFB Paper 625]

Governor: Increase total general and categorical school aids from \$5,294,424,000 in 2006-07 to \$5,411,877,800 in 2007-08 and \$5,522,955,800 in 2008-09. Compared to the 2006-07 base year, school aids would increase by \$117,453,800 in 2007-08 and \$228,531,800 in 2008-09 (or \$111,078,000 in 2008-09 over the 2007-08 recommended level). These proposed funding levels would represent annual increases over the prior year of 2.2% in 2007-08 and 2.1% in 2008-09.

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 support from the base amount of \$5,897,871,900 in 2006-07 to \$6,016,406,200 in 2007-08 and \$6,227,491,700 in 2008-09. These proposed funding levels would represent annual increases over the prior year of 2.0% in 2007-08 and 3.5% in 2008-09.

Using the definition of partial school revenues as it existed prior to the repeal of the two-thirds funding commitment, the administration estimates that state support of partial school revenues would decrease from an estimated 66.2% in 2006-07 to 65.3% in 2007-08 and increase to 65.5% in 2008-09.

Joint Finance: Increase total general and categorical school aids to \$5,412,953,100 in 2007-08 and \$5,523,605,200 in 2008-09. Compared to the Governor's recommendations, school aids would be increased by \$1,075,300 in 2007-08 and \$649,400 in 2008-09. Compared to the 2006-07 base year, school aids would increase by \$118,529,100 in 2007-08 and \$229,181,200 in 2008-09 (or \$110,652,100 in 2008-09 over the 2007-08 recommended level). These proposed funding levels would represent annual increases over the prior year of 2.2% in 2007-08 and 2.0% in 2008-09.

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 \$6,017,481,500 in 2007-08 and \$6,228,141,100 in 2008-09. These funding levels would represent increases over the prior year of 2.0% in 2007-08 and 3.5% in 2008-09. Based on a reestimate of state support levels under the Governor and Joint Finance, it is estimated that state support of partial school revenues would be 65.0% in 2007-08 and 64.9% in 2008-09.

Conference Committee/Legislature: Increase total general and categorical school aids to \$5,340,277,800 in 2007-08 and \$5,462,531,400 in 2008-09. Compared to the Joint Finance provisions, school aids would be decreased by \$72,675,300 in 2007-08 and \$61,073,800 in 2008-09. Compared to the 2006-07 base year, school aids would increase by \$45,853,800 in 2007-08 and \$168,107,400 in 2008-09 (or \$122,253,600 in 2008-09 over the 2007-08 level). These funding levels represent annual increases over the prior year of 0.9% in 2007-08 and 2.3% in 2008-09.

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 \$6,024,156,200 in 2007-08 and \$6,296,417,300 in 2008-09. These funding levels represent annual increases over the prior year of 2.1% in 2007-08 and 4.5% in 2008-09. It is estimated that state support of partial school revenues would be 65.1% in 2007-08 and 65.6% in 2008-09.

A summary of the funding amounts for state support under the recommendations of the Governor and Joint Finance and under Act 20 is presented in Table 1.

TABLE 1**State Support for K-12 Education**

	2006-07 Base Year	Governor		Joint Finance		Act 20	
		2007-08	2008-09	2007-08	2008-09	2007-08	2008-09
General School Aids	\$4,722,745,900	\$4,802,065,100	\$4,878,821,100	\$4,802,065,100	\$4,878,821,100	\$4,722,745,900	\$4,799,501,900
Categorical Aids	571,678,100	609,812,700	644,134,700	610,888,000	644,784,100	617,531,900	663,029,500
School Levy Tax Credit	593,050,000	593,050,000	693,050,000	593,050,000	693,050,000	672,400,000	822,400,000
State Residential Schools	10,397,900	11,478,400	11,485,900	11,478,400	11,485,900	11,478,400	11,485,900
Total	\$5,897,871,900	\$6,016,406,200	\$6,227,491,700	\$6,017,481,500	\$6,228,141,100	\$6,024,156,200	\$6,296,417,300
Change to Prior Year							
Amount		\$118,534,300	\$211,085,500	\$119,609,600	\$210,659,600	\$126,284,300	\$272,261,100
Percent		2.0%	3.5%	2.0%	3.5%	2.1%	4.5%
Change to Base							
Amount		\$118,534,300	\$329,619,800	\$119,609,600	\$330,269,200	\$126,284,300	\$398,545,400
Percent		2.0%	5.6%	2.0%	5.6%	2.1%	6.8%

Table 2 provides an outline of state support for K-12 education by individual fund source. Table 3 presents the Act 20 funding levels for each general and categorical school aid program as compared to the 2006-07 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**

	2006-07 Base Year	Governor		Joint Finance		Act 20	
		2007-08	2008-09	2007-08	2008-09	2007-08	2008-09
GPR							
General School Aids	\$4,722,745,900	\$4,802,065,100	\$4,878,821,100	\$4,802,065,100	\$4,878,821,100	\$4,722,745,900	\$4,799,501,900
Categorical Aids	529,399,400	533,766,800	562,912,900	534,766,200	563,662,300	568,972,600	609,720,200
School Levy Tax Credit	593,050,000	593,050,000	693,050,000	593,050,000	693,050,000	672,400,000	822,400,000
State Residential School	10,397,900	11,478,400	11,485,900	11,478,400	11,485,900	11,478,400	11,485,900
GPR Subtotal	\$5,855,593,200	\$5,940,360,300	\$6,146,269,900	\$5,941,359,700	\$6,147,019,300	\$5,975,596,900	\$6,243,108,000
PR							
Categorical Aids	\$1,518,600	\$1,442,700	\$1,518,600	\$1,518,600	\$1,518,600	\$1,518,600	\$1,518,600
SEG							
Categorical Aids	\$40,760,100	\$74,603,200	\$79,703,200	\$74,603,200	\$79,603,200	\$47,040,700	\$51,790,700
Total State Support							
--All Funds	\$5,897,871,900	\$6,016,406,200	\$6,227,491,700	\$6,017,481,500	\$6,228,141,100	\$6,024,156,200	\$6,296,417,300

TABLE 3

**General and Categorical School Aids by Funding Source
2006-07 Base Year Compared to Act 20**

Agency	Type and Purpose of Aid	2006-07	Act 20		Change to Base Doubled	
			2007-08	2008-09	Amount	Percent
DPI	General School Aid--GPR Funded					
	Equalization Aid	\$4,722,745,900	\$4,722,745,900	\$4,799,501,900	\$76,756,000	0.8%
DPI	Categorical Aid--GPR Funded					
	Special Education	\$332,771,600	\$350,192,500	\$368,939,100	\$53,588,400	8.1%
	Additional Special Education	3,500,000	3,500,000	3,500,000	0	0.0
	Supplemental Special Education Funding	0	0	1,750,000	1,750,000	NA
	SAGE	98,588,000	111,984,100	111,984,100	26,792,200	13.6
	SAGE Debt Service	150,000	150,000	150,000	0	0.0
	Pupil Transportation	27,292,500	27,292,500	27,292,500	0	0.0
	High Poverty Aid	0	9,000,000	12,000,000	21,000,000	NA
	Bilingual/bicultural education	9,890,400	9,890,400	9,890,400	0	0.0
	Improving Pupil Academic Achievement	0	0	10,000,000	10,000,000	NA
	Tuition payments/Open Enrollment Transfer	9,491,000	9,491,000	9,491,000	0	0.0
	P-5 Grants	7,353,700	7,353,700	7,353,700	0	0.0
	Head Start Supplement	7,212,500	7,212,500	7,212,500	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
	Sparsity Aid	0	0	3,644,600	3,644,600	NA
	Children at Risk	3,500,000	3,500,000	3,500,000	0	0.0
	Four-Year-Old Kindergarten	0	0	3,000,000	3,000,000	NA
	Mentoring Grants for Educators	1,350,000	1,350,000	1,350,000	0	0.0
	School Breakfast	1,055,400	2,513,500	2,890,600	3,293,300	156.0
	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 for Nursing Services	0	250,000	250,000	500,000	NA
	Grants for School District Consolidation	0	0	250,000	250,000	NA
	Gifted and Talented	182,000	273,000	273,000	182,000	50.0
	Supplemental aid	125,000	125,000	125,000	0	0.0
	Advanced Placement Courses	100,000	100,000	100,000	0	0.0
	English for Southeast Asian Children	100,000	100,000	100,000	0	0.0
	Science, Technology, Engineering, and Math	0	61,500	61,500	123,000	NA
	Aid for Transportation--Youth Options	20,000	20,000	20,000	0	0.0
	Aid to Belmont School District Library	0	18,000	0	18,000	NA
DOA	Debt Service on Technology Infrastructure Loans	6,600,800	4,478,400	4,475,700	-4,247,500	-32.2
	Total Categorical Aid--GPR Funded	\$529,399,400	\$568,972,600	\$609,720,200	\$119,894,000	11.3%
DPI	Categorical Aid--PR Funded					
	AODA	\$1,518,600	\$1,518,600	\$1,518,600	\$0	0.0%
DPI	Categorical Aid--SEG Funded					
	School Library Aids	\$29,000,000	\$35,000,000	\$40,000,000	\$17,000,000	29.3%
	La Causa Charter School Grant	0	250,000	0	250,000	N.A.
DOA	Educational Telecommunications Access Support	11,330,100	11,340,700	11,340,700	21,200	0.1
UW	Environmental Education, Forestry	400,000	400,000	400,000	0	0.0
	Environmental Education, Environmental	30,000	50,000	50,000	40,000	66.7
	Total Categorical Aid--SEG Funded	\$40,760,100	\$47,040,700	\$51,790,700	\$17,311,200	21.2%
	Total Categorical Aid--All Funds	\$571,678,100	\$617,531,900	\$663,029,500	\$137,205,200	12.0%
	Total Aid--All Funds	\$5,294,424,000	\$5,340,277,800	\$5,462,531,400	\$213,961,200	2.0%

2. GENERAL SCHOOL AIDS FUNDING LEVEL [LFB Paper 625]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR	\$235,394,400	-\$158,638,400	\$76,756,000

Governor: Provide \$79,319,200 in 2007-08 and \$156,075,200 in 2008-09 for general school aids. General school aids include equalization, integration, and special adjustment aid. General school aids funding would increase from \$4,722,745,900 in 2006-07 to \$4,802,065,100 in 2007-08 and \$4,878,821,100 in 2008-09. This would result in increases of 1.7% and 1.6%, respectively, compared to the prior year.

Assembly: Delete \$19,319,200 in 2007-08 and \$66,075,200 in 2008-09 for general school aids. Compared to the base, funding would increase by \$60,000,000 to \$4,782,745,900 in 2007-08 and by \$90,000,000 to \$4,812,745,900 in 2008-09. This would result in increases of 1.3% and 0.6%, respectively, compared to the prior year.

Conference Committee/Legislature: Delete \$60,000,000 in 2007-08 and \$13,244,000 in 2008-09 for general school aids. Compared to the base, funding would remain unchanged at \$4,722,745,900 in 2007-08 and would increase by \$76,756,000 to \$4,799,501,900 in 2008-09. This would result in increases of 0.0% and 1.6%, respectively, compared to the prior year.

3. SCHOOL INTEGRATION (CHAPTER 220) AID

Assembly: Prohibit any new students from participating in the interdistrict and intradistrict transfer programs, beginning in 2009-10. Beginning in 2009-10, reduce the various formula factors under the program by 10%. Specifically, allow a district to count a pupil in the intradistrict transfer program as 0.225 pupil, rather than 0.25 as under current law. Under the interdistrict transfer program, specify that the sending district may count participating pupils as 0.675, rather than 0.75 under current law, and that the receiving district's aid payment be set equal to 90% of its average net cost per pupil. Specify that, with the exception of the hold harmless aid for MPS related to the neighborhood schools initiative, no aid be paid out or pupils be counted under the integration transfer program beginning in 2015-16.

Conference Committee/Legislature: Delete provision.

4. REVENUE LIMIT PER PUPIL ADJUSTMENT AND DISTRICT HEALTH INSURANCE PROVISIONS

Assembly: Set the per pupil adjustment under revenue limits equal to \$200, unless a school district meets certain conditions, in which case the current law adjustment (\$264 per pupil in 2007-08 and an estimated \$270 in 2008-09) would apply. Specify that districts that provide health care benefits to their employees that are substantially similar in quality to, and

no more expensive per employee than, the state health plan would receive the higher per pupil adjustment. Require the Office of the Commissioner of Insurance to annually determine whether districts meet these criteria.

Conference Committee/Legislature: Delete provision.

5. DECLINING ENROLLMENT REVENUE LIMIT ADJUSTMENT [LFB Paper 626]

Governor: Increase the declining enrollment adjustment under revenue limits from 75% to 100%, beginning in the 2007-08 school year. Under current law, if a school district's current year three-year rolling average pupil enrollment under revenue limits is less than the prior year three-year rolling average, the district receives a nonrecurring adjustment to its revenue limit in a dollar amount equal to 75% of what the decline in the three-year rolling average memberships would have generated. In 2006-07, 245 districts received a declining enrollment adjustment.

Senate: Specify that, in addition to the 100% declining enrollment adjustment under the Governor, that would be received by a district in the first year of an enrollment decline: (a) in the year after the decline, a district would receive a nonrecurring adjustment equal to 75% of the first-year adjustment, and (b) in the second year after the decline, a district would receive a nonrecurring adjustment equal to 50% of the first-year adjustment. Under these provisions, the adjustment would increase to 100% beginning in the 2007-08 school year. The second-year 75% adjustment would first apply in the 2008-09 school year, while the third-year 50% adjustment would first apply in the 2009-10 school year.

Assembly/Legislature: Include Governor's provision.

[Act 20 Sections: 2752 thru 2754 and 9337(2)]

6. PRIOR YEAR BASE REVENUE FLOOR FOR SEVERE DECLINING ENROLLMENT [LFB Paper 626]

Governor: Provide that a school district's initial revenue limit for the current year would, in certain cases, be set equal to its prior year's base revenue, beginning in the 2007-08 school year. Specify that this base revenue floor would apply if a school district's revenue limit in the current year, after consideration of the per pupil adjustment and low-revenue ceiling, but prior to any other adjustments, is less than the district's base revenue from the prior year. For some districts with relatively large declines in enrollment, the initial revenue limit for the current year can still be less than the district's prior year base revenue, even after the per pupil adjustment (\$256.93 in 2006-07) and low-revenue ceiling adjustment (\$8,400 per pupil in 2006-07) are calculated.

Joint Finance/Legislature: Specify that the adjustment would be nonrecurring.

[Act 20 Sections: 2751, 2756m, 2757, and 9337(2)]

7. LOW-REVENUE CEILING [LFB Paper 627]

Governor/Legislature: Increase the low-revenue ceiling under revenue limits to \$8,700 in 2007-08 and \$9,000 in 2008-09. Under current law, any school district with base revenues per pupil of less than \$8,400, may increase its revenues up to the low-revenue ceiling of \$8,400 per pupil. In 2006-07, 95 districts were affected by the \$8,400 per pupil ceiling.

[Act 20 Section: 2750]

8. REVENUE LIMIT INCREASE FOR SCHOOL SAFETY EXPENDITURES [LFB Paper 628]

Governor: Provide that a school district's revenue limit may be increased by a certain amount for expenses for school safety, beginning with revenue limits calculated in the 2008-09 school year. Specify that the amount of the revenue limit increase would be equal to \$25,000 for up to the first 500 pupils enrolled in grades 9 through 12, and would increase by an additional \$25,000 for each additional 500 pupils enrolled in grades 9 through 12.

To receive the revenue limit increase, require the school district and a local law enforcement agency to jointly develop a school safety plan that covers each school in the district that operates grades 9 through 12. Require the school district to submit the school safety plan to the State Superintendent no later than November 1 of the first school year in which the revenue limit increase would apply. Define "local law enforcement agency" to mean a governmental unit of one or more persons employed full time by a city, town, village, or county in the state for the purpose of preventing and detecting crime and enforcing state laws or local ordinances, employees of which unit are authorized to make arrests for crimes while acting within the scope of their authority.

Provide that a school district may use the revenue limit increase to: (a) purchase safety equipment specified by the State Superintendent by rule as eligible for the adjustment; or (b) fund up to \$25,000 of the compensation costs associated with providing one security officer for the first 500 pupils enrolled in the district in grades 9 through 12, and up to \$25,000 of the compensation costs for providing an additional security officer for each additional 500 pupils enrolled in the district in grades 9 through 12. Require the school district to enter into an agreement with the local law enforcement agency that requires the district and the agency to equally share the cost of compensating the security officers.

Joint Finance: Specify that the adjustment would be nonrecurring. Also, specify that the requirement for a school safety plan would only apply if a district uses the adjustment to fund school security officer compensation costs.

Senate: Delete provision. Instead, provide a revenue limit increase, beginning in 2007-08, equal to \$100 per pupil or \$40,000, whichever is greater, to purchase school safety equipment or fund compensation costs for security officers. Specify that, to utilize the adjustment, a district

must jointly develop a plan with a local law enforcement agency for the use of the funding. Define "local law enforcement agency" to mean a governmental unit of one or more persons employed full time by a city, town, village, or county in the state for the purpose of preventing and detecting crime and enforcing state laws or local ordinances, employees of which unit are authorized to make arrests for crimes while acting within the scope of their authority. Specify that revenue generated by the adjustment may only be utilized to implement the plan. Require the district to submit the plan to DPI. Specify that revenue from the adjustment is nonrecurring.

Assembly/Legislature: Delete provision.

9. REVENUE LIMIT INCREASE FOR TEACHER MENTORING ACTIVITIES [LFB Paper 628]

Governor: Beginning with revenue limits calculated in the 2008-09 school year, provide that a school district's revenue limit may be increased by a certain amount for teacher mentoring activities that are required under PI 34 (the teacher licensing administrative code) for persons licensed as initial educators. Specify that the amount of the increase be equal to the amount of the mentoring activities expenses incurred per initial educator, less any amount received by the district for that initial educator in that school year from the categorical aid appropriation for mentoring grants for initial educators. Specify that the amount of the increase could not exceed \$2,160 per initial educator.

Joint Finance: Specify that the adjustment would be nonrecurring. Also, specify that the adjustment would apply only to expenses for initial educators in their first year of teaching.

Assembly/Legislature: Delete provision.

10. REVENUE LIMIT INCREASE FOR SCHOOL NURSE COMPENSATION COSTS

Senate: Provide a revenue limit increase for the salary and fringe benefit costs of school nurses employed by a school district, beginning in the 2007-08 school year. Specify that revenue from the adjustment is nonrecurring.

Assembly/Legislature: Delete provision.

11. SCHOOL DISTRICT REFERENDA SCHEDULING

Assembly: Require school district referenda to be held on regularly-scheduled primary or general election dates. Under current law, districts may call a special election for a referendum on any date.

Conference Committee/Legislature: Delete provision.

12. AUDIT OF COMMUNITY SERVICE LEVIES

Assembly: Require the Legislative Audit Bureau (LAB) to conduct an audit of school district levies for community service activities. Require the LAB to submit the report by January 15, 2009.

Conference Committee/Legislature: Delete provision.

13. FIRST DOLLAR CREDIT [LFB Paper 715]

Governor: Create a property tax credit called the "first dollar credit" with a funding level of \$100,000,000 annually, and modify the existing school levy tax credit appropriation to include payments for the first dollar credit. Extend the credit to each taxable parcel of real estate on which improvements are located. Distribute the credit in a manner similar to the current law lottery credit, with each eligible property receiving a credit in an amount equal to the property's school tax rate multiplied by an amount determined by the Department of Revenue. Specify that the amount determined by DOR equal the estimated fair market value necessary to fully distribute the total amount of funding available for distribution.

While the credit would first apply to property taxes levied in 2008 and payable in 2009 (the bill would need to be amended to clarify the administration's intent), it would first be distributed to municipalities on the fourth Monday in July of 2009. Thus, the fiscal effect of this provision would first occur in 2009-10, outside the 2007-09 biennium.

Joint Finance: Modify the provision to clarify the timing of the increase and to specify that the credit for individual properties would be based on the amount determined by DOR or the property's value, whichever is less.

Assembly: Delete provision.

Conference Committee/Legislature: Restore Joint Finance provisions and fund the first dollar credit at \$75,000,000 annually beginning in the 2008(09) property tax year. [See "Shared Revenue and Tax Relief -- Property Tax Credits" for more information on this item.]

14. SCHOOL LEVY TAX CREDIT

Assembly: Increase the current school levy tax credit distribution for the 2008(09) property tax year and for each year thereafter by \$200,000,000. While the increase of \$200,000,000 in the credit will first apply to property taxes levied in 2008 and payable in 2009, and annually thereafter, it will first be distributed to municipalities on the fourth Monday in July of 2009. Thus, the fiscal effect of this annual increase would occur in 2009-10.

Conference Committee/Legislature: Delete provision. Instead, increase the current school levy tax credit distribution for the 2007(08) property tax year by \$79,350,000. Increase the

distribution for the 2008(09) property tax year and for each year thereafter by a further \$75,000,000, which will result in a total change from current law of \$154,350,000 in the 2008(09) property tax year and for each year thereafter. While the further increase of \$75,000,000 will first apply to property taxes levied in 2008 and payable in 2009, it will first be distributed to municipalities in July of 2009. Thus, the fiscal effect of this additional \$75,000,000 increase will first occur in 2009-10, outside the 2007-09 biennium. [See "Shared Revenue and Tax Relief -- Property Tax Credits" for more information on this item.]

15. REPEAL QEO PROVISIONS

Governor: Delete current law 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. Further information on this item can be found under "Employment Relations Commission."

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

Senate: Restore the Governor's recommendation that would repeal the QEO provisions for represented teaching employees.

Assembly/Legislature: Delete provision.

Categorical Aids

1. SPECIAL EDUCATION AIDS [LFB Paper 635]

GPR	\$53,588,400
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Governor/Legislature: Provide \$17,420,900 in 2007-08 and \$36,167,500 in 2008-09 for special education categorical aid, which would represent increases of 5.24% in 2007-08 and 5.35% in 2008-09. Total funding would increase from \$332,771,600 in 2006-07 to \$350,192,500 in 2007-08 and \$368,939,100 in 2008-09. Based on cost data included in the DPI agency budget request, it is estimated that this funding would equal 28.8% of eligible costs in 2007-08 and 29.0% in 2008-09.

2. SUPPLEMENTAL SPECIAL EDUCATION FUNDING

GPR	\$1,750,000
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Senate: Provide \$1,750,000 annually and create a new special education appropriation for supplemental special education aid to school districts that meet the following criteria: (a) per pupil revenue limit authority in the prior year was below the statewide average; (b) special

education expenditures as a percentage of total district expenditures were above 16.0% in the prior year; and (c) membership in the prior year was less than 2,000 pupils. Also, require that a district could receive either the new additional special education aid or the current law high cost special education aid program in a given year, but not both. Provide that in 2007-08, each qualifying district would receive equal grants, set at a level that would fully distribute the funding. Provide that in 2008-09 and thereafter, aid would be distributed proportionally among eligible districts based on their total special education expenditures in the prior year. Require that aid to any one district could not be less than \$50,000, nor more than \$150,000 or 50% of their total special education expenditures, whichever is less.

Assembly: Delete provision.

Conference Committee/Legislature: Include Senate provision, except delete \$1,750,000 in 2007-08.

[Act 20 Sections: 236o, 2711d, and 2711e]

3. STUDENT ACHIEVEMENT GUARANTEE IN EDUCATION PROGRAM (SAGE)
[LFB Paper 636]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR	\$20,733,800	\$6,058,400	\$26,792,200

Governor: Provide \$10,366,900 annually above annual base funding of \$98,588,000 for SAGE. This funding would allow the per pupil payment amount to increase from \$2,000 per low-income pupil to \$2,250, the statutory payment amount established under 2005 Act 125.

Under the program, school districts must do all of the following in each SAGE school: (a) reduce each class size to 15 pupils in grades K-3; (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.

Senate: Provide an additional \$3,029,200 annually to fully fund a reestimate of the amount needed for the \$2,250 per pupil payment under the program.

Assembly: Include Governor's provision.

Conference Committee/Legislature: Include Senate provision.

4. SAGE PROGRAM EXPANSION [LFB Paper 637]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR	\$540,000	-\$540,000	\$0

Governor: Provide that the SAGE program would be opened to new schools in 2008-09. Provide \$540,000 in 2008-09 to fund approximately five new schools, although there would not be a statutory limit on the number of schools that could join the SAGE program. Require that, for contracts beginning in 2008-09, schools reduce class size to 15 in at least grades kindergarten and one in 2008-09; grades kindergarten to two in 2009-10; and grades kindergarten to three in 2010-11. Require that DPI give priority in accepting new schools into the program to the schools that have the highest percentage of low-income enrollment.

Under current law, DPI may renew contracts with currently participating SAGE schools, but the Department has not been permitted to enter into new SAGE contracts since 2000-01. Under a current law provision governing school district eligibility for the program, only school districts in which at least one school had an enrollment that was at least 50% low-income could participate in this new expansion.

Assembly/Legislature: Delete provision.

5. SAGE PROGRAM -- SECOND AND THIRD GRADE OPTIONAL

Assembly: Provide that for school districts participating in the SAGE program, a district may choose not to reduce class size in any school in grade 2, grade 3, or both, and to forego aid under the program for pupils in those grades in which class size is not reduced to 15. Under current law, participating districts must reduce class size to 15 in kindergarten to grade 3 in order to receive aid equal to \$2,250, beginning in 2007-08, for each low-income pupil enrolled in the eligible grades.

Conference Committee/Legislature: Delete provision.

6. SAGE PROGRAM AUDIT

Assembly: Request that the Legislative Audit Bureau conduct a financial and performance audit of the SAGE program and report the findings to the Legislature by January 15, 2009.

Conference Committee/Legislature: Delete provision.

7. AID TO HIGH POVERTY DISTRICTS

GPR	\$21,000,000
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Senate: Provide \$9,000,000 in 2007-08 and \$12,000,000 in 2008-09 and create a new, annual appropriation for aid to eligible school districts. Specify that a school district would be eligible for aid under the program if, in the October, 2006, pupil counts reported for the National School Lunch Program, at least 50%, after rounding to the nearest whole percentage point, of the district's enrollment was eligible for free or reduced-price lunch. Aid per pupil in 2007-08 and 2008-09 would be calculated by dividing the appropriated amount by the total number of pupils enrolled in all eligible districts and multiplying that amount by each district's number of pupils enrolled. It is estimated that 23 districts would be eligible for this aid, with total enrollments of approximately 111,900 pupils.

In 2009-10 and thereafter, a school district would be eligible for aid if, in the October preceding each biennium, the number of pupils eligible for free or reduced-price lunch divided by the district's enrollment for the third Friday in September pupil count is equal to at least 50%, after rounding to the nearest whole percentage point. Provide that an eligible school district's aid entitlement would be calculated by dividing the total appropriation amount by the third Friday in September enrollment of all eligible school districts in the current fiscal year. Specify that this per pupil amount would be increased by a percentage adjustment equal to the percentage increase in general school aids in the current fiscal year plus the percentage increase in state personal income in the prior calendar year. Provide that for each school district, this adjusted per pupil amount would be multiplied by its third Friday in September enrollment in the current fiscal year in order to calculate its aid entitlement in the current year. Specify that the aid entitlement for each eligible district could not be less than its aid entitlement in the prior year, increased by the same percentage adjustments applied to the per pupil amounts. Provide that DPI could prorate these payments if school district aid entitlements would exceed available funding.

For all school districts except Milwaukee Public Schools (MPS), specify that this aid would be subject to revenue limits. For MPS, require that the school property tax levied for the purpose of offsetting the aid reduction attributable to the Milwaukee parental choice program would be reduced by the amount of this aid received by MPS. In either case, the effect of this aid would be to reduce the school property tax levy of the eligible school district.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Sections: 236nm, 2735w, 2744gin, 2749q, and 2749r]

8. GRANTS FOR IMPROVING PUPIL ACADEMIC ACHIEVEMENT [LFB Paper 638]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR	\$15,000,000	-\$5,000,000	\$10,000,000

Governor: Provide \$5,000,000 in 2007-08 and \$10,000,000 in 2008-09 in a new, annual appropriation for grants to Milwaukee Public Schools (MPS) to improve pupil academic achievement. Allow the MPS Board of Directors to apply to the Department of Administration (DOA) for a grant of up to \$5,000,000 in 2007-08, and up to \$10,000,000 in 2008-09 and annually thereafter, to implement initiatives to improve pupil academic achievement in all grades, such as employing licensed teachers to tutor pupils who are struggling academically, or employing persons to coordinate the district's instructional programs and provide ongoing professional development for teachers. Require that the MPS Board submit with its application a plan for DOA's approval describing the initiatives for which the grant will be used, describing the research showing that the initiatives have a positive effect on pupil academic achievement, and including criteria for evaluating the effectiveness of the initiatives, such as high school graduation rates or the results of the Wisconsin knowledge and concepts exams.

Provide that DOA may approve the MPS plan in whole or in part, and that, if DOA approves the plan in part, then the Board may submit an additional plan for the same school year and DOA may award the Board all or part of the balance of grant funds. Upon receipt of a notice from DOA that a plan has been approved, require the State Superintendent to pay the Board the amount specified by DOA.

Assembly: Delete provision.

Conference Committee/Legislature: Include Governor's provision, except delete \$5,000,000 in 2007-08.

[Act 20 Sections: 241 and 2692]

9. CONVERT THREE TRANSPORTATION RELATED AIDS TO TRANSPORTATION FUND [LFB Paper 765]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR	-\$55,625,000	\$55,625,000	\$0
SEG	<u>55,625,000</u>	<u>- 55,625,000</u>	<u>0</u>
Total	\$0	\$0	\$0

Governor: Provide \$27,812,500 SEG annually and delete \$27,812,500 GPR annually for pupil transportation (\$27,292,500 annually), open enrollment transportation (\$500,000 annually), and youth options transportation (\$20,000 annually). Convert the funding source for these

programs from the general fund to the transportation fund. Specify that the new appropriations for pupil transportation, youth options transportation, and open enrollment transportation would be made from the transportation fund notwithstanding a current law provision that restricts the use of transportation fund revenues to a list of statutorily enumerated transportation programs and functions.

This item is part of a recommendation 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 in the item titled "Use of Transportation Fund Revenues for General Fund Purposes," under the Transportation Finance section of the Department of Transportation.

Senate: Delete \$27,812,500 SEG in 2008-09 and instead provide \$27,812,500 GPR in 2008-09 to convert the funding source for these appropriations back to the general fund in the second year of the biennium.

Assembly/Legislature: Delete \$27,812,500 SEG in 2007-08 and provide \$27,812,500 GPR in 2007-08 as well, so that these appropriations will continue to be funded with GPR.

10. PUPIL TRANSPORTATION REIMBURSEMENT RATE [LFB Paper 639]

Governor: Increase the annual reimbursement rate for pupils transported over 12 miles from \$180 to \$220 beginning in 2007-08. Aid rates for pupils transported less than 12 miles would remain the same, as listed below. No additional funding would be provided; DPI indicated in its biennial agency budget request that base level funding of \$27,292,500 is projected to be sufficient to fund the estimated additional annual cost of \$900,000 under the proposed increase.

Assembly: Provide \$7,022,500 annually to increase funding for pupil transportation categorical aid above base level funding of \$27,292,500. Increase payment rates per pupil transported in order to distribute the additional aid under the program, listed below. Specify that DPI could increase or decrease these rates proportionally as needed to fully expend the appropriated amount.

Conference Committee/Legislature: Include Governor's provision.

<u>Distance</u>	<u>Prior Law</u>	<u>Governor</u>	<u>Assembly</u>	<u>Act 20</u>
0-2 miles (hazardous areas)	\$15	\$15	\$17	\$15
2-5 miles	35	35	41	35
5-8 miles	55	55	71	55
8-12 miles	110	110	151	110
Over 12 miles	180	220	350	220

[Act 20 Section: 2748]

11. AID FOR TRANSPORTING PUPILS OVER ICE

Senate: Allocate \$35,000 annually from the current law pupil transportation aid appropriation to reimburse school districts for 75% of the cost of transporting pupils to and from an island over ice. Eligible costs would include maintenance and storage of equipment. Provide that, if in any year eligible costs exceed allocated funds, payments would be prorated.

Assembly: Delete provision.

Conference Committee/Legislature: Include Senate provision.

[Act 20 Section: 2748m]

12. SCHOOL LIBRARY AIDS REESTIMATE

SEG	\$17,000,000
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Governor/Legislature: Provide \$6,000,000 in 2007-08 and \$11,000,000 in 2008-09 over annual base level funding of \$29,000,000, as a reestimate of school library aids. The segregated revenue is interest earned on loans and investments from the Common School Fund, and is distributed on a per-capita basis based on the number of four- to twenty-year-olds living in each school district.

13. SCHOOL LIBRARY AID

Joint Finance: Provide that school library aid (from the common school fund) may be used by school districts to purchase library-related computers and software. Specify that, at most, 25% of a school district's school library aid could be used for such purposes, and these expenditures would be subject to approval by the school district's library media coordinator.

Under current law, school library aid may fund the purchase of library books and other instructional materials for school libraries, as well as instructional materials from the Wisconsin Historical Society for use in teaching Wisconsin history.

Senate: Require that, if school library aid is used to purchase computers and software, then they must be housed in the school library. Delete the proposed requirement that such purchases be approved by the school district's person who supervises the school district's libraries. Instead, specify that the district would be required to consult with that person on such purchases.

Assembly: Include Joint Finance provision.

Conference Committee/Legislature: Include Senate provision.

[Act 20 Section: 781x]

14. SPARSITY AID

GPR	\$3,644,600
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Senate: Provide \$3,644,600 annually and create a new categorical aid program for school districts that meet the following criteria: (a) an enrollment in the prior year of less than 725 pupils; (b) population density of less than 10 pupils per square mile of district attendance area; and (c) at least 20% of pupils qualify for free or reduced-price lunch under the National School Lunch Program. Provide that aid would equal: (a) \$150 per pupil; or (b) \$300 per pupil if 50% or more of membership was eligible for free and reduced price lunch. Specify that DPI could prorate these payments if funding would be insufficient to fully fund the program in a given year.

Assembly: Delete provision.

Conference Committee/Legislature: Include Senate provision except delete \$3,644,600 in 2007-08.

[Act 20 Sections: 236nb and 2708m]

15. SCHOOL BREAKFAST REIMBURSEMENT RATE [LFB Paper 640]

GPR	\$3,293,300
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Governor: Provide \$1,458,100 in 2007-08 and \$1,835,200 in 2008-09 over annual base funding of \$1,055,400 to increase the state school breakfast reimbursement rate from \$0.10 to \$0.15 per breakfast served. Specify that this increase would first apply to breakfasts served during 2007-08. Under the federal school breakfast program, pupils from families with income less than 130% of the federal poverty level (\$26,000 yearly for a family of four in 2006-07) qualify for free meals, and schools are reimbursed \$1.27 per meal. Pupils from families with incomes between 130% and 185% of the federal poverty level (\$26,000 to \$37,000 yearly for a family of four) are charged a reduced price, no more than \$0.30, and schools are reimbursed \$0.97 per meal. Pupils above 185% of poverty are charged a higher price, and schools are reimbursed \$0.23 per meal. Schools must operate meal services as non-profit programs.

Assembly: Delete provision.

Conference Committee/Legislature: Include Governor's provision.

Veto by Governor [B-4]: Delete the provision specifying that the increase first apply to breakfasts served during 2007-08, with selected digits retained in order to create text related to a stewardship review provision under the Department of Natural Resources.

[Act 20 Section: 2686]

[Act 20 Vetoed Section: 9337(1)]

16. FOUR-YEAR-OLD KINDERGARTEN GRANTS [LFB Paper 642]

GPR	\$3,000,000
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Governor: Provide \$3,000,000 in 2008-09 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 a two-year grant. For the first year of the grant, require DPI to pay each eligible district up to \$3,000 for each K4 pupil enrolled in the district. For the second year of the 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. Require DPI to award grants beginning in the 2008-09 school year, and to promulgate rules to implement the grant program. Add eligibility for the grant program to the list of statutory provisions that apply to the Milwaukee Public Schools as a first class city school district.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Sections: 242, 2709, and 2733]

17. SCHOOL SAFETY GRANTS

Assembly: Provide \$5,000,000 GPR annually and create a new, annual appropriation for grants to reimburse school districts for costs allowable under the federal Safe and Drug Free Schools and Communities Act, but not paid under that act. Provide that if any fiscal year appropriated funds are insufficient to pay all claims, aid would be prorated.

Conference Committee/Legislature: Delete provision.

18. AUTISM SCHOLARSHIP PROGRAM

Assembly: Create an autism scholarship program to allow parents of eligible autistic children to apply for a scholarship from DPI to pay tuition for the child to attend a special education program that implements the child's individualized education program and that is operated by a school district other than the one the child attends or in which the child resides, or by another public entity or private provider approved by DPI. Provide that an eligible autistic child means a child with a disability to whom all of the following apply: (a) the school district in which the child resides or that the child is attending has identified the child as autistic; (b) the school district in which the child resides or that the child is attending has in effect for the child an individualized education program; and (c) the child was enrolled in public school in the school year prior to the year in which a scholarship is first sought for the child, or the child is eligible to enter public school in the school year in which a scholarship is first sought for the child.

Limit the amount of the scholarship to \$15,000 or the actual tuition charged by the special education program, whichever is less. Also, limit the number of scholarships in any school year to 200. Allocate \$3 million from the current law special education categorical aid for the purpose of providing these scholarships.

Pupils receiving scholarships under the program would be counted in the membership report of their resident school districts. For the purposes of tuition payments by parents, for a pupil receiving a scholarship and attending a school district other than his or her resident district, all of the following would apply: (a) the pupil's application for enrollment in the nonresident district need not be accompanied by a written declaration regarding establishing residence in the district; (b) the school district may not waive or refund tuition for the pupil; and (c) the pupil cannot be considered a resident pupil for the purposes of computing the district's general aid.

Request the Legislative Audit Bureau to perform a financial and performance audit of the autism scholarship program based on data from the 2008-09 fiscal year. If the Bureau performs the audit, require that its report be filed by December 31, 2009.

Require DPI to promulgate rules to implement and administer the program, including procedures and deadlines for scholarship applications, payment schedules for scholarships, and standards for the approval of private providers. Provide that, for the period before the effective date of the permanent rules, DPI would not be required to provide a finding of emergency before promulgating emergency rules for the program.

Conference Committee/Legislature: Delete provision.

19. BILINGUAL-BICULTURAL EDUCATION AIDS [LFB Paper 641]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR	\$3,096,700	-\$3,096,700	\$0

Governor: Provide \$1,055,800 in 2007-08 and \$2,040,900 in 2008-09 over annual base level funding of \$9,890,400 for bilingual-bicultural categorical aids. It is estimated that this funding level would maintain a reimbursement rate of approximately 12% of prior year costs for school districts statutorily required to offer bilingual-bicultural programs. Under current law, school districts are required to establish a bilingual program if, within a language group at a given school, there are ten or more limited-English proficient (LEP) pupils in a language group in kindergarten to grade three, or 20 or more LEP pupils in grades four to eight or grades nine to twelve.

Assembly/Legislature: Delete provision.

20. GRANTS FOR NURSING SERVICES

GPR	\$500,000
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Senate: Provide \$250,000 annually and create a new annual appropriation for grants to school districts for nursing services. Provide that the State Superintendent would award grants to school districts, other than Milwaukee Public Schools, to employ additional school nurses or contract for additional nursing services. Grants would be awarded to those school districts that demonstrate the greatest need for nursing services based upon criteria such as the ratio of pupils to nurses, the rate of chronic health problems among pupils, and the number of pupils from low-income families. Provide that a school district receiving a grant could not use the money to supplant existing nursing staff or services. Require that each school district receiving a grant would submit a report to DPI describing how the district used the grant money and its effectiveness in providing additional nursing services to pupils who need such services.

Assembly: Delete provision.

Conference Committee/Legislature: Include Senate provision.

[Act 20 Sections: 241m and 2684m]

21. GRANTS FOR SCHOOL DISTRICT CONSOLIDATION STUDIES

GPR	\$250,000
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Joint Finance: Provide \$250,000 in one-time funding in 2008-09 in a new annual appropriation for grants to school district consolidation feasibility studies. Specify that a consortium of two or more districts could apply to DPI for a grant of up to \$10,000 to conduct a study. Prohibit DPI from encumbering any funds from the appropriation after June 30, 2009.

Require the consortium to submit a plan identifying the districts engaged in the study, the issues the study will address, and how the grant funds will be expended. Prohibit a district from being a member of more than one consortium. Require DPI to give priority to applications that demonstrate prior attempts to address underlying issues associated with management and operation of the districts' programs. Require a consortium awarded a grant to submit the results of the study to DPI.

Assembly: Modify the title from "grants for school district consolidation studies" under Joint Finance to be "school district efficiency incentive grants" instead.

Conference Committee/Legislature: Include Joint Finance provision.

[Act 20 Sections: 236p and 9137(3k)]

22. LA CAUSA CHARTER SCHOOL GRANT

SEG	\$250,000
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Senate: Provide \$250,000 in 2007-08 for the La Causa Charter School in Milwaukee for

library, science, and technology improvements. Funding for the grant is provided through the state segregated universal service fund, which is funded through assessments on annual gross operating revenues from intrastate telecommunications providers.

Assembly: Delete provision.

Conference Committee/Legislature: Include Senate provision.

[Act 20 Sections: 243c and 9137(7c)]

23. GIFTED AND TALENTED EDUCATION

GPR	\$182,000
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Assembly/Legislature: Increase funding for gifted and talented education by \$91,000 annually over base level funding of \$182,000. Modify current law to allow nonprofit organizations to receive grants for the purpose of providing advanced curriculum and assessments for gifted and talented pupils. Delete the current law provision that grants be used only for gifted and talented middle school pupils, to instead allow all gifted and talented pupils to benefit from the grants.

[Act 20 Section: 2719m]

24. SCIENCE, TECHNOLOGY, ENGINEERING, AND MATHEMATICS EDUCATION
[LFB Paper 644]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	\$219,000	-\$219,000	\$123,000	\$123,000

Governor: Provide \$109,500 annually to promote education in science, technology, engineering, and mathematics. Of the total, \$61,500 annually would provide grants from a new appropriation for this purpose to school districts to: (a) develop innovative instructional programs in science, technology, engineering, and mathematics; (b) support pupils who are typically under-represented in these subjects; and (c) increase the academic achievement of pupils in these subjects. The remaining \$48,000 annually would increase the Department's general program operations appropriation to provide for professional development for teachers in these subjects.

Joint Finance: Delete provision.

Assembly/Legislature: Restore the Governor's provision with regard to the grant program. The \$48,000 annually for DPI general program operations is not provided.

[Act 20 Sections: 243 and 2684]

25. GRANT FROM SUPPLEMENTAL AID

Joint Finance: Allocate \$30,000 in 2007-08 within the appropriation for supplemental aid to provide a grant to the Butternut School District to study consolidation with the Glidden and Park Falls School Districts.

Conference Committee/Legislature: Modify provision to allocate this funding to provide a grant to the school districts in Ashland, Price, or Sawyer Counties to study consolidation, but retain a reference to making a grant payment to the Butternut School District.

[Act 20 Sections: 236m and 9137(4k)]

26. SECOND CHANCE PARTNERSHIP

Assembly: Require DPI to allocate \$190,000 annually in 2007-09 from the alternative education grant program to the second chance partnership, a nonprofit corporation, to create a pilot work-based learning program in which children at risk participate in apprenticeships while earning high school diploma. Provide that the allocation would sunset July 1, 2009.

Conference Committee/Legislature: Delete provision.

27. BELMONT SCHOOL LIBRARY

GPR	\$18,000
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Senate: Provide \$18,000 in 2007-08 to the Belmont Community School District for its school library.

Assembly: Delete provision.

Conference Committee/Legislature: Include Senate provision.

[Act 20 Section: 236nd]

28. GRANTS FOR WORLD LANGUAGES INSTRUCTION [LFB Paper 643]

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

Governor: Provide \$500,000 in 2008-09 in a new, annual appropriation for grants for world languages instruction. Provide that beginning in 2008-09, the State Superintendent would award grants to school districts to promote world languages instruction in grades one to six. Grants would be paid over a six-year term and would be non-renewable. Require DPI to promulgate rules to implement the program and require those rules include all of the following:

(a) a definition of world languages eligible for inclusion under the program; (b) criteria for selecting recipients of a grant award, including the quality of the application and the ability of the applicant to continue teaching world languages at the end of the six year grant; and (c) the schedule of payments to be made pursuant to each award. DPI would be required to strive to distribute grants among urban, rural, and suburban school districts.

Provide that a school district may apply to DPI to receive a six-year grant to teach world languages in grades one through six. The State Superintendent would award grants and each school district receiving a grant would use the grant moneys for teachers to teach one or more world languages as follows: (a) during the first year of the grant, \$30,000 to assign one teacher to teach one or more world languages in first grade; (b) during the second year, \$30,000 for one teacher for first and second grades; (c) during the third year, \$60,000 for two teachers for first through third grades; (d) during the fourth year, \$60,000 for two teachers for first through fourth grades; (e) during the fifth year, \$30,000 for two teachers for first through fifth grades; and (f) during the sixth year, \$30,000 for two teachers for first through sixth grades.

Require that in each year of the grant, each school board receiving an award would be required to use a portion of the grant to send the following three teachers to twice-yearly professional development workshops offered by DPI: (a) one teacher funded by the grant and who is teaching a world language in the grade level added in that year, pursuant to the schedule specified; and (b) two teachers who do not teach a world language, but who teach at the same grade level as the teacher specified in (a), for the purpose of integrating a world language into their curricula.

Require that if in any fiscal year appropriated funding is insufficient to fully fund the grants awarded under the program, DPI would prorate the available moneys among the school districts receiving grants. Add eligibility for the grant program to the list of statutory provisions that apply to the Milwaukee Public Schools as a first class city school district.

Joint Finance/Legislature: Delete provision.

29. DRIVER EDUCATION AID FOR LOW-INCOME PUPILS IN MPS [LFB Paper 645]

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

Governor: Provide \$100,000 in 2008-09 for a new categorical aid program to provide \$150 per pupil to Milwaukee Public Schools (MPS) for certain pupils enrolling in and successfully completing a driver education program offered by MPS and approved by DPI. Specify that pupils eligible for free or reduced-price lunch would qualify for the aid, and require MPS to reduce each such pupil's driver education fee by \$150 beginning in 2007-08. Beginning in 2008-09, DPI would pay MPS \$150 per eligible pupil qualifying in the prior year, up to the amount of

the appropriation. The segregated revenue would be from the transportation fund. Sunset the appropriation on June 30, 2011. According to DPI, the MPS driver education fee was \$275 per student in 2006-07.

Joint Finance/Legislature: Delete provision.

30. AODA FUNDING REDUCTION [LFB Paper 501]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	-\$75,900	\$75,900	\$0

Governor: Reduce funding by -\$75,900 in 2007-08 from base level funding of \$1,518,600 for the categorical aid for alcohol and other drug abuse programs, which are supported by penalty assessment funding. The reduction is consistent with recommended decreases of 5% in 2007-08 to appropriations supported by penalty surcharge receipts [see "Administration -- Office of Justice Assistance"].

Joint Finance/Legislature: Delete provision.

31. TEACHER MERIT PAY

Assembly: Provide \$250,000 GPR annually in a separate appropriation for grants to school districts to assist in paying the costs of teacher merit pay programs. Require DPI to promulgate rules to implement and administer the program.

Conference Committee/Legislature: Delete provision.

Choice and Charter

1. MILWAUKEE PARENTAL CHOICE PROGRAM REESTIMATE

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR	\$28,852,000	-\$4,033,000	\$24,819,000
MPS Aid Reduction	<u>12,983,400</u>	<u>- 1,814,800</u>	<u>11,168,600</u>
Net GPR	\$15,868,600	-\$2,218,200	\$13,650,400

Governor: Provide \$10,114,000 in 2007-08 and \$18,738,000 in 2008-09 over the base year

funding of \$108,866,000 in the appropriation for payments for 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 appropriation from the previous school year to the current school year. With annual general school aid increases proposed in the bill of 1.7% and 1.6%, respectively, the maximum per pupil choice payment under current law would increase from \$6,501 in 2006-07 to \$6,610 in 2007-08 and \$6,716 in 2008-09. The administration estimates that 18,000 students in 2007-08 and 19,000 students in 2008-09 will participate in the program. Total program funding would be \$118,980,000 in 2007-08 and \$127,604,000 in 2008-09.

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 \$4,551,300 in 2007-08 and \$8,432,100 in 2008-09 over the base choice reduction amount of \$48,989,700. The net general fund fiscal effect of this reestimate would be to increase expenditures by \$5,562,700 in 2007-08 and \$10,305,900 in 2008-09.

Assembly: Based on the general school aids funding in the Assembly budget, reduce estimated choice program expenditures by \$468,000 in 2007-08 and \$1,729,000 in 2008-09. The state's 55% share of the program would be reduced by \$257,400 in 2007-08 and \$951,000 in 2008-09. The MPS 45% share would be reduced by \$210,600 in 2007-08 and \$778,000 in 2008-09.

Conference Committee/Legislature: Based on the general school aids funding in the Conference Committee budget, reduce estimated choice program expenditures by \$1,494,000 in 2007-08 and \$342,000 in 2008-09. The state's 55% share of the program would be reduced by \$821,700 in 2007-08 and \$188,100 in 2008-09. The MPS 45% share would be reduced by \$672,300 in 2007-08 and \$153,900 in 2008-09.

2. MILWAUKEE PARENTAL CHOICE PROGRAM FUNDING SPLIT [LFB Paper 650]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR	\$0	\$0	\$0
MPS Aid Reduction	-21,012,300	21,012,300	0
Net GPR	\$21,012,300	-21,012,300	\$0

Governor: Modify the current law funding split for the Milwaukee parental choice program, beginning with the 2007-08 school year. Specify that, for the first 15,000 pupils

attending a school in the program, the state would fund 55% of the cost of choice payments, while general school aids to the Milwaukee Public Schools (MPS) would be reduced by an amount equal to 45% of the cost. For all pupils above 15,000 attending a school in the program, the state would fund all of the cost of choice payments. Based on the estimated per pupil payments under the bill (\$6,610 in 2007-08 and \$6,716 in 2008-09) and the administration's estimate of participation in the program (18,000 in 2007-08 and 19,000 in 2008-09), this change would lower the MPS aid reduction and the MPS choice levy by \$8,923,500 in 2007-08 and \$12,088,800 in 2008-09. Net state general fund expenditures related to the choice program would increase by those amounts in each year.

Under current law, the estimated cost of the payments from the choice program appropriation is partially offset by a reduction from the general school aids otherwise paid to MPS by an amount equal to 45% of the estimated 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 appropriation and MPS for 45%. Under the bill, in 2007-08, the estimated state share would be 62.5% and the MPS share would be 37.5%. In 2008-09, the estimated state share would be 64.5% and the MPS share would be 35.5%.

Senate/Legislature: Delete provision.

3. MILWAUKEE PARENTAL CHOICE PROGRAM AUDITOR AND FEES [LFB Paper 651]

	Governor (Chg. to Base)		Legislature (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$154,900	1.00	-\$154,900	-1.00	\$0	0.00

Governor: Provide \$67,100 in 2007-08 and \$87,800 in 2008-09 and 1.0 auditor position beginning in 2007-08 in a new appropriation funded from fees paid by schools participating in the Milwaukee parental choice program.

Require schools participating in the choice program to pay an annual fee to DPI. Require schools currently participating in the program to submit the fee to DPI with the annual financial information required under the program. Under current law, schools must submit an independent financial audit and evidence of sound fiscal practices to DPI by September 1 following a school year in which the school participated in the program. Require a school not currently participating in the program to submit the fee with its notice of intent to participate in the program, which under current law must be submitted to DPI by February 1 of the school year before the school participates in the program. Specify that failure by a school to submit the fee by the date specified would be included as a condition under which the State Superintendent could issue an order prohibiting a school from participating in the program in the current school year.

Create a continuing appropriation for all monies received from the fees, to be used by DPI to evaluate the financial information submitted to the Department by schools participating in the choice program. Require DPI to promulgate emergency rules, without the finding of an emergency, by the first day of the third month after the effective date of the bill to establish the fee to be paid by schools participating in the choice program. Specify that these rules would remain in effect until the effective date of the permanent rule promulgated to establish the fee, but not in excess of the period for which emergency rules can remain in effect (150 days, with up to 120 days of extensions.) For the 2007-08 school year, require schools participating in the program to pay the required fee within 30 days of the effective date of the emergency rules.

Assembly/Legislature: Delete provision.

4. MILWAUKEE PARENTAL CHOICE PROGRAM PUPIL PARTICIPATION LIMIT

Assembly: Beginning in 2008-09, specify that the limit on the number of pupils allowed to participate in the choice program be equal to the prior year limit plus 2,250 pupils. The current law limit is 22,500 full-time equivalent pupils.

Conference Committee/Legislature: Delete provision.

5. MILWAUKEE PARENTAL CHOICE PROGRAM SCHOOL ELIGIBILITY

Assembly: Allow high schools in Milwaukee County to participate in the choice program, beginning in 2008-09. Under current law, schools must be located in the City of Milwaukee to be eligible for the program.

Conference Committee/Legislature: Delete provision.

6. MILWAUKEE PARENTAL CHOICE PROGRAM TESTING

Assembly: Allow schools in the choice program to administer the Wisconsin knowledge and concepts examination in lieu of a nationally-normed standardized test that must be administered by schools under current law.

Conference Committee/Legislature: Delete provision.

7. RACINE COUNTY PARENTAL CHOICE PROGRAM

Assembly: Create a Racine County parental choice program, beginning in 2009-10. Create a sum sufficient appropriation for payments under the program. Specify that DPI would pay the parent or guardian of a pupil enrolled in a school in the program an amount equal to the lesser of: (a) the amount equal to the private school's operating and debt service cost per

pupil related to educational programming; or (b) an amount (which would be adjusted annually based on the percent change in the general school aids appropriation) determined by a sliding scale based on family income, as follows:

1. \$6,500 per pupil for a pupil with family income no more than 175% of the poverty line;
2. \$5,000 per pupil for a pupil with family income more than 175% and less than 225% of the poverty line;
3. \$3,500 per pupil for a pupil with family income more than 225% and less than 250% of the poverty line;
4. \$2,000 per pupil for a pupil with family income more than 250% and less than 275% of the poverty line; and
5. \$1,000 per pupil for a pupil with family income more than 275% of the poverty line.

Specify that the general school aid payment for which a district located in whole or in part in Racine County would be eligible would be reduced by 45% of the sum of the amounts paid from the sum sufficient for pupils who reside in the district and attend a school in the program.

There would be no statutory limit on the number of pupils who could participate in the program.

Create language for the program similar to the Milwaukee parental choice program with respect to the conditions that schools must meet to participate, the pupil application process, the responsibilities of the State Superintendent to inform parents in Racine County of the schools participating in the program, the requirements that schools meet one of four standards related to pupil achievement or attendance, the fiscal requirements of participating schools, the tests that must be administered, and the conditions under which the State Superintendent can prohibit schools from participating in the program.

Conference Committee/Legislature: Delete provision.

8. MILWAUKEE AND RACINE CHARTER SCHOOL PROGRAM

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR	\$13,854,000	-\$1,253,500	\$12,600,500
Statewide Aid Reduction	<u>13,854,000</u>	<u>- 1,253,500</u>	<u>12,600,500</u>
Net GPR	\$0	\$0	\$0

Governor: Provide \$4,614,500 in 2007-08 and \$9,239,500 in 2008-09 above annual base level funding of \$39,564,500 to provide sum sufficient funding for the Milwaukee and Racine

charter school 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 are authorized to operate or contract to operate charter schools located within 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 15 charter schools participating in the program, including one in RUSD. A total of 5,000 students are attending these charter schools in 2006-07, and the aid per pupil is \$7,669.

Under current law, the per pupil payment for the Milwaukee and Racine charter school 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. Based on the Governor's recommendation for equalization aid, the choice and charter per pupil payments would increase by \$109 in 2007-08 and an additional \$106 in 2008-09.

This proposed funding level assumes that 5,500 pupils will be enrolled in the program in 2007-08 and that the aid per pupil will be \$7,778. In 2008-09, it is assumed that 6,000 pupils will participate at a per pupil cost of \$7,884. Based on these estimates, charter schools would receive \$42,779,000 in 2007-08 and \$47,304,000 in 2008-09.

In addition, under current law, RUSD will receive additional aid, outside of revenue limits, based on the amount of equalization aid it receives in the current year multiplied by the number of students attending the charter school who were previously enrolled in the RUSD. It is estimated that RUSD will receive \$1,400,000 in 2007-08 and \$1,500,000 in 2008-09 under this provision.

Under current law, payments to these charter schools and to RUSD are fully offset by a proportionate reduction in the general school aids of all school districts in the state. Under revenue limits, school districts may levy property taxes to make up for the amount of revenue lost due to these aid reductions.

Assembly: Based on the general school aids funding in the Assembly budget, reduce estimated expenditures for the Milwaukee and Racine charter school program by \$143,000 in 2007-08 and \$546,000 in 2008-09. The statewide general school aid reduction related to the charter school program would be reduced by the same amount, resulting in no change in net general fund expenditures related to the program.

Conference Committee/Legislature: Based on the general school aids funding in the Conference Committee budget, reduce estimated expenditures for the Milwaukee and Racine charter school program by \$456,500 in 2007-08 and \$108,000 in 2008-09. The statewide general school aid reduction related to the program would be reduced by the same amount, resulting in no change in net general fund expenditures.

9. MILWAUKEE RESIDENTIAL CHARTER SCHOOL [LFB Paper 652]

Governor: Provide that the Common Council of the City of Milwaukee may establish or contract for the establishment of one residential charter school under the current law Milwaukee and Racine charter school program. If the City establishes such a school, require that the school may not accommodate more than 300 pupils, and the pupils would reside at the school for at least nine months each school year. Also, require that DPI would pay to the operator of the residential charter school an amount equal to twice the per pupil payment calculated under current law. Under the Governor's recommendations, it is estimated that the per pupil payment under the charter school program will be \$7,778 in 2007-08 and \$7,884 in 2008-09. Under this provision, the per pupil payments would be twice those amounts, or an estimated \$15,556 in 2007-08 and \$15,768 in 2008-09, if a residential charter school would be established.

Under current law, payments to these charter schools would be fully offset by a proportionate reduction in the general school aids of all school districts in the state. 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 provision.

Administrative and Other Funding

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$1,694,000
FED	3,630,200
PR	<u>977,800</u>
Total	\$6,302,000

Governor/Legislature: Adjust the base budget by \$847,000 GPR, \$1,815,100 FED, and \$488,900 PR annually for: (a) turnover reduction (-\$381,200 GPR and -\$371,200 FED annually); (b) removal of noncontinuing items (-\$250,000 GPR annually); (c) full funding of continuing salaries and fringe benefits (\$1,137,700 GPR, \$2,133,900 FED, and \$474,500 PR annually); (d) overtime (\$283,300 GPR, \$52,000 FED, and \$14,200 PR annually); and (e) night and weekend differential (\$57,200 GPR, \$400 FED, and \$200 PR annually).

2. 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	-0.65	0.65	0.00
FED	-1.05	1.05	0.00
PR	<u>-0.30</u>	<u>0.30</u>	<u>0.00</u>
Total	-2.00	2.00	0.00

Governor: Delete 2.0 positions (0.65 GPR, 1.05 FED, and 0.30 PR) in 2008-09 to reflect the consolidation of the agency's attorneys and legal staff under DOA, effective July 1, 2008. Reallocate \$256,600 (\$83,300 GPR, \$135,000 FED, and \$38,300 PR) in 2008-09 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 (0.30 GPR, 0.70 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 July 1, 2008. [See "Administration -- Transfers to the Department."]

Joint Finance: Delete provision.

Senate: Restore provision with the following modifications: (a) specify that the lead attorneys would be under the classified service; and (b) exempt the Board on Aging and Long-Term Care, the Department of Military Affairs, and the Department of Public Instruction from the consolidation.

Assembly/Legislature: Delete provision.

3. PROGRAM REVENUE REESTIMATES

PR	- \$6,100
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Governor/Legislature: Reestimate PR expenditures by -\$75,700 in 2007-08 and \$69,600 in 2008-09, including: (a) personnel licensure, teacher supply, information, and analysis and teacher improvement (-\$211,500 in 2007-08 and -\$158,000 in 2008-09); (b) publications (-\$316,700 annually); (c) school lunch handling charges (-\$30,200 annually); (d) gifts, grants, and trust funds (\$400,000 annually); (e) general education development and high school graduation equivalency (-\$30,100 in 2007-08 and -\$25,100 in 2008-09); (f) funds transferred from other state agencies -- program operations (\$155,200 in 2007-08 and \$141,700 in 2008-09); (g) program for the deaf and center for the blind -- pupil transportation (\$60,000 in 2007-08 and \$153,500 in 2008-

09); (h) program for the deaf and center for the blind -- leasing of space (\$6,500 in 2007-08 and \$8,300 in 2008-09); (i) program for the deaf and center for the blind -- services (\$15,000 in 2007-08 and \$20,000 in 2008-09); and (j) funds transferred from other state agencies -- local aids (-\$123,900 annually).

4. FEDERAL REVENUE REESTIMATES

FED	\$75,004,300
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Governor/Legislature: Reestimate federal revenues by \$36,442,700 in 2007-08 and \$38,561,600 in 2008-09, including: (a) federal aids -- program operations (-\$1,592,200 in 2007-08 and -\$1,781,100 in 2008-09); (b) federal aids -- local aid (\$37,341,800 in 2007-08 and \$39,649,600 in 2008-09); (c) federal aids -- local assistance (\$41,900 annually); and (d) federal funds -- individuals and organizations (\$651,200 annually). Federal funds, including pass-through entitlements, discretionary grants, and administrative funding, are received by DPI under programs including Title I of the Elementary and Secondary Education Act ("No Child Left Behind"), the Individuals with Disabilities Education Act, and the National School Lunch Program. Annual base level federal revenue for these programs is \$604,754,200.

5. KNOWLEDGE AND CONCEPTS EXAM [LFB Paper 660]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$2,800,000	-\$2,800,000	\$0

Governor: Provide \$1,400,000 annually above annual base level funding of \$3,110,700 for pupil assessments to continue to contract for, and administer, the Wisconsin knowledge and concepts examinations.

Joint Finance/Legislature: Transfer \$1,400,000 annually to the Joint Finance Committee's appropriation. DPI may request the release of these funds under s. 13.10 of the statutes.

6. STATEWIDE DATA SYSTEMS

	Funding	Positions
PR	\$555,200	4.00

Governor/Legislature: Provide \$241,600 in 2007-08 and \$313,600 in 2008-09 and 4.0 positions beginning in 2007-08 to support and maintain the Wisconsin student locator system, the individual student enrollment system, the school performance report, and the Wisconsin information network for school success. The PR positions would include 2.0 information systems development services specialists, who would replace contracted staff, and 2.0 information systems support technicians, who would replace 4.0 LTE staff. PR funding would be internal Department charge-backs to program budgets for information technology services.

7. PUBLIC LIBRARY SYSTEM AID [LFB Paper 661]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$0	-\$9,200,000	-\$9,200,000
SEG	<u>1,879,100</u>	<u>9,200,000</u>	<u>11,079,100</u>
Total	\$1,879,100	\$0	\$1,879,100

Governor: Provide \$616,800 SEG in 2007-08 and \$1,262,300 SEG in 2008-09 above base level funding of \$11,297,400 GPR and \$4,223,800 SEG to increase public library system aid, which would represent increases in total funding of 4% annually. The segregated revenue is from the universal service fund (USF), which receives its funding through assessments on annual gross operating revenues from intrastate telecommunications providers.

Joint Finance/Legislature: Modify the Governor's recommendation to reduce GPR and increase SEG by \$9,200,000 in 2007-08 and direct the Public Service Commission to fund the SEG increase with unencumbered carryover balance funds from the USF. Total public library funding would equal \$2,097,400 GPR and \$14,040,600 SEG in 2007-08 and \$11,297,400 GPR and \$5,486,100 SEG in 2008-09.

[Act 20 Section: 9139(1f)]

8. LIBRARY SERVICE CONTRACTS [LFB Paper 662]

GPR	\$477,600
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Governor/Legislature: Provide \$257,300 in 2007-08 and \$220,300 in 2008-09 above base level funding of \$876,900 for contracts with four providers of specialized statewide library services and resources. Contracts are currently maintained with the Milwaukee Public Library, Wisconsin Library Services, Wisconsin Regional Library for the Blind and Physically Handicapped, and the Cooperative Children's Book Center.

9. BADGERLINK

SEG	\$111,700
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Governor/Legislature: Provide \$31,200 in 2007-08 and \$80,500 in 2008-09 above base level funding of \$2,030,500 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.

10. NEWSLINE FOR THE BLIND

PR	-\$135,000
SEG	<u>214,000</u>
Total	\$79,000

Governor/Legislature: Modify funding by \$106,000 SEG and -\$67,500 PR in 2007-08 and \$108,000 SEG and -\$67,500 PR in 2008-09 for the Newsline for the Blind services provided by the Regional Library for the Blind and Physically Handicapped. Provide that the current Badgerlink SEG appropriation from the

universal service fund could also fund the Newslite for the Blind. The Newslite provides access to national and local newspapers and magazines for blind individuals, who use their home telephones to access servers by using a toll free number. The Newslite is currently funded by the state universal service fund, but funds are first transferred to a program revenue appropriation under DPI from the Public Service Commission.

[Act 20 Section: 248]

11. NATIONAL TEACHER CERTIFICATION REESTIMATE [LFB Paper 663]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$339,600	\$290,600	\$630,200

Governor: Reestimate funding by \$75,600 in 2007-08 and \$264,000 in 2008-09 over annual base level funding of \$945,000 for grants to teachers who are certified by the National Board for Professional Teaching Standards. DPI provides initial grants in an amount equal to the cost of obtaining certification not supported through other sources, up to \$2,000. For nine consecutive years following the initial grant, DPI awards annual grants of \$2,500 to eligible teachers. DPI estimates there will be 70 newly-certified teachers in 2007-08 and 2008-09 receiving average first year grants of \$1,200. DPI estimates there will be 328 continuing teachers in 2007-08 and 398 in 2008-09, as well as 20 teachers in high poverty schools annually. Finally, due to recent IRS findings, DPI must pay Medicare and Social Security taxes on behalf of continuing teachers under this program. These payments are estimated to total \$66,600 in 2007-08 and \$80,000 in 2008-09.

Joint Finance/Legislature: Increase funding by \$145,300 in 2007-08 and \$145,300 in 2008-09 as a reestimate of costs under the current law program.

12. GRANTS FOR MASTER EDUCATORS [LFB Paper 663]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$523,600	-\$350,300	\$173,300

Governor: Provide \$194,500 in 2007-08 and \$329,100 in 2008-09 and 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 current law, up to \$2,000 in the first year and \$2,500 annually thereafter for nine years.

It is estimated that 50 master educators will be newly certified in each year, receiving

initial average grants of \$1,200 as reimbursement of the costs associated with obtaining the license (\$60,000 annually). In addition, it is assumed that 50 continuing master educators, certified in 2005-06 and 2006-07, would be eligible to receive \$2,500 grants in each year of the 2007-09 biennium (\$125,000 in 2007-08 and \$250,000 in 2008-09). DPI is required, due to recent IRS findings, to pay Medicare and Social Security taxes (\$9,500 in 2007-08 and \$19,100 in 2008-09) on behalf of continuing grant recipients under the current law program.

This provision first applies to persons who were licensed by DPI as master educators on July 1, 2005.

Joint Finance: Reduce funding by -\$137,300 in 2007-08 and -\$213,000 in 2008-09 and authorize DPI to expand the program only to teachers receiving master educator certification, including the seven teachers receiving such certification in the 2005-07 biennium, for total funding of \$57,200 in 2007-08 and \$116,100 in 2008-09.

Assembly: Delete \$57,200 in 2007-08 and \$116,100 in 2008-09 and delete the provision.

Conference Committee/Legislature: Include Joint Finance provision.

[Act 20 Sections: 245, 2693, 2694, 2697, 2699, 2700, and 9337(4)]

13. GRANTS FOR TEACHERS IN HIGH-POVERTY SCHOOLS [LFB Paper 663]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$134,600	\$32,200	\$166,800

Governor: Provide \$62,500 annually in order to provide higher grant awards under the national teacher certification program and the proposed master educator program, as well as an additional \$4,800 annually to pay for Medicare and Social Security. Provide that continuing nationally-certified or master educators would receive \$5,000 annually, rather than \$2,500 as under current law, if employed in schools in which at least 60% of the pupils enrolled are eligible for a free or reduced-price lunch. It is estimated that five master educators and 20 nationally-certified teachers would be eligible for the higher grant amounts in each year of the biennium.

Joint Finance: Increase funding by \$16,100 annually to account for more recent estimates of eligible teachers working in high poverty schools.

Assembly: Delete provision.

Conference Committee/Legislature: Include Joint Finance provision.

[Act 20 Sections: 2698 and 2702]

14. ELIGIBILITY FOR NATIONAL TEACHER CERTIFICATION GRANTS [LFB Paper 663]

Governor: Modify current law eligibility requirements for national teacher certification grants so that the program would 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. This would expand the program to eligible persons who work as school administrators or in other licensed positions. Under current law, the person must be licensed and employed as a teacher.

Joint Finance/Legislature: Delete provision.

15. PROJECT LEAD THE WAY

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR	\$0	\$500,000	\$500,000

Governor: Delete the appropriation for grants to "project lead the way." Under current law, no moneys may be encumbered from this appropriation after June 30, 2007.

Conference Committee/Legislature: Delete provision. Instead, provide \$250,000 annually for grants to Project Lead the Way to provide discounted professional development services and software for participating high schools in this state. Specify that no moneys could be encumbered from this appropriation after June 30, 2009. Similar funding was provided on a one-time basis in the 2005-07 biennium.

[Act 20 Section: 246m]

16. PRECOLLEGE SCHOLARSHIP PROGRAM [LFB Paper 664]

Governor: Provide \$108,900 annually above annual base level funding of \$2,177,500 for the minority group pupil scholarship program. The program provides grants to low-income middle and high school pupils to support the costs of attending precollege programs that are intended to enhance the pupils' academic ability to pursue postsecondary education. Based on average scholarship amounts in the past, it is estimated that the request would provide funds for approximately 218 additional scholarships annually.

In 2004, DPI reached an agreement with the Office of Civil Rights in the US Department of Education to drop the term "minority" from the name of the program and to award scholarships irrespective of race. Modify statutory references to the program to rename the program the "precollege scholarship program." Delete statutory references to minority groups, including black or African American, Hispanic, American Indian, Alaskan native, and Asian or Pacific Island origin. Provide that economically disadvantaged pupils, meaning pupils eligible for free or reduced-price lunch under the National School Lunch Program, would be eligible for the

program.

Assembly: Delete \$108,900 annually, which would provide base level funding. Include the modifications to rename the program.

Conference Committee/Legislature: Include Governor's provision.

[Act 20 Sections: 247, 2683, and 2705 thru 2708]

17. FUEL AND UTILITY REESTIMATE

GPR	\$162,100
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Governor/Legislature: Provide \$68,300 in 2007-08 and \$93,800 in 2008-09 to reflect estimated costs for fuel and utilities at the Wisconsin Educational Services Program for the Deaf and Hard of Hearing in Delevan and the Wisconsin Center for the Blind and Visually Impaired in Janesville. Annual base level funding is \$519,800.

GPR	- \$194,900
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18. DEBT SERVICE REESTIMATE [LFB Paper 175]

Governor/Legislature: Reestimate debt service payments by -\$78,800 in 2007-08 and -\$116,100 in 2008-09. Annual base level funding is \$1,212,200.

19. WISCONSIN EDUCATIONAL SERVICES PROGRAM FOR THE DEAF AND HARD OF HEARING -- RESIDENTIAL THERAPY SERVICES

GPR	\$71,600
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Governor/Legislature: Provide \$38,300 in 2007-08 and \$33,300 in 2008-09 for the Wisconsin Educational Services Program for the Deaf and Hard of Hearing in Delavan. Funding would be used to provide an occupational therapy program during the evening hours within a residential dormitory at the school, in order to address the needs of students with emotional/behavioral disabilities. Of the total, funding would be provided for the following purposes: (a) equipment (\$5,000 in 2007-08); (b) specialized staff training (\$5,000 annually); (c) contracts with occupational therapists (\$23,300 annually); and (d) sign language interpreters (\$5,000 annually).

20. WISCONSIN EDUCATIONAL SERVICES PROGRAM FOR THE DEAF AND HARD OF HEARING -- DISTANCE EDUCATION

GPR	\$47,500
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Governor/Legislature: Provide \$17,500 in 2007-08 and \$30,000 in 2008-09 for the Wisconsin Educational Services Program for the Deaf and Hard of Hearing in Delavan. Funding would be provided for additional distance learning equipment. Of the total, \$5,000 would be provided for ongoing maintenance costs and the remainder would allow DPI to enter into a master lease agreement to purchase the equipment.

21. ELIMINATE VACANT GPR POSITIONS

Assembly: Delete \$133,100 annually and 2.75 positions for salary and fringe benefits of GPR positions that have been vacant for 12 months or more.

Conference Committee/Legislature: Delete provision.

22. RESTORE POWER PLANT POSITIONS [LFB Paper 104]

Governor: Provide position authority for 10.0 GPR positions annually for power plant operators at the DPI-owned power plants at the residential schools in Delavan and Janesville, which will expire under current law on April 1, 2007. [See "Administration -- General Agency Provisions."]

Joint Finance/Legislature: Delete provision. The power plant positions that were recommended by the Governor were provided under 2007 Wisconsin Act 5. These position counts (10.0 GPR positions annually) will be reflected in the adjusted base position counts.

23. INTERNATIONAL EDUCATION [LFB Paper 665]

GPR	\$76,000
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Governor: Provide \$38,000 annually for the following international education activities: (a) Japan teacher seminar for visiting teachers and administrators; (b) France teacher/administrator exchange project; and (c) a summer orientation program for visiting Chinese teachers.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

24. ONE-TIME GRANTS TO ORGANIZATIONS

GPR	\$62,500
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Joint Finance: Create an annual appropriation to fund one-time grants for the following organizations. Sunset the appropriation on June 30, 2009. The programs are: (a) Big Brothers/Big Sisters of Dane County for mentoring in collaboration with the Madison Metropolitan School District (\$25,000 in 2007-08); (b) Latino Community Center school safety improvement project at South Division High School (\$12,500 in 2007-08); and (c) Badger State Science and Engineering Fair (\$12,500 annually).

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Sections: 243f, 243g, 9137(5i), and 9437(1i)]

25. AODA FUNDING REDUCTION -- STATE OPERATIONS [LFB Paper 501]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	-\$32,400	\$32,400	\$0

Governor: Reduce funding by -\$32,400 in 2007-08 from base level funding of \$589,500 for state operations of alcohol and other drug abuse programs, which are supported by penalty assessment funding. The reduction is consistent with recommended decreases of 5% in 2007-08 (after consideration of standard budget adjustments of \$57,800) to appropriations supported by penalty surcharge receipts [see "Administration -- Office of Justice Assistance"].

Joint Finance/Legislature: Delete provision.

26. ELKS AND EASTER SEALS CENTER FOR RESPITE AND RECREATION

GPR	\$25,000
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Joint Finance/Legislature: Provide \$12,500 annually above base level funding of \$75,000 GPR for the Elks and Easter Seals respite center. Funding is provided on a one-time basis.

27. HIGH SCHOOL CREDIT REQUIREMENTS

Governor: Require that in the high school grades, pupils must complete three credits of mathematics and three credits of science in order to receive a high school diploma, rather than the current requirement of two credits each for mathematics and science. Pupils must also earn, under current law, four credits of English, three credits of social studies, 1.5 credits of physical education, and 0.5 credit of health education in order to graduate. The provision would first apply to pupils graduating from high school in 2011.

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

28. WIND ELECTRICITY GENERATORS

Governor: Specify that a school board could construct or acquire, borrow funds to construct or acquire, operate, and maintain a wind electricity generation facility, and use or sell the energy generated by the facility, if the school board's share of the installed capacity of the facility does not exceed five megawatts and the school board incorporates information about the facility in its curriculum.

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

Senate: Restore the Governor's provision.

Assembly/Legislature: Delete provision.

29. FOUR-YEAR-OLD KINDERGARTEN STANDARDS

Assembly: Modify the school district standards to require that, if a school board operates a four-year-old kindergarten (K4) program, the board must adopt the model early learning standards developed by DPI, provide instruction to K4 pupils based on the standards, and maintain a written, sequential curriculum plan for the program.

Conference Committee/Legislature: Delete provision.

30. FOUR-YEAR-OLD KINDERGARTEN AUDIT

Assembly: Require the Legislative Audit Bureau (LAB) to perform an audit of K4 programs, including whether the revenue limit authority and state aid paid for the programs is greater than the costs of providing the programs. Require the LAB to submit the report by January 15, 2009.

Conference Committee/Legislature: Delete provision.

31. OPEN ENROLLMENT DEADLINE EXTENSION FOR THE MARINETTE SCHOOL DISTRICT

Assembly: Create a separate timeline, on a one-time basis, for participation in the open enrollment program in the 2007-08 school year for pupils in the Marinette School District who would have been eligible to attend the Porterfield Elementary School in that year if the Marinette School Board had not voted to close the school. Require the parent of such a pupil to submit an application to a nonresident school district within five days of the effective date of the budget. Require the nonresident district to send a copy of the application to Marinette and to DPI. Between the sixth and twelfth days after the effective date of the budget: (a) require the nonresident board to notify the applicant of whether it has accepted the pupil and, if so, the specific school or program the pupil may attend in 2007-08; and (b) require Marinette to notify the applicant and the nonresident district if they deny a pupil's enrollment in the nonresident district. Require the pupil's parent to notify the nonresident district of the pupil's intent to attend school in 2007-08 in that district within seven days after receiving an acceptance notice. Require each nonresident district that has accepted a pupil for attendance in 2007-08 under these provisions to report the name of the pupil to Marinette by September 1, 2007.

Conference Committee/Legislature: Delete provision.

32. DAYS OF INSTRUCTION

Assembly: Delete the requirement that school districts hold school for at least 180 school days annually, and instead require that school be held for the minimum required hours of instruction, less any hours during which the State Superintendent determines that school is not held or educational standards are not maintained as the result of a strike by school district employees or hours during which school is closed by order of a local health officer. Current law requirements for minimum hours of direct pupil instruction in each school year would be retained: (a) at least 437 hours in kindergarten; (b) at least 1,050 hours in grades 1 to 6; and (c) at least 1,137 in grades 7 to 12. Under the provision, these hours could include no more than 35 hours on Saturdays.

Conference Committee/Legislature: Delete provision.

33. EMPLOYMENT OF FELONS IN SCHOOLS

Assembly: Provide that it is not employment discrimination because of conviction record for an educational agency to refuse to employ or to terminate from employment an individual who has been convicted of a felony and who has not been pardoned for that felony. Define as an educational agency the following: a school district, a cooperative educational service agency, a county children with disabilities education board, a state prison, a juvenile correctional facility, a secured residential care center for children and youth, the Wisconsin Center for the Blind and Visually Impaired, the Wisconsin Educational Services Program for the Deaf and Hard of Hearing, the Mendota Mental Health Institute, the Winnebago Mental Health Institute, a state center for the developmentally disabled, a private school, a charter school, a private, nonprofit, nonsectarian agency under contract with a school board under the children-at-risk program, or a nonsectarian private school or agency under contract with the MPS Board of Directors to provide educational programs to pupils enrolled in the district.

Conference Committee/Legislature: Delete provision.

34. RESIDENCY REQUIREMENT FOR MPS TEACHERS

Assembly: Prohibit the Board of Directors of the Milwaukee Public Schools from requiring that a teacher reside in the district as a condition of employment. Define a teacher as any person holding a license or permit issued by the State Superintendent whose employment by a school district requires that he or she hold that license or permit. Specify that the provision would take effect on July 1, 2009, and would first apply to teachers covered by a collective bargaining agreement that is in effect on the effective date of the bill upon expiration, extension, renewal, or modification of the agreement.

Conference Committee/Legislature: Delete provision.

35. PUBLIC LIBRARY MAINTENANCE OF EFFORT

Assembly: Delete the current law requirement that, in order to participate in a public library system, each county must maintain its financial support for library services at a level not lower than the average of the previous three years. Associated provisions for certain exemptions to and calculations of the three year average would also be deleted.

Conference Committee/Legislature: Delete provision.

36. YOUTH OPTIONS

Assembly: Modify current law to allow a school board to establish a written policy limiting the number of credits for which the school board will pay under the youth options program to the equivalent of nine postsecondary semester credits per pupil. Under current law, a school board may limit the number of credits to 18 per pupil.

Conference Committee/Legislature: Delete provision.

37. SCHOOL CROSSING GUARDS

Assembly: Increase the penalty for disobeying the directions of a school crossing guard to a forfeiture of not less than \$30 nor more than \$300. Under current law, the forfeiture is not less than \$20 nor more than \$40 for the first offense and not less than \$50 nor more than \$100 for the second or subsequent conviction within a year.

Conference Committee/Legislature: Delete provision.

PUBLIC SERVICE COMMISSION

Budget Summary							
Fund	2006-07 Base Year Doubled	2007-09 Governor	2007-09 Jt. Finance	2007-09 Legislature	2007-09 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
FED	\$407,200	\$430,200	\$430,200	\$430,200	\$430,200	\$23,000	5.6%
PR	34,383,400	35,588,400	35,687,400	35,588,400	35,588,400	1,205,000	3.5
SEG	<u>18,052,800</u>	<u>18,805,600</u>	<u>18,805,600</u>	<u>18,805,600</u>	<u>18,805,600</u>	<u>752,800</u>	4.2
TOTAL	<u>\$52,843,400</u>	<u>\$54,824,200</u>	<u>\$54,923,200</u>	<u>\$54,824,200</u>	<u>\$54,824,200</u>	<u>\$1,980,800</u>	3.7%

FTE Position Summary						
Fund	2006-07 Base	2008-09 Governor	2008-09 Jt. Finance	2008-09 Legislature	2008-09 Act 20	Act 20 Change
						Over 2006-07 Base
FED	1.00	1.00	1.00	1.00	1.00	0.00
PR	157.00	156.00	157.00	156.00	156.00	- 1.00
SEG	<u>0.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>
TOTAL	<u>158.00</u>	<u>162.00</u>	<u>163.00</u>	<u>162.00</u>	<u>162.00</u>	<u>4.00</u>

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

FED	\$23,000
PR	<u>1,304,000</u>
Total	\$1,327,000

Governor/Legislature: Provide standard budget adjustments totaling \$11,500 FED and \$652,000 PR annually. Adjustments are for: (a) turnover reduction (-\$266,000 PR annually); (b) full funding of continuing salaries and fringe benefits (\$11,500 FED and \$918,000 PR annually); and (c) minor off-setting transfers within the same appropriation.

2. **ADMINISTRATIVE COSTS OF ENERGY EFFICIENCY AND RENEWABLE RESOURCE PROGRAMS** [LFB Paper 100]

	Funding	Positions
SEG	\$752,800	5.00

Governor/Legislature: Provide \$376,400 and 5.0 positions annually and create an energy efficiency and renewable resource programs appropriation under the Public Service Commission (PSC) for the Commission's costs in administering energy efficiency and renewable resource programs. Specify that the Commission must collect from the vendor that operates energy efficiency and renewable resource programs for energy utilities amounts sufficient to cover these costs and must deposit these amounts into the utility public benefits fund for purposes of the new appropriation. Specify that, on the effective date of the bill, all incumbent employees that have responsibility for administering energy conservation and efficiency and renewable resource programs in the Department of Administration's (DOA) Division of Energy, as determined by the DOA Secretary, would be transferred to the Commission. Provide that the transferred employees would maintain their status and rights earned at DOA and that they would not have to undergo a probationary period under the Commission.

Under current law, effective July 1, 2007, the Commission must require energy utilities to spend 1.2% of their annual operating revenues to collectively establish and fund the following: (a) a statewide energy efficiency and renewable resource program, developed and administered by a vendor that is collectively agreed upon by the energy utilities; and (b) their own program for large commercial, industrial, institutional, or agricultural programs (if they chose to operate their own program for these customers). Also under current law, the Commission has the right to review this contract and must approve it before the vendor is accepted. Under the bill, the Commission's administrative costs would be funded from a portion of the 1.2% of annual operating revenues dedicated to energy efficiency and renewable resource programs.

[Act 20 Sections: 215, 217, 699, 2932, 2933, and 9101(2)]

3. **REASSIGN COMMISSIONERS TO NEW EXECUTIVE SALARY GROUP LEVEL** [LFB Paper 606]

Governor: Reassign the executive salary group (ESG) classification of the Public Service Commission chairperson and members from ESG 5 to ESG 6. Under current law, state agency executive positions are assigned to one of 10 executive salary groupings. Under the state's biennial compensation plan, approved by the Joint Committee on Employment Relations, a minimum and maximum salary amount is established for each ESG level. Currently, the annual salary range for ESG 5 is from \$76,726 to \$118,926. The range for ESG 6 is from \$82,864 to \$128,441. This provision would affect other executive positions in a number of state agencies. [See "Office of State Employment Relations."]

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Section: 621]

4. REPEAL THE LIMITATION ON COMMISSION-RELATED CONTRIBUTIONS TO THE UNIVERSAL SERVICE FUND [LFB Paper 670]

Governor: Repeal the \$6,000,000 annual limitation on the total amount of contributions to the universal service fund (USF) that the Public Service Commission may require from telecommunications providers to fund the Commission's related appropriation. The universal service fund was established to ensure that all state residents receive essential telecommunications services and have access to advanced telecommunications capabilities. The fund receives revenues from assessments imposed by the Commission on telecommunications providers. The fund supports 13 programs with annual appropriations totaling over \$30 million in 2005-07. The Commission administers eight of these programs, which have been funded from a single appropriation capped at \$5 million in 2003-04 and \$6 million in each year thereafter. While this provision would remove the contribution limitation, the Governor proposes to continue funding the Commission's appropriation at \$6.0 million in both 2007-08 and 2008-09.

Joint Finance/Legislature: Approve the recommendation and modify the current law provision authorizing a USF surcharge to permit all telecommunications providers subject to USF assessments to recover the assessments for all USF programs through a surcharge displayed on their customers' bills. Current law provisions permit USF assessments for non-PSC programs to be recovered as a surcharge displayed on customer bills, but this procedure is not extended to the USF assessment for the PSC programs. This provision would allow assessments for all programs to be recovered through a surcharge on bills.

[Act 20 Sections: 2929 thru 2929j]

5. EXEMPTION OF CELLULAR PHONE PROVIDERS FROM UNIVERSAL SERVICE FUND PROVISIONS

Joint Finance: Repeal the current law provision that extends universal service fund provisions to commercial mobile radio service providers if the Commission promulgates rules that designate commercial mobile radio service providers as eligible to receive universal service funding under both the federal and state universal service fund programs. State law allows the PSC to impose USF assessments on commercial mobile radio service providers, although the Commission previously suspended such assessments. This provision would permanently exclude commercial mobile radio service providers from USF assessments. Since assessments are not currently being made, the provision has no fiscal effect.

Senate: Delete provision.

Assembly: Restore provision, but modify it to also authorize the Commission to promulgate rules to designate commercial mobile radio service providers, who petition the Commission, as eligible telecommunications carriers for purposes of participation under the federal universal service fund.

Conference Committee/Legislature: Delete provision.

6. REIMBURSEMENT OF OVERPAYMENTS TO THE UNIVERSAL SERVICE FUND

Joint Finance/Legislature: Require the Public Service Commission to reimburse a telecommunications provider for any overpayment of contributions to the universal service fund caused by a mistake by the telecommunications provider or the Commission, effective with overpayments made in 2005.

[Act 20 Sections: 2929m and 9339(1d)]

7. LIMITATION ON UNIVERSAL SERVICE FUND CONTRIBUTIONS

Assembly: Limit universal service fund contributions by telecommunications providers to \$32,038,400 annually. In addition to the eight PSC programs funded from the Commission's appropriation, the universal service fund provides funding for five other programs. Proposed funding for the 13 programs totals \$31,341,600 in 2007-08 and \$32,038,400 in 2008-09. This provision would cap contributions at an amount sufficient to fund all USF appropriations at their proposed funding levels. However, any future increases in appropriations would have to be accompanied by offsetting decreases in other appropriations or an increase in the contribution limitation.

Conference Committee/Legislature: Delete provision.

8. AUDIT OF UNIVERSAL SERVICE FUND PROGRAMS

Assembly: Direct the Legislative Audit Bureau to conduct a performance audit each year of at least one of the programs that receives funding from the universal service fund. Direct the Bureau to distribute one copy of each audit to the Public Service Commission, the co-chairs of the Joint Committee on Finance, and the co-chairs of the Joint Audit Committee. Currently, 13 programs receive funding from the universal service fund.

Conference Committee/Legislature: Delete provision.

9. SUNSET DATE FOR WIRELESS 911 GRANTS

Governor: Prohibit the Commission from encumbering or expending money for grants or supplemental grants to wireless providers and local governments or for the Commission's administrative costs related to those grants after April 1, 2009. The Commission is authorized to make grants and supplemental grants to wireless providers and local governments for certain costs incurred in establishing wireless 911 systems. These costs are funded from surcharges, deposited in the wireless 911 fund, that are imposed by wireless providers on their customers. The surcharge period is sunset on November 30, 2008, and an administrative rule based on state law sunsets the reimbursement period for grants and supplemental grants on April 1, 2009. This provision would codify the latter date in the Chapter 20 appropriation for grants, supplemental

grants, and related Commission expenses.

Senate: Delete provision. In addition, delay the current law provisions for two years that establish sunset dates for wireless providers to impose monthly surcharges and for the Commission to make grants or supplemental grants to wireless providers and local governments or for the Commission's administrative costs related to those grants. Authorize wireless providers and local governments to apply to the Commission through June 30, 2008, with estimates and supporting documentation of costs eligible for reimbursement under current law provisions. This provision would delay the sunset of the surcharge and extend the grant program for two years.

Assembly/Legislature: Delete Senate provision and restore Governor's recommendation.

[Act 20 Section: 216]

10. HYDROELECTRIC LIMITATION UNDER RENEWABLE ENERGY PORTFOLIO REQUIREMENTS

Joint Finance: Repeal the 60 megawatt limitation on resources that derive electricity from hydroelectric power that is included in the list of renewable resources for purposes of an electric provider complying with renewable energy requirements under current law. State law imposes a renewable energy portfolio standard that requires electric utilities and cooperatives to sell a minimum, specified amount of electricity from renewable resources to their customers by certain dates. If a utility or cooperative provides more renewable energy than required, it generates a renewable energy resource credit that it may retain for future use or sell to another utility or cooperative. State law defines renewable resource to include a resource that derives electricity from hydroelectric power, tidal or wave action, solar thermal electric or photovoltaic energy, wind power, geothermal technology, biomass, or fuel cells that use renewable fuel. For resources that derive electricity from hydroelectric power, state law imposes a limitation of less than 60 megawatts. This provision removes the 60 megawatt limitation.

Senate/Legislature: Delete provision.

11. REPEAL NUCLEAR MORATORIUM STATUTE

Assembly: Repeal the current law provision that prohibits the Public Service Commission from authorizing the construction of a nuclear power plant unless the Commission finds that there is a facility with sufficient capacity to receive the spent nuclear fuel from all nuclear power plants in Wisconsin and that construction of the power plant is economically advantageous to ratepayers. This provision is identical to that included in 2007 Assembly Bill 346.

Conference Committee/Legislature: Delete provision.

12. PSC REPORT INVESTIGATING ALTERNATIVE ENERGY STRATEGIES

Assembly: Require the Public Service Commission to undertake an investigation of alternative energy strategies that the state could pursue to meet the anticipated demand for electricity in 2033, which is the final year in which the operating licenses of the nuclear power plants in Wisconsin are set or expected to expire. Specify that the study shall be designed to provide guidance to the Commission, the Legislature, and the electric power industry in formulating policy and conducting planning regarding the future sources of electric power that will be available in this state, including intermediate and longer-term strategies for achieving outcomes identified in the investigation. Require that the Commission's investigation be based on the development of scenarios that project in the forecast period the total demand for electricity and the proportions of electricity that are expected to be generated by different types of fuel. Specify that the Commission shall do all of the following in designing and preparing these scenarios:

a. Incorporate appropriate factors, including the continuation of a reliable and adequate supply of electricity, the expected retirement of existing electric generating facilities, and construction of new electric generating facilities, the importation of electricity into the state, and expected improvements in the electric transmission system;

b. Include scenarios that include electric generating technologies that use coal as a fuel and produce no or minimal emissions of carbon dioxide, that use nuclear fuel in advanced light water reactors, and that use both types of technologies;

c. Base the scenarios on the assumed implementation of a range of energy efficiency programs, ranging from continuation of the current programs to implementation of programs that produce the maximum energy savings foreseen by the Commission, and of a range of regulatory programs that result in an effective cost of air emissions of carbon dioxide ranging from \$0 per ton to the highest amount per ton foreseen by the Commission; and

d. Identify the expected economic costs and environmental impacts of each scenario using established methodologies that facilitate comparisons of the scenarios.

Direct the Commission to submit a report based on its investigation to the Legislature no later than the first day of the 19th month after the effective date of the act. Direct the Commission to appoint a committee to advise the Commission on the investigation and its report on the investigation. Require the Energy Institute of the University of Wisconsin-Madison to assist the Commission in conducting the investigation. Prohibit the Commission from considering a factual conclusion in the report in making a determination necessary for the approval of a certificate of public convenience and necessity for a new large power plant or high-voltage transmission line unless the conclusion is independently corroborated in a hearing on the application for the certificate.

These provisions are identical to those included in 2007 Assembly Bill 347.

Conference Committee/Legislature: Delete provision.

13. PSC ADVOCACY ON NUCLEAR STORAGE ISSUES

Assembly: Modify the current law provision that directs the Public Service Commission to serve as an advocate for the state before federal government agencies on matters related to the long-term disposal of radioactive waste to clarify that the Commission's activities pertain to high-level radioactive waste. Extend the Commission's advocacy to include matters related to centralized interim storage and any license application submitted to the Nuclear Regulatory Commission for a license to operate a federal repository for the long-term disposal of high-level radioactive and transuranic waste. Specify that the Commission's advocacy activities may include participating in proceedings before federal government agencies or regulatory agencies of other states, requesting the Wisconsin Attorney General to intervene in related federal proceedings, participating in intervention or advocacy activities of other states or interstate organizations, or other forms of advocacy, as the Commission determines are appropriate. Require owners and operators of nuclear power plants to provide data or other information to the Commission and assist the Commission, to the fullest extent possible, in fulfilling its advocacy duties. These provisions are identical to those included in 2007 Assembly Bill 348.

Conference Committee/Legislature: Delete provision.

Office of the Commissioner of Railroads

1. ELIMINATE SAFETY ANALYST POSITION IN THE OFFICE OF THE COMMISSIONER OF RAILROADS

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
PR	-\$99,000	-1.00	\$99,000	1.00	-\$99,000	-1.00	-\$99,000	-1.00

Governor: Delete \$49,500 and 1.0 position annually to reflect the elimination of a vacant railroad safety analyst position in the Office of the Commissioner of Railroads. The position has been vacant since September 30, 2002. With the elimination of this position, the Office would have two remaining railroad safety analyst positions.

Joint Finance: Delete provision.

Assembly/Legislature: Restore provision.

REGULATION AND LICENSING

Budget Summary							
Fund	2006-07 Base Year Doubled	2007-09 Governor	2007-09 Jt. Finance	2007-09 Legislature	2007-09 Act 20	Act 20 Change Over Base Year Doubled Amount	Percent
PR	\$23,586,000	\$25,257,600	\$25,458,200	\$25,458,200	\$25,458,200	\$1,872,200	7.9%

FTE Position Summary						
Fund	2006-07 Base	2008-09 Governor	2008-09 Jt. Finance	2008-09 Legislature	2008-09 Act 20	Act 20 Change Over 2006-07 Base
PR	112.32	85.32	114.32	114.32	114.32	2.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	\$1,352,200
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Governor/Legislature: Provide standard budget adjustments totaling \$676,100 annually. Adjustments are for: (a) turnover reduction (-\$157,100 annually); and (b) full funding of continuing salaries and fringe benefits (\$833,200 annually).

2. METHODOLOGY FOR ESTABLISHING INITIAL AND RENEWAL FEES [LFB Paper 680]

Governor: Allow the Department (R&L) to set initial and renewal credential fees administratively, rather than by statute. Specify that these rules would not be subject to administrative rule procedures. Delete statutorily specified fee levels. Require R&L to determine the fee level of each initial credential for which no examination is required, for reciprocal credentials, and for all credential renewals, based on the administrative costs of the Department that are attributable to the regulation of each occupation or business regulated by the Department. Specify that R&L would recalculate these costs by January 31, of each odd-numbered year, for the succeeding fiscal biennium.

Require the Department to send a report to the Co-chairpersons of Joint Committee on Finance, within 14 days of completing the proposed fee adjustments. Specify that the Committee would have 14 working days after the submission of the report to notify the Secretary that the Committee has scheduled a meeting for review the proposed adjustments. Specify that if notification is not provided by the Committee within 14 days of receiving the report, the rules would be considered approved. Once the fees are approved, require the Department to post the fee adjustments on the R&L internet web site and in credential renewal notices sent to affected credential holders.

Under current law, R&L is required to include with each biennial budget request the results of its analysis of the adequacy of the existing initial and renewal credential fee schedule to support the proposed operating budget for the agency. Under this review, the Department must analyze the administrative and enforcement costs that are attributable to the regulation of each licensed occupation. Based on this review, the Department must then recommend adjustments to initial and renewal credential fee amounts, when required, to reflect the proper apportionment of the agency's costs to each occupation. Biennially, as part of the Legislature's consideration of the agency's budget, any proposed fee adjustments are incorporated into the statutory schedule of initial and renewal fees. Currently, the initial fee for most professions is \$53 and the renewal fees vary from \$53 to \$343.

Joint Finance: Delete provision and direct the Department to utilize the four most recent complete years of time-keeping data in developing initial and renewal credential fees in developing biennial budget recommendations, beginning with the 2009-11 biennium.

Senate: Restore the Governor's provision, but specify that the fees would initially be set by rule for the 2009-11 biennium.

Assembly: Delete Senate modification.

Conference Committee/Legislature: Restore Senate modification.

[Act 20 Sections: 2997b, 3449 thru 3453, 3458 thru 3462, 3463 thru 3465L, 3465pr, 3465s thru 3467, 3471 thru 3477, 3479, 3481 thru 3491, 3493 thru 3502, 3503b thru 3525, 3527 thru 3530at, 3530eg, 3531 thru 3558, and 9440(2t)]

3. GENERAL PURPOSE REVENUE ESTIMATES [LFB Paper 680]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR-REV	\$2,070,300	-\$189,600	-\$1,847,500	\$33,200
PR-REV	\$0	\$1,847,500	-\$1,847,500	\$0

Governor: Estimate that R&L will generate a total of \$5,679,300 GPR-Earned in 2007-08 and \$3,609,000 GPR-Earned in 2008-09, an increase of \$2,070,300 compared to base year GPR-Earned. The 2007-09 estimates were based largely on lapse requirements from the 2005-07

biennial budget carried forward as base amounts, however, the Governor did not recommend additional lapses in 2007-09.

Joint Finance: Require the Department to lapse a total of \$4,188,900 PR in 2007-08 and \$1,917,200 PR in 2008-09 into the general fund from the following appropriations: (a) \$3,833,000 PR in 2007-08 and \$1,917,200 PR in 2008-09 from R&L's general program operations appropriation; and (b) \$355,900 PR in 2007-08 from the examinations operations appropriation. As part of this estimated lapse, require the Department to assess an additional \$5 to initial and renewal credential fees and deposit the revenues into the general fund. It is estimated that these additional fees would provide \$912,400 in 2007-08 and \$935,100 in 2008-09. Specify that this assessment would be deleted on July 1, 2009. It is estimated that the GPR-earned from the Department would total \$5,669,100 in 2007-08 and \$3,429,600 in 2008-09, including deposits from 10% of agency fees. Under current law, R&L is required to deposit 10% of the amounts collected from initial and renewal credential fees, examination fees, and criminal background checks into the general fund.

These lapses would have the effect of offsetting a portion of the projected agency revenues included in the bill of \$5,679,300 GPR-Earned in 2007-08 and \$3,609,000 GPR-Earned in 2008-09 that will not actually be realized. The shortfalls are largely attributable to required lapse amounts for the 2005-07 biennium that were not subsequently removed from the Governor's estimate of agency revenues for the 2007-09 biennium. The provision adopted by Joint Finance would include GPR-earned for all but \$10,200 in 2007-08 and \$179,400 in 2008-09 compared to the Governor's estimate.

Senate/Legislature: Delete the Joint Finance provision that would have specified a one-time \$5 credential fee assessment. Reestimate the amount of GPR-Earned by -\$912,400 in 2007-08 and -\$935,100 in 2008-09 for the deletion of this assessment. It is estimated that the GPR-earned from the Department would total \$4,756,700 in 2007-08 and \$2,494,500 in 2008-09.

[Act 20 Sections: 9240(1k) and 9240(2k)]

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	- 29.00	29.00	0.00

Governor: Delete 30.0 classified positions and create 1.0 unclassified position in 2008-09 to reflect the consolidation of the agency's attorneys and legal staff under DOA, effective July 1, 2008. Reallocate \$2,929,600 in 2008-09 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. 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 July 1, 2008. [See "Administration -- Transfers to the Department."]

Joint Finance: Delete provision.

Senate: Restore provision, with the following modifications: (a) specify that the lead attorneys and the Division of Legal Services division administrator would be under classified service; and (b) exempt the Board on Aging and Long-Term Care, the Department of Military Affairs and the Department of Public Instruction from the consolidation.

Assembly/Legislature: Delete provision.

5. COMPLIANCE MONITORING

	Funding	Positions
PR	\$300,800	2.00

Governor/Legislature: Provide \$150,400 and 2.0 positions annually for the following: (a) \$105,200 annually for salary and fringe benefits for 2.0 continuing education monitoring positions; (b) \$2,400 annually for supplies and services for the continuing education monitors; and (c) \$42,800 annually for contracted information technology services for development of web based continuing education records. Compliance monitors verify that individuals have completed continuing education courses for occupations and businesses that have such a requirement. Currently, 30 professions have a continuing education requirement.

6. EXAMINATION OVERSIGHT

PR	\$18,600
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Governor/Legislature: Provide \$9,300 annually for proctors of R&L's credential examinations and for practical exam subjects (persons on whom exam takers would demonstrate their proficiency) that participate in board level exams.

7. REASSIGN EXECUTIVE POSITION TO NEW EXECUTIVE SALARY GROUP LEVEL [LFB Paper 606]

Governor: Reassign the executive salary group (ESG) classification of the Department of Regulation Secretary from ESG 4 to ESG 6. Under current law, state agency executive positions are assigned to one of ten executive salary groupings. Under the state's biennial compensation plan, approved by the Joint Committee on Employment Relations, a minimum and maximum salary amount is established for each ESG level. Currently, the annual salary range for ESG 4 is from \$71,042 to \$110,117. The range for ESG 6 is from \$82,864 to \$128,441. The Governor's provision would affect other executive positions in a number of state agencies. [See "Office of State Employment Relations."]

Provide that the salaries for the unclassified division administrators and bureau directors in R&L may not exceed the maximum of the salary range for ESG 3 [\$101,957]. Under current law, the salary maximum for these positions may not exceed the salary range for ESG 1 [\$87,410].

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Sections: 618 and 630]

8. PROVIDING FINGERPRINTS TO THE DEPARTMENT

Governor: Specify that an applicant for the following must provide fingerprints to R&L in a procedure specified by the Department: (a) private detective licenses; (b) private security permits; and (c) a credential holder under investigation by the Department. Specify that this change would take effect for applications received by R&L after the effective date of this provision. Under current law, two fingerprint cards must be provided by one of the following: (a) applicants for private detective licenses or the private detective agency that employs a private detective; (b) applicants for private security permits; and (c) a credential holder under investigation by the Department for the purposes of background checks. This provision would allow R&L to determine the method in which the fingerprints would be provided.

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

9. ELIMINATE TEMPORARY PRIVATE SECURITY PERMITS

Governor: Delete R&L's authority to grant temporary permits for private security applicants. Under current law, if R&L has not been able to grant a permanent license because the background check has not been completed, the Department is required to grant a temporary permit to private security permit applicants if the individual has completed an application and provided all required documentation. Currently, individuals that receive a temporary permit can do all activities as fully-licensed permit holders, except that they are not allowed to carry a dangerous weapon. This provision would eliminate the temporary permit.

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

10. CREDENTIAL LIMITATIONS

Governor: Specify that the Department and examining boards and affiliated credentialing boards of the Department may impose conditions and requirements upon a credential holder *or* restrict a credential holder's scope of practice. Under current law, the Department, the examining boards, and the affiliated credentialing boards may impose conditions and requirements upon a credential holder *and* restrict a credential holder's scope of

practice, implying that a limitation must include both types of restrictions. This provision would make a technical change to allow the regulating unit to impose either of the limitations.

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

11. WHOLESALE DRUG DISTRIBUTORS

GPR-REV	\$22,000
PR-REV	200,600
PR	\$200,600

Joint Finance: Provide \$128,000 PR in 2007-08 and \$72,600 PR in 2008-09 under R&L's general program operations for the regulation of wholesale drug distributors. Specify a \$350 biennial initial and renewal fee for wholesale drug distributors for June 1, 2008, through May 31, 2010. Specify an initial fee of \$53, and a renewal fee of \$300, beginning on June 1, 2010. Specify the regulation of wholesale drug distributions as follows:

Repealed Sections. Repeal current statutory language that specifies the following: (a) no person may engage in the sale or distribution at wholesale of a prescription drug or device in this state without first obtaining a distributor's license from the Pharmacy Examining Board and (b) no manufacturer or distributor may sell or distribute a prescription drug or device at wholesale to any person other than: (1) pharmacists; (2) practitioners; (3) persons who procure prescription drugs or devices for the purpose of lawful research, teaching or testing and not for resale; (4) hospitals and other institutions which procure prescription drugs or devices for administration to patients; (5) officers or employees of the federal government who are authorized to receive prescription drugs or devices in the performance of their official duties; and (6) distributors.

Wholesale Drug Distributor Licensing Requirement. Require every wholesale distributor who engages in the wholesale distribution of prescription drugs to be licensed by the state licensing authority in the state in which it resides. Require all non-resident wholesale distributors to be licensed in Wisconsin if they ship prescription drugs into the state, before engaging in wholesale distributions of wholesale prescription drugs. Require the Pharmacy Examining Board to exempt manufacturers distributing their own FDA-approved drugs and devices from any licensing and other requirements to the extent not required by federal law or regulation, unless particular requirements are deemed necessary and appropriate following rulemaking.

Require anyone seeking a wholesale distributor license to provide the following minimum information under oath: (a) the name, full business address, and telephone number of the applicant; (b) all trade or business names used by the applicant; (c) addresses, telephone numbers, and the names of contact persons for all facilities used by the applicant for the storage, handling, and distribution of prescription drugs; (d) the type of ownership or operation, including whether the ownership is a partnership, corporation, or sole proprietorship; (e) if the applicant's wholesale distribution business is a partnership, the name of each partner and the name of the partnership; (f) if the wholesale distribution is a corporation, the name of each corporate officer and director, the name of the corporation, and the state of incorporation; (g) if the applicant's wholesale distribution business is a sole proprietorship, the name of the sole proprietor and the name of the business entity; (h) a list of all licenses and permits issued to the

applicant by any other state that authorizes the applicant to purchase or possess prescription drugs; (i) the name of the applicant's designated representative for the facility, together with the personal information statement and fingerprints, required pursuant to the personal information statement for such person; (j) a personal information statement that includes fingerprints and the following information: (1) the person's place of residence for the past seven years; (2) the person's date and place of birth; (3) the person's occupations, positions of employment, and offices held during the past seven years; (4) the principal business and address of any business, corporation, or other organization in which each such office of the person was held or in which each such occupation or position of employment was carried on; (5) a statement on whether the person has been, during the past seven years, the subject of any proceeding for the revocation of any professional or business license and, if so, the nature of the proceeding and the disposition of the proceeding; (6) a statement on whether, during the past seven years, the person has been enjoined, either temporarily or permanently, by a court of competent jurisdiction from violating any federal or state law regulating the possession, control, or distribution of prescription drugs or criminal violations, together with details concerning any such event; (7) a description of any involvement by the person with any business, including any investments, other than the ownership of stock in a publicly traded company or mutual fund, during the past seven years, which manufactured, administered, prescribed, distributed, or stored pharmaceutical products and any lawsuits in which such businesses were named as a party; (8) a description of any misdemeanor or felony criminal offense of which the person, as an adult, was found guilty, regardless of whether adjudication of guilt was withheld or whether the person pled guilty or no contest; and (9) a photograph of the person taken within the previous year; and (k) a statement that each facility used by the applicant for the wholesale distribution of prescription drugs has been inspected in the three-year period immediately preceding the date of the application by the Board, a pharmacy examining board of another state, the National Association of Boards of Pharmacy, or other third-party accrediting body recognized by the Pharmacy Examining Board with the date of each inspection. Specify that the Board may provide a license to an out-of-state wholesale drug distributor if that distributor is domiciled within and licensed by a state whose wholesale drug distributor license is deemed by the Board to be at least as stringent as Wisconsin's. Require the Board to establish rules that require drug manufacturers to maintain and update a list of their authorized distributors at least once per month.

Require the Pharmacy Examining Board to grant a license to the applicant if the inspections satisfy the requirements adopted by the Board for wholesale distribution facilities, and if all the following apply to the applicant: (a) is at least 21 years of age; (b) has been employed full time for at least three years in a pharmacy or with a wholesale distributor in a capacity related to the dispensing and distribution of, and recordkeeping relating to, prescription drugs; (c) is employed by the applicant full time in a managerial level position; (d) is physically present at the facility of the applicant during regular business hours, except when the absence of the designated representative is authorized, including but not limited to, sick leave and vacation leave; (e) is actively involved in, and aware of, the actual daily operation of the wholesale distributor; (f) is serving in the capacity of a designated representative for only one applicant at a time, except where more than one licensed wholesale distributor is co-located in the same facility and such wholesale distributors are members of an affiliated group, as

defined in Section 1504 of the Internal Revenue Code; (g) does not have any convictions under any federal, state, or local laws relating to wholesale or retail prescription drug distribution nor distribution of controlled substances; (h) does not have any felony convictions under federal, state or local laws; (i) the person submits two fingerprint cards, each bearing a complete set of the applicants fingerprints, unless the applicant is accredited by the National Association of Boards of Pharmacy's under its Verified-Accredited Wholesale Distributor program in which case fingerprints would not have to be submitted; and (j) pays all initial, renewal, and examination fees required by statute. Require the Department of Justice to submit the fingerprints provided under a wholesale distributor license application for a statewide criminal record check and for forwarding to the Federal Bureau of Investigation for a national criminal record check of the person. Specify that the Board may set, by rule, continuing education requirement for the designated representative of a wholesale distributor.

Require every wholesale distributor applying for a license to submit a bond not to exceed \$100,000, or other equivalent means of security acceptable to the Board. Specify that a single bond may suffice to cover all facilities operated by the applicant or members of its affiliated group. Specify that the affiliated group would include a group so defined in Section 1504 of the Internal Revenue Code. Exempt chain pharmacy warehouses that are engaged only in intracompany transfers from the bond requirement. Specify that the purpose of the bond is to secure payment of any fines or penalties imposed by the state and any fees and costs incurred by the state regarding that license, which are authorized under state law and which the licensee fails to pay 30 days after the fines, penalties, or costs become final. Allow the state to make a claim against such a bond or security until one year after the licensee's license ceases to be valid. Create a new segregated fund within the Department of Regulation and Licensing for deposits from these bonds or securities and an appropriation from which to make any fines or penalties.

Require a wholesale distributor that distributes prescription drugs from more than one facility, to obtain a license for each facility.

Require the Pharmacy Examining Board, in accordance with each licensure renewal, to send to each wholesale distributor licensed under this provision, a form setting forth the information that the wholesale distributor provided to the Board. Within 30 days of receiving such form, require the wholesale distributor to identify and state, under oath, to the Board all changes or corrections to the information. Require changes or corrections to be submitted to the Board as required by the Board. The Board may suspend or revoke the license of a wholesale distributor if such authority determines that the wholesale distributor no longer qualifies for the license.

Prohibit information provided by a wholesale distributor from being disclosed to any person or entity other than the Pharmacy Examining Board or any state or federal agency that needs such information for licensing or monitoring purposes.

Restrictions on Transactions. Require wholesale distributors to receive prescription drug returns or exchanges from a pharmacy, any other person authorized to administer or dispense drugs, or a pharmacy's intracompany warehouse pursuant to the terms and conditions of the

agreement between the wholesale distributor and the pharmacy. Specify that returns of expired, damaged, recalled, or otherwise non-saleable pharmaceutical products must be distributed by the receiving wholesale distributor only to either the original manufacturer or a third party returns processor. The returns or exchanges of prescription drugs, including any redistribution by a receiving wholesaler, shall not be subject to the pedigree requirements, so long as they are exempt from the pedigree requirement of the FDA's currently applicable Prescription Drug Marketing Act guidance. Wholesale distributors, pharmacies, and any other person authorized to administer and dispense drugs by the Board shall be accountable for administering the returns process and ensuring that the aspects of this operation are secure and do not permit the entry of adulterated or counterfeit product.

Prohibit manufacturers and wholesale distributors from furnishing prescription drugs to any person that is not licensed by the appropriate Pharmacy Examining Board. Before furnishing prescription drugs to a person not known to the manufacturer or wholesale distributor, specify that the manufacturer or wholesale distributor to affirmatively verify that the person is legally authorized to receive the prescription drugs by contacting the appropriate Pharmacy Examining Board.

Specify that prescription drugs furnished by a manufacturer or wholesale distributor may be delivered only to the premises listed on the license or authorization, except that a manufacturer or wholesale distributor may distribute prescription drugs to an authorized agent of that person at the premises of the manufacturer or wholesale distributor if: (a) the manufacturer or wholesale distributor documents the authorized agent's name and address; and (b) the distribution to an authorized agent is necessary to promote the immediate health or safety of the authorized agent patient.

Allow prescription drugs to be furnished to a hospital pharmacy receiving area provided that an authorized pharmacist signs, at the time of delivery, a receipt showing the type and quantity of the prescription drug so received. If there is a discrepancy between the type and quantity of prescription drugs indicated on the receipt and the type and quantity of the prescription drugs received at the hospital pharmacy receiving area, the discrepancy must be reported to the manufacturer or wholesale distributor that distributed the prescription drugs no later than the day immediately following the date on which the prescription drugs were distributed.

Prohibit a manufacturer or wholesale distributor from accepting payment for, or allowing the use of, a person or entity's credit to establish an account for the purchase of prescription drugs from any person other than the owner(s) of record, the chief executive officer, or the chief financial officer listed on the license of a person or entity legally authorized to receive prescription drugs. Require that any account established for the purchase of prescription drugs must bear the name of the licensee.

Pedigree. Specify that wholesale distributors must establish and maintain a pedigree for each prescription drug that leaves, or has ever left, the normal distribution channel. Before a wholesale distribution of a prescription drug leaves the normal distribution channel, a

wholesale distributor shall provide a copy of the pedigree to the person receiving the drug. Specify that this would not apply to a retail pharmacy or a pharmacy intracompany warehouse unless the pharmacy or pharmacy intracompany warehouse engages in the wholesale distribution of drugs.

Require the pedigree to include all necessary identifying information concerning each sale in the chain of distribution of the product from the manufacturer or the manufacturer's third party logistics provider/co-licenses product partner/manufacturer's exclusive distributor through acquisition and sale by any wholesale distributor or repackager, until final sale to a pharmacy or other person dispensing or administering the drug. At a minimum, the necessary chain of distribution information must include: (a) the name, address, telephone number, and if available, the e-mail address, of each recipient or distributor of the prescription drug in the chain of distribution; (b) the name and address of each location from which the product was shipped, if different from the owner's; (c) the transaction dates; (d) certification that each recipient has authenticated the pedigree; and (e) the name, dosage strength, size and number of containers, lot number, and name of the manufacturer for each prescription drug.

Require the Pharmacy Examining Board to determine by July 1, 2009, an implementation date for electronic track and trace pedigree technology. Require the technology be implemented no sooner than July 1, 2010. Allow the Board to extend the date of implementation in one year increments if it appears technology is not universally available across the entire prescription pharmaceutical supply chain.

Require each person engaged in the wholesale distribution of a prescription drug, including repackagers, but excluding the original manufacturer of the finished form of the prescription drug, who is provided a pedigree for a prescription drug and attempts to further distribute that prescription drug, to verify before any distribution of a prescription drug occurs that each transaction listed on the pedigree has occurred before the drug is distributed.

Require each pedigree to be: (a) maintained by the purchaser and the wholesale distributor for not less than three years from the date of distribution; and (b) available for inspection or use upon request of an authorized officer of the law, within seven days of the officer's request.

Order to Cease Distribution of a Drug. Specify that the Board shall order a wholesale distributor of a drug to cease distribution in this state, if the Board finds that there is a reasonable probability that the prescription drug could cause death or serious adverse health consequences, if additional procedures would result in an unreasonable delay, and the distributor has done one of the following: (a) violated any provision required in obtaining a wholesale distributors license; (b) violated requirements for the transaction of drugs; (c) failed to adequately follow pedigree documentation requirements; or (d) falsified a pedigree or sold, distributed, transferred, manufactured, repackaged, handled, or held a counterfeit prescription drug intended for human use. Require the Board to provide an opportunity for an informal hearing not more than 10 days after the date on which the order is issued. If, after a hearing, the

Board determines that the order was issued without sufficient grounds, the Board shall vacate the order.

Prohibited Acts. Specify that any person, who distributes wholesale drugs, knowingly does any of the following is guilty of a Class H felony (three years in prison and three years extended supervision): (a) fails to obtain a license required under this motion; (b) purchases or otherwise receives a prescription drug from a pharmacy in violation of this motion; (c) delivers drugs to an unauthorized person; (d) distributes drugs an incorrect premises; (e) accepts payment for, or allows the use of another person account for providing drugs; (f) does not properly maintain the pedigree requirements of this motion; (g) provides false or fraudulent records to, or makes a false or fraudulent statement to, the Board, a representative of the Board, or a federal official; (h) obtains or attempts to obtain a prescription drug by fraud, deceit, or misrepresentation, or engages in misrepresentation or fraud in the distribution of a prescription drug; (i) manufactures, repackages, sells, transfers, delivers, holds, or offers for sale a prescription drug that is adulterated, misbranded, counterfeit, suspected of being counterfeit, or otherwise unfit for distribution, except for wholesale distribution by a manufacturer of a prescription drug that has been delivered into commerce pursuant to an application approved by the FDA; (j) adulterates, misbrands, or counterfeits a prescription drug, except for wholesale distribution by a manufacturer of a prescription drug that has been delivered into commerce pursuant to an application approved by the FDA; (k) receives a prescription drug that has been adulterated, misbranded, stolen, obtained by fraud or deceit, counterfeited, or suspected of being counterfeited, and delivers or proffers such a drug; and (l) alters, mutilates, destroys, obliterates, or removes any part of the labeling of a prescription drug or commits another act that results in the misbranding of a prescription drug.

Specify that these penalties would not apply to a prescription drug manufacturer or an agent of a prescription drug manufacturer, if the manufacturer or agent is obtaining or attempting to obtain a prescription drug for the sole purpose of testing the authenticity of the drug.

Prohibit a person to perform or cause the performance of, or aid and abet, any of the following acts in this state: (a) failure to obtain a license in accordance with this provision; (b) purchasing or receiving a prescription drug from a pharmacy other than as specified under this provision; (c) the sale, distribution, or transfer of a prescription drug to a person that is not authorized under the law of the jurisdiction in which the person receives the prescription drug to receive the prescription drug; (d) failure to deliver prescription drugs to specified premises; (e) accepting payment or credit for the sale of prescription drugs; (f) failure to maintain or provide pedigrees; (g) failure to obtain, pass, or authenticate a pedigree; (h) providing the state or any of its representatives or any federal official with false or fraudulent records or making false or fraudulent statements; (i) obtaining or attempting to obtain a prescription drug by fraud, deceit, misrepresentation or engaging in misrepresentation or fraud in the distribution of a prescription drug; (j) except for the wholesale distribution by manufacturers of a prescription drug that has been delivered into commerce pursuant to an application approved under federal law by the FDA, the manufacturer, repackaging, sale, transfer, delivery, holding, or offering for sale any prescription drug that is adulterated, misbranded, counterfeit, suspected of being

counterfeit, or has otherwise been rendered unfit for distribution; (k) except for the wholesale distribution by manufacturers of a prescription drug that has been delivered into commerce pursuant to an application approved under federal law by the FDA, the adulteration, misbranding, or counterfeiting of any prescription drug; (l) the receipt of any prescription drug that is adulterated, misbranded, stolen, obtained by fraud or deceit, counterfeit, or suspected of being counterfeit, and the delivery or proffered delivery of such drug for pay or otherwise; and (m) the alteration, mutilation, destruction, obliteration, or removal of the whole or any part of the labeling of a prescription drug or the commission of any other act with respect to a prescription drug that results in the prescription drug being misbranded.

Specify that the prohibited acts do not apply to a prescription drug manufacturer, or agent of a prescription drug manufacturer, obtaining or attempting to obtain a prescription drug of the sole purpose of testing the prescription drug for authenticity.

Effective Date. Specify that the wholesale licensing requirements would first be effective on June 1, 2008. Require the Department to set emergency rules regarding the regulation of wholesale drug distributors, allow the Department to set emergency rules without showing that an emergency exists, and specify that the initial rules must be completed by March 1, 2008.

Definitions. Define the following terms:

Define "affiliated group" as having the meaning given under Section 1504 of the Internal Revenue Code.

Define "authentication" as affirmatively verifying before any wholesale distribution of a prescription drug occurs that each transaction listed on the pedigree has occurred.

Define "authorized distributor of record" as a wholesale distributor with whom a manufacturer has established an ongoing relationship to distribute the manufacturer's prescription drug. An ongoing relationship is deemed to exist between such wholesale distributor and a manufacturer when the wholesale distributor, including any affiliated group of the wholesale distributor, complies with the following: (a) the wholesale distributor, including any affiliated group of the wholesale distributor, has in effect a written agreement evidencing such ongoing relationship; and (b) the wholesale distributor, including any affiliated group of the wholesale distributor, is included in the manufacturer's current list of authorized distributors of record.

Define "co-licensed partner or product" as an instance where two or more parties have the right to engage in the manufacturing and/or marketing of a prescription drug, consistent with the Food and Drug Administration's (FDA) implementation of the federal Prescription Drug Marketing Act.

Define "drop shipment" as the sale of a prescription drug to a wholesale distributor by the manufacturer of the prescription drug, or that manufacturer's co-licensed product partner, that manufacturer's third party logistics provider, that manufacturer's exclusive distributor, or by an

authorized distributor of record that purchased the product directly from the manufacturer or one of the entities whereby the wholesale distributor takes title but not physical possession of such prescription drugs and the wholesale distributor invoices the pharmacy or the person authorized by law to dispense or administer such drug, and the pharmacy or other authorized person receives delivery of the prescription drug directly from the manufacturer, the manufacturer's co-licensed partner, that manufacturer's third party logistics provider, that manufacturer's exclusive distributor, or from an authorized distributor of record that purchased the product directly from the manufacturer or one of these entities.

Define "facility" as a location in which a wholesale distributor stores, handles, repackages, or offers for sale prescription drugs.

Define "intracompany sales" as any transaction or transfer between any division, subsidiary, parent, or affiliated or related company under common ownership and control of the corporate entity or any transaction or transfer between colicensees of a colicensed product.

Define "manufacturer" as a person licensed or approved by the federal Food and Drug Administration to engage in the manufacture of drugs or devices, consistent with the Food and Drug Administration definition of "manufacturer" under the FDA's regulations and guidances implementing the Prescription Drug Marketing Act.

Define a "manufacturer's exclusive distributor" as anyone who contracts with a manufacturer to provide or coordinate warehousing, distribution, or other services on behalf of a manufacturer and who takes title to that manufacturer's prescription drug, but who does not have general responsibility to direct the sale or disposition of the manufacturer's prescription drug. Such manufacturer's exclusive distributor must be licensed as a wholesale distributor under this motion, and to be considered part of the "normal distribution channel" must also be an authorized distributor of record.

Define "normal distribution channel" as a chain of custody for a prescription drug that goes directly or by drop shipment from a manufacturer of the prescription drug or from that manufacturer to that manufacturer's co-licensed partner, or from that manufacturer to that manufacturer's third-party logistics provider, or from that manufacturer to that manufacturer's exclusive distributor to one of the following: (a) either a pharmacy or the designated persons authorized by law to dispense or administer such drug to a patient; (b) an authorized distributor or record, and then to either a pharmacy, or to such other designated persons authorized by law to dispense or administer such drug to a patient; or (c) an authorized distributor of record to one other authorized distributor of record to an office-based health care practitioner authorized by law to dispense such drug to a patient. Specify that, for the purposes of "normal distribution channel" a distribution to a warehouse or other entity that distributes by intracompany sale to a pharmacy or other designated persons authorized to dispense or administer such drug, will be considered a distribution to such pharmacy or other designated person authorized by law to dispense or administer such drug.

Define "pedigree" as a document or electronic file containing information that records each distribution or any given prescription drug.

Define "repackage" as repackaging or otherwise changing the container, wrapper, or labeling of a prescription drug to further the distribution of a prescription drug excluding that completed by the pharmacists responsible for dispensing product to the patient. Specify that repackaging does not include a return for a patient or agent of a patient to deliver previously dispensed drugs or devices to a pharmacy for the purpose of repackaging and labeling of that previously dispensed drug or device, and subsequent return of the drugs or devices for the same patient's use.

Define "repackager" as a person who repackages.

Define "third party logistics provider" as anyone who contracts with a prescription drug manufacturer to provide or coordinate warehousing, distribution, or other services on behalf of a manufacturer, but does not take title to the prescription drug or have general responsibility to direct the prescription drug's sale or disposition. Such third party logistics provider must be licensed as a wholesale distributor, and to be considered part of the normal distribution channel and must also be an authorized distributor of record.

Define "wholesale distribution" as the distribution of prescription drugs to persons other than a consumer or patient, not including: (a) intracompany sales of prescription drugs; (b) the sale, purchase, distribution, trade, or transfer of a prescription drug or offer to sell, purchase, distribute, trade, or transfer a prescription drug for emergency medical reasons; (c) the distribution of prescription drug samples by manufacturers' and authorized distributors' representatives as authorized under 21 Code of Federal Regulations section 353(d); (d) drug returns, when conducted by a hospital, health care entity, or charitable institution in accordance with 21 Code of Federal Regulations section 203.23 or other drug returns that are authorized under state law, including returns to the chronic disease repository under s. 255.056 of the statutes; (e) the sale of minimal quantities, as defined by the Pharmacy Examining Board under administrative rule, of prescription drugs by retail pharmacies to licensed practitioners for official use; (f) the sale, purchase, or trade of a drug, an offer to sell, purchase, or trade a drug, or the dispensing of a drug pursuant to a prescription; (g) the sale, transfer, merger or consolidation of all or part of the business of a pharmacy or pharmacies from or with another pharmacy or pharmacies, whether accomplished as a purchase and sale of stock or business assets; (h) the sale, purchase, distribution, trade, or transfer of a prescription drug from one authorized distributor of record to one additional authorized distributor of record when the manufacturer has stated in writing to the receiving authorized distributor of record that the manufacturer is unable to supply such prescription drug and the supplying authorized distributor of record states in writing that the prescription drug being supplied had until that time been exclusively in the normal distribution channel; (i) the delivery of, or offer to deliver, a prescription drug by a common carrier solely in the common carrier's usual course of business of transporting prescription drugs, and such common carrier's usual course of business of transporting prescription drugs, and such common carrier does not store, warehouse, or take legal ownership of the prescription drug; and (j) other transactions excluded from for the

definition of wholesale distribution under federal regulations, 21 Code of Federal Regulations 203.3(cc).

Define "wholesale distributor" as anyone engaged in the wholesale distribution of prescription drugs, including, but not limited to, manufacturers; repackagers; own-label distributors; private-label distributors; jobbers; brokers; warehouses, including manufacturers' and distributors' warehouses; manufacturer's exclusive distributors; and authorized distributors of record; drug wholesalers or distributors; independent wholesale drug traders; third party logistics providers; and retail pharmacies that conduct wholesale distribution; and chain pharmacy warehouses that conduct wholesale distribution. To be considered part of the normal distribution channel such wholesale distributor must also be an authorized distributor of record.

Under current law, drug distributors must obtain a license from the Pharmacy Examining Board before they may sell or distribute drugs or devices at wholesale. The current initial fee for this license is \$53 with a renewal fee of \$70 due on June 1, of each even-numbered year. A manufacturer or distributor may not sell or distribute a prescription drug or device to any person other than: (a) pharmacists; (b) practitioners; (c) persons who procure prescription drugs or devices for the purpose of lawful research, teaching or testing and not for resale; (d) hospitals and other institutions which procure prescription drugs or devices for administration to patients; (e) officers or employees of the federal government who are authorized to receive prescription drugs or devices in the performance of their official duties; and (f) other drug distributors. The issuances of these licenses are subject to rules established by the Pharmacy Examining Board relating to the protection of public health and safety. However, the Board may not adopt rules that prescribe minimum standards for distributing drugs. The Board is also prohibited from establishing rules for the storage of a drug or device unless the substance is considered a controlled substance under Chapter 961 of state statute or by the federal law. These provisions would be repealed and recreated under this motion.

Drugs are currently defined as: (a) any substance recognized as a drug in the official U.S. pharmacopoeia and national formulary or official homeopathic pharmacopoeia of the United States or any supplement to either of them; (b) any substance intended for use in the diagnosis, cure, mitigation, treatment or prevention of disease or other conditions in persons or other animals; (c) any substance other than a device or food intended to affect the structure or any function of the body of persons or other animals; or (d) any substance intended for use as a component of any article specified in pars. (a) to (c) but does not include gases or devices or articles intended for use or consumption in or for mechanical, industrial, manufacturing or scientific applications or purposes.

A device is currently defined as an instrument, apparatus, implement, machine, contrivance, implant, in vitro reagent or other similar or related article, including any component, part or accessory, which does not achieve any of its principal intended purposes through chemical action within or on the body of a person or other animal, is not dependent upon being metabolized for the achievement of any of its principal intended purposes and is: (a) recognized by the U.S. pharmacopoeia and national formulary or official homeopathic

pharmacopoeia of the United States, or any supplement to either of them; (b) intended for use in the diagnosis, cure, mitigation, treatment or prevention of disease or other conditions in persons or other animals; or (c) intended to affect the structure or any function of the body of persons or other animals.

Currently, Section 1504 of the Internal Revenue Code defines an affiliated group as one or more chains of includible corporations connected through stock ownership with a common parent corporation which is an includable corporation, but only if: (a) the common parent company owns directly 80% of the voting shares and 80% of the total value of the corporate stock in at least one of the other includable corporations; and (b) at least one of the includable corporations owns at least 80% of the voting shares and 80% of the total value of all of the other includable corporations, except for the parent company.

Under 21 CFR 203.3(cc), defines a wholesale distribution as distribution of prescription drugs to persons other than a consumer or patient, but does not include: (a) intracompany sales; (b) the purchase or other acquisition by a hospital or other health care entity that is a member of a group purchasing organization of a drug for its own use from the group purchasing organization or from other hospitals or health care entities that are members of such organizations; (c) the sale, purchase, or trade of a drug or an offer to sell, purchase, or trade a drug by a charitable organization to a nonprofit affiliate of the organization to the extent otherwise permitted by law; (d) the sale, purchase, or trade of a drug or an offer to sell, purchase, or trade a drug among hospitals or other health care entities that are under common control; (e) the sale, purchase, or trade of a drug or an offer to sell, purchase, or trade a drug for emergency medical reasons; (f) the sale, purchase or trade of a drug, an offer to sell, purchase, or trade a drug, or the dispensing of a drug under a prescription; (g) the distribution of drug samples by manufacturers' and authorized distributors' representatives; (h) the sale, purchase, or trade of blood or blood components intended for transfusion; (i) drug returns, when conducted by a hospital, health care entity, or charitable institution in accordance with federal regulations; or; (j) the sale of minimal quantities of drugs by retail pharmacies to licensed practitioners for office use.

Senate: Delete provision.

Assembly: Restore provision.

Conference Committee/Legislature: Include Joint Finance provision, but modify it as follows:

a. Specify that the initial and renewal fees would be established under Department rules, beginning July 1, 2009.

b. Redefine "normal distribution channel" as a chain of custody, including intracompany sales, transactions and transfers, for a prescription drug that runs, directly or by drop shipment, from the manufacturer of a drug, from the manufacturer to the manufacturer's colicensed partner, from the manufacturer to the manufacturer's 3rd-party logistics provider, or from the manufacturer to the manufacturer's exclusive distributor, and continues as described

in any of the following: (a) to a pharmacy or to a person authorized to dispense or administer a drug to a patient; (b) to an authorized distributor of record, and then to a pharmacy or to a person authorized to dispense or administer a drug to a patient; (c) to an authorized distributor of record, then to one other authorized distributor of record, then to an office based practitioner; (d) to a pharmacy warehouse to the pharmacy warehouse's intracompany pharmacy, then to a patient or to a person authorized to dispense or administer a drug to a patient; or (e) to an authorized distributor of record, then to a pharmacy warehouse, then to the pharmacy warehouse's intracompany pharmacy, then to a patient or to a person authorized to dispense or administer a drug to a patient.

c. Define a "pharmacy warehouse" as a physical location for prescription drugs that acts as a central warehouse and performs intracompany sales.

d. Specify that wholesale distribution would not include transfers from a retail pharmacy or pharmacy warehouse of an expired, damaged, returned, or recalled prescription drug to the original manufacturer, the original wholesale distributor, or to a third party returns processor or reverse distributor. Also, specify that the wholesale distribution would not include returns authorized by state law.

e. Specify that a prescription drug, as defined by statute, does not include blood, blood components intended for transfusion, or biological products that are also medical devices.

f. Specify that the Pharmacy Examining Board must determine by July 1, 2010, an implementation date for an electronic tracking system for pedigrees. Specify that this system must be operational by July 1, 2011, but allow the Board to extend this date in unspecified increments, if the Board determines that patient safety cannot be adequately protected by tracking systems that are available. Both of these dates are one year later than the Joint Committee on Finances' recommendations.

[Act 20 Sections: 217h, 678t, 686r, 3462q, 3465p, 3465q, 3465s, 3526a thru 3526p, 3530a thru 3530i, 9140(1j), 9440(1j), and 9440(2t)]

12. NURSE MIDWIFE LICENSES

GPR-REV	-\$1,000
PR-REV	-\$8,700

Joint Finance/Legislature: Specify that a person who is eligible to renew their nurse-midwife license and pays the renewal fee [currently \$70 each biennium] would also receive their registered nurse license. Reestimate agency revenues by -\$1,000 GPR-earned and -\$8,700 PR-REV related to loss of revenue from nurse licenses fees for nurse-midwives.

Under prior law, a nurse-midwife applicant must be licensed as a registered nurse in order to obtain a nurse-midwife license and the person must pay the renewal fee for each profession in March 1, of even-numbered years.

[Act 20 Section: 3503]

REVENUE

Budget Summary							
Fund	2006-07 Base Year Doubled	2007-09 Governor	2007-09 Jt. Finance	2007-09 Legislature	2007-09 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$167,412,000	\$180,959,600	\$180,803,600	\$178,103,600	\$178,103,600	\$10,691,600	6.4%
PR	26,675,200	28,879,600	28,771,500	28,801,800	28,801,800	2,126,600	8.0
SEG	<u>136,949,000</u>	<u>148,326,100</u>	<u>146,883,000</u>	<u>146,495,200</u>	<u>146,495,200</u>	<u>9,546,200</u>	7.0
TOTAL	\$331,036,200	\$358,165,300	\$356,458,100	\$353,400,600	\$353,400,600	\$22,364,400	6.8%

FTE Position Summary						
Fund	2006-07 Base	2008-09 Governor	2008-09 Jt. Finance	2008-09 Legislature	2008-09 Act 20	Act 20 Change
						Over 2006-07 Base
GPR	891.38	882.33	896.38	896.38	896.38	5.00
PR	95.60	101.60	101.60	101.60	101.60	6.00
SEG	<u>121.80</u>	<u>118.65</u>	<u>123.85</u>	<u>120.85</u>	<u>120.85</u>	<u>-0.95</u>
TOTAL	1,108.78	1,102.58	1,121.83	1,118.83	1,118.83	10.05

Budget Change Items

Tax Administration

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide adjustments of \$549,600 PR and \$280,700 SEG in 2007-08, and \$553,900 PR and \$283,400 SEG in 2008-09, and \$4,064,000 GPR annually as standard budget adjustments. Adjustments are for: (a) turnover reduction (-\$1,322,000 GPR and -\$124,100 SEG annually); (b) full funding of salaries and fringe benefits (\$5,383,300 GPR, \$521,300 PR, and \$401,900 SEG annually); (c) reclassifications (\$28,200 PR and \$2,900 SEG in 2007-08, and \$32,500 PR and \$5,600 SEG in 2008-09); (d) full funding of lease costs and directed moves (\$2,700 GPR and \$100 PR annually); and (e) minor transfers

GPR	\$8,128,000
PR	1,103,500
SEG	<u>564,100</u>
Total	\$9,795,600

within the same alpha appropriation. In total, changes due to standard budget adjustments would increase funding by \$4,894,300 in 2007-08, and by \$4,901,300 in 2008-09.

2. INTEGRATED PROPERTY ASSESSMENT SYSTEM/ ELECTRONIC PROPERTY ASSESSMENT MANUAL [LFB Paper 686]

	Governor (Chg. to Base)		Legislature (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$5,400,000	1.00	-\$2,700,000	0.00	\$2,700,000	1.00
PR	<u>-180,600</u>	<u>-1.00</u>	<u>90,300</u>	<u>0.00</u>	<u>-90,300</u>	<u>-1.00</u>
Total	\$5,219,400	0.00	-\$2,609,700	0.00	\$2,609,700	0.00

Governor: Provide \$2,700,000 GPR and 1.0 GPR position annually to fund and administer development and implementation of an Integrated Property Assessment System (IPAS). An annual GPR appropriation would be created for funding integrated property assessment system technology expenses. The IPAS system would be an automated property assessment system that would be designed to integrate and upgrade the Department's manufacturing property assessment system. Development phases would include attribute data from local assessors, sales analysis, and geographical information system (GIS) capabilities. Currently, the Department uses a number of mainframe computer systems to equalize values, assess manufacturing property, and provide local government aids and services.

The bill would also eliminate the current requirement that the Department publish and distribute the property assessment manual to assessors, and that the costs of publication and distribution be paid by local assessors and others that request copies of the manual. The current appropriation used to fund costs of publishing the manual and annual expenditure authority of \$90,300 PR and 1.0 PR position would be deleted, effective July 1, 2008. Instead, DOR would be required to publish the manual in electronic form and on the Internet. Expenses of publishing the property assessment manual in electronic form would be funded from the new IPAS administration appropriation. The bill would also require that any excess revenues in the property assessment manual appropriation remaining after all expenditures were paid for 2007-08, be lapsed to the general fund in 2008-09. At present, the property assessment manual is published in hard-copy, and must be purchased by assessors who sign the assessment roll and others that wish to obtain copies.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision beginning in 2008-09.

[Act 20 Sections: 553 thru 555, 2146, 9241(1), and 9441(9)]

3. AUDITORS [LFB Papers 763 and 376]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$156,000	1.00	-\$156,000	- 1.00	\$0	0.00	\$0	0.00
SEG	387,800	3.00	0	0.00	-387,800	-3.00	0	0.00
Total	\$543,800	4.00	-\$156,000	- 1.00	-\$387,800	-3.00	\$0	0.00

Governor: Provide \$85,700 GPR and \$200,500 SEG in 2007-08, \$70,300 GPR and \$187,300 SEG in 2008-09, and 1.0 GPR and 3.0 SEG positions annually. The additional funding and positions would be for 3.0 auditors and 1.0 revenue agent who would assist in enforcing the cigarette tax increase and the tax on motor fuel tax supplier's Wisconsin gross receipts, which are included in SB 40 [see "General Fund Taxes -- Excise Taxes and Regulation of Tobacco and Alcohol" and "Transportation -- Transportation Finance"].

Joint Finance: Delete \$85,700 GPR in 2007-08 and \$70,300 GPR in 2008-09, and 1.0 GPR revenue auditor position annually for administering the cigarette tax.

Senate: Decrease funding in 2007-08 by \$48,300 for salaries, fringe benefits, and overtime for the three auditor positions in the Department of Revenue created to monitor motor vehicle fuel supplier compliance with the oil company assessment provisions. The funding decrease for the positions reflects that the positions would only be filled for nine months in 2007-08. Funding for the positions would be \$152,200 in 2007-08 and \$187,300 in 2008-09

Assembly/Legislature: Delete Senate provision.

4. IN-HOUSE DELINQUENT TAX COLLECTION PILOT PROJECT [LFB Paper 687]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV	\$12,200,000		-\$1,500,000		\$10,700,000	
PR	\$1,205,900	7.00	-\$108,100	0.00	\$1,097,800	7.00

Governor: Create a delinquent tax collection pilot project under which responsibility for collection actions against certain targeted delinquent tax accounts would be transferred from private collection agencies to DOR Compliance Division staff. The project would include: (a) reassigning 3.0 existing revenue agent positions from working as collection agency liaisons to direct collection activities for accounts normally assigned to collection agencies; and (b) providing expenditure authority of \$613,800 PR in 2007-08 and \$592,100 PR in 2008-09 and 7.0 PR revenue agent project positions annually to work on delinquent accounts. An annual PR appropriation would be created to fund the 7.0 revenue agent positions and related expenses, with additional collections from the targeted delinquent accounts as the source of program revenue. The administration estimates that the pilot project would generate \$12,000,000 annually in delinquent collections. This would be offset by an annual reduction of an estimated

\$5,300,000 in delinquent taxes that would otherwise be generated by private collection agencies, and approximately \$600,000 in annual expenses for the new positions and related activities. Consequently, it is estimated that the pilot project would increase revenues by \$6,100,000 annually. These revenues would be counted as GPR-Earned.

Under current law, DOR is authorized to contract with private collection agencies to take actions against delinquent accounts. Annual base level expenditure authority of \$354,200 PR is provided in the appropriation for collections under contract. The source of program revenue is additional revenues generated from collection agency activities.

Joint Finance/Legislature: Modify the Governor's recommendation to reduce expenditure authority by \$108,100 in 2007-08 to provide nine-months of first-year funding for the new revenue agents. Reestimate additional delinquent tax collections to be \$4,600,000 in 2007-08, instead of \$6,100,000.

[Act 20 Section: 549]

5. TECHNICAL CORRECTION TO BASE BUDGET FUNDING AND POSITIONS [LFB Paper 685]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$120,800	-1.00	\$0	5.00	-\$120,800	4.00
SEG	-106,000	-0.95	0	0.00	-106,000	-0.95
Total	-\$226,800	-1.95	\$0	5.00	-\$226,800	3.05

Governor: Delete \$60,400 GPR, \$53,000 SEG, 1.0 GPR position, and 0.95 SEG position annually to reflect actual base level funding and positions. During the 2005-07 biennium the Department transferred positions between programs within the same funding source. In compiling budget documents to establish the base budget funding and position level for the 2007-09 budget, several reciprocal transactions for position transfers were not included. This provision includes the reciprocal transactions to accurately reflect the Department's 2007-09 base funding and position level.

Joint Finance/Legislature: Modify provisions to include 5.0 GPR positions annually to reflect a technical correction to the budget bill. This provision is offset by an equal reduction in positions under minor transfers between appropriations [Item #6].

6. MINOR TRANSFERS BETWEEN APPROPRIATIONS [LFB Paper 685]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$15,600	5.00	\$0	-5.00	-\$15,600	0.00
PR	<u>15,600</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>	<u>-15,600</u>	<u>0.00</u>
Total	\$0	5.00	\$0	-5.00	\$0	0.00

Governor: Provide \$7,800 PR and delete \$7,800 GPR annually to shift funding for rent expenses for alcohol and tobacco agents to the proper funding source. The 2005-07 biennial budget converted the funding source for 8.0 alcohol and tobacco agents from GPR to PR. However, funding for rental expenses was not transferred. In addition, GPR funding and positions would be transferred between appropriations to reflect position transfers between divisions. In compiling the budget in the accounting system, an offsetting entry for some of the position transfers was omitted. As a result, 5.0 GPR positions were inadvertently created.

Joint Finance/Legislature: Modify provision to delete 5.0 GPR positions annually to reflect a technical correction to the budget bill. This provision is offset by an equal increase in positions under technical correction to base budget funding and positions [Item #5].

7. 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	-15.05	15.05
SEG	<u>-0.70</u>	<u>0.70</u>	<u>0.00</u>
Total	-15.75	15.75	0.00

Governor: Delete 14.75 GPR classified, 1.0 GPR project, and 1.0 SEG positions and create 1.0 unclassified position (0.70 GPR and 0.30 SEG) in 2008-09 to reflect the consolidation of the agency's attorneys and legal staff under DOA, effective July 1, 2008. Reallocate \$1,637,400 GPR and \$42,900 SEG in 2008-09 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 Revenue as general counsel for the agency. 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 July 1, 2008. [See "Administration -- Transfers to the Department."]

Joint Finance: Delete provision.

Senate: Restore provision with the following modifications: (a) specify that the lead attorneys would be under classified service; (b) exempt the Board on Aging and Long-Term Care, the Department of Military Affairs, and the Department of Public Instruction from the consolidation.

Assembly/Legislature: Delete provision.

8. TAX ADMINISTRATION -- SALES TAX PAPER RETURN FILING FEE [LFB Paper 688]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR-REV	\$5,600,000	-\$5,600,000	\$0

Governor: Authorize DOR to impose a filing fee on sales tax returns that are filed on paper. The fee could first be imposed on returns that were filed for the calendar quarter ending on September 30, 2007. The administration indicates that a filing fee of \$5.00 a paper return would be imposed, and the fee would generate an estimated \$2,800,000 in GPR-Earned annually.

Senate: Require the Department of Revenue to promulgate administrative rules for administering the sales and use tax paper return fee, and that such rules limit the fee to \$5 per return.

Assembly/Legislature: Delete provision.

9. TAX ADMINISTRATION -- TRIBAL OBLIGATION REFUND OFFSET [LFB Paper 351]

Governor: Authorize DOR to enter into agreements with federally-recognized Indian tribes in Wisconsin to offset state tax refunds against tribal obligations and to charge a fee up to \$25 for each transaction for such setoffs. Any legal proceeding to contest a setoff could only commence under a process established by the tribe. This provision is estimated to have a minimal fiscal effect.

Under current law, DOR is authorized to offset against state tax refunds amounts owed for state taxes, debts to state agencies, delinquent child and spousal support and maintenance payments, and municipal fines, fees, and forfeitures. The Department is allowed to enter into an agreement with the Internal Revenue Service (IRS) to offset state tax refunds against federal tax obligations, if the IRS offsets federal tax refunds against state tax obligations. A fee of up to \$25 for each such transaction can be charged. Similarly, DOR can enter into agreements with other states to offset state tax refunds against the tax obligations of those states, if those states offset their tax refunds against Wisconsin tax obligations. In general, costs of the offset activities are funded by an administrative charge imposed on state agencies and governmental units.

Joint Finance/Legislature: Modify provision to clarify that fees charged to administer the program will be assessed against the debtor, and that debts owed to state agencies, local governments, and the IRS will receive setoff funds before tribes.

[Act 20 Sections: 548m and 2152]

10. DEPOSIT OF ADDITIONAL TAXES DURING PETITIONS AND APPEALS

Governor/Legislature: Provide that, at any time while a petition is pending before the Tax Appeals Commission (TAC) or a court appeal is pending, a taxpayer may deposit the entire amount of additional taxes, penalties and fines, with interest, with DOR rather than DOA. The Department would refund to the taxpayer any portion of these amounts found to be improperly assessed, including interest.

Under current law, during TAC petitions or court appeals, the taxpayer can deposit the additional taxes and interest with the Secretary of Administration. If a taxpayer offers to make a deposit, DOR is required to issue a certificate to DOA authorizing the Secretary to accept the payment of taxes, with interest to the first day of the next month, and to provide a receipt for the payment. A copy of the certificate must be mailed to the taxpayer who is required to pay the taxes and interest to the Secretary of Administration within 30 days. Upon final determination of a petition or appeal, DOR is required to certify to the Secretary of Administration the amount of taxes due as finally determined, and direct the Secretary of DOA to refund to the taxpayer any portion of the tax payment that is found to be improperly assessed, with interest. The Secretary of Administration is required to make such refunds within 30 days after receiving a certificate directing the refund. Taxes paid to the Secretary of DOA under these provisions are subject to the interest required under state income tax law, but only to the extent of the interest accrued on the taxes prior to the first day of the month following the application for a hearing. Any portion of the amount deposited with the Secretary of Administration that is refunded to the taxpayer bears interest at the rate of 9% per year during the time the tax payments are on deposit at DOA.

[Act 20 Sections: 2129, 2140, and 2435]

11. REPEAL LOTTERY AND GAMING CREDIT ADMINISTRATION GPR APPROPRIATION

Governor/Legislature: Repeal the lottery and gaming property tax credit administration GPR appropriation. Administration of the lottery and gaming property tax credit is funded with SEG lottery fund revenues through a separate SEG appropriation.

[Act 20 Section: 552]

12. RENUMBER TAX INCREMENTAL FINANCING APPROPRIATION

Governor/Legislature: Renumber the administration of tax incremental financing program appropriation to place it under the proper program, State and Local Finance, in the Department's appropriation schedule. The program revenue appropriation funds the Department's expenses incurred in administering the tax incremental financing appropriation. The appropriation is funded by fees charged to municipalities for determinations or redeterminations of the tax increment and tax incremental base.

[Act 20 Section: 548]

13. INCOME TAX CHECK-OFFS SIMPLIFICATION

Governor/Legislature: Specify that the symbols for individual income tax check-offs for voluntary payments for endangered resources and Lambeau Field be highlighted on forms printed by DOR. In addition, the title of the administrative appropriation for all income tax check-offs would be simplified.

Under current law, Wisconsin taxpayers may designate (check-off) tax return donations for the following purposes: (a) endangered resources; (b) Lambeau Field; (c) breast cancer research; (d) veterans trust fund; (e) multiple sclerosis programs; and (f) prostate cancer research. The donation either reduces the taxpayer's refund or increases the tax due by the amount of designation. Administrative funding is provided through a program revenue appropriation reimbursed from amounts designated. The statutory appropriation includes all of the specific designations in its title. Statutory provisions also require the symbols for endangered resources and Lambeau Field to be highlighted on all income tax returns. As a result, this requirement applies to returns that are prepared using software provided by third-party vendors that cannot reproduce the symbols. DOR has been allowing a waiver of this requirement at the written request of the software developer.

[Act 20 Sections: 551, 1995, and 1996]

14. COUNTY SALES TAX APPROPRIATION LAPSE [LFB Paper 689]

GPR-REV - \$359,600

Joint Finance/Legislature: Reestimate the lapse to the general fund from the Department's county sales tax administration appropriation to be \$1,603,500 in 2007-08, and \$1,656,900 in 2008-09. This is a decrease of \$104,700 in 2007-08 and \$254,900 in 2008-09 from the estimated lapses included in the bill.

Require any local exposition district that adopts a resolution to impose a room tax, as allowed under existing law, to deliver a certified copy of the resolution to the DOR Secretary at least 120 days before the effective date of the resolution.

Wisconsin counties may adopt a 0.5% sales tax imposed on the same goods and services

that are subject to the state sales tax. The tax is "piggybacked" onto the state sales tax in that the county rate is added to the state rate, and the county sales tax is administered, enforced, and collected by the state. Currently, 60 counties have adopted a county sales tax.

The Department retains 1.75% of total county sales tax collections to fund the costs of administering the county sales tax. The administrative funds are placed in a program revenue county sales tax administration appropriation, and the year-end unencumbered balance in the appropriation lapses to the general fund.

[Act 20 Section: 1901m]

15. ADMINISTRATIVE REDUCTION

Assembly: Delete \$113,100 GPR and 1.0 GPR position annually by consolidating the Fond du Lac and Milwaukee property assessment supervisor position in the Division of State and Local Finance.

Conference Committee/Legislature: Delete provision.

16. ELIMINATE VACANT GPR POSITIONS

Assembly: Delete \$231,900 and 4.25 positions annually associated with the salary and fringe benefits of GPR positions that have been vacant for 12 months or more.

Conference Committee/Legislature: Delete provision.

17. INTERNET POSTING OF DELINQUENT TAX ACCOUNTS

Assembly/Legislature: Modify current law provisions to require the Department of Revenue to publish on the Internet the identities of taxpayers who owe in excess of \$5,000, rather than the current \$25,000, in delinquent taxes of any type administered by the Department, including interest, penalties, fees, and costs. The Department would also be required to submit the names of persons who owe delinquent taxes to Internet search engines, and to divulge delinquent tax amounts under provisions authorizing DOR to disclose net tax liabilities.

[Act 20 Sections: 2135e, 2153p, and 9441(3j)]

Lottery Administration

1. LOTTERY SALES PROJECTIONS [LFB Papers 695 and 697]

Governor: Project lottery sales of \$504,690,200 in 2007-08 and \$518,990,200 in 2008-09. 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 2005-06 actual lottery sales and 2006-07 estimated sales projected in October, 2006, for the purposes of certifying the amount available for the 2006(07) lottery property tax credit. The Governor's 2007-09 projected sales are based on sales models utilized by DOR to estimate both on-line and instant ticket games and reflect increased funding for lottery advertising and a new instant ticket inventory system provided under the bill.

Lottery Sales Projections
(\$ in Millions)

<u>Game Type</u>	<u>Actual</u> <u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>Percent Change</u> <u>from 2006-07</u>	<u>2008-09</u>	<u>Percent Change</u> <u>from 2007-08</u>
Scratch	\$280.3	\$277.8	\$277.8	0.0%	\$292.1	5.1%
Pull-tab	5.3	5.3	5.3	0.0	5.3	0.0
On-line	<u>223.3</u>	<u>206.6</u>	<u>221.6</u>	7.3	<u>221.6</u>	0.0
Total	\$508.9	\$489.7	\$504.7	3.1%	\$519.0	2.8%

Joint Finance/Legislature: Reestimate scratch ticket sales to \$284.3 million in 2007-08 and \$291.5 million in 2008-09 and on-line ticket sales to \$215.1 million annually. As a result of these reestimates, total lottery sales in 2007-08 are projected at \$504.7 million and in 2008-09 at \$511.9 million.

Sales estimates under the bill include a projected sales increase of \$15.0 million associated with increased funding for additional advertising (next item). Under SB 40, the entire \$15.0 million in sales relating to the advertising initiative was attributed to increased on-line sales. However, increased advertising would affect both scratch and on-line ticket sales. Lottery sales estimates were modified, by increasing the sales estimate for scratch ticket games by \$6.5 million annually, and reducing the on-line ticket game estimate by \$6.5 million. As a result of this action, the projected on-line sales increase relating to new advertising would total \$8.5 million annually.

Under the bill, a new instant ticket inventory system would result in a projected sales increase in scratch ticket games of \$14.3 million in 2008-09. The scratch sales estimate is reduced by \$7.1 million in 2008-09 to reflect the delay of the implementation of the planned instant ticket lottery inventory system.

The following table compares the Act 20 sales estimates to those of SB 40.

**Comparison of Sales Estimates
(\$ in Millions)**

	2007-08				2008-09			
	<u>Governor</u>	<u>Act 20</u>	<u>Change</u>		<u>Governor</u>	<u>Act 20</u>	<u>Change</u>	
			<u>Difference</u>	<u>Percent</u>			<u>Difference</u>	<u>Percent</u>
Scratch Games	\$277.8	\$284.3	\$6.5	2.3%	\$292.1	\$291.5	-\$0.6	-0.2%
Pull-Tab Games	5.3	5.3	0.0	0.0	5.3	5.3	0.0	0.0
On-Line Games	<u>221.6</u>	<u>215.1</u>	<u>-6.5</u>	-2.9	<u>221.6</u>	<u>215.1</u>	<u>-6.5</u>	-2.9
Total	\$504.7	\$504.7	\$0.0	0.0%	\$519.0	\$511.9	-\$7.1	-1.4%

2. LOTTERY PRODUCT INFORMATION FUNDING [LFB Paper 696]

SEG	\$5,800,000
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Governor/Legislature: Provide \$2,900,000 annually for the lottery's product information (advertising) budget. Base funding for lottery general program operations is \$19,026,100. Of this amount, \$4,608,000 is allocated for the lottery's advertising budget. The funding increase for advertising is expected to produce an additional \$15,000,000 in annual lottery sales.

3. SUM SUFFICIENT APPROPRIATION REESTIMATES FOR RETAILER COMPENSATION AND VENDOR FEES [LFB Papers 695 and 697]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$4,699,400	-\$1,411,300	\$3,288,100

Governor: Provide \$1,649,700 in 2007-08 and \$3,049,700 in 2008-09 to reestimate lottery sum sufficient appropriations for retailer compensation and vendor fees, as follows:

Retailer Compensation. Provide \$1,192,500 in 2007-08 and \$2,229,200 in 2008-09 to adjust base level funding for retailer compensation, including payments to retailers under the retailer performance program, to reflect projected lottery sales in the 2007-09 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 \$5.0 million in 2007-08 and \$5.2 million in 2008-09, under the bill). Base level funding of \$34,588,200, established under 2005 Wisconsin Act 25, was based on estimated lottery sales of \$490.4 million

in 2006-07. The appropriations for retailer compensation under the bill total approximately 7% of projected sales (\$504.7 million annually in 2007-08 and \$519.0 million in 2008-09).

Vendor Fees. Provide \$457,200 in 2007-08 and \$820,500 in 2008-09 to adjust funding for vendor fees to reflect projected lottery sales in the 2007-09 biennium. Base level funding for vendor fees is \$12,471,000.

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 2.56% of lottery ticket sales in both 2007-08 and 2008-09.

Joint Finance/Legislature: Delete \$358,100 in 2007-08 and \$1,053,200 in 2008-09 for lottery sum sufficient appropriations for retailer compensation and vendor fees, to reflect the lottery sales reestimates described in Item #1. The modifications are as follows:

Retailer Compensation. Delete \$249,000 in 2007-08 and \$763,700 in 2008-09 for retailer compensation payments.

Vendor Fees. Delete \$109,100 in 2007-08 and \$289,500 in 2008-09 for vendor fee payments.

4. **CONVERSION OF THE LOTTERY INSTANT TICKET INVENTORY SYSTEM [LFB Paper 697]**

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$31,800	- 4.50	-\$31,800	4.50	\$0	0.00

Governor: Provide \$243,800 and delete 2.25 positions in 2007-08 and delete \$212,000 and 4.5 positions in 2008-09 to institute a new method of instant ticket inventory management for the state lottery. The lottery instant ticket inventory management process would be changed by shifting responsibility from retailers and the current telemarketing or terminal ordering system to the Division of Lottery by means of a "push distribution system." Under the new system, the Division of Lottery would have greater control of the instant ticket inventories of lottery retailers with the intent of ensuring the consistent availability of the best selling games. The Governor's provision would: (a) delete \$106,200 and 2.25 positions in 2007-08, and \$212,000 and 4.5 positions in 2008-09; and (b) provide one-time funding of \$350,000 in 2007-08 for implementation of the new system. According to the Executive Budget Book, the conversion of the instant ticket inventory management system is expected to generate \$14,300,000 in additional lottery revenue in 2008-09.

Joint Finance/Legislature: Delete the Governor's provision. Instead, place \$235,000 in one-time funding in 2008-09 in the Joint Committee on Finance SEG appropriation for general program supplementation for the development of the instant ticket inventory management system. Require the Department to develop a detailed implementation and cost plan for an instant ticket retailer inventory system, including proposed administrative rules (or a summary

of completed rules, if already promulgated) relating to retailer billing procedures. Require that the plan be submitted to the Joint Committee on Finance, on or before January 31, 2008, under a 14-day passive review process. Provide that the \$235,000 for the development of the instant ticket retailer inventory system be released for expenditure upon approval of the implementation and cost plan by the Joint Committee on Finance.

Place \$212,000 in base funding associated with 4.5 retailer support positions in unallotted reserve. Provide that the \$212,000 in position-related funding be released for expenditure, if the instant ticket retailer inventory system is not implemented in 2008-09.

If the instant ticket retailer inventory system is implemented, require that: (a) \$212,000 in unallotted reserve lapse to the lottery fund on June 30, 2009; and (b) \$212,000 and 4.5 positions be deleted under the standard budget adjustment for removing noncontinuing elements from the base in the 2009-11 budget process.

Reestimate the scratch ticket sales increase relating to the inventory system at \$7.2 million in 2008-09, \$7.1 million less than the estimate under the bill, to reflect the implementation delay.

[Act 20 Section: 9141(2f)]

5. TIME PERIOD FOR CLAIMING INSTANT LOTTERY PRIZES

Governor: Define in statute the term "instant game" as a lottery game in which it may be determined from the game ticket or share alone whether the holder of the ticket or share is a game winner. Provide that the holder of a winning ticket for an instant game may claim a prize within 180 days after the end date of the game unless the features and procedures of the game state that the prize may be claimed only on the date of, and at the place of, sale of the ticket. Provide that the holder of a winning ticket for a lottery game other than an instant game, or the holder of a winning ticket for an instant game that was printed by a lottery terminal, may claim a prize within 180 days after the date on which the drawing for the game, or other selection process for determining the winning ticket, is held. Provide that a lottery prize that is not claimed within these applicable time periods is forfeited.

Under current law, the holder of a winning lottery ticket or lottery share may claim a prize within 180 days after the drawing or other selection in which the prize is won or within 180 days after the game's end date, as determined by the administrator, whichever is later. The Governor's provision is intended to clarify that: (a) for instant games (except instant ticket games for which tickets are printed on a lottery terminal or where the features and procedures of the game state that the prize may be claimed only on the date of, and at the place of, sale of the ticket), winners have up to 180 days following the end of the game to claim a prize; and (b) for on-line games and instant ticket games for which tickets are printed on a lottery terminal, prize claims must be made within 180 days of each game's drawing or other selection process that determines winners. Instant tickets printed on a lottery terminal are not currently sold by the lottery, but such instant games are a possible future lottery product.

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

6. WITHHOLDING CERTAIN ADMINISTRATIVE COSTS FROM LOTTERY PRIZES

Governor/Legislature: Require DOR to charge the winner or assignee of a lottery prize greater than \$1,000 for the Department's administrative expenses associated with withholding and remitting debt owed to a state agency and authorize DOR to withhold the amount of the administrative expenses from the prize payment. The provision would take effect on the first day of the 3rd month beginning after publication. Under current law, DOR withholds money from lottery prizes of \$1,000 or more to pay certain debts owed by the prize payee, including amounts owed for delinquent state taxes, court-ordered payment of child support, and debts to state agencies. DOR charges state agencies for DOR's administrative expenses associated with withholding money from a lottery prize and paying it to the state agency. The provision would require DOR to charge the lottery prize payee rather than the state agency for DOR's administrative expenses and would authorize DOR to withhold the amount of the administrative expenses from the prize payment.

[Act 20 Sections: 3649 and 9441(5)]

7. LOTTERY FUND CONDITION STATEMENT [LFB Papers 695 and 697]

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 \$125,746,700 in 2007-08 and \$125,421,200 in 2008-09 for the lottery and gaming tax credit. However, the revenues and expenditures budgeted under the bill would support credits of \$127,265,400 in 2007-08 and \$131,073,300 in 2008-09.

Joint Finance/Legislature: Reestimate the lottery and gaming tax credit amounts to \$128,799,400 in 2007-08 and \$130,346,900 in 2008-09. These modifications are based on lottery sales reestimates, sum sufficient reestimates for retailer compensation and vendor fees, and changes to the expenditure authority for general program operations. In addition, modifications are made to lottery program reserves and gaming-related revenue. The modified amounts for each of these revenue and expenditure categories are shown in the following fund condition statement.

Lottery Fund Condition Statement

Act 20

	<u>2007-08</u>	<u>2008-09</u>
Fiscal Year Opening Balance	\$9,796,700	\$10,095,700
Operating Revenues		
Ticket Sales	\$504,690,200	\$511,890,200
Retailer Fees and Miscellaneous	<u>96,600</u>	<u>96,600</u>
Gross Revenues	\$504,786,800	\$511,986,800
Expenditures		
Prizes	\$293,145,200	\$297,798,500
Retailer Compensation	35,531,700	36,053,700
Vendor Payments	12,819,100	13,002,000
General Program Operations	22,074,700	22,074,700
Appropriation for JFC Supplementation	0	235,000
Appropriation to DOJ	348,000	348,000
Appropriation to DOR	282,600	282,600
Program Reserves	<u>248,000</u>	<u>462,300</u>
Total Expenditures	\$364,449,300	\$370,256,800
Net Proceeds	\$140,337,500	\$141,730,000
Interest Earnings	\$3,668,500	\$3,668,500
Gaming-Related Revenue	\$333,100	\$333,100
Total Available for Tax Relief *	\$154,135,800	\$155,827,300
Appropriations for Tax Relief		
Lottery and Gaming Tax Credit	\$128,799,400	\$130,346,900
Farmland Tax Relief Credit	15,000,000	15,000,000
Lottery and Gaming Credit: Late Applications	<u>240,700</u>	<u>240,700</u>
Total Appropriations for Tax Relief	\$144,040,100	\$145,587,600
Gross Closing Balance	\$10,095,700	\$10,239,700
Reserve (2% of Gross Revenues)	\$10,095,700	\$10,239,700
Net Closing Balance	\$0	\$0

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

[Act 20 Section: 175]

SECRETARY OF STATE

Budget Summary							
Fund	2006-07 Base Year Doubled	2007-09 Governor	2007-09 Jt. Finance	2007-09 Legislature	2007-09 Act 20	<u>Act 20 Change Over Base Year Doubled</u>	
						Amount	Percent
PR	\$1,595,400	\$1,526,800	\$1,526,800	\$1,526,800	\$1,526,800	-\$68,600	- 4.3%

FTE Position Summary						
Fund	2006-07 Base	2008-09 Governor	2008-09 Jt. Finance	2008-09 Legislature	2008-09 Act 20	Act 20 Change Over 2006-07 Base
PR	8.50	7.50	7.50	7.50	7.50	- 1.00

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. Adjustments are for: (a) removal of noncontinuing items (-\$79,200 and -1.0 position annually); (b) full funding of salaries and fringe benefits (\$12,300 annually); (c) reclassifications (\$1,900 annually); and (d) overtime (\$4,400 annually).

2. INFORMATION TECHNOLOGY INFRASTRUCTURE TO SUPPORT BUSINESS OPERATIONS

PR	\$27,000
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Governor/Legislature: Provide annual expenditure authority of \$13,500 to fund maintenance, website hosting, staff support, and equipment and system upgrades for the Office's information technology systems.

3. ONGOING RECORDS PRESERVATION PROCESSING

PR	\$25,600
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Governor/Legislature: Provide expenditure authority of \$12,800 annually to fund an LTE and related expenses for ongoing historic records preservation filing and maintenance. Ongoing activities include preparing documents, packing documents for shipping, entering data, checking images, filing and archiving records, and systems maintenance and upgrading. On June 30, 2007, the Office expects to complete a records preservation project through which about 700,000 documents from the 1800s to the present will have been digitalized and compiled into an electronic database accessible through a website to Office staff and the public. A project position that provided staff support will be eliminated on that date. (This is reflected in standard budget adjustments.) This provision provides LTE funding for ongoing staffing.

4. GPR-EARNED REESTIMATE [LFB Paper 700]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	\$2,700	-\$55,700	-\$53,000

Joint Finance/Legislature: Reestimate the lapse to the general fund from the Office's program fees appropriation to be \$113,400 in 2007-08 and \$89,700 in 2008-09. This would represent a decrease of \$27,900 in 2007-08 and \$27,800 in 2008-09 from the estimated lapses included in the bill. The Office is funded by fees for services that are placed in the program fees, program revenue appropriation. Any year-end unencumbered balance in excess of 10% of the prior year's expenditures lapses to the general fund.

SHARED REVENUE AND TAX RELIEF

Budget Summary by Funding Source							
	2006-07 Base Year Doubled	2007-09 Governor	2007-09 Jt. Finance	2007-09 Legislature	2007-09 Act 20	<u>Act 20 Change Over Base Year Doubled</u>	
						Amount	Percent
Direct Aid Payments							
Expenditure Restraint	\$116,291,400	\$116,291,400	\$116,291,400	\$116,291,400	\$116,291,400	\$0	0.0%
Shared Revenue	64,000,000	31,851,700	33,150,900	66,300,000	66,300,000	2,300,000	3.6
County and Municipal Aid	1,709,406,200	0	0	1,709,406,400	1,709,406,400	200	0.0
Municipal Aid	0	1,407,223,600	1,407,223,600	0	0	0	N.A.
County Aid -- Supplemental	0	135,367,800	126,932,300	0	0	0	N.A.
Public Utility Distribution	12,800,000	6,243,700	5,742,400	12,484,800	12,484,800	-315,200	-2.5
State Aid; Tax Exempt Property	0	128,630,000	130,367,600	130,067,600	130,067,600	130,067,600	N.A.
Interest Payments on Over- assessments of Manuf. Property	0	20,000	20,000	20,000	20,000	20,000	N.A.
Payments for Municipal Services	43,997,600	43,997,600	43,997,600	43,997,600	43,997,600	0	0.0
Property Tax Credits							
Homestead Tax Credit	235,000,000	238,100,000	248,700,000	221,900,000	222,100,000	-12,900,000	-5.5
Farmland Preservation Credit	26,000,000	25,400,000	25,400,000	25,200,000	25,300,000	-700,000	-2.7
Veterans and Surviving Spouses Property Tax Credit	6,766,000	7,154,000	2,000,000	2,000,000	2,000,000	-4,766,000	-70.4
School Levy Tax Credit	938,610,000	1,186,100,000	1,186,100,000	1,265,450,000	1,265,450,000	326,840,000	34.8
Other Credits							
Film Production Services Credit	0	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	N.A.
Enterprise Zone Jobs Credit	0	8,125,000	8,125,000	8,125,000	8,125,000	8,125,000	N.A.
Cigarette & Tobacco Products Tax Refunds	24,400,000	44,900,000	44,900,000	39,500,000	39,500,000	15,100,000	61.9
Dairy Manufacturing Facility Investment Credit	0	0	0	1,300,000	1,300,000	1,300,000	N.A.
Earned Income Tax Credit	<u>53,736,000</u>	<u>122,588,600</u>	<u>166,710,400</u>	<u>161,710,400</u>	<u>161,710,400</u>	<u>107,974,400</u>	200.9
GPR TOTAL	<u>\$3,231,007,200</u>	<u>\$3,502,993,400</u>	<u>\$3,546,661,200</u>	<u>\$3,804,753,200</u>	<u>\$3,805,053,200</u>	<u>\$574,046,000</u>	17.8%
Other Credits							
Earned Income Tax Credit; TANF	<u>\$110,464,000</u>	<u>\$55,621,400</u>	<u>\$22,789,600</u>	<u>\$27,789,600</u>	<u>\$27,789,600</u>	<u>-\$82,674,400</u>	-74.8%
PR TOTAL	<u>\$110,464,000</u>	<u>\$55,621,400</u>	<u>\$22,789,600</u>	<u>\$27,789,600</u>	<u>\$27,789,600</u>	<u>-\$82,674,400</u>	-74.8%
Direct Aid Payments							
County Aid	\$0	\$221,242,000	\$230,142,000	\$0	\$0	\$0	N.A.
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 & Gaming Credit	247,667,200	251,167,900	259,146,300	259,146,300	259,146,300	11,479,100	4.6
Lottery & Gaming Credit; Late Applications	<u>400,000</u>	<u>481,400</u>	<u>481,400</u>	<u>481,400</u>	<u>481,400</u>	<u>81,400</u>	20.4
SEG TOTAL	<u>\$278,067,200</u>	<u>\$502,891,300</u>	<u>\$519,769,700</u>	<u>\$289,627,700</u>	<u>\$289,627,700</u>	<u>\$11,560,500</u>	4.2%
TOTAL	\$3,619,538,400	\$4,061,506,100	\$4,089,220,500	\$4,122,170,500	\$4,122,470,500	\$502,932,100	13.9%

Direct Aid Payments

1. COUNTY AND MUNICIPAL AID -- FUNDING LEVEL [LFB Paper 706]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR	\$15,000,200	-\$15,000,000	\$200

Governor: Increase payments under the county and municipal aid program by \$15,000,000 in 2008-09 so that total payments under the program equal \$874,703,100 in 2008 and subsequent years. Provide that payments in 2008 to each county and municipality be increased proportionately, relative to each payment received in 2007, so that payments are higher by \$15,000,000 in total. Provide that payments to each county and municipality in subsequent years be set equal to the amount received in 2008. Increase the program's funding level by an additional \$100 annually to ensure that the appropriation provides spending authority sufficient to fund the entire distribution. Without this adjustment, the distribution would exceed base level spending authority by \$24 annually. A separate item summarized in this section would modify the funding source for county payments under the program.

Assembly: Delete the provision that would increase payments under the county and municipal aid program by \$15 million annually, beginning in 2008 (2008-09), and, instead, reduce payments under the county and municipal aid program by \$42,985,200 in 2008 (2008-09). Decrease payments to each county by 5%. Decrease payments by 12.5% for those municipalities with both 2007 populations exceeding 20,000 and 2007 county and municipal aid payments exceeding \$250 per capita. This would reduce payments by \$28,732,100 for Milwaukee, by \$3,311,200 for Racine, by \$2,072,600 for Beloit, and by \$1,008,500 for Superior. Estimate the 2008 distribution at \$816,718,000, which includes payments totaling \$149,358,900 for counties and \$667,359,100 for municipalities. Specify that payments to each county and municipality in 2009 and thereafter would equal the amounts received in 2008.

Conference Committee/Legislature: Delete provision, except for the Governor's original provision to increase the program's funding level by \$100 annually.

2. PUBLIC UTILITY AID -- SUM SUFFICIENT REESTIMATES [LFB Paper 707]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$722,400	\$1,262,400	\$1,984,800

Governor: Decrease estimated payments by \$90,000 in 2007-08 and increase estimated payments by \$125,000 in 2008-09 under the public utility aid component of the shared revenue

program to reflect estimated changes in the value of utility-owned property eligible for state aid under the three and six mill distribution formulas. Estimate total payments under these formulas at \$31,910,000 in 2007-08 and \$32,125,000 in 2008-09. Decrease estimated payments by \$157,600 in 2007-08 and increase estimated payments by \$845,000 in 2008-09 under the public utility distribution account to reflect changes in the number and types of property eligible for aid under the capacity-based distribution formula. Estimate total payments under this formula at \$6,242,400 in 2007-08 and \$7,245,000 in 2008-09. A separate item summarized in this section would modify the funding source for county payments under the utility aid formulas.

Joint Finance/Legislature: Decrease utility aid payments by \$1,002,600 in 2008-09 from the public utility distribution account to reflect payments under the capacity-based aid and incentive aid allocations. Increase utility aid payments from the shared revenue account by \$990,000 in 2007-08 and \$1,275,000 in 2008-09 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 are estimated at \$6,242,400 annually under the capacity aid distribution and at \$32,900,000 in 2007-08 and \$33,400,000 in 2008-09 under the three and six mill distribution formulas.

3. PUBLIC UTILITY AID -- FORMULA CHANGES

Senate: Modify current law provisions related to state aid payments to municipalities and counties containing production plants as follows. 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. 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 2009. Require the Department to convene a study group by December 31, 2008, comprised of residents of communities that host public utility property, representatives of light, heat, and power companies, electric cooperatives, and municipal utilities, individuals with expertise related to public utility taxation and transmission line siting, and any other individuals who DOR believes to have expertise related to the study to assess the feasibility and desirability of imposing local general property taxes, or their equivalent, on property, other than production plants, 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, 2009. These provisions would take effect beginning in 2009. Due to this timing, no fiscal effect is reported for the 2007-09 biennium. Under current law, payments for production plants are estimated at \$19.9 million. Under the proposal, aid payments for production plants of \$29.5 million are estimated. Consequently, the provisions would increase aid payments on production plants by an estimated \$9.6 million, beginning in 2009-10.

Assembly: Modify the Senate provision in three ways. Require 50% of any aid increases for plants moving from the nine-mill formula to the capacity-based formula to be used to reduce the increase in the allowable levy under the levy limitation authorized under other provisions of the bill. Change the distribution of any capacity-based aid for production plants that generate electricity from wind power so that a town where a plant is located receives two-thirds of the payment, as opposed to one-third under current law, and a county where a plant is located receives one-third of the payment, as opposed to two-thirds under current law. Delete the requirement for the Department of Revenue to convene a study group and produce a report that assesses the feasibility and desirability of imposing local general property taxes, or their equivalent, on property, other than production plants, of light, heat, and power companies and similar entities.

Conference Committee/Legislature: Delete Assembly modifications.

[Act 20 Sections: 2505d, 2505e, 2505f, 2505g, 2505h, 2505i, and 9141(1f)]

4. PUBLIC UTILITY AID -- INCREASE PER CAPITA PAYMENT LIMIT

Senate: Increase the per capita payment limit from \$300 to \$425 for municipalities and from \$100 to \$125 for counties under the public utility aid component of the shared revenue program, beginning with payments in 2009. This provision would interact with other utility aid changes to increase payments to three municipalities by \$310,000 annually, beginning in 2009-10 (City of Alma, \$120,000; Town of Carlton, \$120,000; and Town of Two Creeks, \$70,000). No payment changes to counties are estimated.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Sections: 2505dm and 2505f]

5. COUNTY AID FUND [LFB Papers 705, 345, 206, 245, and 220]

Governor: Create a county aid fund consisting of all state revenues from real estate transfer fee collections. Authorize the State of Wisconsin Investment Board to invest available amounts in the fund. Transfer \$4,000,000 annually from the county aid fund to the affordable housing trust fund for expenditure under currently authorized programs for housing grants and loans, for payments to designated agents authorized by the Department of Commerce to administer housing grants and loans, for transitional housing grants, and for mental health services for homeless individuals. Authorize the expenditure of revenues from the county aid fund under newly-created appropriations for the community youth and family aids program and for the circuit court support payments program, both as established under current law. Authorize the expenditure of revenues from the county aid fund for payments to counties under the shared revenue and county and municipal aid programs, both as established under

current law. The following fund condition statement reflects these transactions.

County Aid Fund Condition Statement

	<u>2007-08</u>	<u>2008-09</u>
Opening Balance	\$0	\$42,500
Revenues		
Real Estate Transfer Fee Collections	\$126,600,000	\$139,500,000
Expenditures		
Community Youth and Family Aids	\$7,400,000	\$10,300,000
Circuit Court Support Payments	9,103,000	10,012,500
County Aid Account	106,054,500	115,187,500
Transfer to Affordable Housing Trust Fund	<u>4,000,000</u>	<u>4,000,000</u>
Total Appropriations	\$126,557,500	\$139,500,000
Closing Balance	\$42,500	\$42,500

Joint Finance: Delete the transfer from the county aid fund to the affordable housing trust fund and increase county aid fund expenditures under the county aid account appropriation by \$4,000,000 annually. Decrease expenditures for community youth and family aids by \$900,000 in 2008-09 and increase expenditures for the county aid account appropriation by the same amount. The following fund condition statement reflects these modifications.

County Aid Fund Condition Statement

	<u>2007-08</u>	<u>2008-09</u>
Opening Balance	\$0	\$42,500
Revenues		
Real Estate Transfer Fee Collections	\$126,600,000	\$139,500,000
Expenditures		
Community Youth and Family Aids	\$7,400,000	\$9,400,000
Circuit Court Support Payments	9,103,000	10,012,500
County Aid Account	<u>110,054,500</u>	<u>120,087,500</u>
Total Appropriations	\$126,557,500	\$139,500,000
Closing Balance	\$42,500	\$42,500

Other entries related to the county aid fund are located under Circuit Courts, Department of Commerce, Department of Corrections, General Fund Taxes, Miscellaneous Appropriations, and Shared Revenue and Tax Relief.

Assembly/Legislature: Delete provision.

6. SHARED REVENUE AND COUNTY AND MUNICIPAL AID -- FUNDING SOURCES
[LFB Papers 705, 220, and 245]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	-\$221,242,000	-\$8,900,000	\$230,142,000	\$0
SEG	<u>221,242,000</u>	<u>8,900,000</u>	<u>-230,142,000</u>	<u>0</u>
Total	\$0	\$0	\$0	\$0

Governor: Repeal references to counties in the appropriations for the shared revenue account and the county and municipal aid account and amend the appropriation for the public utility distribution account to limit payments only to municipalities, effective July 1, 2008. Create a sum sufficient appropriation funded by revenues from the county aid fund to make payments to counties under the public utility aid components of the shared revenue program and under the county and municipal aid program, beginning in 2007-08. Estimate payments from this new appropriation at \$106,054,500 SEG in 2007-08 and \$115,187,500 SEG in 2008-09. Create a sum sufficient, GPR appropriation to make payments to counties under the public utility aid components of the shared revenue program and under the county and municipal aid program to supplement the payments made under those programs from the county aid fund, beginning in 2007-08. Estimate payments under this appropriation at \$70,574,400 GPR in 2007-08 and \$64,793,400 GPR in 2008-09.

Reduce payments from the county and municipal aid account appropriation by \$157,219,800 GPR in 2007-08 and \$159,963,000 GPR in 2008-09 to reflect the removal of payments to counties from the appropriation. Rename the "county and municipal aid account" the "municipal aid account" and estimate payments under the county and municipal aid program to municipalities from the municipal aid account appropriation at \$697,483,400 GPR in 2007-08 and \$709,740,200 GPR in 2008-09. Reduce payments from the shared revenue account appropriation by \$16,037,900 GPR in 2007-08 and \$16,145,400 GPR in 2008-09 to reflect the removal of payments to counties from the appropriation and estimate shared revenue payments to municipalities at \$15,872,100 GPR in 2007-08 and \$15,979,600 GPR in 2008-09. Reduce payments from the public utility distribution account appropriation by \$3,371,200 GPR in 2007-08 and \$3,872,500 GPR in 2008-09 to reflect the removal of payments to counties from the appropriation and estimate public utility distribution account payments to municipalities at \$2,871,200 GPR in 2007-08 and \$3,372,500 GPR in 2008-09.

The bill extends a July 1, 2008, effective date to these provisions. This would occur after the 2007 payments are made in 2007-08. Other materials submitted by DOA indicate an intent to apply these provisions to both years of the biennium, and that intent is reflected in the preceding description. The bill should be changed to reflect this intent.

The following table compares funding sources for payments to municipalities and counties under current law with those proposed under the bill, both based on the funding levels

proposed under the bill.

Current Law Funding Sources (All GPR)

	<u>2007-08</u>	<u>2008-09</u>
County and Municipal Aid Amount		
Municipalities	\$697,483,400	\$709,740,200
Counties	<u>157,219,800</u>	<u>159,963,000</u>
Total	\$854,703,200	\$869,703,200
Shared Revenue Account (Utility Aid)		
Municipalities	\$15,872,100	\$15,979,600
Counties	<u>16,037,900</u>	<u>16,145,400</u>
Total	\$31,910,000	\$32,125,000
Public Utility Distribution Account		
Municipalities	\$2,871,200	\$3,372,500
Counties	<u>3,371,200</u>	<u>3,872,500</u>
Total	\$6,242,400	\$7,245,000
Total Payments		
Municipalities	\$716,226,700	\$729,092,300
Counties	<u>176,628,900</u>	<u>179,980,900</u>
Grand Total	\$892,855,600	\$909,073,200

Governor's Funding Sources

	<u>2007-08</u>	<u>2008-09</u>
Municipalities (All GPR)		
Municipal Aid Account	\$697,483,400	\$709,740,200
Shared Revenue Account	15,872,100	15,979,600
Public Utility Distribution Account	<u>2,871,200</u>	<u>3,372,500</u>
Total	\$716,226,700	\$729,092,300
Counties		
County Aid Fund (SEG)	\$106,054,500	\$115,187,500
Supplemental Aid Account (GPR)	<u>70,574,400</u>	<u>64,793,400</u>
Total	\$176,628,900	\$179,980,900
Grand Total	\$892,855,600	\$909,073,200

Joint Finance: Modify the two sum sufficient appropriations to make payments to counties under the public utility aid components of the shared revenue program and under the county and municipal aid program by increasing the county aid account appropriation funded by revenues from the county aid fund by \$4,000,000 SEG in 2007-08 and \$4,900,000 SEG in 2008-09 and decreasing the supplemental, county aid account appropriation by \$4,000,000 GPR in 2007-08 and \$4,900,000 GPR in 2008-09 to reflect: (a) the deletion of the Governor's

recommendation to create an affordable housing trust fund and to transfer \$4,000,000 annually from the county aid fund to the affordable housing trust fund; and (b) a reduction of \$900,000 in 2008-09 in the amount appropriated from the county aid fund for community youth and family aids.

The following table compares funding sources for payments to municipalities and counties under current law with those proposed under the bill as modified by the Joint Committee on Finance, both based on the funding levels proposed by the Committee.

Current Law Funding Sources (All GPR)

	<u>2007-08</u>	<u>2008-09</u>
County and Municipal Aid Amount		
Municipalities	\$697,483,400	\$709,740,200
Counties	<u>157,219,800</u>	<u>159,963,000</u>
Total	\$854,703,200	\$869,703,200
Shared Revenue Account (Utility Aid)		
Municipalities	\$16,392,400	\$16,758,500
Counties	<u>16,507,600</u>	<u>16,641,500</u>
Total	\$32,900,000	\$33,400,000
Public Utility Distribution Account		
Municipalities	\$2,871,200	\$2,871,200
Counties	<u>3,371,200</u>	<u>3,371,200</u>
Total	\$6,242,400	\$6,242,400
Total Payments		
Municipalities	\$716,747,000	\$729,369,900
Counties	<u>177,098,600</u>	<u>179,975,700</u>
Grand Total	\$893,845,600	\$909,345,600

Joint Finance Funding Sources

	<u>2007-08</u>	<u>2008-09</u>
Municipalities (All GPR)		
Municipal Aid Account	\$697,483,400	\$709,740,200
Shared Revenue Account	16,392,400	16,758,500
Public Utility Distribution Account	<u>2,871,200</u>	<u>2,871,200</u>
Total	\$716,747,000	\$729,369,900
Counties		
County Aid Fund (SEG)	\$110,054,500	\$120,087,500
Supplemental Aid Account (GPR)	<u>67,044,100</u>	<u>59,888,200</u>
Total	\$177,098,600	\$179,975,700
Grand Total	\$893,845,600	\$909,345,600

Other entries related to the county aid fund are located under Circuit Courts, Department of Commerce, Department of Corrections, General Fund Taxes, Miscellaneous Appropriations, and Shared Revenue and Tax Relief.

Assembly/Legislature: Delete provision.

7. COUNTY LEVY RESTRAINT PROGRAM [LFB Paper 708]

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 \$15,000,000 annually, beginning in 2009. Set the distribution level for the county levy restraint bonus payment account appropriation at \$10,000,000 annually, beginning in 2009. 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 year 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, as reported 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 would 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 would 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, as determined under current law, excluding the tax increments in any tax incremental financing districts (the intent was to refer to value 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 county's equalized value due to new construction, less improvements removed, between the year two years before the year of the payment and the

previous year, but not less than 0% nor greater than 2%.

Specify that the maximum allowable levy does not apply to amounts levied for the payment of any general obligation debt service, secured by the full faith and credit of the county, 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. 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 would 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. (This amount should be changed to \$15,000,000 to agree with another provision in the bill and with the Governor's Executive Budget Book.)

Calculate each eligible county's payment from the county levy restraint bonus payment account appropriation by: (a) subtracting the county's tax levy from its 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 to be 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, 2009, which is in the 2009-11 biennium, the proposal would have no direct fiscal effect in the 2007-09 biennium. However, by limiting county property tax increases in 2007(08) and 2008(09), the 2007-09 funding levels for the computer aid, homestead tax credit, farmland preservation credit, and property tax/rent credit programs would be indirectly affected, although these impacts are not reflected under the bill.

Assembly/Legislature: Delete provision.

8. MUNICIPAL LEVY RESTRAINT PROGRAM [LFB Paper 709]

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 2009. Set the distribution level for the municipal levy restraint bonus payment account appropriation at \$5,000,000 annually, beginning in 2009. 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 year 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 county environmental and municipal tax incremental financing districts, for each town, village, or city, as reported 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 would 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 would 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 tax increments in any tax incremental financing districts (the intent was to refer to value increments).

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 municipality's equalized value due to new construction, less improvements removed, between the year two years before the year of the payment and the previous year, but not less than 0% nor greater than 2%.

Specify that the maximum allowable levy does not apply to amounts levied for the payment of any general obligation debt service, secured by the full faith and credit of the municipality, 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. 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 would 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. (This amount should be changed to \$5,000,000 to agree with another provision in the bill and with the Governor's Executive Budget Book.)

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 to be 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, 2009, which is in the 2009-11 biennium, the proposal would have no direct fiscal effect in the 2007-09 biennium. However, by limiting municipal property tax increases in 2007(08) and 2008(09), the 2007-09 funding levels for the computer aid, homestead tax credit, farmland preservation credit, and property tax/rent credit programs would be indirectly affected, although these impacts are not reflected under the bill.

Joint Finance/Legislature: Delete provision.

9. SUNSET EXPENDITURE RESTRAINT PROGRAM [LFB Paper 709]

Governor: Sunset payments under the expenditure restraint program after 2008 and prohibit any moneys from being encumbered or expended from the program's appropriation after December 31, 2008. Because this provision would first affect payments in July, 2009, which would occur in the 2009-11 biennium, no fiscal effect is reported.

Joint Finance/Legislature: Delete provision.

10. MUNICIPAL AID FOR LOSS OF MANUFACTURING TAX BASE

Senate: Create a one-time aid payment in 2008-09 for municipalities with manufacturing tax base reductions. Provide payments to municipalities that meet three eligibility criteria: (a) the full value of taxable manufacturing personal property and real estate equaled at least 3.2% of the municipality's total equalized value in 2005; (b) the taxable full value of manufacturing personal property and real estate, combined, declined by at least 2.0% between 2005 and 2006; and (c) the municipality had a 2005(06) full value tax rate for municipal purposes of at least one mill. Calculate the aid payment to each eligible municipality by subtracting the combined value of manufacturing personal property and real estate in 2006 from the combined value of

manufacturing personal property and real estate in 2005, and multiplying the difference by the municipality's 2005(06) full value tax rate for municipal purposes. Pay 15% of each payment in July and the balance of the payment in November of 2008. Fund the payments from the municipal aid account appropriation by reducing the payment in 2008 to each municipality that would otherwise be made from that appropriation by a uniform percentage. Calculate the uniform percentage by dividing the sum of all payments for manufacturing tax base reductions to eligible municipalities by the total distribution for 2008 to all municipalities under the county and municipal aid program. The Department of Revenue would calculate and make payments under this provision using applicable procedures authorized under current law provisions for the county and municipal aid program. It is estimated that this provision would result in aid payments to 74 municipalities totaling \$1.3 million. This would reduce county and municipal aid payments by an estimated 0.2% compared to the amounts under the substitute amendment.

Assembly/Legislature: Delete provision.

11. STATE AID FOR TAX EXEMPT COMPUTERS, CASH REGISTERS, AND FAX MACHINES -- SUM SUFFICIENT REESTIMATE [LFB Paper 710]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	\$128,630,000	\$1,737,600	-\$300,000	\$130,067,600

Governor: Estimate state aid payments of \$64,450,000 in 2007-08 and \$64,180,000 in 2008-09. These entire amounts represent increases in funding since 2005 Wisconsin Act 25 established a base funding level for the 2007-09 biennium of \$0 by changing the payment date from the first Monday in May of each year to the fourth Monday in July of each year, beginning in 2007. This produced one-time savings in the 2005-07 biennium. The preceding amounts reflect payments for the 2007 and 2008 calendar years based on estimated exempt values for 2006 and 2007 and property tax rates for 2006(07) and 2007(08).

Joint Finance: Increase estimated payments by \$617,600 in 2007-08 and \$1,120,000 in 2008-09 to reflect reestimates of exempt value and local property tax rates. This would result in total estimated payments of \$65,067,600 in 2007-08 and \$65,300,000 in 2008-09.

Assembly: Decrease funding by \$600,000 in 2008-09 to reflect lower estimated property tax levels associated with the proposed local fiscal controls. With this adjustment, the estimated total cost of the aid would be \$65,067,600 in 2007-08 and \$64,700,000 in 2008-09.

Conference Committee/Legislature: Increase funding by \$300,000 in 2008-09 to reflect changes to the estimated property tax levels associated with the proposed fiscal controls. With this adjustment, the estimated total cost of the aid would be \$65,067,600 in 2007-08 and \$65,000,000 in 2008-09.

12. PAYMENTS FOR MUNICIPAL SERVICES -- CITY OF MADISON

Assembly: Decrease funding for the payments for municipal services appropriation by \$5,000,000 annually to reflect a reduction in payments to the City of Madison. Direct the Department of Administration to calculate payments to other municipalities and to assess chargebacks to agencies as if the appropriation had not been reduced. The latter provision would keep payments to all other municipalities and GPR-Earned from agency chargebacks unchanged from current law. Madison's payment in 2006-07 was \$8,800,471.

Conference Committee/Legislature: Delete provision.

13. INTEREST PAYMENTS ON OVERASSESSMENTS OF MANUFACTURING PROPERTY

GPR	\$20,000
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Governor/Legislature: Estimate payments of \$10,000 annually for interest on tax refunds related to the overassessment of manufacturing property. These amounts represent the initial payments authorized under 2005 Wisconsin Act 405. The Act requires the Department of Administration to refund to municipalities an amount equal to 20% of their payments in the previous fiscal year of interest on tax refunds resulting from reduced valuations ordered by the Tax Appeals Commission or the Department of Revenue's Board of Assessors.

Property Tax Credits

1. SCHOOL LEVY TAX CREDIT

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR	\$247,490,000	\$79,350,000	\$326,840,000

Governor: Increase funding by \$123,745,000 annually to reflect the distribution amount specified under current law. The distribution for the school levy tax credit was increased from \$469,305,000 annually to \$593,050,000 annually, beginning in 2007, by 2005 Wisconsin Act 25. The increased amount was reflected on property tax bills issued in December, 2006, payable in 2007. The distribution of tax credits from the state, on behalf of property owners, to municipalities occurs annually on the fourth Monday in July.

Assembly: Increase the current school levy tax credit distribution for the 2008(09) property tax year and for each year thereafter by \$200,000,000, from \$593,050,000 to \$793,050,000. Since the school levy tax credits appearing on the December, 2008, property tax bills would not be paid until July, 2009, additional funding for the credit would not be needed until 2009-10.

Conference Committee/Legislature: Increase the distribution amount to \$672,400,000 for 2008 and decrease the distribution amount to \$747,400,000 for 2009 and thereafter. Provide \$79,350,000 in 2008-09 to fund the increased distribution in July, 2008. Funding for the \$75,000,000 net increase in the 2009 distribution would not be needed until July, 2009, which would occur in 2009-10, outside the 2007-09 biennium.

[Act 20 Section: 2522]

2. FIRST DOLLAR CREDIT [LFB Paper 715]

Governor: Create a property tax credit called the "first dollar credit" with a funding level of \$100,000,000 annually beginning in 2009. Modify the existing school levy tax credit appropriation to fund payments for that credit and for the first dollar credit. Extend the credit to each taxable parcel of real estate on which improvements are located. Calculate the credit for each eligible property by multiplying the property's school tax rate by a value determined by the Department of Revenue (DOR). [DOA indicates that the intent was to base each credit on the value determined by DOR or the property's value, whichever is less. However, this second condition was inadvertently omitted from this portion of the bill.] Direct DOR to determine that amount as the estimated fair market value, rounded to the nearest \$100, necessary to distribute the total amount available for distribution. [DOA estimates that the value base would equal \$6,300 for property taxes levied in 2008.] Direct DOR to make that determination and to notify each municipal clerk of the estimated fair market value used to calculate each taxpayer's credit by December 1 of each year. Require the notice to include the total amount of first dollar credits to be distributed to the municipality in the succeeding July. Direct municipalities and counties to furnish data related to the credit that DOR requests. Specify that the credit be used to reduce property taxes otherwise payable and prohibit municipalities from considering the receipt of the credit when setting the municipality's tax rate. Require each property tax bill to display the amount of the first dollar credit and the credit's effect on the amount of net property taxes payable for the previous year, for the current year, and the percentage change between those years.

Require the Department of Administration to distribute tax credit payments to municipalities on the fourth Monday in July and set the amount of each municipality's distribution as an amount determined by multiplying the school tax rate by the estimated fair market value, not exceeding the value determined by DOR, of every parcel of eligible property in the municipality. Require municipal treasurers to settle for the credits received with the overlying county treasurer by August 15. Extend the current law provision imposing a 5% penalty for all amounts not settled on a timely basis. Require county treasurers to settle for the credits received with all affected taxing jurisdictions by August 20. Provide a correction procedure for instances of overpayments and underpayments whereby the subsequent year's payments are increased or decreased to all affected municipalities.

Extend the preceding provisions beginning with property taxes levied in 2009, payable in 2010. [DOA indicates that this should be changed to property taxes levied in 2008 (payable in

2009) to reflect the administration's intent.] Because the credit's initial distribution would occur in July, 2009, the fiscal effect of these provisions would first occur in 2009-10, outside the 2007-09 biennium. Consequently, no fiscal effect for the 2007-09 biennium is displayed.

Joint Finance: Approve the Governor's recommendation to increase tax credit funding and distribute the additional funding as a new tax credit called the first dollar credit, but modify the recommendation to clarify that the additional funding would first apply to the 2008(09) tax levy and to specify that tax credits for individual properties would be based on the value determined by DOR (the credit base) or the property's value, whichever is less.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision, as modified by Joint Finance, but with a funding level of \$75,000,000 annually beginning in 2009.

[Act 20 Sections: 570, 2159, 2160, 2511 thru 2523, and 9341(10)]

3. LOTTERY AND GAMING CREDIT [LFB Papers 695 and 697]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$3,500,700	\$7,978,400	\$11,479,100

Governor: Increase funding by \$1,913,100 in 2007-08 and \$1,587,600 in 2008-09 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 \$125,746,700 in 2007-08 and \$125,421,200 in 2008-09.

Joint Finance/Legislature: Increase funding by \$3,052,700 in 2007-08 and \$4,925,700 in 2008-09 for the lottery and gaming credit sum sufficient appropriation to estimate total tax credit distributions at \$128,799,400 in 2007-08 and \$130,346,900 in 2008-09.

4. LOTTERY AND GAMING CREDITS -- LATE APPLICATIONS [LFB Paper 695]

SEG	\$81,400
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Governor/Legislature: Increase funding by \$40,700 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 \$240,700 annually.

5. HOMESTEAD TAX CREDIT -- CURRENT LAW REESTIMATE [LFB Paper 716]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Veto (Chg. to Leg.)	Net Change
GPR	-\$8,900,000	-\$3,800,000	-\$400,000	\$200,000	-\$12,900,000

Governor: Provide decreases in funding of \$2,800,000 in 2007-08 and \$6,100,000 in 2008-09 for the sum sufficient appropriation to reflect anticipated costs of the current law credit in the biennium. The estimated decline in costs primarily reflects the growth in household income compared to the current law formula factors. With these adjustments, estimated total, current law funding would be decreased from an adjusted base level of \$117,500,000 to \$114,700,000 in 2007-08 and \$111,400,000 in 2008-09.

Joint Finance: Decrease funding by \$1,400,000 in 2007-08 and \$2,400,000 in 2008-09 for the sum sufficient appropriation to reflect the reestimated costs of the current law credit in the biennium. With these adjustments, the current law cost of the credit would be decreased to \$113,300,000 in 2007-08 and \$109,000,000 in 2008-09. These estimates reflect the estimated changes in property tax levels under the substitute amendment's provisions related to local government fiscal controls and local aid funding.

Assembly: Decrease funding by \$200,000 in 2007-08 and \$500,000 in 2008-09 to reflect lower estimated property tax levels associated with the proposed local fiscal controls. With this adjustment, the estimated total cost of the credit would be \$113,100,000 in 2007-08 and \$108,500,000 in 2008-09.

Conference Committee/Legislature: Increase funding by \$100,000 in 2007-08 and \$200,000 in 2008-09 to reflect changes in the estimated property tax levels associated with the proposed local fiscal controls. With this adjustment, the estimated total cost of the credit would be \$113,200,000 in 2007-08 and \$108,700,000 in 2008-09.

Veto by Governor [F-3]: Increase funding by \$100,000 annually to reflect changes in the estimated property tax levels associated with the local fiscal controls, as vetoed. With this adjustment, the estimated total cost of the credit would be \$113,300,000 in 2007-08 and \$108,800,000 in 2008-09.

6. HOMESTEAD TAX CREDIT -- FORMULA CHANGES [LFB Paper 717]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	\$12,000,000	\$14,400,000	-\$26,400,000	\$0

Governor: Increase funding by \$4,000,000 in 2007-08 and \$8,000,000 in 2008-09 to fund a proposed expansion of the homestead tax credit. Beginning with tax year 2008, increase the maximum household income amount under the homestead tax credit each year from the

current level of \$24,500 by a percentage equal to the percentage change between the Consumer Price Index (CPI) for all urban consumers, U.S city average, for the month of August of the previous year and the same index for the month of August, 2006.

Specify that that the revised maximum household income amount would be rounded to the nearest multiple of \$10, or if the revised amount is a multiple of \$5, the amount would be increased to the next higher multiple of \$10. Require the Department of Revenue (DOR) to annually adjust the slope (or rate) at which eligible property taxes are reduced for incomes above the income threshold so that the credit equals zero at the new maximum income amount. Require DOR to annually incorporate the changes into the state income tax forms and instructions.

The maximum household income is one of several formula factors used to determine a claimant's homestead tax credit amount. The following describes the current law credit formula:

$$80\% \times [\text{Property Taxes} - 8.788\% (\text{Household Income} - \$8,000)]$$

Under the proposal, increases to the maximum income level with no other formula adjustments would require DOR to lower the rate at which eligible property taxes are reduced for incomes above the income threshold. As a result, the proposed changes would benefit all existing and potential claimants with incomes above the \$8,000 income threshold.

Based on the provisions in the bill, the proposed formula changes would first affect the cost of the homestead tax credit in 2008-09. However, DOA indicates that it was intended that this provision would first be effective with the 2007 tax year, which would first affect the cost of the credit in 2007-08.

Joint Finance: Modify the Governor's recommendation by first applying the provision to the 2007 tax year and by indexing the homestead tax credit maximum income level, maximum property tax amount, and income threshold formula factors to the percentage change between the CPI for the month of August of the previous year and for the month of August, 2005, rounding each factor to the nearest \$10 (these changes reflect the Governor's original intent). The following table lists the estimated formula factors under the Committee's actions. Compared to the current law credit, the estimated cost of the credit would increase by \$10,300,000 in 2007-08 and \$16,100,000 in 2008-09, which would represent increases of \$6,300,000 in 2007-08 and \$8,100,000 in 2008-09 compared to the bill. The estimated total cost of the expanded credit would be \$123,600,000 in 2007-08 and \$125,100,000 in 2008-09.

Homestead Tax Credit Formula Factors

	<u>Current Law</u>	<u>Tax Year 2007</u>	<u>Tax Year 2008</u>
Maximum Income	\$24,500	\$25,430	\$26,010
Maximum Property Taxes	1,450	1,510	1,540
Property Tax Reimbursement Rate	80%	80%	80%
Income Threshold	8,000	8,300	8,490
Rate that Income Reduces Eligible Taxes	8.788%	8.815%	8.790%
Maximum Credit	1,160	1,208	1,232

Assembly: Delete provision. This would reduce the estimated cost of the credit by \$10.3 million in 2007-08 and \$16.1 million in 2008-09.

Restrict the homestead tax credit to those claimants who are either 65, or older, married, or have one or more dependents. This would reduce the estimated cost of the credit by \$44.5 million in 2007-08 and \$45.1 million in 2008-09, compared to current law. Increase the maximum income level factor of the credit formula for the remaining claimants from \$24,500 to \$25,800, effective in tax year 2007, and index this factor to changes in the consumer price index, effective in tax year 2009. The following chart shows the parameters of the homestead credit under current law and under the proposal, which would increase the estimated costs of the credit by \$5.1 million in 2007-08 and \$4.3 million in 2008-09. The combined effect of restricting the credit to those claimants who are either 65, or older, married, or have one or more dependents, while providing these remaining claimants an expanded credit, would reduce the estimated cost of the credit by \$39.4 million in 2007-08 and \$40.8 million in 2008-09, compared to current law.

	<u>Current Law</u>	<u>Assembly</u>
Maximum Income	\$24,500	\$25,800
Maximum Property Taxes	1,450	1,450
Property Tax Reimbursement Rate	80%	80%
Income Threshold	8,000	8,000
Rate that Income Reduces Eligible Taxes	8.788%	8.146%
Maximum Credit	1,160	1,160

Conference Committee/Legislature: Delete provision.

7. FARMLAND PRESERVATION TAX CREDIT REESTIMATE

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Veto (Chg. to Leg.)	Net Change
GPR	-\$600,000	-\$200,000	\$100,000	-\$700,000

Governor: Provide decreases in funding of \$400,000 in 2007-08 and \$200,000 in 2008-09 for the sum sufficient appropriation to reflect anticipated costs of the credit in the biennium.

The decline in estimated credits primarily reflects an expected increase in the incomes of credit claimants, which reduces the amount of the credit for certain claimants. With these adjustments, estimated total funding would be decreased from an adjusted base level of \$13,000,000 to \$12,600,000 in 2007-08 and \$12,800,000 in 2008-09.

Assembly: Decrease funding by \$100,000 in 2007-08 and \$300,000 in 2008-09 to reflect lower estimated property tax levels associated with the proposed local fiscal controls. With this adjustment, the estimated total cost of the credit would be \$12,500,000 in both 2007-08 and 2008-09.

Conference Committee/Legislature: Increase funding by \$50,000 in 2007-08 and \$150,000 in 2008-09 to reflect changes in the estimated property tax levels associated with the proposed local fiscal controls. With this adjustment, the estimated total cost of the credit would be \$12,550,000 in 2007-08 and \$12,650,000 in 2008-09.

Veto by Governor [F-3]: Increase funding by \$50,000 annually to reflect changes in the estimated property tax levels associated with the local fiscal controls, as vetoed. With this adjustment, the estimated total cost of the credit would be \$12,600,000 in 2007-08 and \$12,700,000 in 2008-09.

8. FARMLAND PRESERVATION -- TAX CREDIT AND LAND USE PROVISIONS

Governor: Make the following modifications to the farmland preservation agreement and exclusive agricultural zoning requirements of the farmland preservation program, effective on October 1, 2007, or on the day after the effective date of the bill, whichever is later:

Certification of Agricultural Preservation Plans and Exclusive Agricultural Zoning Ordinances. Specify that after the effective date of the bill, the Department of Agriculture, Trade and Consumer Protection (DATCP) would have the authority to certify agricultural preservation plans and exclusive agriculture zoning ordinances. Until the effective date of these provisions, the Land and Water Conservation Board (LWCB) would continue to have the authority to certify these plans and ordinances.

Specify that DATCP may do any of the following before it determines whether to certify an agricultural preservation plan or exclusive agricultural use zoning ordinance or any revision to a plan or ordinance: (a) review the plan or ordinance or any revisions for compliance with the statutory standards for agricultural preservation plans and exclusive agriculture zoning ordinances and revisions; and (b) review and audit the application for certification. DATCP would be required to grant or deny an application for certification in writing no later than the 90th day following receipt of a complete application, unless the county, city, village, or town agrees to an extension. The Department could grant an application for certification subject to conditions specified by the Department in its certification decision and could revoke the certification if the county, city, village, or town does not make the required changes by a deadline specified by the Department. Specify that a certified plan does not include a revision to a plan adopted after the effective date of the bill, unless the Department certifies the revision.

Require a local unit of government that applies for a certification of their agricultural preservation plan (county only) or exclusive agricultural zoning ordinance (county, city, village or town) to submit all of the following to DATCP:

- a. a copy of the plan or ordinance or revision to the plan or ordinance;
- b. a description of how the plan or ordinance or revision to the plan or ordinance complies with current statutory standards regarding farmland preservation plans or exclusive agriculture zoning ordinances and revisions to such plans or ordinances;
- c. other relevant information required by the Department by rule; and
- d. a statement, signed by the county corporation counsel certifying that the plan or revision to the plan, or signed by the chief elected official of attorney for the county, city, village, or town certifying that the ordinance or revision to the ordinance, complies with current statutory standards regarding such plans and ordinances and revisions to such plans or ordinances.

Require that counties make a proposed agricultural preservation plan or a revision to a plan available to the public for at least 30 days before the required public hearing and that they accept public comments during that time.

Repayment of Tax Credits and Issuance of Liens -- Farmland Preservation Agreements. Delete the current law requirement that landowners who have received farmland preservation tax credits pay back any tax credits received on land under a farmland preservation agreement upon the relinquishment, withdrawal, or expiration of their agreement. Rather, require that DATCP, unless otherwise authorized by statute, may not relinquish a farmland preservation agreement or release land from a farmland preservation agreement until the owner pays a conversion fee to the Department equal to \$100 per acre of land that is no longer covered by the farmland preservation agreement. Similar to the current law requirement for payback of credits, specify that the agreement would be required to state that a payment to the state may be required if the agreement is relinquished, withdrawn from, or expired. Specify that these conversion fees would first apply to land that is released or relinquished from a farmland preservation agreement on the effective date of these provisions.

Delete DATCP's authority and the current law procedures for the determination, placement, and discharging of liens placed on property for payment of tax credits received on land under a farmland preservation agreement when that agreement is relinquished, or all or part of the land is released from the agreement.

Specify that DATCP, rather than the LWCB, would have authority related to relinquished farmland preservation agreements and the release of lands from such agreements. Delete obsolete statutory provisions related to the release of land from a farmland preservation agreement for the development of the land as a concert park.

Repayment of Tax Credits and Issuance of Liens -- Exclusive Agriculture Zoning. Delete the

requirement that landowners pay back the tax credits received on any land under exclusive agricultural zoning when that land is rezoned or granted a special exception or conditional use permit. Instead, specify that a county, city, village, or town may not rezone or grant a special exception or conditional use permit on land that is subject to exclusive agriculture zoning until the landowner pays a conversion fee of \$100 per acre of land that is rezoned or for which a special exception or conditional use permit is granted. If the rezoning occurs solely as a result of an action by a governmental unit other than the local unit of government that approves the rezoning petition, the payment would be made by the government initiating the action. If the rezoning occurs solely as a result of an action by the unit of government that approves the petition, the payment would be made by that unit of government to the Department. Specify that these conversion fees would first apply to land that is rezoned from exclusive agricultural zoning on the effective date of those provisions.

Initial Farmland Preservation Agreements. Repeal Subchapter III of Chapter 91 of the statutes, relating to initial agreements, which were available until October 1, 1982, for land not covered by an agricultural preservation plan and exclusive agricultural zoning. Remaining statutory references to initial agreements, and the tax credits related to those agreements, would reference the initial agreement provisions of the 2005 statutes.

Impact on Departmental and Local Revenue. The bill does not reflect any reestimate of departmental or local revenues associated with the deletion of the tax credit payback provisions and the creation of conversion fees associated with the land subject to farmland preservation agreements or exclusive agricultural zoning.

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

Property Taxation

1. **LEVY LIMIT FOR COUNTIES AND MUNICIPALITIES** [LFB

GPR-Lapse - \$27,300

 Paper 725]

Governor: Repeal the current law provision that sunset the levy limit on counties and municipalities on January 1, 2007, make technical and policy modifications to the limitation, and reauthorize the levy limit program to apply to taxes levied in 2007 and 2008. As modified, the levy limit for those two years would be structured as follows.

Imposition. Prohibit any city, village, town, or county from increasing its base municipal or county tax levy (defined as the local government's maximum allowable levy for the immediately preceding year) by more than a maximum allowable amount determined through formula. Provide that the maximum allowable increase be calculated by multiplying the base levy by a valuation factor. Define the valuation factor as the percentage equal to the greater of

4% or the percentage change in the local government's equalized value due to new construction, less improvements removed, as determined for January 1 equalized values in the year of the levy. [The prior law levy limit had a 2% floor for the allowable increase and based the limit on the actual levy for the prior year, rather than the maximum allowable levy.]

Exclusions. Exclude from the limitation any amounts levied: (a) as tax increments by a city, village, town, or county; (b) for the payment of any general obligation debt service on debt authorized on or after July 1, 2005, and secured by the full faith and credit of the city, village, town, or county; (c) for a county children with disabilities education board by a county; (d) for school purposes by a first class city; (e) for town bridge and culvert construction and repair by a county; (f) for payment by a county to an adjacent county for library services; (g) for any revenue shortfall for debt service on a revenue bond; or (h) for fire charges assessed by a joint fire department that would cause the municipality to exceed its allowable levy, provided that the joint fire department's total charges increase relative to the prior year by a rate less than or equal to 2% plus the percentage change in the consumer price index and the governing body of each municipality served by the joint fire department adopts a resolution in favor of the municipality exceeding its limit. Define joint fire department, by way of cross-reference to current law provisions, as a joint fire department created by a village with a population of 5,000 or more with a city or town or with another village, by a city with another city, or by a municipality with another governmental unit or Indian tribe through an intergovernmental cooperation contract. [The exclusions under (e), (f), (g), and (h) were not included under the prior law levy limit.]

Adjustments. 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. [All of these adjustments were included under the prior law levy limit.]

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 levy in 2005 or in another odd-numbered year. Require 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 levy in 2006 or in another even-numbered year. 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. [The referendum provisions are the same as those under the prior law levy limit.]

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, but exclude levies that exceed the allowable levy by less than \$500 from the penalty. Provide that the aid reduction be imposed in the year after the excess amount is levied, but specify that the amount of any penalty exceeding a local government's succeeding aid payment be applied to aid payments in subsequent years until the total penalty is subtracted. Provide that any withheld state aid amounts be lapsed to the general fund. Authorize DOR to waive penalties if it determines that a penalized excess is caused by a clerical error. Define clerical error as a penalized excess caused by DOR, through mistake or inadvertence, assessing to a county or a municipality in the current or previous year a greater or lesser valuation than should have been assessed or by a county or municipal clerk, through mistake or inadvertence, in preparing or delivering the tax roll. [The \$500 threshold, carryover of the penalty to subsequent years, and waiver for clerical errors were not included under the prior law levy limit.]

Joint Finance: Modify the provision that would exclude from the levy limitation the amount that a county levies in a year to make payments to an adjacent county for library services to instead apply to county payments to public libraries for library services, provided

the county does not maintain a consolidated public library for the county.

Senate: Exclude county special charges from the limitation on 2006 municipal property tax levies if the special charge is identified as being for the recovery of unlawful real estate taxes on a municipality's statement of taxes for 2006 that was filed with the Department of Revenue and the special charge resulted from a 2005 tax amount that was rescinded due to an error, as defined under current law provisions. This provision would change the levy limit law for 2006(07) to cause the property tax levies for 12 municipalities to comply with the limitation. As a result, the Department of Revenue would be precluded from imposing a levy limit penalty on these municipalities by withholding an estimated \$27,300 from their 2007 county and municipal aid payments. Because withheld amounts lapse to the state's general fund, the provision would decrease the GPR lapse by \$27,300 in 2007-08. Based on a preliminary list of levy limit penalties for 2007, this provision would eliminate the following penalties:

<u>Municipality</u>	<u>County</u>	<u>Amount</u>
T. Middleton	Dane	\$9,551
T. Eaton	Brown	6,314
V. Shorewood Hills	Dane	4,588
T. Solon Springs	Douglas	3,785
T. Georgetown	Polk	1,248
T. Mount Ida	Grant	680
T. Hazelhurst	Oneida	546
V. Eleva	Trempealeau	241
T. Farmington	La Crosse	164
T. Laketown	Polk	104
T. Stanton	St. Croix	51
T. Parkland	Douglas	13

Assembly: Replace provisions proposed by the Governor and modified by the Joint Committee on Finance and Senate that would impose a levy limit on counties and municipalities in 2007 and 2008 with the following provisions.

Imposition. Prohibit any city, village, town, or county from increasing its municipal or county tax levy by more than a maximum allowable amount determined through formula. Provide that the maximum allowable increase be calculated by multiplying the prior year levy by a valuation factor. Define the valuation factor for counties as the percentage equal to the greater of 0% or 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 of the levy. Define the valuation factor for municipalities as the percentage equal to the sum of the change in the municipality's equalized value 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, and 50% of the value increment of any tax increment district in the previous year, provided the Department of Revenue (DOR) does not certify a value increment for the district in the current year due to the district's termination, divided by the municipality's equalized value for the year two years before

the levy. Extend the limit to amounts levied in 2007, 2008, and 2009.

Exclusions. Exclude from the limitation any amounts levied: (a) as tax increments by a city, village, town, or county; (b) for the payment of any general obligation debt service on debt authorized on or after July 1, 2005, and before July 1, 2007, and secured by the full faith and credit of the city, village, town, or county; (c) for a county children with disabilities education board by a county; (d) for school purposes by a first class city; (e) for the payment of any general obligation debt service on debt authorized by a referendum on or after July 1, 2007, and secured by the full faith and credit of the city, village, town, or county; (f) for the operation of a county-wide emergency medical services system; (g) for providing police protection services, as defined by the village board, for the levy immediately succeeding the incorporation of a town as a village, if the town did not have a police department at the time of incorporation; (h) for town bridge and culvert construction and repair by a county; or (i) for fire charges assessed by a joint fire department that would cause the municipality to exceed its allowable levy, provided that the joint fire department's total charges increase relative to the prior year by a rate less than or equal to 2% plus the percentage change in the consumer price index and the governing body of each municipality served by the joint fire department adopts a resolution in favor of the municipality exceeding its limit. Define joint fire department, by way of cross-reference to current law provisions, as a joint fire department created by a village with a population of 5,000 or more with a city or town or with another village, by a city with another city, or by a municipality with another governmental unit or Indian tribe through an intergovernmental cooperation contract.

Adjustments. 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 would be 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 would be 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 would be 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 would be 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 would be decreased by the same amount; (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 would be increased by the difference between the two amounts; or (f) if a lease payment related to a lease revenue bond for a political subdivision in the preceding year is less than the amount of the lease payment needed in the current year, as a result of the issuance of a lease revenue bond before July 1, 2005, the levy increase limit in the current year would be 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 levy in 2005 or in another odd-numbered year. Require 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 levy in 2006 or in another even-numbered year. 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. Require a county or municipality to calculate its allowable levy based on the prior year's levy adopted by its governing body, as opposed to its actual levy, if DOR determines that the county or municipal clerk through mistake or inadvertence in preparing or delivering the tax roll caused the actual levy to be different from the adopted levy. Require the Department to waive any penalties otherwise imposed based on these provisions.

Conference Committee/Legislature: Delete Assembly provision and restore the provisions included in the Governor's proposal, as modified by Joint Finance and the Senate, except decrease the minimum allowable rate of increase under the valuation factor from 4% to 2%. In addition, authorize exclusions to the limitation for providing police protection services, as defined by the village board, for the levy immediately succeeding the incorporation of a town as a village, if the town did not have a police department at the time of incorporation, and for the operation of a county-wide emergency medical services system. Further, authorize adjustments to the limitation

as follows: (a) if a lease payment related to a lease revenue bond for a political subdivision in the preceding year is less than the amount of the lease payment needed in the current year, as a result of the issuance of a lease revenue bond before July 1, 2005, the levy increase limit in the current year would be increased by the difference between the two amounts; and (b) if a tax increment district terminates, an amount equal to the prior year's allowable levy multiplied by 50% of the local government's percentage value growth due to the district's termination would be added to the current year's allowable levy. Finally, repeal the levy limit provisions effective November 30, 2009.

Veto by Governor [F-3]: Delete the provision relating to defining the base year levy as the local government's maximum allowable levy for the immediately preceding year and other provisions in the same bill section (Section 1882) that would authorize the imposition of the levy limit and the exclusion of tax increments from levy limit calculations. Retain individual words and numbers from this section to establish an allowable percentage increase for 2007(08) levies of 3.86% by creating the sentence: "Except as provided, no political subdivision may increase its levy in 2007 by a percentage that exceeds the political subdivision's valuation factor or 3.86." The Department of Administration indicates that the Governor's intent was to allow local governments to increase their levies by the greater of the two amounts. Delete the repeal of two provisions that were originally created by 2005 Wisconsin Act 25 related to imposing the levy limit and creating an exclusion from the levy limit for tax increment levies. The Governor's partial veto of the repeal has the effect of restoring these provisions. Their restoration is necessitated by the partial veto establishing the 3.86% allowable increase for 2007. Remove a cross-reference that is no longer applicable.

[Act 20 Sections: 1878d thru 1899, 9155(3t), and 9441(6n)]

[Act 20 Vetoed Sections: 1880, 1881, 1882, 1892, and 1896]

2. CITY OF MILWAUKEE AUTHORITY TO EXTEND THE LIFE OF TIF DISTRICTS

Governor: Provide that after the date on which the City of Milwaukee pays off all the aggregate project costs of a tax incremental financing (TIF) district, the City would have the authority to extend the life of that district for not more than twelve months. Specify that the City would have this authority regardless of the time at which the district would otherwise have to terminate under the statutes. The life of a TIF district could only be extended if the City does all of the following:

- a. enacts an ordinance extending the life of the district for a specified number of months; and
- b. forwards a copy of the ordinance to the Department of Revenue (DOR) notifying the Department that it must continue to authorize the allocation of tax increments to the TIF district extended by the City.

Specify that if DOR receives a notice that the City has extended the life of a TIF district,

DOR would be required to continue authorizing the allocation of tax increments to the district for the extended life of district. DOR would be required to continue to allocate the tax increments as if the district's costs had not been paid off and without regard to whether any other time period specified in the statutes would otherwise require DOR to terminate the allocation of such increments.

Specify that if the City receives tax increments associated with extending the life of a TIF district under these provisions, the City would be allowed to use up to 75% of those tax increments to benefit affordable housing in the City. Require that the remaining portion of the increments be used by the City to improve the City's housing stock.

Under current law, a TIF district is required to terminate when the earliest of the following occurs: (a) all project costs of that district are reimbursed through the receipt of tax increments; (b) the local government body, by resolution, dissolves the district; or (c) 20 to 27 years after the district was created, depending on the type of district and the date on which it was created.

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

3. PROPERTY TAX EXEMPTION FOR VETERANS SERVICE ORGANIZATIONS

Governor: Provide a property tax exemption for real property owned by a veterans service organization that is chartered under federal law, if the property is necessary for the location and convenience of buildings, effective with property assessed as of January 1, 2007. Currently, there are 45 congressionally-chartered veterans service organizations, which include the American Red Cross, the American Legion, the American Veterans (AMVETS), the Disabled American Veterans, and the Veterans of Foreign Wars of the United States (VFW).

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

4. PROPERTY TAX EXEMPTION FOR LOW-INCOME HOUSING

Joint Finance: Modify the property tax exemption for educational, religious, and benevolent institutions by specifying that the exemption, as it pertains to benevolent associations, includes organizations that own low-income residential housing as provided under sections 3.01 and 3.02 of Internal Revenue Service Revenue Procedure 96-32. Extend the 30-acre limitation under the exemption, as opposed to the 10-acre limitation, to property owned by benevolent organizations and specify that property operated as low-income residential housing is a qualifying use under the 30-acre provision. Modify the current law provision that allows exempt property to be leased if the leasehold income from the property is used for maintenance and construction debt retirement to also allow leased property to be operated as low-income residential housing as provided under sections 3.01 and 3.02 of Internal Revenue Service Revenue Procedure 96-32. Exclude lessors who lease property meeting the requirements under sections 3.01 and 3.02 of Internal Revenue Service Revenue Procedure 96-32 from the current law provision requiring owners of exempt property that is leased to provide records relating to the lessor's use of income from the leased property. Extend

these provisions to apply retroactively to property assessed as of January 1, 2003.

Senate/Legislature: Delete provision (this provision was separately enacted as 2007 Act 19, prior to passage of the budget).

5. PROPERTY TAX EXEMPTION FOR TREATMENT PLANT AND POLLUTION ABATEMENT EQUIPMENT

Senate: Modify the property tax exemption for treatment plant and pollution abatement equipment as follows. Expand the current law provision that requires waste treatment facilities to be used to treat industrial wastes or air contaminants to instead require facilities to be used exclusively and directly to remove, store, or cause a physical or chemical change in industrial waste or air contaminants. Define used exclusively to mean to the exclusion of all other uses except for other uses not exceeding 5% of total use or except to produce heat or steam for a manufacturing process, if the total fuel consists of either 95% or more industrial waste that would otherwise be considered superfluous, discarded, or fugitive material or 50% or more of wood chips, sawdust, or other wood residue from the paper and wood products manufacturing process, if the wood chips, sawdust, or other wood residue would otherwise be considered superfluous, discarded, or fugitive material. Repeal the current law provision that specifies that industrial waste includes wood chips, sawdust, or other wood residue from the paper and wood products manufacturing process that can be used as fuel and would otherwise be considered superfluous, discarded, or fugitive material.

Continue, but recodify, the current law provisions that exclude other wastes from the definition of industrial waste and that define industrial waste as waste resulting from any process of industry, trade, or business, or the development of any natural resource. In addition, specify that industrial waste has no monetary or market value, except as specified in the definition of "used exclusively," and that industrial waste would otherwise be considered as superfluous, discarded, or fugitive material. Recodify the current law definition of air contaminants. Amend cross-references to the property tax exemption for treatment plant and pollution abatement equipment in current law provisions regarding claims for the recovery of unlawful taxes, taxation of public utilities, general sales and use taxation (the definition in the property tax statute is used to determine eligibility for a sales tax exemption), and public utility aid.

With regard to property tax assessments and to claims for the recovery of illegal taxes, extend these provisions to first apply as of January 1, 2007, but specify that any changes related to general sales and use taxation take effect on the first day of the second month after publication of the act. In addition, specify that objections to assessments as of January 1, 2007, that are affected by these provisions may be filed no later than 60 days after the effective date of the act or the time allowed under current law, whichever is later. Specify that the changes related to general sales and use taxation would not apply to tangible personal property purchased in fulfillment of a contract to construct, repair, or improve a waste treatment facility, if the contract is entered into, or a formal bid is made, prior to the effective date of the act and

the tangible personal property is affixed and made a structural part of the waste treatment facility.

Conference Committee/Legislature: Delete provision (this provision was separately enacted as 2007 Act 19, prior to passage of the budget).

6. DELETE PROPERTY TAX EXEMPTION FOR AUTOMATIC TELLER MACHINES

Senate: Modify the property tax exemption for computers to exclude automatic teller machines, effective with property assessed as of January 1, 2008. Automatic teller machines are currently considered computers and, therefore, are exempt from property taxation. By amending the exemption statute to specifically exclude automatic teller machines from the definition of computers, state aid payments for exempt computers would decrease. However, no fiscal effect is reported for this biennium because the provision would first affect payments in July, 2009. In the 2001-03 biennial budget bill, the Legislature included a similar provision, which was removed from the bill through partial veto. At that time, the value of automatic teller machines was estimated at \$45.5 million. Based on estimated tax rates for 2008(09), removing that value from the computer exemption would reduce state aid payments by an estimated \$900,000 in 2009-10.

Assembly/Legislature: Delete provision.

7. PROPERTY TAX EXEMPTION FOR RESTAURANT KITCHEN EQUIPMENT

Assembly: Provide a property tax exemption for machinery, including refrigerators and other storage equipment, used primarily in the operation of a restaurant's kitchen to prepare or serve food or beverages, regardless of whether the machinery is attached to real property, effective with property assessed as of January 1, 2008. Define restaurant to include pizza delivery establishments, snack bars, beverage bars, take-out food shops, mobile food services (including mobile snack stands, mobile canteens, and ice cream vendors), and any other entity required to have a permit issued by DHFS or a local health department for a hotel, restaurant, or vending machine.

Conference Committee/Legislature: Delete provision.

8. DEFINITION OF AGRICULTURAL LAND

Senate: Modify the current law definition of agricultural land to exclude any land that is platted and zoned for residential, commercial, or industrial use, effective with property assessed as of January 1, 2008. Agricultural land is valued based on its use, while all other property is valued based on its highest and best use. To be classified as agricultural property, property must be devoted to an agricultural use, such as growing crops and producing livestock. This provision would cause land that is devoted to an agricultural use, but is also platted and zoned for a residential, commercial, or industrial use, to be included in a classification other than agricultural land and valued for property tax purposes according to its highest and best use. The amount of

property meeting this definition is unknown, but the taxable value of that property would likely increase and cause taxes to be shifted between owners of taxable property. State collections from the state forestry tax would increase in proportion to any increase in taxable value, which would result in an unknown increase in revenue to the forestry account of the conservation fund.

Assembly/Legislature: Delete provision.

9. DISTRIBUTION OF THE PENALTY FOR CONVERTING AGRICULTURAL LAND

Assembly: Require counties to distribute penalties assessed for converting agricultural land to another use to the affected municipalities within 30 days after receipt of the payment. Current law does not provide a deadline for this distribution.

Conference Committee/Legislature: Delete provision.

10. DELAY DUE DATE FOR SECOND INSTALLMENT OF PROPERTY TAXES IN TWO MUNICIPALITIES

Conference Committee/Legislature: Delay the due date for paying the second installment of property taxes from July 31, 2007, to October 31, 2007, for property taxes that became payable in 2007, for property located in the Village of Bagley (Grant County) or the Town of Wyalusing (Grant County), if the taxpayer certifies that the property has been damaged or destroyed by flooding. Provide that any taxes paid on or before October 31, 2007, shall not be considered delinquent, but that taxes unpaid after that date shall be considered delinquent as of November 1, 2007, and interest and penalties on delinquent amounts shall be charged from the preceding February 1.

[Act 20 Section: 9141(2v)]

11. PROPERTY TAX EXEMPTION FOR HIGH DENSITY SEQUENCING SYSTEMS

Conference Committee/Legislature: Create a personal property tax exemption for a high density sequencing system that, by mechanical or electronic operation, moves printed materials from one place to another within the production process, organizes these materials for optimal staging, or stores and retrieves these materials in order to facilitate their production or assembly. Extend the definition of production process in the manufacturing machinery and specific processing equipment exemption to this exemption, but specify that provisions related to storage in that definition are excluded. Apply the exemption retroactively, effective with property assessed as of January 1, 2006.

[Act 20 Sections: 1935d, 9341(16c), and 9441(11m)]

Local Revenue Options

1. PREMIER RESORT AREA -- CITY OF MILWAUKEE

Governor: Allow the City of Milwaukee to declare part of itself a premier resort area by exempting the City from the current law requirement that at least 40% of its equalized assessed value must be used by tourism-related retailers before the City may declare itself a premier resort area. As a premier resort area, the City could enact an ordinance to impose a tax at a rate of 0.5% on the gross receipts from the sale, lease, or rental in the City of goods or services made by businesses that are included in a current law list of tourism-related retailers. If the City of Milwaukee acts to impose a premier resort area tax, the City may spend the proceeds of the tax only for infrastructure expenses within the specified area.

Under current law, infrastructure expenses means the costs of purchasing, constructing, or improving parking lots, access ways, transportation facilities (including roads and bridges), sewer and water facilities, parks, boat ramps, beaches and other recreational facilities, fire fighting equipment, police vehicles, ambulances, and other equipment or materials dedicated to public safety or public works.

Action by the City under this provision would take effect only if all of the following apply:

- a. the territory in the specified area is contiguous;
- b. the specified area does not exceed four square miles; and
- c. the territory in the specified area corresponds to nine-digit zip code areas, as determined by the United States Postal Service.

The City of Milwaukee's authority to declare itself a premier resort area would first be effective on the first day of the first calendar quarter beginning at least 120 days after publication of the budget act.

Under current law, which would continue to apply to the City of Milwaukee, an ordinance or resolution declaring itself to be a premier resort area must receive a two-thirds vote of the members of its governing body who are present for the vote.

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

Other Credits

Descriptions of the budget provisions related to the earned income tax credit, veterans and surviving spouses property tax credit, enterprise zone jobs tax credit, film production services credit, dairy manufacturing facility investment credit, and cigarette and tobacco products tax refunds are provided under "General Fund Taxes."

STATE FAIR PARK

Budget Summary							
Fund	2006-07 Base Year Doubled	2007-09 Governor	2007-09 Jt. Finance	2007-09 Legislature	2007-09 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$4,927,600	\$4,953,100	\$4,953,100	\$4,953,100	\$4,953,100	\$25,500	0.5%
PR	<u>33,992,600</u>	<u>35,964,800</u>	<u>35,964,800</u>	<u>35,964,800</u>	<u>35,964,800</u>	<u>1,972,200</u>	5.8
TOTAL	\$38,920,200	\$40,917,900	\$40,917,900	\$40,917,900	\$40,917,900	\$1,997,700	5.1%
BR			- \$3,800,000	- \$3,800,000	- \$3,800,000		

FTE Position Summary						
Fund	2006-07 Base	2008-09 Governor	2008-09 Jt. Finance	2008-09 Legislature	2008-09 Act 20	Act 20 Change Over 2006-07 Base
PR	28.40	29.40	29.40	29.40	29.40	1.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	\$771,800
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Governor/Legislature: Provide adjustments to the base budget for: (a) full funding of salaries and fringe benefits (\$270,100 annually); (b) overtime (\$115,200 annually); and (c) night and weekend pay differential (\$600 annually).

2. LTE WAGE INCREASES

PR	\$612,100
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Governor/Legislature: Provide \$252,200 in 2007-08 and \$359,900 in 2008-09 for limited-term employee (LTE) costs mostly during the annual State Fair.

3. SUPPLIES AND SERVICES COSTS INCREASE

PR	\$508,800
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Governor/Legislature: Provide \$184,100 in 2007-08 and \$324,700 in 2008-09 for supplies and services primarily related to the Park's agricultural programs.

4. HEAD OF POLICE

Positions	
PR	1.00

Governor/Legislature: Provide 1.0 position to serve as head of police operations at State Fair Park.

Currently, a memorandum of understanding (MOU) between the State Fair Park and the Department of Administration (DOA) specifies that Capitol Police oversee State Fair Park in exchange for payment from the Park. However, the Department of Administration (DOA) terminated the MOU effective July 1, 2007. Beginning on July 1, 2007, State Fair Park will contract for officers on its own. The recommended position would serve as a coordinator for all police services provided at the Park. Associated annual costs of \$87,500 are shifted from the contract allocation to salary and fringe benefits.

5. DEBT SERVICE ESTIMATES

GPR	\$25,500
PR	79,500
Total	\$105,000

Governor/Legislature: Provide \$28,400 GPR and delete \$39,200 PR in 2007-08 and delete \$2,900 GPR and provide \$118,700 PR in 2008-09 to reflect estimated principal and interest payments on bonds. GPR debt service is primarily 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.

In January, 2007, the state sold the Pettit National Ice Center and surrounding property to the nonprofit Pettit National Ice Center, Inc., (the corporation that operated the ice center while it was under state ownership). Revenues from this sale are kept in a bond redemption fund and used to make the scheduled debt service payments for the bonds used to build the ice center.

6. STATE FAIR PARK BONDING [LFB Paper 736]

BR	-\$3,800,000
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Joint Finance: Eliminate \$4.3 million in existing, authorized, but unissued program revenue-supported bonding authority for the State Fair Park. Further, provide \$500,000 in new all-agency program revenue supported bonding authority for the Park. Under the bill, State Fair Park has program revenue-supported bonding authority of \$1,200,000 available in 2007-09. Of the total, approximately \$700,000 of existing BR would be available for the purchase of two properties within the Park grounds and \$500,000 BR in all-agency funds for a professional site survey and emergency infrastructure repairs.

Assembly: Restore \$4.3 million in existing, authorized, but unissued program revenue-supported bonding authority.

Conference Committee/Legislature: Delete Assembly modification.

[Act 20 Sections: 597s and 9105(1)(o)]

7. QUARTERLY AND ANNUAL REPORTS [LFB Paper 735]

Joint Finance/Legislature: Require State Fair Park to submit quarterly reports to the Department of Administration (DOA) and the Joint Committee on Finance projecting the revenues and expenditures of the ensuing quarterly period for the Park's program revenue appropriation accounts.

In addition, require State Fair Park to submit to DOA an annual plan to bring Park expenditures in line with revenues and to address how the Park will reduce the existing deficit in the Park's PR appropriation accounts. Require DOA to submit this plan, or the plan with modifications, to the Joint Committee on Finance, under 14-day passive review procedures (the plan would be considered approved unless the Committee objected to the plan within 14 working days of the receipt of the plan, whereby a the Committee could hold a hearing on the plan), by November 15 of each year.

Sunset these requirements on December 31, 2013.

Under current law, DOA may require an agency with program revenue or segregated accounts to make quarterly and annual reports to DOA projecting the revenues and expenditures of the ensuing quarterly period for each program revenue or segregated appropriation in the agency. Any projected deficit in program revenues or segregated revenues revealed in these reports must then be reported to the Joint Committee on Finance. Currently, DOA is not requiring the State Fair Park to submit quarterly reports, and DOA is not submitting annual reports developed by the Park to the Joint Committee on Finance.

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

[Act 20 Vetoed Section: 781v]

8. PETTIT NATIONAL ICE CENTER STATUTORY LANGUAGE [LFB Paper 736]

Joint Finance/Legislature: Delete statutory language that specifies the State Fair Park Board has "sole responsibility" for the Pettit National Ice Center and all related land and facilities.

In addition, delete statutory language that allows the State Fair Park Board to enter into a lease for the operation of the ice center and, instead, specify the state may repurchase the Pettit National Ice Center should Pettit National Ice Center, Inc., discontinue its operation of the

facility as an ice center.

Further, delete statutory language that allows the State Fair Park to make an annual grant to the city of West Allis for crowd and traffic control related to events held at the Pettit National Ice Center. (An annual grant for these purposes would still be allowed for events held at the State Fair Park.)

Furthermore, specify that property owned by a nonprofit corporation that operates an Olympic ice training center on land purchased from the state (including property leased to a nonprofit entity and up to 6,000 square feet of property leased to a for-profit entity), provided the property is located and primarily used at the center, is exempt from taxation.

These changes were made to reflect the January, 2007, sale of the Pettit National Ice Center to Pettit National Ice Center, Inc. (the nonprofit corporation that leased the ice center when it was under state ownership), the potential state repurchase of the ice center (as specified in the sales contract), and would preserve the current property tax exemption of the ice center (including the amount of property within the center currently leased to for-profit entities) and associated land and property.

[Act 20 Sections: 156, 162h thru 165, 219t, 781p thru 781t, and 1934f]

STATE TREASURER

Budget Summary							
Fund	2006-07 Base Year Doubled	2007-09 Governor	2007-09 Jt. Finance	2007-09 Legislature	2007-09 Act 20	Act 20 Change Over Base Year Doubled Amount	Percent
PR	\$3,273,800	\$3,694,000	\$10,759,400	\$10,759,400	\$10,759,400	\$7,485,600	228.7%
SEG	<u>1,719,000</u>	<u>1,764,200</u>	<u>1,764,200</u>	<u>1,764,200</u>	<u>1,764,200</u>	<u>45,200</u>	2.6
TOTAL	\$4,992,800	\$5,458,200	\$12,523,600	\$12,523,600	\$12,523,600	\$7,530,800	150.8%

FTE Position Summary						
Fund	2006-07 Base	2008-09 Governor	2008-09 Jt. Finance	2008-09 Legislature	2008-09 Act 20	Act 20 Change Over 2006-07 Base
PR	7.55	11.55	11.55	11.55	11.55	4.00
SEG	<u>3.15</u>	<u>3.15</u>	<u>3.15</u>	<u>3.15</u>	<u>3.15</u>	<u>0.00</u>
TOTAL	10.70	14.70	14.70	14.70	14.70	4.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	\$88,200
SEG	<u>45,200</u>
Total	\$133,400

Governor/Legislature: Increase the base budget by \$44,100 PR and \$22,600 SEG annually for full funding of salaries and fringe benefits.

2. UNCLAIMED PROPERTY PROJECT POSITIONS [LFB Paper 740]

	Funding	Positions
PR	\$332,000	4.00

Governor/Legislature: Provide \$165,200 in 2007-08 and \$166,800 in 2008-09 to extend 4.0 current project positions in the Unclaimed Property program for two years. Under current law, the positions terminate as of June 30, 2007.

3. APPROPRIATION TYPE CONVERSION [LFB Paper 741]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$0	\$7,065,400	\$7,065,400

Governor: Convert the PR appropriation for funding administrative expenses of the unclaimed property program from an annual to a continuing appropriation.

Joint Finance/Legislature: Delete provision. Instead, increase funding for the supplies and services line of the administrative expenses appropriation by \$3,532,700 in each year to cover anticipated invoices from vendors for services associated with recovering unclaimed property.

4. EDVEST FILE MAINTENANCE ADJUSTMENT

Governor/Legislature: Make technical corrections to the EdVest program in the budget system to correctly reflect changes enacted under 2005 Wisconsin Act 478. Act 478 created four new appropriations related to new EdVest investment options. This item would correct an error in assigning the fund codes for the new appropriations.

SUPREME COURT

Budget Summary							
Fund	2006-07 Base Year Doubled	2007-09 Governor	2007-09 Jt. Finance	2007-09 Legislature	2007-09 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$25,417,000	\$27,952,400	\$27,952,400	\$27,954,600	\$27,954,600	\$2,537,600	10.0%
FED	1,357,000	1,773,800	1,773,800	1,773,800	1,773,800	416,800	30.7
PR	25,177,000	27,531,400	27,531,400	27,563,600	27,563,600	2,386,600	9.5
SEG	<u>1,479,800</u>	<u>1,511,600</u>	<u>1,511,600</u>	<u>1,511,600</u>	<u>1,511,600</u>	<u>31,800</u>	2.1
TOTAL	\$53,430,800	\$58,769,200	\$58,769,200	\$58,803,600	\$58,803,600	\$5,372,800	10.1%

FTE Position Summary						
Fund	2006-07 Base	2008-09 Governor	2008-09 Jt. Finance	2008-09 Legislature	2008-09 Act 20	Act 20 Change
						Over 2006-07 Base
GPR	112.50	115.50	115.50	115.50	115.50	3.00
FED	4.00	4.00	4.00	4.00	4.00	0.00
PR	95.25	95.25	95.25	95.25	95.25	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	216.75	219.75	219.75	219.75	219.75	3.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide adjustments to the base of \$1,091,200 GPR, \$11,400 FED, \$721,500 PR, and \$15,900 SEG annually for:

(a) full funding of salaries and fringe benefits (\$1,082,100 GPR, \$11,400 FED \$709,200 PR, and \$15,200 SEG annually); and (b) full funding of lease costs (\$9,100 GPR, \$12,300 PR, and \$700 SEG annually).

GPR	\$2,182,400
FED	22,800
PR	1,443,000
SEG	<u>31,800</u>
Total	\$3,680,000

2. STANDARDIZED COUNTY COURT COST REPORTING PROGRAM AND COURT AUDITOR POSITION [LFB Paper 745]

	Funding	Positions
GPR	\$122,500	1.00

Governor: Provide \$49,500 in 2007-08 and \$73,000 in 2008-09 for 1.0 auditor position to begin a standardized program for the recording, reporting, and auditing of annual county reports of court costs and revenues submitted to the Director of State Courts Office. Create statutory language allowing the Director of State Courts to create a uniform chart of accounts that each county would be required to use for recording all financial transactions relating to the operations of circuit courts. Modify current law to: (a) require counties to submit financial information to the Director of State Courts annually by May 15th (rather than July 1st); (b) specify that information submitted to the Director of State Courts follow the uniform chart of accounts; and (c) specify that financial information that is provided also include revenues collected or received by the court in the previous calendar year. Specify that the Director of State Courts may audit information that is submitted by the counties.

Delete the statutory provision which specifies that: (a) no action is required and no condition may be imposed on a county to receive a payment under the circuit court support program, "including applying for, submitting information in connection with, entering into a memorandum of understanding concerning or making any other agreement regarding the payment;" and (b) except in cases where a county fails to report or in which a circuit court support payment exceeds actual reported costs, the Director of State Courts may not withhold county payments.

Joint Finance: Approve the Governor's recommendation with the following modifications: (a) provide a two-year project position instead of a permanent position; (b) provide that the initial county reports utilizing the uniform chart of accounts be submitted by May 15, 2009 (rather than May 15, 2008); and (c) direct the Director of State Courts to consult with the Department of Revenue in developing a uniform chart of accounts.

Assembly: Delete provision.

Conference Committee /Legislature: Restore Joint Finance provision.

[Act 20 Sections: 3709g thru 3719]

3. FEDERAL GRANT FOR CHILDREN'S COURT INITIATIVE PROJECT [LFB Paper 746]

	Funding	Positions
GPR	\$116,000	1.00
FED	<u>394,000</u>	<u>0.00</u>
Total	\$510,000	1.00

Governor: Provide \$58,000 GPR and 1.0 GPR training coordinator position and \$197,000 FED annually to support a new federal Court Improvement Program grant to the Director of State Courts Office. Funding would support training of judges, attorneys, and other legal personnel in child welfare cases, and cross-training initiatives with child welfare agencies and agency contractors. The training coordinator would be responsible for facilitating training and education programs in the child

welfare system.

Since 1995, the federal Court Improvement Program (CIP) has provided grants to enable state court systems to assess and improve their foster care and adoption systems. The Director of State Courts Office has received previous CIP grants, and was awarded the new CIP grant in September, 2006. The total grant amount is \$262,600, with 75% in federal funds (\$197,000), and a required 25% state match of \$65,600. The \$58,000 GPR and 1.0 GPR position provided in the bill would go toward meeting the 25% match requirement funding.

Joint Finance: Approve the Governor's recommendation except provide a four-year project position instead of a permanent position.

Assembly: Delete provision.

Conference Committee/Legislature: Restore Joint Finance provision.

4. JUSTICE INITIATIVES COORDINATOR [LFB Paper 747]

	Funding	Positions
GPR	\$104,500	1.00

Governor: Provide \$46,000 in 2007-08 and \$58,500 in 2008-09 and 1.0 justice initiatives coordinator position. The coordinator would work with counties, circuit courts, and other justice system participants to implement initiatives related to assistance for self-represented litigants, alternatives to incarceration, and alcohol and drug abuse programming.

Biennially, the Supreme Court's Planning and Policy Advisory Committee develops a plan identifying critical issues involving the court system. For 2007-09, the Committee identified the following four issues: (a) self-representing litigants; (b) alcohol and drug dependency; (c) alternatives to incarceration; and (d) courthouse security. The justice initiatives coordinator would focus on the first three of these issues.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

5. COURTHOUSE SAFETY TRAINING PROGRAM [LFB Paper 747]

GPR	\$10,000
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Governor: Provide \$10,000 in 2007-08 to implement a courthouse safety training program. According to the Governor's Executive Budget, funding would be used to design a multimedia courthouse safety training program to be shared through the Internet with counties and courthouse employees. The training would focus on "employee behavior in the face of safety threats and what can be done to diffuse potentially dangerous situations."

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

6. **INCREASED EXPENDITURES AUTHORITY FOR COURT INFORMATION SYSTEMS APPROPRIATION**

PR	\$911,400
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Governor/Legislature: Provide an increase in expenditure authority of \$455,700 annually for the Director of State Courts Office's court information systems appropriation to reflect actual expenditures in 2005-06 and estimated expenditures for 2006-07. Base level expenditure authority for the appropriation is \$8,495,000.

7. **CIRCUIT COURT AUTOMATED INFORMATION SYSTEMS FEE [LFB Paper 748]**

Governor: Modify statutory language to allow the Director of State Courts Office to establish and charge fees for use of the circuit court automated information systems. According to the Governor's Executive Budget, the new fee(s) would be for users of an electronic case filing system being implemented by the courts.

The circuit court automation programs (CCAP) provides uniform software applications to counties, including circuit court case management, jury management, financial management, court calendaring and training on the computer system. Currently, the Director of State Courts Office is operating a pilot program in two counties for designing and developing an electronic filing system.

Joint Finance: Modify the statutory language to allow the Director of State Courts Office to establish and charge fees for use of electronic filing of court documents under the circuit court automated information systems.

Assembly: Delete provision.

Conference Committee/Legislature: Restore Joint Finance provision.

[Act 20 Sections: 558 and 3708]

8. **FUNDING FOR NEW JUNEAU COUNTY CIRCUIT COURT BRANCH**

GPR	\$2,200
PR	32,200
Total	\$34,400

Assembly/Legislature: Provide \$2,200 GPR and \$32,200 PR in 2008-09 associated with a new circuit court branch for Juneau County. Funding will support costs associated with judicial supplies and computer equipment and maintenance. [See "Circuit Courts."]

TOURISM

Budget Summary							
Fund	2006-07 Base Year Doubled	2007-09 Governor	2007-09		2007-09 Act 20	Act 20 Change Over Base Year Doubled	
			Jt. Finance	Legislature		Amount	Percent
GPR	\$6,818,600	\$7,182,600	\$7,151,600	\$7,151,600	\$7,151,600	\$333,000	4.9%
PR	19,176,200	18,993,600	18,993,600	18,993,600	18,993,600	- 182,600	- 1.0
SEG	<u>5,795,000</u>	<u>5,865,200</u>	<u>5,810,200</u>	<u>5,886,600</u>	<u>5,886,600</u>	<u>91,600</u>	1.6
TOTAL	\$31,789,800	\$32,041,400	\$31,955,400	\$32,031,800	\$32,031,800	\$242,000	0.8%

FTE Position Summary						
Fund	2006-07 Base	2008-09		2008-09		Act 20 Change Over 2006-07 Base
		Governor	Jt. Finance	Legislature	Act 20	
GPR	38.40	38.40	38.40	38.40	38.40	0.00
PR	1.00	0.00	0.00	0.00	0.00	- 1.00
SEG	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>0.00</u>
TOTAL	42.40	41.40	41.40	41.40	41.40	- 1.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 755]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$309,800	0.00	-\$17,600	0.00	\$292,200	0.00
PR	- 182,600	- 1.00	0	0.00	- 182,600	- 1.00
SEG	<u>30,000</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>	<u>30,000</u>	<u>0.00</u>
Total	\$157,200	- 1.00	-\$17,600	0.00	\$139,600	- 1.00

Governor: Provide adjustments to the base budget for: (a) removal of noncontinuing items (-\$94,500 tribal gaming PR and -1.0 PR position annually); (b) full funding of salaries and fringe benefits (\$136,500 GPR, \$3,200 PR and \$15,000 SEG annually); (c) reclassifications and semi-automatic pay progression (\$12,700 GPR annually); and (d) night and weekend pay rate differential (\$5,700 GPR annually).

Joint Finance/Legislature: Modify the Governor's recommendations by deleting \$8,800 GPR annually for costs associated with the reclassification of two positions to reflect the Department of Administration's approval of only one of three reclassifications included in Tourism's budget request.

2. TOURISM LTE COSTS [LFB Paper 756]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$54,200	-\$13,400	\$40,800

Governor: Provide \$24,400 in 2007-08 and \$29,800 in 2008-09 for limited-term employee (LTE) costs in the Department of Tourism. Funding would be primarily used to pay for staffing at the state's Wisconsin Welcome Centers (WWCs), with some funding used for central office LTEs to assist with Department programs.

Tourism operates 10 Wisconsin Welcome Centers on major state highways at entry points to the state, with the goal of providing highway and urban travelers a convenient source of information concerning Wisconsin tourism. The 10 WWCs are located near the following cities: Kenosha; Genoa City; Beloit; Kieler (Grant County); Prairie du Chien; La Crosse; Hudson; Superior; Hurley; and Marinette.

Joint Finance/Legislature: Delete \$6,700 GPR annually to reflect the elimination of funding recommended for central office LTEs. As a result, Tourism would be provided \$17,700 in 2007-08 and \$23,100 in 2008-09 for LTE costs at the Wisconsin Welcome Centers.

3. ELIMINATE VACANT GPR POSITIONS

Assembly: Delete \$8,800 and 0.2 tourist information assistant position annually associated with the salary and fringe benefits of GPR positions which have been vacant for 12 months or more.

Conference Committee/Legislature: Delete provision.

4. KICKAPOO VALLEY RESERVE LTE COSTS

SEG	\$40,200
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Governor/Legislature: Provide \$20,100 annually from the forestry account of the conservation fund for limited-term employee (LTE) costs related to operation of the Reserve's visitor center and for fieldwork on the property. LTE fieldwork would be expected to include timber stand improvement, controlling invasive species, and maintaining recreational trails.

5. REESTIMATE KICKAPOO VALLEY RESERVE AIDS IN LIEU OF PROPERTY TAXES [LFB Paper 758]

SEG	- \$55,000
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Joint Finance/Legislature: Delete \$39,700 in 2007-08 and \$15,300 in 2008-09 from the forestry account of the segregated conservation fund for aids in lieu of property tax payments made by the Reserve to reflect estimated payments for the 2007-09 biennium.

6. EXPAND KICKAPOO VALLEY RESERVE AIDS IN LIEU OF PROPERTY TAX PAYMENTS

SEG	\$76,400
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Assembly/Legislature: Provide \$36,600 in 2007-08 and \$39,800 in 2008-09 from the forestry account of the conservation fund and specify that annual payments for aids in lieu of property taxes made related to the Kickapoo Valley Reserve include the value of improvements related to the Visitor Center in the town of Stark (Vernon County).

[Act 20 Sections: 770g and 770m]

TRANSPORTATION

Budget Summary							
Fund	2006-07 Base Year Doubled	2007-09 Governor	2007-09 Jt. Finance	2007-09 Legislature	2007-09 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$137,319,800	\$106,005,100	\$106,005,100	\$175,905,100	\$175,905,100	\$38,585,300	28.1%
FED	1,511,751,600	1,548,550,700	1,548,550,700	1,548,550,700	1,548,550,700	36,799,100	2.4
PR	8,822,600	8,965,600	8,965,600	8,965,600	8,965,600	143,000	1.6
SEG	2,693,988,800	3,061,288,000	3,024,637,400	3,047,775,400	3,047,775,400	353,786,600	13.1
SEG-L	210,471,800	213,359,300	213,359,300	213,359,300	213,359,300	2,887,500	1.4
SEG-S	<u>370,215,000</u>	<u>409,732,100</u>	<u>409,732,100</u>	<u>409,732,100</u>	<u>409,732,100</u>	<u>39,517,100</u>	10.7
TOTAL	\$4,932,569,600	\$5,347,900,800	\$5,311,250,200	\$5,404,288,200	\$5,404,288,200	\$471,718,600	9.6%
BR		\$540,863,100	\$540,863,100	\$540,863,100	\$540,863,100		

FTE Position Summary						
Fund	2006-07 Base	2008-09 Governor	2008-09 Jt. Finance	2008-09 Legislature	2008-09 Act 20	Act 20 Change
						Over 2006-07 Base
FED	850.61	844.61	844.61	844.61	844.61	- 6.00
PR	16.00	16.00	16.00	16.00	16.00	0.00
SEG	2,550.27	2,592.77	2,600.17	2,575.17	2,575.17	24.90
SEG-S	<u>9.05</u>	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>	<u>- 2.05</u>
TOTAL	3,425.93	3,460.38	3,467.78	3,442.78	3,442.78	16.85

Budget Change Items

Transportation Finance

1. FUND CONDITION STATEMENT [LFB Paper 760]

The following table shows the transportation fund condition statement reflecting the transportation fund revenues and expenditures under Act 20.

	<u>2007-08</u>	<u>2008-09</u>
Unappropriated Balance, July 1	\$13,713,000	\$1,911,500
Revenues		
Motor Fuel Tax	\$995,800,000	\$995,800,000
Vehicle Registration Fees	557,883,400	670,750,100
Less Revenue Bond Debt Service	-174,227,500	-180,403,000
Driver's License Fees	38,609,400	46,369,800
Miscellaneous Motor Vehicle Fees	24,300,500	24,408,500
Aeronautical Fees and Taxes	9,636,500	9,720,400
Railroad Property Taxes	19,037,200	19,418,000
Motor Carrier Fees	834,100	834,100
Investment Earnings	13,451,700	13,421,500
Miscellaneous Departmental Revenues	<u>33,662,000</u>	<u>19,870,800</u>
Total Annual Revenues	\$1,518,987,300	\$1,620,190,200
Total Available	\$1,532,700,300	\$1,622,101,700
Appropriations and Reserves		
DOT Appropriations	\$1,488,529,000	\$1,558,521,200
Other Agency Appropriations	35,842,300	49,865,900
Less Estimated Lapses	-1,000,000	-1,000,000
Compensation and Other Reserves	<u>7,417,500</u>	<u>13,790,400</u>
Net Appropriations and Reserves	\$1,530,788,800	\$1,621,177,500
Unappropriated Balance, June 30	\$1,911,500	\$924,200

2. FEDERAL HIGHWAY AID

Governor: Reestimate federal highway formula aid at \$642,141,300 in 2007-08 and \$648,524,500 in 2008-09. These amounts reflect increases of \$14,940,600 in 2007-08 and \$21,323,800 in 2008-09 over the total federal highway aid reflected in 2006-07 DOT appropriations. The following table shows the allocation of federal highway formula aid among the Department's appropriations. The changes to the appropriation base in the bill include increases to the funding for the Hiawatha passenger rail service between Chicago and Milwaukee, the creation of a safe routes to school program, an increase to the surface transportation grant program, a decrease to the state highway rehabilitation appropriation, and increases in the southeast Wisconsin freeway rehabilitation appropriation to fund preliminary work on the reconstruction of I-94. Changes to the transportation enhancements, departmental management and operations, and highway administration and planning appropriations reflect the net effect of base reconciliation, standard budget adjustments, and a departmental reorganization decision item.

	2006-07 <u>Appropriation</u>	Governor <u>Change to 2006-07</u>		<u>Governor Totals</u>	
		<u>2007-08</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2008-09</u>
Local Transportation Facility Improvement	\$70,391,300	\$0	\$0	\$70,391,300	\$70,391,300
Local Bridge Improvement	24,438,300	0	0	24,438,300	24,438,300
Rail Passenger Service	5,039,600	527,700	682,700	5,567,300	5,722,300
Congestion Mitigation/ Air Quality Improvement	11,619,000	0	0	11,619,000	11,619,000
Transportation Enhancements Grants	6,256,600	-5,000	-5,000	6,251,600	6,251,600
Railroad Crossing Improvements	3,299,600	0	0	3,299,600	3,299,600
Safe Routes to School	0	4,600,000	3,230,100	4,600,000	3,230,100
Surface Transportation Grants	0	0	2,720,000	0	2,720,000
Major Highway Development	78,975,000	0	0	78,975,000	78,975,000
State Highway Rehabilitation	347,963,200	0	-2,720,000	347,963,200	345,243,200
Southeast WI Freeway Rehabilitation	64,368,300	8,125,200	15,723,300	72,493,500	80,091,600
Departmental Mgmt. and Operations	9,650,300	2,209,400	2,209,400	11,859,700	11,859,700
Highway Administration and Planning	4,096,600	-516,700	-516,700	3,579,900	3,579,900
Highway Maint. and Traffic Operations	<u>1,102,900</u>	<u> </u>	<u> </u>	<u>1,102,900</u>	<u>1,102,900</u>
Total	\$627,200,700	\$14,940,600	\$21,323,800	\$642,141,300	\$648,524,500

Senate: Under the Senate's action, the total federal highway aid estimate was not changed from the level in the Governor's bill, but the allocation of funds was altered. Based on a reestimate of the cost of the Amtrak Hiawatha service, the rail passenger service FED appropriation was reduced by \$491,100 in 2007-08 and \$504,100 in 2008-09, and a corresponding increase was provided to the state highway rehabilitation FED appropriation.

Assembly/Legislature: Under the Assembly's action, the total aid estimate was not changed from the level included in the Senate's amendment, but the allocation of funds was altered. The Assembly eliminated the surface transportation grant program and transferred the \$2,720,000 in 2008-09 that the Governor had provided for that program to a new state bicycle and pedestrian facilities program. In addition, the Assembly transferred \$4,692,500 annually from the transportation enhancements grant program and \$3,485,700 annually from the congestion mitigation/air quality improvement program to the bicycle and pedestrian program, to provide a total of \$8,178,200 in 2007-08 and \$10,898,200 in 2008-09 for that program.

Veto by Governor [F-5]: The Governor reduced the appropriation for the bicycle and pedestrian program by \$8,178,200 annually (the total of the amounts transferred from the transportation enhancements and congestion mitigation/air quality improvement programs) and directed in his veto message that these funds be transferred back to those programs. The following table shows the final allocation of federal highway aid under Act 20, reflecting the Governor's veto message directive.

	2006-07 <u>Appropriation</u>	Act 20 <u>Change to 2006-07</u>		<u>Act 20 Totals</u>	
		<u>2007-08</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2008-09</u>
Local Transportation Facility Improvement	\$70,391,300	\$0	\$0	\$70,391,300	\$70,391,300
Local Bridge Improvement	24,438,300	0	0	24,438,300	24,438,300
Rail Passenger Service	5,039,600	36,600	178,600	5,076,200	5,218,200
Congestion Mitigation/ Air Quality Improvement	11,619,000	0	0	11,619,000	11,619,000
Transportation Enhancements Grants	6,256,600	-5,000	-5,000	6,251,600	6,251,600
Railroad Crossing Improvements	3,299,600	0	0	3,299,600	3,299,600
Safe Routes to School	0	4,600,000	3,230,100	4,600,000	3,230,100
Bicycle and Pedestrian Facilities	0	0	2,720,000	0	2,720,000
Major Highway Development	78,975,000	0	0	78,975,000	78,975,000
State Highway Rehabilitation	347,963,200	491,100	-2,215,900	348,454,300	345,747,300
Southeast WI Freeway Rehabilitation	64,368,300	8,125,200	15,723,300	72,493,500	80,091,600
Departmental Mgmt. and Operations	9,650,300	2,209,400	2,209,400	11,859,700	11,859,700
Highway Administration and Planning	4,096,600	-516,700	-516,700	3,579,900	3,579,900
Highway Maint. and Traffic Operations	1,102,900	0	0	1,102,900	1,102,900
Total	\$627,200,700	\$14,940,600	\$21,323,800	\$642,141,300	\$648,524,500

3. OIL COMPANY ASSESSMENT [LFB Papers 760, 761, 762, and 763]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
SEG-REV	\$272,122,700	-\$24,472,700	-\$247,650,000	\$0

Governor: Establish an oil company assessment that would initially apply to motor vehicle fuel sales on the first day of the second calendar quarter beginning after the effective date of the bill. Deposit the revenues from the assessment to the transportation fund and estimate increased revenues to the fund at \$114,840,900 in 2007-08 and \$157,281,800 in 2008-09.

Impose, for the privilege of doing business in this state, an assessment on each motor vehicle fuel supplier at the rate of 2.5% of the supplier's gross receipts in each calendar quarter. Specify that the assessment would apply to the gross receipts that are derived from the first sale in this state of motor vehicle fuel received by the supplier for sale in this state, for sale for export to this state, or for export to this state. The Department of Administration indicates that it was intended that gross receipts would exclude any motor vehicle fuel receipts associated with federal and state excise taxes. However, because the bill does not include a definition of gross receipts, additional clarification of the makeup of gross receipts may be needed under the statutes or through the emergency administrative rule authority provided under the bill.

Specify the following for purposes of determining the amount of the oil company

assessment to be imposed: (a) income derived from the first sale in this state of biodiesel fuel or ethanol blended with gasoline to create gasoline consisting of at least 85 percent ethanol (E85) would not be included in the supplier's gross receipts and would not be subject to the assessment (the ethanol portion of gasohol, which generally contains up to 10% ethanol, would not be excluded from the assessment); (b) with regard to a transfer of motor vehicle fuel from a supplier to a related party, the point of first sale in this state is the date of such transfer, and the gross receipts are calculated on a monthly basis using an index to be determined by rule by the Department of Revenue (DOR); and (c) there is only one point of first sale in this state with regard to the sale of the same motor vehicle fuel.

Specify that any person, including a terminal operator, who is not licensed by the state as a motor vehicle fuel supplier or exporter, and who either used any motor vehicle fuel in this state or has possession of any motor vehicle fuel, other than that contained in a motor vehicle's fuel tank, for which the assessment has not been paid or for which no supplier has incurred liability for paying the assessment, would be required to file a report, in the manner described by DOR. Require such persons to pay the oil company assessment based on the purchase price of the motor vehicle fuel. These provisions would capture smaller entities that handle fuel, or any person who handles fuel, on which the assessment has yet to be paid.

Require DOR to administer the oil company assessment and authorize the Department to take any action, conduct any proceeding, and impose interest and penalties. Specify that the assessments imposed for each calendar quarter would be due and payable on the last day of the month next succeeding the calendar quarter for which the assessments would be imposed, as provided by the Department by rule. Specify that the current statutory authorities of DOR and the statutory rights and privileges of the taxpayers relative to the assessment, administration, and enforcement of the state income and franchise taxes, as they apply to those taxes would also apply to the oil company assessment.

Extend the current gasoline and diesel fuel exemptions to the state motor vehicle fuel excise tax for licensed exporters and for fuel sold for use by a federal agency to the proposed oil company assessment. Other current law exemptions from the state motor vehicle fuel excise tax, including the exemptions for mass transit, aircraft, and nonhighway uses, use as a heating oil, and use in trains, would not be extended under the proposed assessment (the fiscal effect of this provision does not reflect the difference in the exemptions).

Provide DOR the authority to promulgate emergency rules to implement the oil company assessment. DOR would not be required to provide evidence that promulgating these emergency rules is necessary for the preservation of the public peace, health, safety, or welfare and would not be required to provide a finding of emergency to promulgate the rules.

Prohibit any supplier who is subject to the oil company assessment from taking any action to increase or influence the selling price of motor vehicle fuel in order to recover the amount of the assessment. Specify that any supplier who takes such action would be subject to a penalty equal to either the amount of the gain the supplier received from any increase in the selling price that is implemented in order to recover the assessment amount or imprisonment of

not more than six months, or both. Specify that, at the DOR Secretary's request, the Attorney General may represent this state, or assist a district attorney, in prosecuting any case arising from the administration and enforcement of the oil company assessment.

Allow DOR to audit any supplier who would be subject to the oil company assessment to determine whether the supplier has taken any action to increase or influence the selling price of motor vehicle fuel in order to recover the amount of the assessment. Require the Department to annually submit a report to the Governor and the Legislature that contains information on any audits conducted in relation to this authority in the previous year. This audit authority would be in addition to any other audits the Department conducts relative to the oil company assessment.

For the purposes of the oil company assessment, establish the following definitions:

- a. "biodiesel fuel" would mean fuel comprised of monoalkyl esters of long chain fatty acids derived from vegetable oils or animal fats that is not blended with any petroleum product;
- b. "motor vehicle fuel, supplier, and terminal operator" would have the same meaning that is currently applied under the state's motor vehicle fuel and aviation fuel excise tax laws; and
- c. "related party" would mean a person whose relationship with the supplier is described under Section 267(b) of the federal Internal Revenue Code.

The oil company assessment would likely first apply to motor vehicle fuel sales on January 1, 2008. However, DOA indicates that it was intended that the assessment would first apply to fuel sales on October 1, 2007, and that the revenue estimates in the bill reflect an October 1, 2007, applicability date. The revenue estimates in the bill were based on diesel fuel and gasoline prices of \$2.51 per gallon in calendar year 2007, \$2.50 per gallon in calendar year 2008, and \$2.49 per gallon in calendar year 2009. The estimates were based on these fuel prices less the federal and state excise taxes on motor vehicle fuel (\$0.329 per gallon for state taxes, \$0.184 per gallon for federal gasoline taxes, and \$0.244 per gallon for federal diesel fuel taxes). Using these estimated net fuel prices, the assessment would be equal to an estimated 5.0 cents per gallon on gasoline and 4.8 cents per gallon on diesel fuel.

Joint Finance: Reestimate the revenues associated with the oil company assessment by reducing estimated revenues by \$34,470,900 in 2007-08 and increasing revenues by \$9,998,200 in 2008-09 as follows:

- a. increase revenues by \$1,729,100 in 2007-08 and \$998,200 in 2008-09 to reflect a reestimate of fuel consumption in the 2007-09 biennium;
- b. reduce revenues by \$40,700,000 in 2007-08 to reflect a January 1, 2008, effective date rather than the October 1, 2007, effective date, which the Governor intended;
- c. increase revenues by \$4,700,000 in 2007-08 and \$9,400,000 in 2008-09 to reflect that

the proposed assessment would apply to the sale of some motor vehicle fuel gallons currently excluded from the motor vehicle fuel tax (the Governor did not intend to make the sale of these gallons subject to the oil company assessment and did not reflect any revenue associated with the gallons in the bill); and

d. reduce revenues by \$200,000 in 2007-08 and \$400,000 in 2008-09 to reflect that, under the International Fuel Taxation Agreement, the state would not receive any oil company assessment revenue on fuel purchased outside Wisconsin, but used in Wisconsin.

Senate: Modify the oil company assessment to create a graduated scale of rates at which gross receipts would be assessed based on each supplier's annual amount of gross receipts during each state fiscal year, rather than assessing all gross receipts at 2.5%. This would increase revenue associated with the assessment by an estimated \$2.8 million 2007-08 and \$0.3 million in 2008-09. The following table lists the various rates at which each segment of a supplier's taxable gross receipts would be assessed.

<u>Increment of Annual Gross Receipts</u>	<u>Oil Company Assessment Rate</u>
\$0 to \$15,000,000	0.0%
\$15,000,001 to \$75,000,000	0.5
\$75,000,001 to \$120,000,000	1.5
Over \$120,000,000	3.0

Increase estimated revenues by \$36.0 million in 2007-08 and decrease estimated revenues by \$9.4 million in 2008-09 from the oil company assessment associated with the following modifications to the proposed assessment: (a) specifying that the oil company assessment would first apply to motor vehicle fuel sales on October 1, 2007, rather than January 1, 2008, as specified in the Joint Finance Committee substitute amendment (\$40.7 million increase in 2007-08); and (b) extending all the current law exemptions to the motor vehicle fuel tax to the proposed oil company assessment (-\$4.7 million in 2007-08 and -\$9.4 million in 2008-09). These two modifications reflect the Governor's revised recommendations for the proposed oil company assessment.

In addition, adopt the following modifications to the oil company assessment:

a. define gross receipts to mean all consideration received from the first sale of motor vehicle fuel received by a supplier for sale in this state, for sale for export to this state, or for export to this state, but not including state or federal excise taxes, or petroleum inspection fees, collected from the purchaser; and

b. specify that the person responsible for taking any action to increase or influence the selling price of motor vehicle fuel to recover the amount of the oil company assessment would be subject to the possible penalty or six-month prison term and define person to mean the officer, employee, or other responsible person of a corporation or other form of business association or the partner, member, employee, or other responsible person of a partnership, limited liability company, or sole proprietorship who, as such officer, employee, partner,

member, or other responsible person, has a duty to establish the selling price of motor vehicle fuel.

Assembly/Legislature: Delete provision.

4. AUTOMOBILE AND LIGHT TRUCK VEHICLE REGISTRATION FEE INCREASES
[LFB Paper 764]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
SEG-REV	\$167,949,300	-\$369,900	-\$23,650,800	\$143,928,600

Governor: Increase the vehicle registration fee for passenger vehicles (automobiles, vans, and sport utility vehicles) by \$20, from \$55 to \$75. Increase the registration fees for light trucks, as follows: (a) by \$26.50, from \$48.50 to \$75, for trucks not more than 4,500 pounds; (b) by \$22.50, from \$61.50 to \$84, for trucks not more than 6,000 pounds; and (c) by \$28.50, from \$77.50 to \$106, for trucks not more than 8,000 pounds. Specify that these increases would become effective on October 1, 2007, or the day after publication of the bill, whichever is later. Increase estimated transportation fund revenue by \$71,054,800 in 2007-08 and \$96,894,500 in 2008-09 to reflect these increases. Of these amounts, \$52,906,900 in 2007-08 and \$71,782,700 in 2008-09 would be associated with the increase in the passenger vehicle registration fee and \$18,147,900 in 2007-08 and \$25,111,800 in 2008-09 would be associated with the light truck fee increases.

Joint Finance: Decrease estimated transportation fund revenues by \$102,600 in 2007-08 and \$267,300 in 2008-09 to reflect a reestimate of revenues generated by the fee increases. This change reflects the net effect of increases of \$98,400 in 2007-08 and \$105,000 in 2008-09 for the revenues generated by the increase to the automobile registration fee, and decreases of \$201,000 in 2007-08 and \$372,300 in 2008-09 for the revenues generated by the increases to the light truck registration fees.

Conference Committee/Legislature: Change the effective date of the fee increases to January 1, 2008, instead of October 1, 2007. Decrease estimated transportation fund revenue by \$23,650,800 in 2007-08 to reflect this change. As modified, \$35,336,800 in 2007-08 and \$71,887,700 in 2008-09 is associated with the passenger vehicle registration fee increase and \$11,964,600 in 2007-08 and \$24,739,500 in 2008-09 is associated with the light truck fee increases.

[Act 20 Sections: 3206 thru 3209 and 9448(6)]

5. HEAVY TRUCK REGISTRATION FEE INCREASES

SEG-REV \$56,859,300

Senate: Increase the amounts in the vehicle registration fee schedule for heavy trucks (over 8,000 pounds) by 10%, rounded to the nearest whole dollar, effective on October 1, 2007, or on the day after publication, whichever is later. Increase estimated transportation fund revenue by \$10,309,100 in 2007-08 and \$16,394,800 in 2008-09 to reflect these increases.

Assembly: Increase the amounts in the vehicle registration fee schedule for heavy trucks by an additional five percentage points, for a total increase of 15%, rounded to the nearest whole dollar. Increase estimated transportation fund revenue by an additional \$5,154,600 in 2007-08 and \$8,197,400 in 2008-09 to reflect these increases.

Conference Committee/Legislature: Increase the heavy truck registration fees by an additional 15 percentage points, for a total increase of 30%. Change the effective date of the increases to January 1, 2008. Decrease estimated transportation fund revenue by \$7,788,900 in 2007-08 and increase estimated transportation fund revenue by \$24,592,300 in 2008-09 to reflect the net effect of the delay in the effective date and the increase to the fees. As modified, increased revenue of \$7,674,800 in 2007-08 and \$49,184,500 in 2008-09 is associated with these fee increases.

The following table shows the existing fees and the fees under the Senate, Assembly, and Act 20, by weight classification.

<u>Weight up to: (In Pounds)</u>	<u>Current Fee</u>	<u>Senate Fee</u>	<u>Assembly Fee</u>	<u>Act 20 Fee</u>
10,000	\$119.50	\$131.00	\$137.00	\$155.00
12,000	161.00	177.00	185.00	209.00
16,000	218.00	240.00	251.00	283.00
20,000	274.00	301.00	315.00	356.00
26,000	365.50	402.00	420.00	475.00
32,000	468.50	515.00	539.00	609.00
38,000	593.50	653.00	683.00	772.00
44,000	708.50	779.00	815.00	921.00
50,000	818.00	900.00	941.00	1,063.00
54,000	873.00	960.00	1,004.00	1,135.00
56,000	930.00	1,023.00	1,070.00	1,209.00
62,000	1,051.50	1,157.00	1,209.00	1,367.00
68,000	1,187.00	1,306.00	1,365.00	1,543.00
73,000	1,350.00	1,485.00	1,553.00	1,755.00
76,000	1,600.50	1,761.00	1,841.00	2,081.00
80,000	1,969.50	2,166.00	2,265.00	2,560.00

[Act 20 Sections: 3209b and 9448(6)]

6. DRIVER LICENSE AND IDENTIFICATION CARD SECURITY VERIFICATION MANDATE FEE [LFB Paper 795] SEG-REV \$20,747,800

Governor/Legislature: Create a \$10 federal security verification mandate fee, payable upon the issuance, renewal, upgrading, or reinstatement of any license, endorsement, or instruction permit and upon the issuance, renewal, or reinstatement of any identification card. Specify that the fee would also apply to the reinstatement of the Wisconsin operating privileges of a nonresident whose operating privileges are revoked under Wisconsin law, in cases where the period of revocation has expired and the nonresident obtains a valid license in his or her

jurisdiction of residence. Specify that the \$10 fee would not apply to: (a) the issuance of a duplicate license or card in cases where the license or card holder's address is changed as the result of actions by postal or local authorities; or (b) the reinstatement of a driver's license following an administrative suspension for having a prohibited alcohol concentration if it is determined by a hearing examiner or court that the administrative suspension was improper. Specify that the fee would first apply to applications for licenses or cards received by the Department on January 1, 2008.

Increase estimated transportation fund revenues by \$6,915,900 in 2007-08 and \$13,831,900 in 2008-09 to reflect the creation of the \$10 fee. The fee created under this item would be intended to cover the implementation and ongoing costs of the federal Real ID Act. A separate item, summarized under Motor Vehicles, would provide \$9,805,300 and 25.9 positions in 2007-08 and \$12,184,000 and 25.9 positions in 2008-09 and would make the necessary statutory modifications to implement that act.

[Act 20 Sections: 3236, 3240 thru 3242, 3270, 3273, 3275, 3290, 3292, 3307, 3308, 3337, 3356, 3358, 3363, 3374, 3382, 3400 thru 3425, 9348(5), and 9448(5)]

7. SUPPLEMENTAL TITLE FEE INCREASE [LFB Paper 586]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
SEG-REV	\$5,000,000	-\$124,000	-\$4,876,000	\$0

Governor: Increase the supplemental vehicle title fee by \$2.00, from \$7.50 to \$9.50, effective on October 1, 2007, or on the day after publication, whichever is later. Increase estimated transportation fund revenues by \$2,100,000 in 2007-08 and \$2,900,000 in 2008-09 to reflect this increase in the fee. A separate item, summarized under Miscellaneous Appropriations, would convert, from a GPR appropriation to a transportation fund appropriation, a current law appropriation for making a transfer to the environmental fund equal to the amount of transportation fund revenue generated by the supplemental title fee. The effect of that item would be to increase transportation fund appropriations by an amount equal to the base revenues generated by the supplemental title fee, plus the revenue generated by the fee increase summarized under this item.

Joint Finance: Decrease estimated transportation fund revenues by \$92,000 in 2007-08 and by \$32,000 in 2008-09 to reflect a reestimate of revenues generated by the fee increase.

Assembly/Legislature: Delete provision.

SEG-REV \$52,577,000

8. VEHICLE TITLE FEE INCREASE

Assembly: Increase the standard vehicle title fee by \$12.00, from \$28.50 to \$40.50, effective October 1, 2007, or the first day of the third month beginning after publication,

whichever is later. Increase estimated transportation fund revenue by \$12,808,000 in 2007-08 and \$17,168,000 in 2008-09 to reflect this increase.

Conference Committee/Legislature: Increase the standard vehicle title fee by an additional \$12.50, to \$53.00 (total increase of \$24.50). Change the effective date to January 1, 2008. Increase estimated transportation fund revenue by an additional \$4,717,700 in 2007-08 and \$17,883,300 in 2008-09 to reflect the net effect of the delay in the effective date and the additional increase to the fee. Total revenue from the fee revenue would be \$17,525,700 in 2007-08 and \$35,051,300 in 2008-09.

[Act 20 Sections: 3215m, 3216n, 9348(5x), and 9448(7x)]

9. GENERAL FUND GENERAL OBLIGATION BOND DEBT SERVICE FOR TRANSPORTATION BONDS

GPR	\$38,585,300
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Governor/Legislature: Provide \$16,830,800 in 2007-08 and \$21,754,500 in 2008-09 to reflect an estimated increase in debt service payments on GPR-supported, general obligation bonds issued for the highway program. A total of \$565,480,400 in general obligation bonds was authorized for highway rehabilitation projects in the 2003-05 biennium and \$250,000,000 was authorized in the 2005-07 biennium. The debt service increases in this item, when added to the base of \$68,659,900, would bring total debt service on these bonds to \$85,490,700 in 2007-08 and \$90,414,400 in 2008-09. A separate item, summarized below and titled "Transportation Fund Appropriation for Supplementing General Fund Debt Service Payments," would reduce the GPR appropriation for this debt service by \$26,600,000 in 2007-08 and \$43,300,000 in 2008-09 by replacing these amounts with equal amounts from the transportation fund. After this substitution, the general fund would pay an estimated \$58,890,700 in 2007-08 and \$47,114,400 in 2008-09.

10. TRANSPORTATION FUND APPROPRIATION FOR SUPPLEMENTING GENERAL FUND DEBT SERVICE PAYMENTS [LFB Paper 765]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
SEG	\$69,900,000	-\$69,900,000	\$0
GPR	<u>-69,900,000</u>	<u>69,900,000</u>	<u>0</u>
Total	\$0	\$0	\$0

Governor: Provide \$26,600,000 SEG in 2007-08 and \$43,300,000 SEG in 2008-09 in a new, annual appropriation from the transportation fund for paying a portion of the debt service on general obligation bonds issued in the 2003-05 and 2005-07 biennia for the state highway programs. Modify the existing GPR appropriation for paying this debt service to specify that the amount of general fund revenue appropriated is a sum sufficient to pay principal and interest costs incurred, less any amount appropriated in the new transportation fund appropriation. Reduce funding in the GPR debt service appropriation by \$26,600,000 in 2007-

08 and \$43,300,000 in 2008-09 to reflect the replacement of general fund revenues with transportation fund revenues.

A total of \$815,480,400 in general obligation bonds were authorized in the 2003-05 and 2005-07 biennia for the state highway programs to partially replace transportation fund revenues that were transferred to the general fund. Under current law, debt service on these bonds is paid from the general fund (although a total of \$43,856,500 was paid from the transportation fund in the 2003-05 biennium). The total amount of debt service on these bonds is estimated at \$85,490,700 in 2007-08 and \$90,414,400 in 2008-09. Under this item, the transportation fund would be responsible for \$26,600,000 in 2007-08 and \$43,300,000 in 2008-09 and the general fund would pay the remaining amount, \$58,890,700 in 2007-08 and \$47,114,400 in 2008-09.

Senate: Delete \$43,300,000 SEG in 2008-09 and provide \$43,300,000 GPR in 2008-09 to delete the provision's use of a new, transportation fund appropriation to supplement an existing GPR appropriation for debt service in that year.

Assembly/Legislature: Delete provision.

11. USE OF TRANSPORTATION FUND REVENUES FOR GENERAL FUND PURPOSES [LFB Paper 765]

Governor: The following table shows provisions in the bill that would use transportation fund revenues for programs that are currently funded by general fund revenues. The bill would convert 16 GPR appropriations to transportation fund appropriations and would create two new transportation fund appropriations, one to offset some general fund debt service costs and one to fund a new driver education assistance program in DPI. The fiscal effects of the appropriation conversions (and for the new DPI appropriation) are summarized under their respective agencies. In addition to converting the program appropriations to the transportation fund, the bill would also convert from GPR to SEG an appropriation for making an annual transfer to the environmental fund (nonpoint pollution account) equal to the amount of revenue generated by the supplemental vehicle title fee. Although the supplemental vehicle title fee revenue is deposited in the transportation fund, under current law the appropriation that provides the amount generated by the fee to the environmental fund is made from the general fund. The bill would convert that GPR appropriation so that the transfer would be made directly from the transportation fund. The fiscal effect of this appropriation conversion is summarized under Miscellaneous Appropriations. The creation of the transportation fund appropriation to offset GPR debt service is summarized in this section.

	<u>2007-08</u>	<u>2008-09</u>	<u>Biennial Total</u>
Debt Service Supplement Appropriation	\$26,600,000	\$43,300,000	\$69,900,000
Supplemental Title Fee Transfer Appropriation	\$12,773,000	\$13,626,400	\$26,399,400
Program Appropriations			
Emergency Medical Services; Aids (DHFS)	\$2,200,000	\$2,200,000	\$4,400,000
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
Car Kill Deer (DNR)	514,600	514,600	1,029,200
State Park, Forest, and Riverway Roads (DNR)	321,400	321,400	642,800
Air Mgmt.; Motor Veh. Emission Inspection (DNR)	64,500	64,500	129,000
Aid for Pupil Transportation (DPI)	27,292,500	27,292,500	54,585,000
Aid for Transportation; Youth Options (DPI)	20,000	20,000	40,000
Aid for Transportation; Open Enrollment (DPI)	500,000	500,000	1,000,000
Driver Education; Assist. to Eligible Pupils (DPI)	0	100,000	100,000
Driver Education; Local Assistance (WTCS)	307,500	307,500	615,000
Chauffeur Training Grants (WTCS)	191,000	191,000	382,000
EMT Basic Training (WTCS)	0	0	0
Employment Transit Aids (DWD)	<u>550,100</u>	<u>550,100</u>	<u>1,100,200</u>
Program Appropriation Subtotal	\$33,913,500	\$34,013,500	\$67,927,000
Grand Total	\$73,286,500	\$90,939,900	\$164,226,400

Joint Finance: Based on the Committee's actions, the total amount of transportation fund revenues used for general fund purposes would decrease by \$2,483,000 in 2007-08 and \$963,400 in 2008-09. This reflects the effect of a reestimate of the supplemental title fee transfer appropriation (-\$2,483,000 in 2007-08 and -\$863,400 in 2008-09) and the deletion of the Department of Public Instruction appropriation for driver education assistance for eligible pupils (-\$100,000 in 2008-09). After making these changes, the totals used for general fund purposes would be \$70,803,500 in 2007-08 and \$89,976,500 in 2008-09, for a biennial total of \$160,780,000

Senate: Based on the Senate's actions, the total use of transportation fund revenues for general fund purposes would increase by \$2,473,000 in 2007-08 to a total of \$73,276,500, but would be eliminated in 2008-09. The increase in 2007-08 is due to an increase in the amount of the transfer to the nonpoint account of the environmental fund caused by a change in how the transfer would be calculated.

Assembly/Legislature: Based on the Assembly's actions, all uses of transportation fund revenues for general fund purposes proposed in the bill would be eliminated.

12. TRANSPORTATION REVENUE BOND DEBT SERVICE REESTIMATES [LFB Paper 760]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	-\$59,121,600	\$9,856,700	-\$49,264,900

Governor: Decrease estimated net transportation fund revenue by \$26,523,100 in 2007-08 and \$32,598,500 in 2008-09 to reflect increases in the amount of vehicle registration revenue needed to pay principal and interest on transportation revenue bonds. Revenue bond debt service is paid from vehicle registration revenue prior to that revenue being deposited in the transportation fund. Consequently, debt service payments are considered a reduction in revenue rather than a transportation fund expenditure. Total transportation revenue bond debt service in 2006-07 is estimated at \$152,682,800, while under the bill debt service payments are estimated to increase to \$179,205,900 in 2007-08 and \$185,281,300 in 2008-09.

Joint Finance: Increase estimated transportation fund revenues by \$4,978,400 in 2007-08 and \$4,878,300 in 2008-09 to reflect a reestimate of transportation revenue bond debt service at \$174,227,500 in 2007-08 and \$180,403,000 in 2008-09.

Senate: Increase estimated transportation fund revenues by \$600,900 in 2008-09 to reflect a reduction in debt service payments due to a proposed reduction in the use of transportation revenue bonds in the major highway development program of \$19,011,100 in 2007-08 and \$20,668,400 in 2008-09.

Conference Committee/Legislature: Decrease estimated transportation fund revenue by \$600,900 in 2008-09 to reflect a restoration of the level of bonding in the major highway development program proposed by the Governor and Joint Finance.

13. MARQUETTE INTERCHANGE PROJECT GENERAL OBLIGATION BOND REESTIMATE SEG \$21,355,000

Governor/Legislature: Provide \$10,677,800 in 2007-08 and \$10,677,200 to reflect a reestimate of debt service on \$213,100,000 in bonds authorized in the 2005-07 budget for the Marquette Interchange reconstruction project. Total debt service on the Marquette Interchange bonds is estimated at \$16,920,800 in 2007-08 and \$16,920,200 in 2008-09.

14. TRANSPORTATION FUND GENERAL OBLIGATION BOND REESTIMATE SEG -\$73,300

Governor/Legislature: Decrease funding by \$762,300 in 2007-08 and increase funding by \$689,000 in 2008-09 to reflect an estimate of debt service on general obligation bonds issued for harbor and freight rail improvement projects and on older bonds issued for highway projects

and administrative facilities. The total debt service payments on these bonds is estimated at \$5,442,800 in 2007-08 and \$6,894,100 in 2008-09 under the bill, which reflects debt service on existing bonds, plus debt service on new bonding that would be authorized by the bill for freight rail projects (\$22,000,000) and harbor projects (\$12,700,000). The sum of the 2006-07 appropriation base for the applicable debt service appropriations reflected in this item is \$6,205,100, while the 2006-07 debt service payments in these appropriations is currently estimated at \$3,977,700. Consequently, some of the change under this item reflects realigning the base to actual debt service payments.

15. REVENUE BOND AUTHORIZATION

BR	\$383,963,100
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Governor: Provide increased revenue bonding authority of \$383,963,100 for major highway development projects and administrative facilities. The increased authorization is the amount estimated to be needed for projects during the 2007-09 biennium, plus an additional amount for the following biennium to provide sufficient bonding authority to complete projects started in the 2007-09 biennium. The bonding authorization in the bill reflects the proposed use of bond proceeds under the major highway development program (\$165,783,300 in 2007-08 and \$167,395,600 in 2008-09) and for improvements to administrative facilities (\$6,000,000 annually).

Senate: Reduce bond authorization by \$39,679,500 to reflect a reduction in the use of bonds in the major highway development program by \$19,011,100 in 2007-08 and \$20,668,400 in 2008-09.

Conference Committee/Legislature: Increase bond authorization by \$39,679,500 to restore the level of bonding proposed by the Governor.

16. TRANSFER FROM THE PETROLEUM INSPECTION FUND

SEG-REV	\$14,000,000
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Conference Committee/Legislature: Increase the transfer from the petroleum inspection fund to the transportation fund by \$14,000,000 in 2007-08, from \$6,321,700 to \$20,321,700 (the SEG fiscal effect of this item is shown under "Miscellaneous Appropriations.")

17. TRANSPORTATION BONDING POLICY PLAN

Senate: Require DOT to submit to the Department of Administration and the Legislative Fiscal Bureau, with each biennial budget request, a plan for the following ten-year period that includes, for each fiscal year of the ten-year period, an estimate of total transportation fund revenues, the proposed types and amounts of bonds to be issued for transportation needs, the proposed expenditure amounts from bond proceeds for transportation needs, and estimated debt service related to repayment of these bonds. Require the ten-year plan to include various funding scenarios for transportation needs showing different levels of transportation fund expenditures, from bond proceeds and from cash sources, and different levels of transportation fund revenues. Specify that at least one scenario shall reflect the achievement of a stable debt

service percentage by the end of the ten-year period of the plan. Specify that if any scenario results in an increasing debt service percentage, the plan shall identify the estimated reduction of net revenues from this increasing debt service and the potential consequences for specific transportation-related programs resulting from these reduced net revenues.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

Veto by Governor [F-4]: Delete provision.

[Act 20 Vetoed Section: 2542p]

18. TRANSFER OF SALES TAX ON VEHICLES AND RELATED PRODUCTS TO THE TRANSPORTATION FUND

Assembly: Require the Department of Revenue, by July 1, 2009, to estimate the amount of revenue generated by the tax on the sale and use of motor vehicles, motor vehicle parts, and motor vehicle services in fiscal year 2008-09. Require DOR, beginning on July 1, 2009, and on each July 1, thereafter, to estimate the amount of such sales tax to be generated in the current fiscal year. Specify, beginning with 2009-10, that an amount equal to 50% of the difference between the amount of vehicle-related sales tax estimated to be generated in the current fiscal year and the amount of such sales tax generated in fiscal year 2008-09, if the amount is positive, shall be transferred each year to the transportation fund. Create a sum sufficient, GPR appropriation for transferring the amounts computed by the Department of Revenue to the transportation fund.

Conference Committee/Legislature: Delete provision.

19. RESTRICTION ON THE USE OF TRANSPORTATION FUND

Assembly/Legislature: Specify that the executive budget bill cannot propose amending, repealing, or notwithstanding the provisions of s. 25.40(3) of the statutes regarding allowable uses of the transportation fund.

Veto by Governor [F-4]: Delete provision.

[Act 20 Vetoed Sections: 85b and 687f]

20. PROCEDURE FOR ELIMINATING TRANSPORTATION FUND DEFICIT

Assembly/Legislature: Require DOT, whenever the Department determines that a projected biennium-ending budgetary deficit in the transportation fund exceeds \$30,000,000, to develop a plan to eliminate the projected deficit by reducing all DOT SEG appropriations, other than those for debt service and sum sufficient appropriations, as equitably as reasonable.

Specify that the plan may not include the reduction of any state funds appropriation if the reduction would violate a condition imposed by the federal government on the receipt of federal funds or if the reduction would violate the federal or state constitution. Require the Department to submit the plan to the Joint Committee on Finance for approval under a 14-day passive review process. Provide that a plan under this provision may reduce SEG continuing appropriations and may also reduce other SEG appropriations that are not otherwise subject to reduction by the Joint Committee on Finance.

Veto by Governor [F-4]: Eliminate the requirement that the plan reduce all SEG appropriations as equitably as reasonable.

[Act 20 Section: 2550p]

[Act 20 Vetoed Section: 2550p]

21. JOINT COMMITTEE ON FINANCE REVIEW OF ALLOTMENT ADJUSTMENTS TO DEPARTMENT OF TRANSPORTATION FEDERAL APPROPRIATIONS

Assembly/Legislature: Prohibit the Department of Administration from approving an allotment adjustment to DOT's FED appropriations unless the adjustment is approved by the Joint Committee on Finance under a 14-day passive review process. Provide that this approval may be obtained as part of the current law process for submitting a plan when total federal highway aid deviates from budget estimates by more than 5%.

Veto by Governor [F-4]: Delete provision.

[Act 20 Vetoed Sections: 85c, 85e, 85f, and 2541r]

Local Transportation Aids

I. GENERAL TRANSPORTATION AIDS [LFB Paper 770]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
SEG	\$23,230,200	\$7,865,700	\$31,095,900

Governor: Provide increased funding for general transportation aids as follows:

- a. *County Aid.* Provide \$1,855,200 in 2007-08 and \$3,747,600 in 2008-09 to provide a total of \$94,619,200 in 2007-08 and \$96,511,600 in 2008-09. Set the calendar year distribution at

\$95,556,000 for calendar year 2008 and \$97,467,100 for calendar year 2009 and thereafter. This represents a 2.0% annual calendar year increase.

b. *Municipal Aid.* Provide \$5,836,900 in 2007-08 and \$11,790,500 in 2008-09 to provide a total of \$297,683,400 in 2007-08 and \$303,637,000 in 2008-09. Set the calendar year distribution at \$300,630,700 for calendar year 2008 and \$306,643,300 for calendar year 2009 and thereafter. This represents a 2.0% annual calendar year increase.

Establish the mileage aid rate at \$1,937 for calendar year 2008 and \$1,976 for calendar year 2009 and thereafter, which represents a 2.0% annual increase to the 2007 rate of \$1,899 per mile. Repeal the statutory references to 2004 and 2005 calendar year aid payment and mileage aid rate amounts.

Senate: Provide increased funding for general transportation aids as follows to provide 3.0% annual calendar year increases, instead of 2.0% under the Governor's provision:

a. *County Aid.* Provide \$468,500 in 2007-08 and \$1,428,700 in 2008-09 to provide a total of \$95,087,700 in 2007-08 and \$97,940,300 in 2008-09. Set the calendar year distribution at \$96,492,900 for calendar year 2008 and \$99,387,700 for calendar year 2009 and thereafter.

b. *Municipal Aid.* Provide \$1,473,700 in 2007-08 and \$4,494,800 in 2008-09 to provide a total of \$299,157,100 in 2007-08 and \$308,131,800 in 2008-09. Set the calendar year distribution at \$303,578,100 for calendar year 2008 and \$312,685,400 for calendar year 2009 and thereafter.

Establish the mileage aid rate at \$1,956 for calendar year 2008 and \$2,015 for calendar year 2009 and thereafter, which represents a 3.0% annual increase to the 2007 rate of \$1,899 per mile.

Assembly: Delete Senate modification.

Conference Committee/Legislature: Restore Senate modification.

[Act 20 Sections: 2552 thru 2554]

2. MASS TRANSIT OPERATING ASSISTANCE [LFB Paper 771]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
SEG	\$6,108,700	\$6,775,600	\$12,884,300

Governor: Provide \$2,022,700 in 2007-08 and \$4,086,000 in 2008-09 to fund a 2.0% annual calendar year increase in mass transit assistance to each tier of mass transit systems for calendar years 2008 and 2009. The increased funding would be distributed as follows: (a) \$1,164,700 in 2007-08 and \$2,352,800 in 2008-09 for Tier A-1 (Milwaukee); (b) \$310,900 in 2007-08 and \$628,100 in 2008-09 for Tier A-2 (Madison); (c) \$446,100 in 2007-08 and \$901,100 in 2008-09 for Tier B transit systems; and (d) \$101,000 in 2007-08 and \$204,000 in 2008-09 for Tier C transit systems. Set the calendar year distribution amounts at \$60,289,100 for 2008 and \$61,494,900 for 2009 and

thereafter for Tier A-1, \$16,095,200 for 2008 and \$16,417,100 for 2009 and thereafter for Tier A-2, \$23,089,100 for 2008 and \$23,551,200 for 2009 and thereafter for Tier B, and \$5,225,600 for 2008 and \$5,331,100 for 2009 and thereafter for Tier C. Slight adjustments to the 2008 calendar year amounts for Tiers B and C (to \$23,089,400 and \$5,226,600, respectively) would need to be made to set these amounts at a level that would both equal a 2% increase and match the proposed appropriations. Repeal statutory references relating to aid payments for each tier of systems for calendar years 2004 and 2005.

Senate: Provide additional mass transit assistance of \$1,328,300 in 2007-08 and \$5,447,300 in 2008-09 in order to provide a 2.5% annual increase to all systems, compared to a 2.0% increase under the Governor's provision, plus an additional \$3.2 million annually to Tier A-1 and \$1.6 million annually split proportionately among the remaining tiers, beginning in 2008. During the biennium, the additional calendar year increases above the 2.5% increases would provide \$4 million to Tier A-1 and \$2 million to the remaining tiers. The increased funding would be distributed as follows: (a) \$873,900 in 2007-08 and \$3,572,800 in 2008-09 for Tier A-1 (Milwaukee); (b) \$164,700 in 2007-08 and \$679,400 in 2008-09 for Tier A-2 (Madison); (c) \$236,200 in 2007-08 and \$974,500 for Tier B transit systems; and (d) \$53,500 in 2007-08 and \$220,600 in 2008-09 for Tier C transit systems. Set the calendar year distribution amounts at \$63,784,700 for 2008 and \$65,299,200 for 2009 and thereafter for Tier A-1, \$16,754,000 for 2008 and \$17,158,400 for 2009 and thereafter for Tier A-2, \$24,034,400 for 2008 and \$24,614,500 for 2009 and thereafter for Tier B, and \$5,440,500 for 2008 and \$5,571,800 for 2009 and thereafter for Tier C.

Assembly: Delete Senate modification.

Conference Committee/Legislature: Restore Senate modification.

[Act 20 Sections: 2545 thru 2549]

3. **ELDERLY AND DISABLED TRANSPORTATION AIDS** [LFB

SEG	\$803,000
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Paper 772]

Governor: Provide \$265,900 in 2007-08 and \$537,100 in 2008-09 for county assistance in the provision of elderly and disabled specialized transportation services. Total state funding would equal \$12,638,900 in 2007-08 and \$12,910,100 in 2008-09. This would provide a 2.0% annual increase for elderly and disabled transportation, based on the combined SEG funding for county assistance and capital aids, but would provide the total increase in the appropriation for county assistance.

Senate: Provide \$66,500 in 2007-08 and \$136,000 in 2008-09 for county assistance in the provision of elderly and disabled specialized transportation services. Total state funding would equal \$12,705,400 in 2007-08 and \$13,046,100 in 2008-09. This would provide a 2.5% annual increase for elderly and disabled transportation, rather than 2.0% under the substitute amendment, based on the combined SEG funding for county assistance and capital aids, but would provide the total increase in the appropriation for county assistance.

Assembly/Legislature: Delete Senate modification.

4. LIFT BRIDGE AIDS

SEG	\$405,000
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Senate: Provide \$29,500 in 2007-08 and \$375,500 in 2008-09 for lift bridge aids to reimburse communities for the costs associated with the operation and maintenance of lift bridges on connecting highways. Funding for lift bridge aids would total \$1,948,400 in 2007-08 and \$2,294,400 in 2008-09.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

Local Transportation Assistance

1. MILWAUKEE TO CHICAGO PASSENGER RAIL SERVICE [LFB Paper 775]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
SEG	\$1,562,400	-\$248,700	\$1,313,700
FED	<u>1,210,400</u>	<u>-995,200</u>	<u>215,200</u>
Total	\$2,772,800	-\$1,243,900	\$1,528,900

Governor: Provide \$761,800 SEG and \$527,700 FED in 2007-08 and \$800,600 SEG and \$682,700 FED in 2008-09 to fund Wisconsin's share of the cost of Amtrak's Hiawatha train route between Milwaukee and Chicago. When added to base funding for the service, total funding would be \$6,959,100 in 2007-08 and \$7,152,900 in 2008-09, with 20% paid from the SEG appropriation for passenger rail service and 80% paid from the FED appropriation. Although the cost of Wisconsin's share for the service is \$6,285,900 in 2006-07, the base appropriations for passenger rail service total \$5,669,600, or \$616,300 less than the actual cost. Due to the effect of a partial veto in the 2005-07 budget act, DOT has been required to fund this additional cost from other sources. This item would restore full funding for the service in the passenger rail service appropriations based on estimates of the cost of the contract in the next two years, plus provide an additional \$500,000 annually to add an additional train car on each train set to alleviate overcrowding. The cost to maintain current service (without the additional train car) is estimated to increase above the current cost by 2.8% in 2007-08 and by an additional 3.0% in 2008-09. Wisconsin shares the cost of providing the service with Illinois, with Wisconsin paying 75% of the states' share and Illinois paying 25%.

Senate/Legislature: Reduce funding by \$122,700 SEG and \$491,100 FED in 2007-08 and \$126,000 SEG and \$504,100 FED in 2008-09 to reflect a new estimate of the cost to maintain the

Hiawatha service, including the cost for an additional rail car for each train set. Total funding for the service would be \$6,345,300 (\$1,269,100 SEG and \$5,076,200 FED) in 2007-08 and \$6,522,800 (\$1,304,600 SEG and \$5,218,200 FED) in 2008-09.

2. PASSENGER RAIL SERVICE -- ADDITIONAL BONDING FOR MILWAUKEE TO MADISON SERVICE [LFB Paper 776]

BR	\$32,000,000
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Governor: Provide \$32,000,000 of additional bonding authority for passenger rail service development. According to the administration, the additional bonding would be combined with \$48,000,000 of existing, unused bonding authority to provide a total of \$80,000,000 in general fund-supported, general obligation bonds. The intent would be to seek federal funds to provide 80% of the capital cost of upgrading the track and purchasing rail equipment for a high-speed rail route between Milwaukee and Madison. The state bonds would provide the other 20% of the cost, up to a total project cost of \$400 million. The Department has completed preliminary engineering and environmental study for the project and estimates the cost of establishing the service, depending upon various factors, at between \$400 million and \$500 million. Although there is currently no federal program to provide funding for the development of new passenger rail service, some proposals are being discussed in Congress.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Section: 592]

3. PASSENGER RAIL SERVICE -- ELIGIBILITY OF ADDITIONAL ROUTES [LFB Paper 776]

Governor: Modify existing general obligation bonding authority for passenger rail service improvements to specify that these bonds may be used for improvements related to new or existing 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 of this bonding has been approved for improvements at the Milwaukee Amtrak station, leaving \$48,000,000 in existing authority (the previous item would increase this by \$32,000,000).

Senate: Specify that the bonds may also be used for improvements to establish rail

service between Madison and Eau Claire.

Assembly: Delete Senate modification.

Conference Committee/Legislature: Restore Senate modification.

[Act 20 Section: 2543]

4. KENOSHA-RACINE-MILWAUKEE COMMUTER RAIL EXTENSION PROJECT [LFB Paper 777]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
SEG	\$1,000,000	-\$1,000,000	\$0

Governor: Provide \$1,000,000 in 2007-08 for the Kenosha-Racine-Milwaukee commuter rail project in Southeastern Wisconsin under the commuter rail system development grant program. This program provides grants from a biennial appropriation 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.

Senate: Provide the Southeastern Wisconsin Regional Transit Authority (RTA) the responsibility to sponsor, develop, construct, and operate a commuter rail transit system connecting the cities of Kenosha, Racine, and Milwaukee, known as the KRM commuter rail link, and the following authority: (a) to levy a vehicle rental fee of up to \$15 per transaction in the three-county region (currently \$2 per rental transaction); (b) to expend funds to develop and construct the KRM commuter rail link; and (c) to issue up to \$50 million in bonds, excluding refunding bonds, for the anticipated local funding share required for initiating KRM commuter rail link service.

Specify the following relative to the bonds issued by the RTA: (a) the RTA could secure the bonds by a pledge of any income or revenues from any operations, rent, aids, grants, subsidies, contributions, or other source of funds; (b) neither the governing body of the RTA nor any person executing the bonds would be personally liable on the bonds by reason of the issuance of the bonds; (c) the bonds would not be debt of the counties that created the RTA and neither the counties nor the state would be liable for the payment of the bonds; (d) the bonds would only be payable out of funds or properties of the authority; and (e) these restrictions would have to be stated on the face of the bonds;

In addition, specify the following relative to RTA bonds, including refunding bonds: (a) the bonds would have to be authorized by resolution of the RTA's governing body; (b) the bonds could be issued under a resolution or under a trust indenture or other security instrument; (c) the bonds could be issued in one or more series and could be in the form of coupon bonds or registered bonds; (d) the bonds would have to bear the dates, mature at the

times, bear interest at the rates, be in the denominations, have the rank or priority, be executed in the manner, be payable in the medium of payment and at the places, and be subject to the terms of redemption, with or without premium, as the resolution, trust indenture, or other security instrument provides; (e) the bonds would be issued for an essential public and governmental purpose and are public instrumentalities and, together with interest and income, are exempt from taxes; (f) the bonds could be sold by the RTA at public or private sales at the price or prices determined by the RTA; and (g) if any member of the RTA governing body whose signature appears on the bonds ceases to be member of the RTA governing body before the bonds are delivered, the signature would remain valid.

Provide the RTA the authority to issue refunding bonds for the purpose of paying any of its bonds at or prior to the maturity or upon acceleration or redemption. Specify that the RTA may issue refunding bonds at such time prior to the maturity or redemption of the refunded bonds as the authority deems to be in the public interest. Provide that the refunding bonds may be issued in sufficient amounts to pay or provide the following: (a) the principal of the refunded bonds together with any redemption premium on the bonds and any interest accrued or to accrue to the date of payment of the bonds; (b) the expenses to issue refunding bonds; (c) the expenses of redeeming the bonds being refunded; and (d) such reserves for debt service or other capital or current expenses from the proceeds of the refunding bonds as may be required by the resolution or under a trust indenture or other security instrument.

Delete the current law provision that the RTA's report to the Legislature, which is due by November 15, 2008, must include a recommendation as to whether the responsibilities of the authority should be limited to collection and distribution of regional transit funding or should also include operation of transit service. Also, delete the requirement that the RTA's report must recommend whether the RTA should continue in existence beyond September 30, 2009.

Require the Southeastern Wisconsin Regional Transit Authority to conduct the following studies related to the KRM commuter rail project: (a) a study on the feasibility of extending any proposed commuter rail project through the 30th Street corridor in the City of Milwaukee to the northern Milwaukee County line; and (b) a study on the feasibility of adding a commuter rail stop and station at points where any proposed commuter rail route would intersect National Avenue and/or Greenfield Avenue in the City of Milwaukee. Specify that the studies be included as part of the report to the Governor and Legislature that is required under current law.

Assembly/Legislature: Delete Senate modification. In addition, delete \$1,000,000 in 2007-08 from DOT's appropriation for commuter rail service for preliminary engineering for the KRM commuter rail extension project. Instead, provide \$800,000 (for a net reduction of \$200,000) in the Joint Committee on Finance supplemental appropriation. [This funding is shown under the "Program Supplements" section of this document.] Specify that the Committee may approve a request by the Department of Transportation to transfer that amount to DOT's appropriation for commuter rail service only if the Legislature has passed and the Governor has signed an act establishing a financing mechanism sufficient to pay all nonfederal costs, including capital and operating costs, for the commuter rail service.

Specify that revenue generated by a current-law \$2 charge on vehicle rental contracts that was established by 2005 Act 25 to support the costs of a regional transit authority in southeastern Wisconsin may not be used for the purposes of lobbying or contracting for lobbying.

Veto by Governor [F-11]: Delete the requirements that would have to be met under the Assembly modification prior to the Joint Committee on Finance's release of the funds for preliminary engineering on the KRM commuter rail project.

[Act 20 Sections: 1851c and 9148(9u)]

[Act 20 Vetoed Section: 9148(9u)]

5. FREIGHT RAIL PRESERVATION PROGRAM [LFB Paper 778]

BR	\$22,000,000
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Governor/Legislature: Provide \$22,000,000 in general obligation bonding authority for the freight rail preservation program to provide total, cumulative bonding authority of \$66,500,000 for the program. The Department of Administration did not include a separate estimate of the debt service on these bonds in the bill, but instead included all debt service on new and existing freight rail and harbor program bonds in a single reestimate decision item. When fully issued, debt service on the \$22,000,000 in freight rail bonds would be \$1.8 million annually. Under the freight rail preservation program, the Department purchases abandoned railroad lines in order to preserve rail service to shippers on the lines through a third-party railroad company. The bonds may be used to acquire abandoned railroad lines or make improvements on lines already owned by the state. The \$22,000,000 in bonding provided by the bill would be an increase from the \$12,000,000 provided in the 2005-07 biennial budget. The Department indicates that the increased funding would be used to upgrade tracks to accommodate the heavier rail cars now being used in the freight rail industry and to fund the purchase of additional abandoned lines.

[Act 20 Section: 595]

6. HARBOR ASSISTANCE PROGRAM [LFB Paper 779]

BR	\$12,700,000
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Governor/Legislature: Provide \$12,700,000 in general obligation bonding authority for the harbor assistance program, to bring the total, cumulative bonding authority for the program to \$53,400,000. The Department of Administration did not include a separate estimate of the debt service on these bonds in the bill, but instead included all debt service on new and existing freight rail and harbor program bonds in a single reestimate decision item. When fully issued, the debt service on the \$12,700,000 in harbor bonds would be \$1.0 million annually. Together with base funding of \$500,000 SEG annually for making grants for harbor improvements, the bonding authorized by the bill would provide a total of \$13,700,000 for grants over the biennium, which is the same amount provided in the 2005-07 biennium. However, unlike the 2005-07 budget, which earmarked \$8,100,000 for specific projects, there would be no specific

allocations of the funding provided in this bill.

Create a SEG-L appropriation for the harbor assistance program to reflect contributions toward the cost of a harbor improvement project provided by a local unit of government or other source.

[Act 20 Sections: 306 and 594]

7. SAFE ROUTES TO SCHOOL PROGRAM

FED	\$7,830,100
SEG-L	783,000
Total	\$8,613,100

Governor/Legislature: Provide \$4,600,000 FED and \$460,000 SEG-L in 2007-08 and \$3,230,100 FED and \$323,000 SEG-L in 2008-09 in new appropriations for the safe routes to school program. Permit the Department to administer a safe routes to school program to award grants for infrastructure or noninfrastructure projects according to federal guidelines for the program.

Allow DOT, under the program, to award grants for infrastructure projects to any local general purpose government or any state agency. Federal law provisions for the program specify that a grant for an infrastructure project may be for the planning, design, and construction of infrastructure-related projects that will substantially improve the ability of students to walk and bicycle to school, including sidewalk improvements, traffic calming and speed reduction improvements, pedestrian and bicycle crossing improvements, on-street bicycle facilities, off-street bicycle and pedestrian facilities, secure bicycle parking facilities, and traffic diversion improvements in the vicinity of a primary or middle school.

Permit DOT to award grants for noninfrastructure-related activities under the program to any county, local governmental unit, Indian tribe, or private, nonprofit organization ("local governmental unit" is defined as a municipality, regional planning commission, special purpose district or local government association, authority, board, commission, department, independent agency, institution, or office). Federal law provisions for the program describe noninfrastructure activities as activities to encourage walking and bicycling to school, including public awareness campaigns and outreach to press and community leaders, traffic education and enforcement in the vicinity of schools, student sessions on bicycle and pedestrian safety, health, and environment, and funding for training, volunteers, and managers of safe routes to school programs.

Specify that DOT may award grants for both infrastructure and noninfrastructure projects to the same recipient.

The most recent federal surface transportation reauthorization act created the safe routes to school program for capital improvements or other initiatives to improve the safety of children traveling to school by bike or by foot. The federal funds, which are provided as part of the federal highway aid program, do not require a local match, but the Department assumes that some local money could be used to supplement federal funds. Consequently, the bill would create a SEG-L appropriation and estimate funding equal to 10% of the federal

appropriation for this local contribution. Although the state has received funding under the program since federal fiscal year 2005, the federal authorizing legislation passed too late in 2005 to include the creation of a state program to distribute the funds in the 2005-07 state budget. DOT distributed some federal safe routes to schools funding through the current transportation enhancements program structure, but only a portion of what could have been spent. The funding in the bill in 2007-08, therefore, represents an estimate of the funding that will be received by the state in federal fiscal year 2008, plus an additional amount to reflect a portion of the amount received under the federal program in the previous three federal fiscal years. The amount provided in 2008-09 reflects an estimate of the amount that will be received in federal fiscal year 2009.

[Act 20 Sections: 308, 309, and 2541]

8. LOCAL ROADS IMPROVEMENT PROGRAM FUNDING -- ENTITLEMENT COMPONENT [LFB Paper 780]

SEG	\$1,001,700
SEG-L	<u>1,001,700</u>
Total	\$2,003,400

Governor: Provide \$331,700 SEG and \$331,700 SEG-L in 2007-08 and \$670,000 SEG and \$670,000 SEG-L in 2008-09 for the local roads improvement program for making grants under the entitlement component of the program. These amounts represent increases of 2.0% annually. Total funding for the entitlement component would be \$16,917,400 SEG and \$16,917,400 SEG-L in 2007-08 and \$17,255,700 SEG and \$17,255,700 SEG-L in 2008-09. Grants are distributed under the entitlement component of the program to counties, municipalities, and towns based on formulas. The SEG-L increases reflect the required 50% local match for the program.

Senate: Provide \$82,900 SEG and \$82,900 SEG-L in 2007-08 and \$169,600 SEG and \$169,600 SEG-L in 2008-09, to provide total increases of 2.5% annually for the program, instead of 2.0% annually.

Assembly/Legislature: Delete Senate modification.

9. ENVIRONMENTAL REVIEW OF LOCAL TRANSPORTATION PROJECTS [LFB Paper 548]

Joint Finance: Specify that DOT may make an annual payment, from the SEG appropriation for the entitlement component of the local roads improvement program, to the Department of Natural Resources for the support of 3.0 positions related to the environmental review of local transportation projects. Specify that any such payment must be subject to any applicable interagency agreement and shall be made prior to allocations to counties, municipalities, and towns, so that the entitlements to each subcomponent are reduced proportionately.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Sections: 306 and 2557m]

10. LOCAL ROADS IMPROVEMENT PROGRAM -- DISCRETIONARY COMPONENT [LFB Paper 780]

SEG	\$422,800
SEG-L	422,800
Total	\$845,600

Governor: Provide \$140,000 SEG and \$140,000 SEG-L in 2007-08 and \$282,800 SEG and \$282,800 SEG-L in 2008-09 for the discretionary grant component of the local roads improvement program to fund a 2.0% annual increase in the statutory allocations under the discretionary program. Set these allocations as follows: (a) \$5,355,000 in 2007-08 and \$5,567,100 in 2008-09 and annually thereafter for county projects; (b) \$1,020,000 in 2007-08 and \$1,060,400 in 2008-09 and annually thereafter for municipal projects; and (c) \$765,000 in 2007-08 and \$795,300 in 2008-09 and annually thereafter for town projects. The SEG-L amounts reflect the required 50% local match for discretionary grants. The total amount of SEG funds allocated by statute for projects in 2008-09 would be \$7,422,800 under the bill, which would exceed the amount in the program's SEG appropriation in that year by \$140,000. DOA indicates that the intent was to set the statutory distribution amounts equal to the amount that the bill would appropriate for the program. This would imply 2008-09 amounts of \$5,462,100 for counties, \$1,040,400 for municipalities, and \$780,300 for towns.

Senate: Provide \$35,000 SEG and \$35,000 SEG-L in 2007-08 and \$71,600 SEG and \$71,600 SEG-L in 2008-09 for the discretionary component to provide total increases of 2.5% annually, instead of 2.0% annually. Establish statutory distributions for the components of the program, as follows: (a) \$5,381,300 in 2007-08 and \$5,515,800 in 2008-09 and annually thereafter for county projects; (b) \$1,025,000 in 2007-08 and \$1,050,600 in 2008-09 and annually thereafter for municipal projects; and (c) \$768,700 in 2007-08 and \$788,000 in 2008-09 and annually thereafter for town projects.

Assembly: Delete Senate modification.

Conference Committee/Legislature: Maintain the level of funding as provided by the Governor, but modify the statutory distribution in 2008-09 to match the appropriation in that year. As modified, the amounts distributed in 2008-09 and thereafter would be \$5,462,100 for counties, \$1,040,400 for municipalities, and \$780,300 for towns.

[Act 20 Sections: 2555 thru 2557]

11. LOCAL ROADS IMPROVEMENT PROGRAM -- GRANT FOR WASHBURN COUNTY VETERANS CEMETERY ROAD

Governor/Legislature: Require DOT to make a grant of \$60,000 in the 2007-09 biennium, from the discretionary grants appropriation for the local roads improvement program, for the improvement of a road accessing a state veterans cemetery in Washburn County. Specify that

the grant shall be made to the first applicant that is eligible for the aid under the local roads improvement program that applies for the grant. Specify that the grant shall be made prior to any allocations to the components of the discretionary grant program and shall be in addition to any other grants or entitlements that the recipient may receive under the discretionary or entitlement components of the local roads improvement program. Specify that the grant shall be made notwithstanding limitations on the amount and use of aid, or eligibility requirements for receiving aid, under the local roads improvement program.

[Act 20 Sections: 307 and 9148(3)]

12. LOCAL ROADS IMPROVEMENT PROGRAM -- GRANT FOR STREET IMPROVEMENT IN THE VILLAGE OF RIB LAKE

Assembly/Legislature: Require DOT to award a grant of \$5,750 during the 2007-09 biennium from the municipal subcomponent of the discretionary component of the local roads improvement program to the Village of Rib Lake in Taylor County for the improvement of McComb Avenue in the Village. Specify that limitations under this program, including the minimum cost of a project to be eligible for funding (currently \$250,000), do not apply to the awarding of this grant.

[Act 20 Sections: 307 and 9148(9z)]

13. LOCAL ROADS IMPROVEMENT PROGRAM -- GRANT TO THE VILLAGE OF PLEASANT PRAIRIE

Conference Committee/Legislature: Require DOT to award a grant of \$1,200,000 during the 2007-09 biennium to the Village of Pleasant Prairie for an improvement project on 85th Street between 65th Avenue and 51st Avenue. Specify that the grant shall be made from the municipal subcomponent of the discretionary component of the local roads improvement program.

[Act 20 Section: 9148(14qq)]

14. AERONAUTICS ASSISTANCE FUNDING [LFB Paper 780]

SEG	\$761,700
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Governor: Provide \$252,200 in 2007-08 and \$509,500 in 2008-09 for the aeronautics assistance program, to increase the SEG-funded portion of the program by 2.0% annually. Total funding for the program would be \$12,985,400 SEG and \$74,000,000 FED in 2007-08 and \$13,242,700 SEG and \$74,000,000 FED in 2008-09. The total SEG funding amounts reflect the net effect of this item plus standard budget adjustments (-\$43,100 annually) and a separate item that would transfer funding into the program to reflect realignment of responsibilities and funding associated with departmental reorganization (\$32,100 annually).

Senate: Provide \$63,100 in 2007-08 and \$129,000 in 2008-09 for the program, to provide total increases of 2.5% annually, instead of 2.0% annually.

Assembly/Legislature: Delete Senate modification.

15. SURFACE TRANSPORTATION GRANT PROGRAM [LFB Paper 781]

	Governor (Chg. to Base)	Legislature (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 2008-09 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. The program was established by the 1993-95 budget, but funding for the program was eliminated in the 2003-05 budget. This item would restore funding for the program at the 2002-03 level.

Assembly/Legislature: Delete the increases provided by the Governor and delete the current law provisions related to the surface transportation grant program. The funding provided for the program by the Governor was transferred to a new program, summarized below, for state bicycle and pedestrian facilities.

[Act 20 Sections: 307c and 2550e]

16. STATE BICYCLE AND PEDESTRIAN FACILITIES PROGRAM

FED	\$2,720,000
SEG-L	<u>680,000</u>
Total	\$3,400,000

Assembly/Legislature: Transfer funding from local transportation assistance grant programs to new appropriations for making grants for bicycle and pedestrian transportation projects, to provide a total of \$8,178,200 FED and \$2,044,500 SEG-L in 2007-08 and \$10,898,200 FED and \$2,724,500 SEG-L in 2008-09. Make the transfers as follows: (a) \$2,720,000 FED and \$680,000 SEG-L in 2008-09 from the Governor's proposed surface transportation grant program; (b) \$3,485,700 FED and \$871,400 SEG-L annually from the congestion mitigation and air quality improvement grant program; and (c) \$4,692,500 FED and \$1,173,100 SEG-L annually from the transportation enhancements grant program. Specify that projects funded under the bicycle and pedestrian facilities grant program must be let by contract and awarded to the lowest competent and responsible bidder. Modify current law provisions related to bicycle and pedestrian facilities grants to specify that the local match percentage is at least 20%, instead of at least 25%, and specify that pedestrian facilities funded under the program shall not include sidewalks or street beautification measures.

Veto by Governor [F-5]: Delete \$8,178,200 FED and \$2,044,500 SEG-L annually from the bicycle and pedestrian facilities program, which leaves \$2,720,000 FED and \$680,000 SEG-L in

2008-09 for the program. In his veto message, the Governor directed that the funds deleted from the program be redirected to the grant programs from which the funding would have been transferred by the Legislature. Consequently, there is no net fiscal effect of the Governor's veto.

[Act 20 Sections: 307e thru 307i and 2540c]

[Act 20 Vetoed Section: 177 (as it relates to 20.395(2)(ov)&(2)(ox))]

17. ELIMINATE AVIATION CAREER EDUCATION PROGRAM

Assembly: Delete \$155,300 annually for the aviation career education (ACE) program to eliminate funding for the program. Delete statutory provisions establishing the program.

Conference Committee/Legislature: Delete provision.

18. TRANSPORTATION ECONOMIC ASSISTANCE -- ROAD IMPROVEMENT GRANT FOR THE TOWN OF POUND IN MARINETTE COUNTY

Senate: Require DOT to award a grant of \$500,000 in the 2007-09 biennium to the Town of Pound in Marinette County from the SEG appropriation for the transportation economic assistance (TEA) program for the extension of North 19th Road to West 16th Road. Specify that the grant shall be made notwithstanding current TEA program eligibility criteria or local match requirements.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Section: 9148(11x)]

19. LOCAL TRANSPORTATION FACILITY ASSISTANCE -- GRANT TO ASHLAND COUNTY FOR IMPROVEMENTS TO CTH H

Senate: Require DOT to award a grant of \$2,100,000 in the 2007-09 biennium to Ashland County from the FED appropriation for local transportation facility improvement assistance for the improvement of CTH H on Madeline Island, if the Department determines that the CTH H project is eligible for federal aid during the biennium. Under current federal law, federal highway aid may not be used for highways that are classified as "minor collectors," which is the current classification of Ashland County CTH H. This item would require a grant to be made for the improvement of that highway if federal law is changed to allow the improvement.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Section: 9148(9cc)]

20. LOCAL TRANSPORTATION FACILITY ASSISTANCE -- GRANT FOR STREET IMPROVEMENTS IN THE CITY OF KENOSHA

Senate: Require DOT to make a grant of \$800,000 in the 2007-09 biennium to the City of Kenosha from the FED appropriation for local transportation facility improvement assistance for the extension of 39th Avenue from 18th Street to 26th Street, if the Department determines that the project is eligible for federal aid. Specify that the grant shall be made in addition to any other assistance that the City is eligible to receive under the program.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision, but increase the amount of the required grant to \$950,000.

[Act 20 Section: 9148(12z)]

21. TRANSPORTATION ENHANCEMENTS -- GRANT FOR MILWAUKEE COUNTY

Senate: Require DOT to make a grant of \$100,000 to Milwaukee County from the transportation enhancements grant program during the 2007-09 biennium for the construction of a pedestrian bridge and path at the Milwaukee Urban Ecology Center, if the Department determines that the project is eligible for federal aid. Specify that the County, in order to receive the grant, must apply for the grant and agree to pay the required 20% local match.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Section: 9148(12x)]

22. TRANSPORTATION ENHANCEMENTS -- GRANT FOR THE CITY OF WHITEWATER

Senate: Require DOT to award a grant to the City of Whitewater from the transportation enhancements grant program during the 2007-09 biennium for the extension of the Whitewater multi-use trail to Willis Ray Road, if the Department determines that the project is eligible for federal aid. Specify that the amount of the grant shall be \$150,000 or 80% of the cost of the project, whichever is less. Specify that the City, in order to receive the grant, must apply for the grant and agree to pay the required 20% local match.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Section: 9148(8i)]

23. TRANSPORTATION ENHANCEMENTS -- GRANT FOR THE CITY OF RACINE

Senate: Require DOT to award a grant of \$400,000 to the City of Racine from the transportation enhancements grant program in the 2007-09 biennium for a streetscaping project on 6th Street between Main Street and Grand Avenue, if the Department determines that the project is eligible for federal aid. Specify that the City, in order to receive the grant, must apply for the grant and agree to pay at least \$100,000 toward the cost of the project.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Section: 9148(12y)]

24. TRANSPORTATION ENHANCEMENTS -- GRANT FOR THE TOWN OF ARMSTRONG CREEK

Senate: Require DOT to award a grant from the transportation enhancements grant program to the Town of Armstrong Creek in Forest County for the historical restoration of the Red Bridge over Armstrong Creek in the 2007-09 biennium, if the Department determines that the project is eligible for federal aid. Specify that the amount of the grant shall be \$50,000, or 80% of the cost of the project, whichever is less. Specify that the Town, in order to receive the grant, must apply for a grant and agree to pay the required 20% local match.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Section: 9148(9b)]

25. TRANSPORTATION ENHANCEMENTS -- GRANT FOR THE VILLAGE OF FOOTVILLE

Senate: Require DOT to award a grant to the Village of Footville in Rock County from the transportation enhancements program in the 2007-09 biennium for the paving of a walking trail, if the Department determines that the project is eligible for federal transportation enhancements funds. Specify that the amount of the grant shall be \$15,000 or 80% of the project cost, whichever is less. Specify that the Village, in order to receive the grant, must apply for the grant and agree to pay the required 20% local match.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Section: 9148(8b)]

26. CONGESTION MITIGATION AND AIR QUALITY IMPROVEMENT PROGRAM -- GRANT FOR THE CITY OF WEST ALLIS

Senate: Require DOT to make a grant of \$800,000 to the City of West Allis from the congestion mitigation and air quality improvement (CMAQ) program in the 2007-09 biennium for the construction of the West Allis Cross-Town Bike Trail, if the Department determines that the project is eligible for federal aid. Specify that the City, in order to receive the grant, must apply for the grant and agree to pay the required 20% local match.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Section: 9148(9c)]

27. SAFE ROUTES TO SCHOOL -- GRANT FOR THE CITY OF JANESVILLE

Senate: Require DOT to award a grant of \$235,000 to the City of Janesville from the safe routes to school program in the 2007-09 biennium for the construction of a pedestrian tunnel for the Spring Brook Trail under East Milwaukee Street, if the Department determines that the project is eligible for federal aid.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Section: 9148(3i)]

State Highway Program

**1. SOUTHEAST WISCONSIN FREEWAY REHABILITATION -- I-94
NORTH-SOUTH FREEWAY RECONSTRUCTION [LFB Paper
785]**

SEG	\$67,569,900
FED	23,848,500
BR	<u>90,200,000</u>
Total	\$181,618,400

Governor: Provide \$17,084,000 SEG and \$8,125,200 FED in 2007-08 and \$50,485,900 SEG and \$15,723,300 FED in 2008-09 in the southeast Wisconsin freeway rehabilitation

appropriations, and provide general obligation bonding authority of \$90,200,000, to begin preliminary work on the reconstruction of I-94 between the Mitchell Interchange in Milwaukee County and the Illinois state line. Modify the existing statutory bonding authorization for the Marquette Interchange to allow the bonds to also be used on the reconstruction of I-94. [The bonding authority provided in the 2005-07 budget for the reconstruction of the Marquette Interchange has already been issued. This item, however, would provide additional authority in the same bonding authorization and broaden the purposes for which the authorization can be used to include the I-94 project.] The bill does not reflect debt service payments on these bonds, based on the assumption that they would not be issued until late in the biennium, or in the 2009-11 biennium.

Include the I-94 north-south corridor in a list of reconstruction projects for which DOT may proceed with construction involving the addition of one or more lanes five miles or more in length. Define the "I-94 north-south corridor" as the Mitchell interchange of I-43, I-94, and I-894 in Milwaukee County, I-94 from the Illinois-Wisconsin state line in Kenosha County proceeding northerly through the Mitchell Interchange to Howard Avenue in Milwaukee County, I-43/I-894 from the Mitchell Interchange proceeding westerly to 35th Street in Milwaukee County, the STH 119 Airport Spur Parkway between I-94 and General Mitchell International Airport in Milwaukee County, and all freeways, roadways, shoulders, interchange ramps, frontage roads, and collector road systems adjacent or related to these routes or interchanges. Under current law, statutory enumeration is required prior to any capacity expansion project on the southeast Wisconsin freeway system, but such enumeration does not require capacity expansion. The Department indicates that an environmental impact statement would be conducted to determine whether expansion of the freeway is warranted.

The total amount of funding that would be provided for the project is \$181,618,400, which would be used to purchase real estate, prepare an environmental impact statement, prepare the final design, and begin reconstruction on certain interchanges in Kenosha County (CTH C, STH 50, and STH 158). The Department indicates that reconstruction on selected interchanges would occur in 2009 and 2010 and reconstruction of the mainline of the freeway and remaining interchanges would occur between 2011 and 2016.

Senate: Provide \$23,300,000 SEG in 2008-09 for the I-94 north-south freeway project and reduce the bond authorization for the project by \$23,300,000.

Assembly/Legislature: Delete Senate modification.

[Act 20 Sections: 314b, 593, 2525 thru 2528, and 2536]

2. SOUTHEAST WISCONSIN FREEWAY REHABILITATION -- ZOO INTERCHANGE RECONSTRUCTION [LFB Paper 785]

	Governor (Chg. to Base)		Legislature (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$24,000,000	25.00	\$0	- 25.00	\$24,000,000	0.00

Governor: Provide \$17,000,000 and 25.0 positions in 2007-08 and \$7,000,000 and 25.0 positions in 2008-09 for preliminary work related to the reconstruction of the Zoo Interchange in Milwaukee County. Include the Zoo Interchange in a list of reconstruction projects for which DOT may proceed with construction involving the addition of one or more lanes five miles or more in length. Define the "Zoo Interchange" as all freeways, including related interchange ramps, roadways, and shoulders, and all adjacent frontage roads and collector road systems, encompassing I-94, I-894, and USH 45 in Milwaukee County within the area bordered by I-894/USH 45 at the Union Pacific railroad underpass near Burnham Street to the south, I-94 at 76th Street to the east, I-94 at 116th Street to the west, and USH 45 at Center Street to the north. Under current law, statutory enumeration is required prior to any capacity expansion project on the southeast Wisconsin freeway system, but such enumeration does not require capacity expansion. The Department indicates that an environmental assessment (or possibly an environmental impact statement) would be conducted to determine whether expansion of the freeway is warranted. Under the Department's proposed schedule for the project, the environmental study and preliminary engineering analysis would occur in 2007 and 2008, final design (including addressing real estate and utility issues) would occur between 2009 and 2011, and construction would occur between 2012 and 2016.

The funding provided by the bill would be used to conduct an environmental study and preliminary engineering analysis for the project. The Department's intent is to conduct approximately one-half of this work with state staff and the other half using engineering consultants. The 25.0 positions provided by the bill would be used to conduct various activities related to this preparatory work, as well as oversee the consultant work. Of the funding provided, \$1,307,700 in 2007-08 and \$1,718,600 in 2008-09 would be for salary and fringe benefit costs for new positions and the remaining \$15,692,300 in 2007-08 and \$5,281,400 in 2008-09 would be for consultant contracts.

Senate: Delete the provision that would enumerate the Zoo Interchange project in the statutes to allow the construction of additional lanes on that project.

Assembly/Legislature: Delete the Senate modification, retaining authorization to add lanes within the interchange. Delete 25.0 positions annually to reflect the elimination of positions provided for the preliminary work. Transfer funding for these positions to the Department's budget for consulting engineers.

[Act 20 Sections: 2525 thru 2528]

3. PROHIBITION AGAINST ADDITIONAL LANES ON I-94 NEAR WOOD NATIONAL CEMETERY IN MILWAUKEE COUNTY

Senate: Specify that no southeast Wisconsin freeway rehabilitation project may include the addition of any lane for vehicular traffic on I-94 adjacent to Wood National Cemetery, between Hawley Road and the Stadium Interchange, in Milwaukee County.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Section: 2528d]

4. STATE HIGHWAY MAINTENANCE AND TRAFFIC OPERATIONS FUNDING [LFB Paper 786]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
SEG	\$66,294,300	-\$22,000,000	\$44,294,300

Governor: Provide \$28,964,000 in 2007-08 and \$37,330,300 in 2008-09 for the state highway maintenance and traffic operations program. The Executive Budget Book indicates that these amounts reflect the following components: (a) \$21,510,000 annually to cover the costs of contracting for county services and other routine maintenance activities; (b) \$3,960,400 in 2007-08 and \$8,019,800 in 2008-09 for 2.5% annual inflationary increases, calculated on a base that excludes state-funded salary and fringe benefit costs; and (c) \$3,493,600 in 2007-08 and \$7,800,500 in 2008-09 to reflect projected growth in traffic and the number of lane miles on the state highway system. Base funding for the program is \$178,588,100.

Conference Committee/Legislature: Delete \$11,000,000 annually from the amounts provided for the costs of contracting for county services and other routine maintenance activities.

5. STATE HIGHWAY REHABILITATION FUNDING [LFB Paper 787]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
SEG	\$64,028,000	\$74,737,700	\$138,765,700
FED	<u>-2,720,000</u>	<u>995,200</u>	<u>-1,724,800</u>
Total	\$61,308,000	\$75,732,900	\$137,040,900

Governor: Provide increases of \$18,055,600 in 2007-08 and \$43,252,400 in 2008-09 for the state highway rehabilitation program. Of these amounts, the funding in 2007-08 would be provided with SEG funds, while the funding in 2008-09 is the net effect of an increase of \$45,972,400 SEG and a decrease of \$2,720,000 FED. These amounts reflect increases of 3.0% in

2007-08 and 4.1% in 2008-09, calculated on a base that excludes state-funded salary and fringe benefit costs. Total funding for the program under the bill would be \$628,512,700 in 2007-08 and \$653,709,500 in 2008-09, which reflects the effect of this item, standard budget adjustments (\$1,611,800 annually), and a separate item that would transfer funding out of the program to reflect realignment of responsibilities and funding associated with departmental reorganization (-\$3,702,500 annually). The following table shows the total funding for the program under the bill, by fund source, in relation to the 2006-07 base.

<u>Fund</u>	<u>2006-07 Base</u>	<u>Governor</u>	
		<u>2007-08</u>	<u>2008-09</u>
SEG	\$264,584,600	\$280,549,500	\$308,466,300
FED	<u>347,963,200</u>	<u>347,963,200</u>	<u>345,243,200</u>
Total	\$612,547,800	\$628,512,700	\$653,709,500

Senate: Provide \$39,582,400 SEG and \$491,100 FED in 2007-08 and \$60,850,900 SEG and \$504,100 FED in 2008-09 for the state highway rehabilitation program, to provide total increases of 9.6% in 2007-08 and 7.0% in 2008-09 for the program.

Assembly: Delete \$28,582,400 SEG in 2007-08 and \$60,850,900 SEG in 2008-09 for the state highway rehabilitation program, to reduce the total increases to 4.9% in 2007-08 and 2.2% in 2008-09 for the program.

Conference Committee/Legislature: Increase funding by \$28,582,400 SEG in 2007-08 and \$35,155,300 SEG in 2008-09, to provide total increases of 9.6% in 2007-08 and 3.1% in 2008-09 for the program. The following table shows the total funding for the program under Act 20, in relation to the 2006-07 base. In addition to reflecting the effect of this item, standard budget adjustments, and departmental reorganization, the totals reflect an increase of \$238,300 SEG in 2008-09 in connection with an Assembly provision that requires the Department to make a grant to the Village of Rothschild.

<u>Fund</u>	<u>2006-07 Base</u>	<u>Act 20</u>	
		<u>2007-08</u>	<u>2008-09</u>
SEG	\$264,584,600	\$320,131,900	\$343,859,900
FED	<u>347,963,200</u>	<u>348,454,300</u>	<u>345,747,300</u>
Total	\$612,547,800	\$668,586,200	\$689,607,200

6. MAJOR HIGHWAY DEVELOPMENT FUNDING [LFB Paper 788]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
SEG	-\$26,186,300	\$25,847,000	-\$339,300
SEG-S	<u>39,679,500</u>	<u>0</u>	<u>39,679,500</u>
Total	\$13,493,200	\$25,847,000	\$39,340,200

Governor: Provide funding increases of \$4,475,300 in 2007-08 and \$9,017,900 in 2008-09 for the major highway development program, which is the net effect of increases in the use of transportation revenue bonds and decreases in the use of SEG funds for the program, as follows: (a) an increase of \$19,011,100 SEG-S (revenue bonds) and a decrease of \$14,535,800 SEG in 2007-08; and (b) an increase of \$20,668,400 SEG-S and a decrease of \$11,650,500 SEG in 2008-09. The net increase amounts to an annual increase of 1.5% annually, calculated on a base that excludes state-funded salary and fringe benefit costs. Total funding for the program, including SEG, FED, and bonding, would be \$303,381,500 in 2007-08 and \$307,927,100 in 2008-09, which reflects the net effect of this item, plus a \$62,500 annual increase for standard budget adjustments. Bond funds would account for 54.6% of the total program funding in 2007-08 and 54.4% in 2008-09 under the bill. The following table shows the total proposed funding for the program, by fund source, in relation to the 2006-07 base.

<u>Fund</u>	<u>2006-07 Base</u>	<u>Governor</u>	
		<u>2007-08</u>	<u>2008-09</u>
SEG	\$73,141,500	\$58,668,200	\$61,553,500
FED	78,975,000	78,975,000	78,975,000
SEG-S	<u>146,727,200</u>	<u>165,738,300</u>	<u>167,395,600</u>
Total	\$298,843,700	\$303,381,500	\$307,924,100

Senate: Provide \$11,031,800 SEG in 2007-08 and \$25,546,500 SEG in 2008-09 for the major highway development program, to provide total funding increases of 5.2% in 2007-08 and 6.1% in 2008-09 for the program. Provide \$19,011,100 SEG in 2007-08 and \$20,668,400 SEG in 2008-09 for the major highway development program and decrease the appropriation of revenue bonds (SEG-S) by corresponding amounts, to maintain the use of revenue bonds at the base level. Increase estimated transportation fund revenues by \$600,900 in 2008-09 to reflect a reduction in debt service payments in that year. Reduce the bonding authorization under the substitute amendment by \$39,679,500 to reflect the reduction in the use of revenue bonds.

Assembly: Delete \$11,031,800 SEG in 2007-08 and \$25,546,500 SEG in 2008-09, but retain the Senate provisions related to the reduction in the use of revenue bonds.

Conference Committee/Legislature: Increase funding by \$11,031,800 SEG in 2007-08 and \$14,815,200 SEG in 2008-09, to provide total increases of 5.2% in 2007-08 and 2.7% in 2008-09. Delete the Senate provision that would increase the use of SEG funds to replace revenue bonds. Decrease estimated transportation fund revenues by \$600,900 in 2008-09 to reflect the restoration of the Governor's proposed level of bonding and debt service. Increase bonding

authorization by \$39,679,500 to reflect the restoration of the level of revenue bonds proposed by the Governor. The following table shows the total funding for the program under Act 20, in relation to the 2006-07 base.

<u>Fund</u>	<u>2006-07 Base</u>	<u>Act 20</u>	
		<u>2007-08</u>	<u>2008-09</u>
SEG	\$73,141,500	\$69,700,000	\$76,368,700
FED	78,975,000	78,975,000	78,975,000
SEG-S	<u>146,727,200</u>	<u>165,738,300</u>	<u>167,395,600</u>
Total	\$298,843,700	\$314,413,300	\$322,739,300

7. MAJOR HIGHWAY DEVELOPMENT PROJECT PROGRESS REPORT

Assembly/Legislature: Require DOT, by February 1 of each year, to include with its semi-annual report on the cost of all enumerated major highway development projects, an updated project schedule for all projects that shows the annual funding required until completion for each project.

[Act 20 Sections: 9og and 9oh]

8. CONSTRUCTION SCHEDULE FOR STH 23 MAJOR HIGHWAY DEVELOPMENT PROJECT

Assembly/Legislature: Require DOT to begin construction on the enumerated major highway development project on STH 23 between STH 67 and USH 41 in Fond du Lac and Sheboygan counties by July 1, 2009, and complete construction of the project by July 1, 2011.

Veto by Governor [F-10]: Eliminate the requirement that "construction" begin on the project by July 1, 2009, and the requirement that the project be completed by July 1, 2011. As vetoed, "work" on the project must begin by July 1, 2009, but not necessarily construction, and there is no completion deadline.

[Act 20 Section: 2524g]

[Act 20 Vetoed Section: 2524g]

9. USH 51 EXPANSION PROJECT IN DANE COUNTY

Joint Finance/Legislature: Require DOT to commence, in 2007-08, the preparation of an environmental impact statement or environmental assessment, as applicable, for the USH 51 north segment reconstruction project in Dane County, which includes expanding the highway to a four-lane divided highway from the intersection of USH 51 and Reardon Road to just north of the intersection of USH 51 and CTH V/Grinde Road in the Village of De Forest. Require the

Department to commence construction of this project no later than December 31, 2012.

[Act 20 Section: 2528m]

10. HIGHWAYS SIGNS FOR ATTRACTIONS IN MILWAUKEE COUNTY

Joint Finance/Legislature: Require DOT to install and maintain tourist-oriented directional signs on I-94 in Milwaukee County that highlight lakefront attractions in the City of Milwaukee. Specify that the signs shall include information about the Milwaukee Art Museum, Discovery World, the Betty Brinn Children's Museum, Summerfest, and the Milwaukee County War Memorial. Specify that signs shall be placed at the following locations: (a) on the north-bound side of I-94 between Rawson Avenue and College Avenue; and (b) on the east-bound side of I-94 in the proximity of the Waukesha County/Milwaukee County line. Require DOT to also install temporary signs providing driving directions to these attractions until the completion of the Marquette Interchange reconstruction project or until July 1, 2010, whichever occurs first.

[Act 20 Sections: 2551m and 9148(7)]

11. STUDY OF HIGHWAY ROUTES THROUGH THE CITY OF RIPON

Joint Finance/Legislature: Require DOT to conduct a study of a proposal to reroute state highways through the City of Ripon as follows: (a) for STH 23, on Berlin Road, Oshkosh Street and Douglas Street; (b) for STH 44, on CTH KK and Douglas Street; and (c) for STH 49, on CTH KK, Douglas Street, Oshkosh Street, and Berlin Road. Require the Department to prepare a report summarizing the results of the study and present that report to the Joint Committee on Finance by June 30, 2008.

[Act 20 Section: 9148(4m)]

12. DESIGNATE DONALD J. SCHNEIDER HIGHWAY

Joint Finance: Require DOT to designate and mark the route of USH 8 between USH 53 and the City of Turtle Lake in Barron County as the "Donald J. Schneider Highway" in recognition of former Wisconsin Chief Clerk Donald J. Schneider for his many years of service to the Wisconsin Senate and the people of Wisconsin.

Assembly/Legislature: Delete provision.

13. RONALD REAGAN MEMORIAL HIGHWAY

Assembly: Require DOT to designate and mark the route of USH 14 from the Wisconsin-Illinois border to Madison as the "Ronald Reagan Memorial Highway" in recognition and

appreciation of the public career of Ronald Reagan, who served for two terms of office with distinction as the 40th President of the United States of America and who subsequently demonstrated grace and dignity in his struggle with Alzheimer's disease.

Conference Committee/Legislature: Delete provision.

14. BUSINESS HIGHWAY 51 WIDENING PROJECT IN MARATHON COUNTY

SEG	\$238,300
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Assembly/Legislature: Require DOT to award a grant of \$200,000 in the 2007-09 biennium from the transportation economic assistance (TEA) program to the Village of Rothschild in Marathon County for the widening of Business Highway 51 in the Village from two lanes to four lanes, and related improvements. Specify that, in order to receive the grant, the Village must apply for the grant and agree to pay the required 50% local match for the project, but specify that other TEA program provisions do not apply to the grant. Provide \$238,300 SEG in 2008-09 in the SEG appropriation for state highway rehabilitation and require DOT to provide a grant of that amount in the 2007-09 biennium to the Village of Rothschild for the Business Highway 51 project.

[Act 20 Sections: 309c and 9148(9i)]

15. STATE HIGHWAY MAPS

Assembly/Legislature: Delete \$232,000 in 2007-08 for the printing of state highway maps and specify that DOT may only print maps in one year of each fiscal biennium.

SEG	-\$232,000
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[Act 20 section: 2528g]

16. USH 14 RESURFACING PROJECT IN ROCK AND WALWORTH COUNTIES

Senate: Require DOT to complete a pavement resurfacing project on USH 14 between CTH O and STH 89 in Rock and Walworth counties during the 2007-09 biennium. This resurfacing project is estimated to cost between \$2.5 million and \$3.0 million.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Section: 9148(6i)]

17. PAVEMENT REHABILITATION PROJECT ON I-43 IN ROCK COUNTY

Senate: Require DOT to complete a pavement rehabilitation project on I-43 between I-39/I-90 and STH 140 in Rock County during the 2007-09 biennium. This rehabilitation project is estimated to cost \$6.8 million.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Section: 9148(6j)]

18. TRANSPORTATION STUDY FOR CTH T AND STH 312 IN THE CITY OF EAU CLAIRE

Senate: Require DOT to conduct a study that examines potential transportation improvements that could improve the access to businesses and promote economic development along CTH T north of STH 312 in the City of Eau Claire. Require the Department to submit a report to the Governor and the Legislature summarizing the results of the study by June 30, 2008.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Section: 9148(9d)]

19. STUDY OF EXTENSION OF STH 138 IN ROCK COUNTY

Senate: Require DOT to study whether Tolles Road in Rock County should be added to the state trunk highway system as an extension of STH 138. Require the Department to report the results of the study to the Governor and Legislature by June 30, 2008.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Section: 9148(5i)]

20. UTILITY COSTS ASSOCIATED WITH STH 78 PROJECT IN THE VILLAGE OF MERRIMAC

Senate: Require DOT to pay 75% of the cost of the relocation of water and sewer utilities lying under STH 78 in the Village of Merrimac if the Department reconstructs the segment of the highway within the Village and requires the utilities to be relocated to a lower depth. The

cost of the utility work is estimated at \$894,000, so the Department's share of the costs under this item would be \$670,500.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Section: 2523w]

21. REIMBURSEMENT OF UTILITY COSTS IN THE CITY OF CRANDON

Senate: Require DOT, during the 2007-09 biennium, to reimburse the City of Crandon for a portion of the costs of installing water and sewer utilities across USH 8 associated with the development of a Best Western hotel in the City. Specify that the portion of costs to be paid shall be equal to the difference between the actual costs of the utility construction and the estimated cost of the construction if traffic had been detoured off of USH 8 during construction, up to a maximum of \$150,000. Require the City to submit a request to the Department that includes the actual cost of the utility work and an estimate of the alternative costs, as determined by the City. Specify that the reimbursement payment shall be made from the state highway rehabilitation SEG appropriation, notwithstanding current law expenditure authority under that appropriation.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Sections: 309c and 9148(9x)]

22. TRAFFIC SIGNALS IN THE TOWN OF ALBION IN DANE COUNTY

Senate: Require DOT to install traffic signals in the 2007-09 biennium at the intersection of USH 51 and Albion Road/Haugen Road in the Town of Albion in Dane County.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Section: 9148(10b)]

23. STILLWATER BRIDGE FINANCIAL CONSULTANT

Assembly/Legislature: Require DOT to enter into a contract during the 2007-09 biennium for a financial consultant to work on aspects of the financing of the construction of the Stillwater Bridge, utilizing federal funds provided to the state for that purpose.

[Act 20 Section: 9148(9y)]

24. RECONSTRUCTION OF STH 13 IN THE CITY OF COLBY

Assembly/Legislature: Require DOT to start a reconstruction project on STH 13 (Division Street) within the City of Colby in Marathon County in 2008-09.

[Act 20 Section: 9148(12t)]

25. CONSTRUCTION PROJECT ON USH 14 IN THE VILLAGE OF OREGON

Assembly/Legislature: Require DOT to complete a reconstruction project, during the 2007-09 biennium, in the Village of Oregon in Dane County on USH 14 between CTH MM and STH 138 involving the replacement of the pavement and the construction of an additional lane in each direction.

[Act 20 Section: 9148(8n)]

26. PROHIBIT CONSTRUCTION OF A TRUCK WEIGH STATION IN THE VILLAGE OF ROCKLAND

Assembly/Legislature: Prohibit DOT from constructing or locating a truck weight enforcement facility in or adjacent to the Village of Rockland in La Crosse County.

[Act 20 Section: 2523p]

27. MARS CHEESE CASTLE SIGNS

Conference Committee/Legislature: Allow the Mars Cheese Castle business in Kenosha County to relocate its on-premise advertising signs located near the intersection of I-94 and STH 142 in Kenosha County, notwithstanding any local, county, or state restrictions on the signs.

[Act 20 Section: 2535h]

28. HIGHWAY SIGNS ON CTH CP OVERPASS IN MARINETTE COUNTY

Conference Committee/Legislature: Require DOT to install and maintain two signs on the overpass carrying CTH CP/Business 141 over USH 141 in Marinette County, visible to traffic traveling on USH 141 in both directions, indicating that the bridge is for CTH CP/Business 141.

[Act 20 Section: 9148(15c)]

29. VALUE ENGINEERING FOR HIGHWAY IMPROVEMENT PROJECTS

Assembly/Legislature: Require DOT to employ value engineering for any highway improvement project for which the cost of construction, utilities, and rights-of-way is in excess of a certain threshold, equal to \$5,000,000 initially, adjusted annually, beginning on the first day of the 13th month after the effective date of this provision, to any change in the cost of construction, utilities, and rights-of-way. Define "value engineering" as the term is defined under federal law, which is the systematic application of recognized techniques by a multi-disciplined team to identify the function of a product or service, establish a worth for that function, generate alternatives through the use of creative thinking, and provide the needed functions to accomplish the original purpose of the project, reliably, and at the lowest life-cycle cost without sacrificing safety, necessary quality, and environmental attributes of the project. Require DOT to assure that a value engineering study and analysis is performed on each such project. Require DOT to establish criteria for determining which projects, in addition to those that meet the cost threshold, on which the Department will employ value engineering. Specify that after review and for compelling reasons, the Department Secretary may waive the value engineering requirement for any project, provided that the waiver states, in writing, the reasons for the waiver and applies only to a single project. Specify that any value engineering study and analysis related to engineering work performed by a consultant may not be performed by the same consultant unless that consultant maintains separate and distinct organizational separation of its value engineering and design sections.

Require the Department, for each project for which a value engineering study and analysis is conducted, to include in the study and analysis an identification of the cost of all design elements considered as context-sensitive design, as determined by the Department, and the Department's justification for increasing the project's cost by including these elements.

Require the Department to submit an annual report to the Governor and the appropriate standing committees of the Legislature on the Department's employment of value engineering, the criteria established for employing value engineering on projects that do not meet the cost threshold, and all waivers of the requirement. Require the report to include all the following information: (a) the number of value engineering studies conducted; (b) the cost of conducting the studies; (c) the estimated construction cost of the projects studied; (d) the total number of study recommendations; (e) the total estimated savings that would result from all recommendations if approved and implemented; (f) the number of recommendations approved; (g) the total savings that resulted from the approved recommendations; and (h) the cost of all context-sensitive design elements included with the completed project. Require all project information included in the report to be reported on a cumulative basis from the inception of the project and on an updated basis for the period since the Department's last report.

Specify that these requirements first apply to highway improvement projects for which engineering work is commenced on the first day of the third month beginning after the general effective date of the bill.

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

[Act 20 Vetoes Sections: 2524p, 2531c, 2531e, 9348(11f), and 9448(11f)]

30. APPLICABILITY OF PREVAILING WAGE PROVISIONS TO STATE HIGHWAY AND BUILDING CONSTRUCTION CONTRACTS AND MUNICIPAL CONSTRUCTION CONTRACTS

Assembly: Modify current law prevailing wage provisions that exempt truck drivers in the business of delivering mineral aggregate from a fixed place of business to a state highway improvement project, state building construction, or municipal construction work site to specify that such exemption applies unless the mineral aggregate is immediately incorporated into the work at its final location of placement directly or through spreaders from the transporting vehicle, without the need to pick up and move the material to that final location. Under current law, the exemption applies unless the mineral aggregate is to be immediately incorporated into the work, and not stockpiled or further transported by truck, by depositing the material substantially in place, directly or through spreaders from the transporting vehicle. Specify that this change would first apply to workers who are affected by a collective bargaining agreement that contains provisions that are inconsistent with the change on the day on which the agreement expires or is extended, modified, or renewed, whichever occurs first.

Conference Committee/Legislature: Delete provision.

31. TRUCK SIZE AND WEIGHT LAW STUDY

Assembly/Legislature: Require DOT to contract for a study of Wisconsin's truck size and weight limit laws, to identify changes in those laws that would have a net benefit to Wisconsin's economy, when considering the costs of protecting highway infrastructure and safety, and the benefits that would result from reducing the cost of truck transportation. Specify that the consultant that undertakes the study shall review those vehicle configurations, changes in seasonal restrictions, and other policy issues that were found to have a net benefit in the cost-benefit analysis in the Minnesota truck size and weight project final report that was issued in June, 2006. Require DOT to appoint an advisory committee to assist in the review and report. Specify that the advisory committee shall include representation from the Department of Commerce and local governmental units, trucking companies, industries and small businesses that depend on truck transport, enforcement agencies, and other groups and individuals that are interested in and knowledgeable about truck size and weight limits. Specify that all advisory committee members may present written commentary on or dissenting views from the report and require DOT to include that commentary and any dissents into the final report. Require the consultant that undertakes the study to prepare a report on the results of the study and require DOT to submit the report to the Legislature, no later than January 1, 2009.

[Act 20 Section: 9148(4d)]

32. DEPARTMENT OF TRANSPORTATION PERMITS FOR ACTIVITIES ALONG STATE TRUNK HIGHWAYS WITHIN MUNICIPAL LIMITS

Assembly/Legislature: Specify that a municipality may approve the creation of any access point to a controlled access state trunk highway located within the municipality if the Department of Transportation denies or fails to provide approval for such access within 60 days after a request for approval is made. Specify that such approval by the municipality shall be provided in writing and shall specify the terms and conditions on which the approval is given.

Specify that a municipality may issue a permit approving and authorizing any work, activity, or alteration with respect to a state trunk highway (such as the creation of a driveway access point) within the municipality if the Department denies an application for a permit or fails to approve a permit within 60 days after application for the permit is made to the Department. Specify that such a permit may be issued by the municipality regardless of what authority maintains the highway or whether the highway has been designated a connecting highway. Specify that such permit approval may be made notwithstanding current law procedures related to the denial of a permit by the Department.

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

[Act 20 Vetoed Sections: 2523m, 2534p, 2534r, 2550s, 2550t, and 2558d]

Motor Vehicles

1. IMPLEMENTATION OF THE FEDERAL REAL ID ACT [LFB Paper 795]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$21,989,300	25.90	-\$21,989,300	0.00	\$0	25.90

Governor: Provide \$9,805,300 and 25.9 positions in 2007-08 and \$12,184,000 and 25.9 positions in 2008-09 for the implementation of provisions in the federal Real ID Act related to driver licensing and identification card issuance. Under the federal Real ID Act, federal agencies, beginning after May 10, 2008, will not accept a driver's license or identification card as proof of identity for official purposes (such as passing through airport security) unless the issuing state is in compliance with the Act's provisions. The following sections describe the provisions in the bill intended to comply with the Real ID Act. Unless otherwise specified, these provisions take effect on May 11, 2008. Additional information on the funding and positions follows the summary of statutory provisions.

On March 1, 2007, the federal Department of Homeland Security issued proposed rules to

implement the Real ID Act. Among the provisions, the proposed rules specify that states may request an extension of the effective date to December 31, 2009. With such an extension, states would have to begin issuing driver's licenses and identification cards that are in compliance with the Act's provisions by the start of 2010, but all licenses and cards held by state residents would have to be in compliance by May 10, 2013.

Driver's License and Identification Card Requirements

Prohibit the Department of Transportation from processing an application, received after May 10, 2008, for initial issuance or renewal of a driver's license or identification card, and prohibit the Department from issuing a license or card, unless the applicant presents or provides the following information, and the Department verifies the information in the manner and to the extent required under federal law: (a) an identification document that includes either the applicant's photograph or both the applicant's full legal name and date of birth; (b) documentation showing the applicant's date of birth, which may be the identification document listed under "a"; (c) proof of the applicant's social security number, or verification that the applicant is not eligible for a social security number; (d) documentation showing the applicant's name and address of principal residence; and (e) documentary proof that the applicant is a citizen of the United States or otherwise is legally present in the United States, subject to certain federal and state requirements, where applicable, relating to the issuance of a hazardous materials endorsement for a commercial driver's license. Prohibit the Department from accepting any foreign documents, other than an official passport, to satisfy the above requirements. Specify that these procedures also apply to an application for a license made after a prior license was cancelled and an application for an occupational license.

Repeal a current law provision that requires a person applying for an initial driver's license or identification card to submit satisfactory proof of his or her name and date of birth, reflecting the fact that such proof of name and date of birth are included in the new requirements described above. Modifications to provisions related to social security numbers and the issuance of driver's licenses and identification cards to non-citizens are described in more detail in a later section.

Specify that the documentation requirements outlined above do not apply to an application for renewal of a license or card if: (a) the applicant had previously provided the required information and the Department verified the information and recorded the date of verification, in connection with a prior application submitted after May 10, 2008; and (b) the applicant is a U.S. citizen or permanent legal resident. Require the Department to establish an effective procedure to confirm or verify an applicant's information under these circumstances, including the verification of the applicant's social security number or ineligibility for a social security number.

Specify that the Department may, by rule, require that applications received after May 10, 2008, for reinstatement of driver's licenses or identification cards, issuance of occupational licenses, reissuance of driver's licenses, and issuance of duplicate licenses, be processed in a manner consistent with the requirements outlined above for initial issuance or renewal of

driver's licenses and identification cards.

Permit DOT to issue a receipt to an applicant for a driver's license or identification card that shall be valid as a driver's license or identification card during the period in which the Department processes the application, up to a maximum of 30 days.

Provisions Related to Non-Citizens

Modify current law provisions that specify that a driver's license or identification card issued to a person who is not a United States citizen shall expire on the date that the person's legal presence in the United States is no longer authorized, as follows: (a) specify, effective on the bill's general effective date, that these special expiration date provisions do not apply to a non-citizen who has achieved permanent residency status; (b) specify, also effective on the bill's general effective date, that the expiration date of a license (including an occupational license) is the date that the license or card would otherwise expire if issued to a U.S. citizen if that date is earlier than the date on which the person's legal presence expires; and (c) specify, effective May 11, 2008, that a license or card expires on the date that the applicant's legal presence expires or one year after the date of issuance or renewal, whichever is earlier, if the applicant's legal status is based on either of the following: (i) a pending application for asylum in the U.S.; (ii) a pending or approved application for temporary protected status; (iii) an approved deferred action status; or (iv) a pending application for adjustment of status to that of an alien lawfully admitted for permanent residence or conditional permanent residence. Specify that no license or card issued to an applicant whose legal presence in the United States is temporary [the conditions listed under (c)(iii) above] may be renewed unless the applicant presents or provides valid documentary proof that the status by which the applicant qualified for the license or card has been extended by the Secretary of the federal Department of Homeland Security. Require DOT to notify license or card holders of these renewal documentation requirements in the renewal notice sent prior to the expiration date of the license or card.

Specify that for any driver's license or identification card issued to a person whose status is temporary, the license or card shall display on the front side, in addition to any required legend or label indicating the type of license, a legend identifying the license or card as temporary. Specify that a temporary driver's license issued under this provision must contain a photograph of the holder. Specify that, if the license or card is issued for a period of less than eight years, the Department does not have to take a photograph of the applicant upon renewal of the card or license and the applicant does not need to undergo a vision examination (for a driver's license), provided that the applicant would be photographed and subject to a vision examination at least once every eight years. Repeal the current law provision that requires a driver's license issued to a person who is not a United States citizen to display the date on which the person's legal presence in the United States expires.

Modify provisions related to the documentation that must be provided by an applicant who is not a U.S. citizen to demonstrate his or her legal temporary or permanent status to: (a) specify that the provisions are subject to existing federal and state requirements related to the issuance of a hazardous materials endorsement, where applicable; and (b) make nonsubstantive

wording changes to current law documentation provisions for consistency with federal terminology.

Provisions Related to Photographs

Delete current law provisions that allow a driver's license to be issued without taking a photograph of the applicant in situations where the Department allows, by rule, such a license to be issued. (The Department provides a photo exemption by rule in cases where an applicant's religious convictions do not allow the applicant to be photographed or in cases of temporary disfigurement.) Delete a provision that allows the Department to issue a license without a photograph if the applicant is stationed outside Wisconsin in military service and in other situations where the Department deems such action appropriate.

Specify that photographs taken of applicants for a driver's license or identification card must be digital and include a facial image capture.

Provisions Related to Social Security Numbers

Modify a current law provision that requires an applicant for a driver's license or identification card who does not have a social security number to submit a statement made or subscribed under oath or affirmation that he or she does not have a social security number, to specify that the statement must also indicate that the applicant is not eligible for a social security number. (DOT, by rule, currently allows applicants who may be eligible for a social security number but, for religious reasons, have not received one, to apply for a license without submitting a social security number. The Real ID Act would preclude such an exemption.) Specify that the submitted statement shall provide the basis or reason that the applicant is not eligible for a social security number, as well as any information requested by DOT that may be needed for purposes of the verification of that fact. Specify that the form of the statement shall be prescribed by DOT with the assistance of the Department of Workforce Development, instead of, under current law, prescribed solely by DWD. Require DOT to adopt procedures for the purposes of verifying that an applicant is not eligible for a social security number.

Require DOT, if an applicant presents a social security number that is already registered to or associated with another person, to direct the applicant to investigate and take appropriate action to resolve the discrepancy. Prohibit DOT from issuing a license or identification card in these circumstances until the discrepancy is resolved.

Verification and Electronic Storage of Application Documentation

Require DOT, in processing any application for a driver's license or identification card, to: (a) capture a digital image of each document provided by the applicant; (b) maintain each image in an electronic and transferable format in the applicant's record file for at least ten years; and (c) record in the file the date that each application document is verified. Specify that each person's driver record file shall include any demerit points assessed for the person and all information in data fields printed on any license issued to the person.

Modify a provision that requires DOT to share, upon request, any applicant or driver record information with the driver licensing agencies of other states, to: (a) require DOT to provide electronic access to driver record and application file information, notwithstanding current law confidentiality provisions related to signatures, social security numbers, and photographs; and (b) change the word "states" to "jurisdictions" to be consistent with Real ID Act terminology. Specify that records in the Department's driver record files, including copies of documents submitted upon application for a driver's license, must be maintained in an electronic and transferable format.

Specify that records maintained for holders of identification cards shall include any application received for the card, information on any reinstatement or cancellation of an identification card, and information in all data fields printed on any card issued to the person. Require, in addition, that the record include, for at least ten years, a digital image of all documents provided to DOT in the application process and the date that each document was verified. Require DOT to provide, upon request, any record in the identification card file, including providing electronic access to any such record, to the driver licensing agencies of other jurisdictions.

Permit DOT to provide, upon request, any information collected in the application process for a driver's license or identification card, including providing electronic access to the information, to the Department of Health and Family Services for the sole purpose of verification by DHFS of birth certificate information.

Security Features and Content of Driver's Licenses and Identification Cards

Require all driver's licenses and identification cards to contain physical security features consistent with any requirement under federal law. The Real ID Act requires all complying states to use a common, machine-readable technology in the cards and to include security features on the cards designed to prevent tampering with, or counterfeiting of, the cards. Specify that driver's licenses and identification cards must display the holder's full legal name (as opposed to "full name" under current law) and principal residence address (as opposed to "residence address"). Require the license or card to include the holder's signature, instead of, under current law, a facsimile of the signature or space upon which the holder is to write his or her signature.

Background Investigations of Licensing Personnel

Require DOT, with the assistance of the Department of Justice and notwithstanding current law provisions that prohibit employment discrimination on the basis of various factors, to conduct a background investigation of any person who has been selected to fill a position within the Division of Motor Vehicles responsible for issuing driver's licenses and identification cards, first applying to persons selected to fill positions on January 1, 2008. Specify that the background investigation may include requiring the person to be fingerprinted on two fingerprint cards, each bearing a complete set of the person's fingerprints, or by other technologies approved by law enforcement agencies. Require DOJ to submit any such

fingerprint cards to the Federal Bureau of Investigation for the purposes of verifying the identity of the person and obtaining records of his or her criminal arrests and convictions. Permit DOT, at any interval determined appropriate, to conduct additional background investigations of the persons initially tested, as described above, and of other persons employed by the Department within the Division of Motor Vehicles. Require DOT to promulgate rules governing the confidentiality of the information obtained about DOT employees during such background investigations.

Require DOT, as a precondition to allowing access to any information system containing information maintained by DMV, to require any person to whom access is granted to be subject to a background investigation, first applying to persons requesting access on the first day of the fourth month after the bill's general effective date. Specify that the employer of the person to whom access is granted, including a state agency or the person, in the case of self-employment, shall conduct the background investigation in a manner prescribed by DOT, pay any cost associated with the background investigation, and certify the results. Specify that the Department may require, as part of this background investigation, that the person be fingerprinted in the same manner as described above in the background investigation procedure for DMV personnel. Specify that DOT, notwithstanding employment discrimination provisions, may deny or restrict access to any driver record information requested based on the results of the background investigation. Require DOT to promulgate rules governing background investigations for persons given access to DMV information under these provisions, and the confidentiality of the background information obtained.

Division of Motor Vehicles Service Centers

Delete a provision that requires DOT to conduct driver's license examinations in every county. Delete a requirement that persons applying for a driver's license must appear at the examining station nearest the person's place of residence or at such time and place as the Department designates in answer to an applicant's request. In its budget request, the Department had included these changes in order to allow 47 low-volume service centers to be closed, as a cost-saving measure. DOA indicates that it is the Governor's intent to not close any service centers, but that these provisions were unintentionally included in the bill.

Miscellaneous Provisions

Modify a provision that requires a person holding a driver's license or identification card whose address changes to either apply for a duplicate license or card or notify the Department of the address change with 10 days of the change, to instead specify that such application for a duplicate license or card or notification of the change shall be made within 30 days.

Prohibit DOT from issuing an identification card to a person previously issued a driver's license in another jurisdiction unless the person surrenders to DOT any valid driver's license issued by another jurisdiction. Specify that such surrender operates as a cancellation of the license insofar as the person's privilege to operate a motor vehicle in Wisconsin is concerned. Require DOT to destroy any surrendered license within 30 days following the issuance of the

identification card, and report to the jurisdiction that issued the surrendered driver's license that the license has been destroyed and the person has been issued an identification card in Wisconsin.

Require DOT to cancel an identification card whenever the Department receives information from a local, state, or federal agency that the card holder no longer satisfies the requirements for issuance of a card under provisions that require the applicant to submit proof of U.S. citizenship or proof of legal presence for non-citizens. Specify that an identification card cancelled under these circumstances may not be reinstated until these requirements are again satisfied. This treatment of identification cards is similar to a current law provision relating to driver's licenses.

Delete a provision allowing the \$18 fee for the initial issuance of a "Class D" driver's license to be prorated if the license is valid for less than the ordinary effective period for that license. This change would mean that an initial issuance of a temporary license for an applicant who does not have permanent legal status in the United States would not be prorated.

Administrative Process Changes

The Department indicates that the Real ID Act requires states to implement several process changes that do not require changes in the state statutes, but which will impact applicants for driver's licenses and identification cards. Perhaps most notably, the type of material being proposed by the Department of Homeland Security for licenses and cards is different from the current material. Since the new material would require more specialized equipment for printing the information on the card, the Department expects to halt the practice of issuing licenses and cards to applicants at the time of application and, instead, print and mail licenses and cards from the central office after the application is submitted. In addition, the Real ID Act requires that a photograph be taken of each applicant, regardless of whether or not a license or card is ultimately issued. Consequently, the photograph will be taken as a first step in the application process, rather than as a final step.

Funding and Positions

Of the funding that would be provided by the bill, \$6,769,400 in 2007-08 and \$1,629,700 in 2008-09 is for implementation costs and \$3,035,900 in 2007-08 and \$10,554,300 in 2008-09 is associated with ongoing costs. The implementation costs include data processing (\$1,629,700 annually), a contract buyout for the current firm supplying the equipment, software, and supplies for driver's license and identification card issuance (\$2,400,000 in 2007-08), the purchase cost of document scanning and verification equipment (\$1,769,000 in 2007-08), public education and outreach associated with the new requirements (\$263,800 in 2007-08), modifications to DMV service centers to provide required security for the equipment and to allow photographs to be taken as the first step (rather than the last step) in the application process (\$399,400 in 2007-08), and costs associated with conducting required background checks for all current licensing personnel and one-time support costs for new positions (\$307,500 in 2007-08).

The ongoing costs are primarily related to the additional cost of the card stock that is expected to be required for licenses and cards and the salary and fringe benefit costs associated with the additional requested positions. The new card material is expected to cost nearly \$7.00 per card, while the current material costs just less than \$1.00 per card. Consequently, of the ongoing funding in the bill, \$2,115,300 in 2007-08 and \$8,461,200 in 2008-09 is for the purchase of the new card stock. Since the document verification and other requirements of the Real ID Act are expected to increase the time needed to issue licenses, the bill would provide 25.9 new positions. The salary, fringe benefit, and position support costs of the new positions account for \$722,700 in 2007-08 and \$1,239,400 in 2008-09 of the total funding. The other ongoing costs are for postage needed for mailing licenses from the central office (\$149,600 in 2007-08 and \$598,300 in 2008-09), for expected higher phone line transaction costs to transmit imaged documents (\$38,200 in 2007-08 and \$154,200 in 2008-09), and for transaction costs associated with using document verification systems (\$10,100 in 2007-08 and \$101,200 in 2008-09).

Of the 25.9 positions provided by the bill, 22.5 are frontline personnel for driver's license counter transactions or driver's license skills tests, 1.6 are new program supervisors for the additional frontline personnel, 1.0 is an investigator for document and identity fraud, and 0.8 is for providing assistance in document verification issues for field staff.

Joint Finance/Legislature: Transfer \$9,805,300 in 2007-08 and \$12,184,000 in 2008-09, the amount provided for Real ID Act implementation, to the Joint Committee on Finance's supplemental appropriation. Specify that the Department may submit one or more requests to the Committee during the 2007-09 biennium for up to \$9,805,300 in 2007-08 and \$12,184,000 in 2008-09 for implementing provisions of the Real ID Act. Specify that the Committee may provide a supplement for the cost of implementing the Real ID Act, up to these amounts, without being required to find that an emergency exists. Specify that if the Committee determines that no moneys are needed to implement the Real ID Act, or an amount less than the amounts specified, the Committee may provide a supplement to any other DOT SEG appropriation, up to the difference between the specified amounts and the amount of any supplement provided to implement the Real ID Act. The fiscal effect of increasing the Committee's supplemental appropriation is reflected under "Program Supplements."

Modify the effective date for the provisions that, under the Governor's bill, would become effective on May 11, 2008, to specify that these provisions become effective on May 11, 2008, or on the date that the Department specifies in a notice published in the Wisconsin Administrative Register, whichever is later. Specify that if the DOT Secretary determines, prior to May 11, 2008, that the Department will be ready to complete full implementation of the provisions of the Real ID Act prior to May 11, 2008, the Secretary shall be required to publish a notice in the Administrative Register that the provisions of the bill related to the Real ID Act shall become effective on May 11, 2008. Specify that if the Secretary determines that the Department will not be ready to complete full implementation of the Real ID Act provisions prior to May 11, 2008, the Secretary shall be required to publish a notice in the Administrative Register to this effect and, as soon as the Department is ready to complete full implementation of the Real ID Act provisions, to publish a notice in the Administrative Register that states the date on which the Real ID Act provisions of the bill will become effective.

Delete a provision in the bill that would eliminate a current law requirement that the Department must have a Division of Motor Vehicles service center in every county.

[Act 20 Sections: 2550m, 2652, 2758, 2759, 3220, 3222 thru 3234, 3237 thru 3239, 3243, 3245 thru 3247, 3252 thru 3269, 3271, 3272, 3274, 3276 thru 3289, 3291, 3300, 3315, 3366, 3375 thru 3379, 3381, 3383, 3385 thru 3390, 3827, 9348(1), and 9448(1)&(2)]

2. DRIVER LICENSE AGREEMENT [LFB Paper 796]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$737,500	2.60	-\$737,500	-2.60	0.00	0.00

Governor: Provide \$353,600 and 2.6 positions in 2007-08 and \$383,900 and 2.6 positions in 2008-09 to implement provisions of the Driver License Agreement (DLA), a multistate, reciprocal agreement related to driver licensing, driver records, and traffic regulations developed by the American Association of Motor Vehicle Administrators. Although compliance with some elements of the DLA would be accomplished through adopting the provisions in the bill related to the implementation of the federal Real ID Act, the DLA also includes provisions related to traffic violations and license sanctions that are not related to Real ID provisions. Of the funding provided in the bill, \$260,000 would be for the data processing needed to implement the changes and \$93,600 in 2007-08 and \$123,900 in 2008-09 would be associated with the additional positions, which the Department indicates would be used to address an expected increase in the volume of driver's license revocations and reinstatements as the result of the provisions.

The Driver License Agreement is intended to replace two previous multi-state compacts that address the exchange of driver's license information between jurisdictions. Wisconsin is one of only two states (Michigan is the other) that did not join either compact.

Requirement to Enter Driver License Agreement; General Provisions

Require the state, through the Department of Transportation, in order to promote the efficient administration and enforcement of driver's licensing provisions, to join the agreement facilitated by the American Association of Motor Vehicle Administrators that, as of July 1, 2009, is known as the Driver License Agreement (DLA), and that establishes standards among participating jurisdictions for the treatment and exchange of driver licensing and conviction information and other data pertinent to the licensing process. Specify that joining of the DLA shall be effective July 1, 2009. All other provisions summarized below first apply and are effective on July 1, 2009, unless otherwise specified.

Require DOT to promulgate rules as the Secretary considers necessary to effectuate the purposes of the DLA. Require DOT to also promulgate rules, timed to become effective when the state joins the agreement, to identify all violations of state law, and administrative actions

under state law (as well as all equivalent violations and administrative actions of other jurisdictions, described by type or category) that are required to be recognized by the DLA as violations and administrative actions by all member jurisdictions. [This list of reciprocally-recognized traffic offenses and administrative actions is hereafter referred to as "DLA code offenses" in this summary.] Require DOT to submit the rules identifying the DLA code offenses in proposed form to the Legislative Council staff no later than July 1, 2009. Require DOT to provide publication of notice of the state's joining the DLA, including the effective date, by notice published by the Revisor of Statutes in the Wisconsin Administrative Register. Require DOT to promulgate emergency rules identifying the DLA code offenses no later than July 1, 2009, and specify that these rules shall be effective until the permanent rules take effect, or until July 1, 2009, whichever is sooner. Specify that these emergency rules may be promulgated notwithstanding the conditions that normally are required to be met for the promulgation of emergency rules. [Under the bill, there are conflicts between the timing of the promulgation of the emergency rules, the expiration of those rules, and the submittal to the Legislature of draft permanent rules. These conflicts would have to be resolved in order to ensure that emergency rules are in effect during the period of the Legislature's consideration of the final rules.]

Create the following definitions for the purposes of driver's licensing provisions and the state's vehicle safety responsibility law: (a) "member jurisdiction" means another jurisdiction that has entered into the DLA; and (b) "home jurisdiction" means another jurisdiction that has most recently issued an operator's license to a person or, if the person has not been issued an operator's license by another jurisdiction, another jurisdiction where the person resides. Replace the word "state" with the word "jurisdiction" in current law provisions to reflect the fact that some entities that are not states could be members of the DLA. Under current law, "another jurisdiction" or "other jurisdiction" means any state, other than Wisconsin, and includes the District of Columbia, the commonwealth of Puerto Rico and any territory or possession of the United States, any federal military installation located within the territorial boundaries of Wisconsin, and any province of the Dominion of Canada.

License Sanctions and Other Changes Affecting Nonresidents

Modify provisions related to the administrative suspension or revocation of operating privileges by DOT to specify that such provisions only apply to the operating privileges of persons who are licensed in Wisconsin or of residents who have not been issued a license in another jurisdiction, reflecting the fact that under DLA, with limited exceptions, member jurisdictions take licensing actions against only their own licensees and residents. Delete a specific provision that requires DOT to revoke the operating privilege of a nonresident for committing certain violations in Wisconsin or in other jurisdictions. Specify, however, that the Department shall revoke or suspend, as applicable, the operating privileges of a nonresident upon receiving a record of the person's conviction for an offense committed in Wisconsin that is subject to revocation or suspension if the person is licensed or resides in another jurisdiction that is not a member jurisdiction or if the offense is not a DLA code offense. In addition to these circumstances, the bill would not affect a provision that requires the administrative license suspension for nonresidents as the result of a test indicating a prohibited blood alcohol concentration.

Prohibit DOT from issuing an order disqualifying a nonresident from operating a commercial motor vehicle or from taking any other administrative action on a disqualification upon receiving notice of a conviction of the nonresident on an offense that results in disqualification. Amend provisions related to disqualification orders of Wisconsin residents to specify that DOT shall record the disqualification order and take any other applicable administrative action against the resident on the disqualification. Specify that disqualifications shall be effective from the date of the order to clarify contradictory current law provisions that specify separately that such disqualifications begin on the date of the conviction on the disqualifying offense and on the date of the disqualification order. Under current law, a person who holds a commercial driver's license and who is convicted of certain offenses or combination of offenses is disqualified, as a matter of law, from operating a commercial motor vehicle. DOT then takes the additional, administrative step of ordering a disqualification. The bill would prohibit the issuance of an disqualification order by DOT with respect to nonresidents, but nonresidents would still be disqualified as a matter of law for committing a disqualifying offense.

Specify that DOT may only suspend the operating privilege of a nonresident for violations under the state's safety responsibility law, including failure to deposit security to cover uninsured damages following an accident and failure to report, or provide information regarding, an accident, if these offenses are not DLA code offenses or if the nonresident is licensed by or resides in a nonmember jurisdiction. Require DOT to provide notice to a nonresident's home jurisdiction of an offense committed by the nonresident that is grounds for operating privilege suspension under the state's vehicle safety responsibility law, including notice of any suspension of the nonresident's operating privilege or vehicle registration.

Modify a current law provision that requires DOT to provide a copy of a record of a nonresident's traffic conviction occurring in Wisconsin, if the violation makes the nonresident subject to operating privilege suspension, revocation, or disqualification, to the licensing agency of a nonresident's home jurisdiction, as follows: (a) require DOT to forward the copy of the record within 30 days; (b) require DOT to also forward any record of a Wisconsin court's order to suspend, revoke, or disqualify a nonresident; (c) require DOT to also forward a certified copy of a notice related to the filing of an appeal of the conviction or a court's subsequent judgment on an appeal; and (d) specify that the provision is subject to current law requirements regarding the notification of the commercial driver's license system for violations involving nonresidents who hold a commercial driver's license. Require DOT to provide notice to a nonresident's home jurisdiction, subject to the same procedures, of the nonresident's conviction, and any subsequent appeal, for a violation of a DLA code violation that is not grounds for revocation, suspension, or disqualification.

Require DOT, within 30 days of receiving notice of certain information with respect to a nonresident, to send notice of the information to the driver licensing agency of the nonresident's jurisdiction, as follows: (a) a report of a chemical test indicating that that the nonresident was operating a motor vehicle with a prohibited blood alcohol concentration or with a detectable amount of a controlled substance, including notice of the resultant administrative suspension; (b) a report of a chemical test indicating that the nonresident was operating a commercial motor

vehicle with a blood alcohol content exceeding 0.00, including notice of the resultant out-of-service order; and (c) the results of any administrative hearing conducted following such administrative suspension or out-of-service order.

Modify provisions that prohibit operating a motor vehicle with a suspended or revoked license to clarify that the prohibition also applies to nonresidents who are suspended or revoked under the laws of their home jurisdiction. Specify that the current law prohibition against operating a commercial motor vehicle while the operator or vehicle is ordered out of service applies to such orders issued under the laws of other jurisdictions, as well as, under current law, the laws of Wisconsin and federal law.

Modify provisions that require a law enforcement officer who arrests a person without a warrant for a traffic regulation to release the person if the person deposits a valid Wisconsin driver's license with the officer to eliminate the requirement that the driver's license be a Wisconsin license. This change implements one of the requirements of the DLA, which is to require that nonresidents are treated the same as residents with respect to the procedures used for the issuance of a traffic citation. As a member of the DLA, Wisconsin residents would also be released upon posting a driver's license (in lieu of posting a deposit or arrest bond certificate) after receiving a traffic citation in another member jurisdiction.

Other Provisions Affecting Nonresidents

The provisions described in this section, relating to filing proof of financial responsibility by nonresidents, court-ordered assessment of a nonresident's alcohol use, and reinstatement of a nonresident's operating privilege, are not specifically required by the DLA, but were included in the bill to be consistent with the general principles of the agreement, namely, that a person's home jurisdiction is the primary enforcer of operating privilege restrictions.

Modify provisions related to filing proof of financial responsibility for three years upon reinstatement following a period of license suspension under the financial responsibility law to specify that such requirements only apply to Wisconsin residents. Delete provisions related to the procedures used regarding filing of financial responsibility by nonresidents, reflecting that nonresidents would no longer be required to file such proof in Wisconsin.

Modify provisions related to a court ordered assessment of a person's alcohol use following a conviction of an operating while intoxicated offense to specify that such assessment orders would only apply to Wisconsin residents. Delete provisions related to the procedures used for the assessment of nonresidents, reflecting that nonresidents would no longer be subject to such orders.

Modify provisions related to the reinstatement of the operating privilege of a nonresident by DOT after revocation in Wisconsin to eliminate the requirement that the person obtain a valid driver's license in his or her home jurisdiction prior to reinstatement. The period of revocation would still have to be expired and the nonresident would continue to be required to pay the reinstatement fee.

License Sanctions Against Wisconsin Residents for Offenses Committed in Other Jurisdictions

Specify that DOT may suspend or revoke the operating privilege of any person who holds a Wisconsin driver's license or who is a resident of Wisconsin and has not been issued a license from another jurisdiction, upon receiving: (a) notice of the suspension or revocation in another jurisdiction of the person's operating privilege for an offense therein which, if committed in Wisconsin, would have been cause for suspension or revocation under any Wisconsin law or which is identified in the Department's rules as a DLA code offense for which a person is subject to suspension or revocation; or (b) circumstances occurring in another jurisdiction that, if occurring in Wisconsin, would have been cause for administrative suspension for operating a motor vehicle with a prohibited blood alcohol concentration or a detectable amount of a restricted controlled substance. Specify, however, that this provision does not apply to any suspension or revocation in another jurisdiction for failure to comply with the order of, or appear before, a court of that jurisdiction. Delete a provision that permits DOT to suspend or revoke a Wisconsin resident's operating privilege upon receiving notice of an offense of operating while suspended, operating after revocation, or operating a commercial motor vehicle while disqualified, to reflect the creation of the general authority for DOT to suspend or revoke upon receiving notice of a suspension or revocation in another jurisdiction.

Modify provisions related to the suspension or revocation of the operating privileges of Wisconsin residents for offenses committed in other jurisdictions, or circumstances occurring in other jurisdictions that would require license revocation for operating a motor vehicle with a prohibited alcohol concentration, to specify that these provisions do not apply: (a) in cases where the other jurisdiction suspended or revoked a person's operating privilege for an offense or occurrence and the period of suspension or revocation had already expired when DOT received notice of the offense or occurrence; or (b) if, at the time of the offense or occurrence, the person was licensed in or resided in another jurisdiction. Modify a specific current law provision that requires DOT to revoke the operating privilege of a Wisconsin resident upon receiving notice that the person was convicted of an offense in another jurisdiction that would have been cause for revocation in Wisconsin if the conviction had occurred in Wisconsin to specify that the offenses subject to revocation under this provision include DLA code offenses for which a person is subject to revocation. Specify that the period of suspension or revocation under this provision shall be the same as if the offense was committed in Wisconsin. Delete a provision that requires DOT to revoke the operating privilege of a Wisconsin resident for six months for a first-offense OWI conviction in another jurisdiction, reflecting the fact that the bill would require that the period of suspension or revocation for any offense committed in another jurisdiction be the same as if the offense were committed in Wisconsin.

Modify various current law provisions that list the violations for which a person is disqualified from operating a commercial motor vehicle to specify that the violations include violations committed in other jurisdictions that, if committed in Wisconsin, would have subjected the person to disqualification. Modify a current law provision that requires the operating privileges of an underage person to be suspended for offenses related to the fraudulent use of a driver's license or identification card to also require operating privilege suspension for offenses committed in other jurisdictions that, if committed in Wisconsin, would

have been cause for suspension. Modify a current law provision that requires DOT to suspend the operating privilege and (if applicable) vehicle registration(s) of a Wisconsin resident whose operating privilege or vehicle registration was suspended by another jurisdiction for the failure to deposit security following an accident in that jurisdiction (if the person did not have a automobile liability policy) to specify that such suspension of operating privileges or vehicle registration is also required even if the other jurisdiction did not take action to suspend the person's operating privilege or registration, if such failure to deposit security when required is a DLA code offense.

Delete an obsolete statutory section that requires the revocation of a Wisconsin resident's operating privileges for offenses committed in other jurisdictions, as listed in the section, but in which no offenses are listed.

Effect of Traffic Offenses Committed by Wisconsin Residents in Other Jurisdictions on License Issuance and on Penalties for Subsequent Violations

Prohibit DOT from issuing a driver's license to a person whose operating privilege is suspended, revoked, or canceled by another jurisdiction for a DLA code offense or combination of DLA code offenses, except if the suspension, revocation, or cancellation was the result of the failure to comply with a judgment in that other jurisdiction and at least five years have elapsed since the suspension, revocation, or cancellation. Modify a provision that allows DOT to continue a person on probationary status beyond the period that the probationary status would otherwise expire for the repeated violation of state traffic laws, to specify that traffic offenses committed in other jurisdictions that would have been considered traffic convictions in Wisconsin may be also considered in determining whether to continue the person on probationary status. Modify a provision that requires DOT to determine whether a person should submit to a special examination to determine the person's competency to drive if the person has been arrested two or more times for certain OWI offenses to specify that arrests in other jurisdictions for similar alleged offenses shall also be counted. Modify provisions related to license suspension for the accumulation of demerit points to specify that an offense committed in another jurisdiction that would have resulted in the assessment of demerit points if the violation had occurred in Wisconsin may be considered when determining whether to order a license suspension, unless the offense was committed when the person was licensed or resided in another jurisdiction.

Specify that traffic convictions occurring in another jurisdiction shall be considered in provisions in which the penalty or license sanction depends upon the number of prior convictions committed, affecting the following: (a) the fine and term of imprisonment for a repeat conviction for operating without a valid license; (b) the fine and possible revocation for a repeat offense of operating while suspended, operating after revocation, or operating a commercial motor vehicle while disqualified; and (c) the mandatory revocation for a second or subsequent railroad crossing offense.

Modify provisions related to license revocation for persons reaching habitual traffic offender status to specify that offenses committed in other states may not be counted if the

person was licensed in or resided in another jurisdiction at the time of the offense, unless, after the person becomes licensed or transfers residency to Wisconsin, the person commits an offense in Wisconsin that is counted under the habitual traffic offender law toward habitual traffic offender status. Under current law, offenses committed by Wisconsin residents in other jurisdictions are counted toward the habitual traffic offender designation if those offenses are substantially similar to one of the Wisconsin offenses that is counted.

Provisions Related to the Driver Record Requirements for Residents and Nonresidents and Providing Access to Records to Licensing Agencies of Other Jurisdictions

Modify the current law provision requiring the Department to keep the full driver record for each licensee or other person to specify that the full driver record is to be kept only for each Wisconsin licensee or Wisconsin resident who has not been issued an operator's license by another jurisdiction. Specify, however, that the full driver record shall be maintained for each person issued a commercial driver's license by Wisconsin or by another jurisdiction, if, in the case of a person licensed by the other jurisdiction, the person has committed a violation in Wisconsin involving a commercial motor vehicle. Specify that the full driver record of each Wisconsin licensee or resident shall include any notice received from another jurisdiction of the revocation, suspension, or cancellation of the person's operating privilege in that other jurisdiction.

Require DOT to maintain a separate driver record for each nonresident who is convicted of a violation, or who otherwise commits an offense, in Wisconsin (as opposed to the full driver record for Wisconsin residents) that includes the following: (a) a record of reports or abstract of convictions resulting from any OWI offense or improper refusal to submit to a test for blood alcohol concentration; (b) a record of any administrative suspension, notice of refusal, notice of intent to revoke, issuance of an out-of-service order, or report of test results related to a traffic stop involving the investigation of a possible violation of OWI laws; (c) a record of any suspension or revocation by DOT for a violation under the state's safety responsibility law; and (d) a record of any suspension or revocation by DOT for an offense involving a nonresident who is from a nonmember jurisdiction or for an offense that is not a DLA code offense. Specify that these provisions do not require DOT to maintain a record of any conviction other than a conviction for an offense of improperly refusing to submit to a test of blood alcohol concentration or an operating while intoxicated offense if, at the time of the conviction, the person resided in or was licensed in another jurisdiction.

Require DOT to transfer the full driver record of a Wisconsin resident or licensee to another jurisdiction within 30 days of receiving notice that the person has applied for or been issued a driver's license in, or transferred residency to, the other jurisdiction if the other jurisdiction is a member of the DLA or if the other jurisdiction accepts responsibility for maintaining the person's driver record. Specify that the Department, after such a transfer, shall not update the full driver record file if the other jurisdiction is a member of the DLA, except as required under current state or federal law for records of a person holding a commercial driver's license. Specify that if the other jurisdiction is not a member of the DLA, the Department may continue to update the full driver record with respect to any conviction

committed in Wisconsin that is not recorded by the other jurisdiction. Specify that if the Department transfers the full driver record to another DLA member jurisdiction, then the Department may update the driver record file for nonresidents, as described above. Specify that, in this case, if the person moves back to Wisconsin, the nonresident driver record file may be used to update the full driver record, with respect to any conviction, suspension, revocation, disqualification, or other information related to offenses committed in Wisconsin that do not appear in the full driver record transferred back from the other jurisdiction.

Modify a current law provision that requires the Department to request driver record information from another jurisdiction for applicants for a driver's license who are moving to Wisconsin from that other jurisdiction, to specify that such a request shall include the transfer of the full driver record if the other jurisdiction is a member of the DLA.

Modify current law provisions that prohibit the Department from releasing various types of personal information, except to certain specified authorities, by specifying that the information shall also be provided to the driver licensing agencies of other jurisdictions. These provisions affect driver record and identification card information, personal identifying information, photographs, signatures, social security numbers, license actions taken against juveniles, and suspensions or revocations for underage alcohol violations. Include district attorneys in the list of authorized entities that are entitled to have access to personal identifying information, to make the list of authorities that have access to this information consistent with the list of entities with such access to the other information. Require DOT to include procedures for the expeditious exchange of information with driver licensing agencies of other jurisdictions in rules regarding procedures for blood alcohol tests and for administrative suspensions and court-ordered revocations resulting from positive tests. Modify a current law provision related to providing photographs to a law enforcement agency to specify that the photograph may be a print or electronic copy of the photograph.

Modify a current law provision related to the first issuance of a license in Wisconsin to a person moving from another jurisdiction after the person's operating privilege has been suspended or revoked in another jurisdiction to: (a) specify that the person, to be reinstated, must only be eligible for reinstatement in the other jurisdiction, instead of, under current law, must actually have been reinstated; (b) eliminate the requirement that the period of revocation or suspension would have elapsed had the person's operating privilege been suspended or revoked in Wisconsin for the same offense; and (c) eliminate the requirement that the person file acceptable proof of financial responsibility. These provisions are not required by the DLA, but are intended to make the licensing process for persons moving to Wisconsin consistent with current provisions for the issuance of licenses for Wisconsin residents.

Other Provisions

Modify a current law provision that requires DOT to record in the vehicle registration records of a vehicle that a court has ordered the vehicle to be immobilized and that the order remains unexecuted (as the result of the vehicle owner's conviction for a repeat OWI offense), to specify that such an order is only entered if the Department has issued a valid certificate of title

for the vehicle and the vehicle is registered in the state. Create a provision paralleling the current law requirements with respect to vehicle immobilization, applying to situations in which a court orders the installation of an ignition interlock device on a vehicle, as follows: (a) require the court ordering the installation of the device to notify DOT in a form and manner prescribed by the Department; (b) require DOT to record that such an order has been issued and that the order remains unexecuted in the registration records for the vehicle, if the Department has issued a valid certificate of title for the vehicle and the vehicle is registered in the state; (c) specify that a law enforcement agency may execute such an order based on the information provided by the Department; and (d) require any law enforcement agency that executes such an order to notify the Department and require DOT to amend the registration record for the vehicle to reflect the execution of the order. The provisions relating to vehicle immobilization are not required under the DLA, but DOT indicates they were included in the bill to have the treatment of vehicle information for nonresidents consistent with the treatment of nonresidents' operating privileges. The creation of provisions related to ignition interlock devices is also not required under the DLA, but was included to make the treatment of ignition interlock orders consistent with immobilization orders.

Modify various provisions related to the suspension or revocation of a driver's license by courts to eliminate the requirement that the court take possession of a suspended or revoked license and forward the license to the Department. Specify that a court may take possession of a license in these circumstances, but require the courts to destroy the license if the court does take possession of the license. Eliminate a prohibition against simultaneously holding a probationary license and a regular license to reflect the fact that a person whose license is suspended or revoked could, under the bill, potentially keep possession of the license card. Eliminate provisions that require a law enforcement officer to seize a license and forward it to a court following a positive blood alcohol test or refusal to take a test. Eliminate a provision that permits a law enforcement officer to seize a license and retain it for 24 hours in cases where the officer issues an out-of-service order for a violation of commercial motor vehicle absolute sobriety requirements. Modify provisions related to the reinstatement of licenses to eliminate provisions related to the return by DOT of a surrendered license and require DOT, instead, to issue a new license without charging the fee that would normally be required upon issuance.

Delete a provision that requires DOT to revoke a person's driver's license for a period of six months if the Department receives notice that the person has been convicted of a fourth or subsequent violation, within a five-year period, of operating while suspended, operating after revocation, or operating a commercial motor vehicle while disqualified. Eliminate the requirement that courts revoke a person's operating privilege for a fourth or subsequent violation of operating while suspended, operating after revocation, or operating while disqualified and specify, instead, that courts may revoke a person's operating privilege in these circumstances. These provisions would not be required under the DLA, but were requested by the Department to simplify license revocation provisions.

Modify various provisions related to appeals under the habitual traffic offender law to specify that the location of the appeal for a person who has moved to another state after a habitual traffic offender revocation shall be in the county that the person resided at the time of

the revocation (instead of, under current law, in Dane County) and the Department shall be represented in the proceedings by the district attorney of that county (instead of, under current law, by the Attorney General).

Delete a reference to a 1997 statutory section in a current law provision related to counting the number of convictions for operating while suspended or operating after revocation occurring in a five-year period to reflect the fact that the 1997 reference is obsolete, since more than five years have passed since the 1997 statute was in effect.

Joint Finance/Legislature: Delete the provision, including the funding and positions, except for the statutory provisions that specify that the Department shall provide certain driver records and personal information to the driver licensing agencies of other jurisdictions. These provisions are retained to allow the state to comply with the federal Real ID Act. Change the effective date of these provisions (with two exceptions, described below) from July 1, 2009, to the same effective date used for the provisions in the bill related to the Real ID Act (May 11, 2008, or the date that the Department indicates in a notice published in the Wisconsin Administrative Register, whichever is later). Change the effective date of a provision related to the sharing of social security numbers and a provision related to sharing information concerning an applicant or holder of an identification card, to July 1, 2008, to correspond with other changes in the bill that affect these statutory sections related to the creation of the Department of Children and Families.

3. EXTEND IDENTIFICATION CARD PERIOD

SEG-REV	\$1,598,300
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Governor/Legislature: Extend the expiration period of identification cards from four years to eight years and increase the fee for identification cards from \$9 for a four-year card to \$18 for an eight-year card. Increase estimated transportation fund revenues by \$532,700 in 2007-08 and \$1,065,600 in 2008-09 to reflect this change. Specify that this change would first apply to applications for cards received by the Department on January 1, 2008.

[Act 20 Sections: 3380, 3384, 9348(5), and 9448(5)]

4. MOTOR CARRIER REGISTRATION SYSTEM

SEG	\$228,000
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Governor: Provide \$214,000 in 2007-08 and \$14,000 in 2008-09 for implementation costs associated with transitioning from the federally-authorized, single-state registration system (for filing proof of insurance and operating authority for motor carriers) to the unified carrier registration system (for proof of operating authority only).

Modify current law provisions related to participation in the single-state registration system to specify that DOT may participate in the unified carrier registration system for motor carriers, including private motor carriers, in accordance with federal law. Specify that DOT may, consistent with federal law, establish by rule an annual fee for a motor vehicle that is operated in Wisconsin and that is subject to the unified carrier registration system. (The current

fee for motor vehicles operated under the single-state registration system is \$5 per vehicle. Under the unified carrier registration system, the U.S. DOT will establish the level of the fees that are collected.) Specify that DOT may not administer both an insurance registration system under the single-state registration system and the unified carrier registration system. (Under current federal law, the state may no longer administer the single-state registration system for filing proof of insurance.)

The federal authorization for the single-state registration system expired on January 1, 2007. The unified carrier registration system will replace the single-state registration system, although the multi-state agreement that governs the unified carrier registration system has not yet been completed. Only common motor carriers engaged in interstate commerce (for-hire motor carriers) were required to register under the single-state registration system, while the unified carrier registration system will require all motor carriers to register and pay fees. However, instead of paying a fee for each vehicle and for each state in which the carrier operates, under the unified carrier registration system, motor carriers will pay a single fee for their entire fleet, regardless of how many states in which they operate. Of the funding that would be provided under this item, \$200,000 in 2007-08 would be for computer system modifications to switch to the new fee system and \$14,000 annually would be for dues paid by the state to the unified carrier registration system. The Department estimates that the failure to join the unified carrier registration system would result in the annual loss of approximately \$2.1 million in base transportation fund revenues.

Conference Committee/Legislature: Specify that the Department may establish the annual fees by emergency rule, rather than permanent rule. Specify that the Department is not required to provide evidence of an emergency situation to promulgate this rule.

[Act 20 Sections: 2925 thru 2928]

5. NATIONAL MOTOR VEHICLE TITLE INFORMATION SYSTEM

SEG	\$140,700
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Governor/Legislature: Provide \$60,300 in 2007-08 and \$80,400 in 2008-09 to pay the cost for the state's participation in the National Motor Vehicle Title Information System (NMVTIS). NMVTIS collects information on motor vehicles from participating states and maintains a database in order to prevent fraudulent vehicle transactions and track stolen vehicles. The system is maintained by the American Association of Motor Vehicle Administrators (AAMVA), which requires participating states to make maintenance payments based upon the number of vehicles titled in the state. Wisconsin's payments have been subsidized by AAMVA since the state joined in 2004, but that subsidy will expire in October, 2007. The funding provided under this item would allow DOT to make up the difference in the participation cost after the subsidy expires.

6. LICENSE PLATE REISSUANCE

Governor: Repeal a current law provision that requires DOT to replace all license plates for most types of vehicles with plates of a new design on a ten-year cycle. Under current law, the Department is required to replace all red-lettered license plates by June 30, 2010. Under this item, there would be no statutory requirement for license plate reissuance.

Joint Finance/Legislature: Delete provision.

7. SINGLE LICENSE PLATE

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
SEG	-\$499,400	\$499,400	\$0

Joint Finance: Specify that DOT is required to issue one license plate, rather than two plates, for each vehicle. Eliminate the requirement that vehicle owners display two license plates, and instead, specify that the single plate must be displayed on the rear of the vehicle. Specify that the owner of a vehicle for which two registration plates were issued before the effective date of the bill may remove and destroy one plate from the vehicle, but is not required to do so until DOT issues a new plate for the vehicle upon registration renewal. Delete \$249,700 annually to reflect savings associated with issuing one plate instead of two.

Senate/Legislature: Delete provision.

8. VEHICLE EMISSIONS INSPECTION PROGRAM [LFB Paper 797]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$50,000	-\$13,274,400	-\$13,224,400

Governor: Provide \$50,000 in 2007-08 to pay estimated increased costs under the Department's contract with a private firm to manage the vehicle emissions and inspection program in southeastern Wisconsin. Total funding for the contract would be \$13,324,400 in 2007-08, which is the final year of the current contract. Transfer \$1,119,200 from the supplies and services line to the unallotted reserve line of the vehicle emissions inspection program appropriation in 2008-09, which is the amount that the Department estimates would be needed to implement the program modifications described below (total funding would equal \$13,274,400). Because the modifications would result in a net reduction in the number of vehicles being tested, and would allow for less expensive testing methods, it is expected that the total amount of the vendor contract would be reduced in 2008-09, allowing the implementation costs to be absorbed within base resources. This item would place the funding for implementation in unallotted reserve to give DOA flexibility in assessing the overall program savings and implementation costs for 2008-09.

Exempt from emissions testing vehicles of model year 1995 or earlier, instead of, under current law, vehicles of model year 1967 or earlier. Require emission testing of vehicles up to 14,000 pounds, instead of, under current law, vehicles up to 10,000 pounds, beginning with vehicles of model year 2007. Require vehicles powered by diesel fuel (and weighing 14,000 pounds or less) to be subject to testing, beginning with vehicles of model year 2007.

Permit DOT to establish alternate methods for emissions testing and equipment inspection in addition to the current method of testing by private contractor, provided that such alternate methods include the tests required under federal law and that the results of the tests are contemporaneously furnished in writing to the person having the vehicle inspected. Specify that these methods may include the installation and operation by the Department of self-service inspection stations and the utilization of any technology related to emissions or data transmission with which motor vehicles may be equipped. Permit DOT to establish methods for emissions testing and equipment inspection specifically applicable to self-service stations, and, if such methods are established, require DOT to include these methods in the administrative rules for the program.

Specify that the contract with the firm to conduct testing at stations that are not self-service may authorize or require the contractor to install and operate self-service inspection stations and may allow the use of different methods for emissions testing and equipment inspection than those used at inspection stations that are not self-service. Specify that the testing methods established for self-service stations operated by the contractor must be consistent with those established for self-service stations installed and operated by the Department.

Modify the current law provision that entitles a person whose vehicle failed one test to have the vehicle retested within 30 days, to specify that in cases where the initial test was conducted using an alternate testing method, the subsequent test must be conducted at the same location where the original test was conducted.

Specify that these changes would take effect on July 1, 2008.

Joint Finance/Legislature: Delete \$1,130,200 in 2008-09, to reflect the net effect of an estimated 25% savings for the program (relative to estimated contract costs without program changes), and the retention of \$1,119,200 for the estimated cost of implementing program changes. Transfer the remaining funding in 2008-09, or \$12,144,200, from the contract appropriation to the Joint Committee on Finance's supplemental appropriation. Specify that the Department may submit a request to the Committee for the fourth quarterly meeting of 2007-08 for up to \$12,144,200 in 2008-09 for implementing changes to, and contract costs under, the vehicle emissions inspection program. Specify that the Committee may provide a supplement for these costs, up to \$12,144,200, without being required to find that an emergency exists. Specify that if the Committee determines that no moneys are needed for these costs, or an amount less than the amount specified is needed, the Committee may provide a supplement to any other DOT SEG appropriation, up to the difference between \$12,144,200 and the amount of any supplement provided for program changes and contract costs. The fiscal effect of

increasing the Committee's supplemental appropriation is reflected under "Program Supplements."

Modify the provisions in the bill to specify that vehicles of model year 2006 and earlier that are over 8,500 pounds (instead of over 10,000 pounds) would be exempt from testing. Beginning with model year 2007 vehicles, the weight limit for exemptions would, as under the bill, increase to 14,000 pounds.

Require DOT to conduct a study of alternative program models for the vehicle emissions inspection program, including an examination of the possibility of remote emissions testing and testing performed by certified motor vehicle dealers that electronically transmit test results to the Department. Require DOT to submit a report by May 1, 2008, to the chief clerk of each house of the Legislature for distribution to the appropriate standing committees dealing with transportation matters.

[Act 20 Sections: 2653 thru 2661, 3083 thru 3085, 9148(4c), and 9448(7)]

9. DRIVER'S LICENSES USED FOR IDENTIFICATION PURPOSES FOLLOWING CANCELLATION

Joint Finance/Legislature: Specify that in cases in which a driver's license is cancelled prior to the date it would otherwise expire due to a determination that the license holder's eyesight does not meet DOT's standards for the safe operation of a vehicle, the driver's license card may be used as a valid identification card until the expiration date on the license, without requiring the holder to pay an identification card issuance fee. Specify that for a license to be used as an identification card in these circumstances, the license must be temporarily surrendered to the Department. Require the Department, upon surrender of the license, to update its records to reflect this change, to make a distinctive mark on the license to indicate that it is not valid as a driver's license, but is valid for purposes of identification, and to return the license to the holder.

[Act 20 Sections: 3352r, 3352t, and 3365m]

10. FORESTRY PRODUCTS PERMITS

Joint Finance: Modify a current law provision that allows DOT to issue permits for trucks that exceed length or weight limitations for the transport of exclusively peeled or unpeeled forest products on USH 2 in Iron County and Ashland County, if they are traveling from the Michigan border, as follows: (a) include the segment of USH 2 in Bayfield County from the Ashland County line through Hart Lake Road in the Town of Iron River in the location for which a permit may be issued; and (b) include wood chips or forestry biomass in the list of products that may be transported under such a permit. Define "forestry biomass" as the byproducts and waste generated by the practice of forestry. Specify that these changes would first apply to permits issued on the effective date of the bill.

Conference Committee/Legislature: Delete provision. A similar provision was passed and signed as a separate act (Act 16) prior to the completion of the budget bill.

11. HIGHWAY WEIGHT LIMITS FOR VEHICLES EQUIPPED WITH IDLE REDUCTION TECHNOLOGY

Joint Finance/Legislature: Specify that current law gross vehicle weight limitations or weight limitations for any one axle or axle group, including special or seasonal weight limitations, may be exceeded, in the case of a heavy-duty vehicle equipped with idle reduction technology, by not more than 400 pounds or the weight of the idle reduction technology, whichever is less. Specify, however, that this exemption applies only if the heavy-duty vehicle operator, upon request, proves, by written certification, that the idle reduction technology is fully functional at all times. Define "heavy-duty vehicle" as the term is defined under federal law, which is a vehicle that has a gross vehicle weight rating greater than 8,500 pounds and that is powered by a diesel engine. Define "idle reduction technology" as the term is defined under federal law, which is an auxiliary power unit, advanced truck stop electrification system, or other technology that is used to reduce long-duration idling and that allows the main drive engine or auxiliary refrigeration engine to be shut down. Specify that this change would first apply to vehicles operated on the effective date of the bill.

[Act 20 Sections: 3435j and 9348(5d)]

12. FORFEITURES FOR CERTAIN OVERWEIGHT TRUCK VIOLATIONS

Joint Finance/Legislature: Modify penalty provisions for truck weight limit violations for combination trucks carrying raw forest products to specify that the forfeitures apply to all such truck combinations, instead of, under current law, only truck combinations with six or more axles.

[Act 20 Sections: 3435m, 3435n, and 9448(9q)]

13. DIVISION OF MOTOR VEHICLES SERVICE CENTERS

Assembly/Legislature: Require DOT to maintain in regular service a Division of Motor Vehicles service center in every municipality where a service center was located as of December 1, 2006, unless an alternate plan for providing service is submitted by DOT and approved by the Joint Committee on Finance under a 14-day passive review process. Specify that if the Department closed any service center in a municipality between December 1, 2006, and the effective date of the bill, and the Department maintains no other center in that municipality on the effective date of the bill, DOT shall, as soon as possible, open a local examining center in that municipality, and may not subsequently close that center.

Veto by Governor [F-7]: Delete provision.

[Act 20 Vetoes Section: 2651r]

14. ORGAN TRANSPLANT VEHICLES TREATED AS AUTHORIZED EMERGENCY VEHICLES

Assembly/Legislature: Include the following vehicles related to organ transplantation in the definition of "authorized emergency vehicle:" (a) privately owned motor vehicles being used by an organ procurement organization, or by any person under an agreement with an organ procurement organization, to transport organs for human transplantation or to transport medical personnel for the purpose of performing human organ harvesting or transplantation immediately after the transportation; and (b) privately owned motor vehicles being operated in the course of a business and being used, in response to an emergency call from a treating physician or his or her designee declaring the transportation to be an emergency, to transport medical devices or equipment to a hospital or ambulatory surgery center, or to pick up medical devices or equipment for immediate transportation to a hospital or ambulatory surgery center, if the medical devices or equipment are to be used for human implantation or for urgent medical treatment immediately after the transportation.

Extend the current law privileges associated with authorized emergency vehicles (such as the authority to exceed the posted speed limit or proceed through a red light) to these vehicles, when transporting an organ for human transplantation, or when transporting medical personnel for the purpose of performing human organ harvesting or transplantation immediately after the transportation, provided that the following conditions are met: (a) the operator of the vehicle has successfully completed a safety and training course in emergency vehicle operation that is taken at a technical college or that is approved by DOT; and (b) the vehicle being operated is plainly marked, in a manner prescribed by DOT, to identify it as an authorized emergency vehicle related to organ transplantation.

Specify that these vehicles may be equipped with red or red and white warning lights and shall be so equipped if exercising the privileges associated with authorized emergency vehicles. Specify that the operator of an emergency vehicle related to organ transplantation may only use warning lights and siren when transporting an organ for human transplantation, or when transporting medical personnel for the purpose of performing human organ harvesting or transplantation immediately after the transportation. (Authorized emergency vehicles are required to be equipped with a siren under current law, a requirement that would extend to emergency vehicles related to organ transplantation.)

Specify that these provisions would first apply to vehicles operated on the effective date of the bill.

[Act 20 Sections: 2651g, 3190m, 3190p, 3220c, 3427c, 3427e, 3432c, 3432e, and 9348(7j)]

15. VEHICLE IMMOBILIZATION AND IMPOUNDMENT FOR REPEATED PARKING VIOLATIONS

Assembly/Legislature: Authorize the governing body of any municipality or county to adopt an ordinance that provides for the immobilization or the removal, impoundment, and disposal of vehicles owned by habitual parking violators. Define "habitual parking violator" as a person who has received, more than 28 days previously, three or more parking tickets that remain unpaid and for which the person has not scheduled an appearance in court in response to the citations. Specify that the ordinance shall be limited to motor vehicles for which all the following apply: (a) the municipality or county has cited the owner of the motor vehicle for three or more parking violations that, at the time of the vehicle's immobilization or removal, occurred more than 28 days previously and for which the owner has neither paid the forfeiture for each of these violations nor scheduled an appearance in court in response to each of these citations; and (b) the municipality or county has mailed to the last-known address of the owner at least one notice that specifies, for each citation, the date on which the citation was issued, the license number of the vehicle involved, the place where the citation may be paid, the amount of the forfeiture, and the means by which the citation may be contested. Specify that the notice must also inform the owner of the vehicle immobilization and impoundment provisions, and that the notice may be included with any other notice provided by the municipality or county to the owner.

Specify that the municipal or county ordinance shall authorize any parking enforcer who discovers any motor vehicle to which the immobilization or impoundment provisions apply that is legally or illegally parked on any portion of the street, highway, or publicly owned or leased parking facility within the corporate limits of the municipality or county to cause the motor vehicle to be immobilized with an immobilization device or removed to a suitable place of impoundment, or both. Specify that the parking enforcer shall be required to provide notice of the immobilization or impoundment to the chief of police or sheriff and, in cases of impoundment, notice of the name and last-known address of the vehicle owner to the towing service. Specify that the ordinance shall also: (a) specify whether the municipality or county may contract with a third party for the performance of services related to immobilization or removal of motor vehicles, which shall be rendered only at the request of a parking enforcer; (b) provide for a reasonable removal fee, if any, that will be charged to remove an immobilization device placed on a vehicle; (c) provide for the recovery of reasonable towing or storage charges associated with the removal or impoundment of a vehicle, and of reasonable charges associated with disposal of a vehicle; and (d) require that, if the vehicle is immobilized, the parking enforcer or a third-party contractor place a written notice on the vehicle, in a highly visible location and in a reasonably secure manner, that: (1) warns any driver of the vehicle that the immobilization device has been placed on the vehicle; (2) provides information on the unpaid parking tickets associated with the vehicle or a telephone number at which an individual is available to provide such information 24 hours a day; and (3) states the amount of the immobilization device removal fee, if any, that is in addition to any amount of unpaid traffic tickets. Specify that the owner of any motor vehicle immobilized or removed under these provisions is responsible for all charges associated with immobilizing, removing, impounding,

and disposing of the motor vehicle and that any charges not recovered from the sale of the motor vehicle may be recovered in a civil action by the municipality or county against the owner. Specify that the ordinance related to immobilization may prohibit any person from removing, disconnecting, tampering with, or otherwise circumventing the operation of an immobilization device, except upon release of the motor vehicle to the owner or to make necessary repairs to a malfunctioning immobilization device.

Specify that the municipal or county ordinance must prohibit the municipality or county from issuing a parking ticket for a vehicle that has been immobilized in a time-limited, legal parking space, within the first four hours after the vehicle is immobilized and during any hours in which the municipal court or clerk's office of the circuit court that would be contacted to arrange an appearance related to unpaid tickets is not open for regular business. Specify that the ordinance must require the municipality or county, or a third-party contractor, to remove an immobilization device, or provide sufficient information to allow the vehicle owner to remove the device, without undue delay, not to exceed three hours, after receiving notice that the person has satisfied the requirements for release.

Specify that the owner of a motor vehicle that has been immobilized or removed and impounded for repeated unpaid parking tickets may secure release of the vehicle by paying any charges related to the immobilization or impoundment and all forfeitures for unpaid tickets, or by scheduling an appearance in court in response to the unpaid tickets. Specify that the court, in cases where an immobilized or impounded vehicle was released because the owner scheduled a court appearance on the unpaid tickets, but for which the owner failed to appear in court as scheduled or failed to comply with the court order with respect to the unpaid tickets, may order a law enforcement officer, or an authorized employee or contractor of the municipality or county, to immobilize the motor vehicle or have the vehicle removed and impounded. Specify, in addition, that the municipality or county may have the vehicle immobilized or impounded in these circumstances. Specify that if a court orders a vehicle to be immobilized under these circumstances, the court shall order a law enforcement officer, or an authorized employee or contractor of the municipality or county to remove the immobilization device if the vehicle owner subsequently complies with the court order.

Specify that current law procedures and provisions related to the impoundment and disposal of unregistered vehicles apply to the impoundment for repeated unpaid parking tickets, except for the requirements related to the release of the vehicle, and that the current law procedures related to the removal and storage of vehicles as the result of a parking violation apply to vehicles removed and stored for repeated unpaid parking tickets. Specify that current law provisions related to the use of immobilization devices in a parking area not on a highway do not apply to the immobilization of vehicles for repeated unpaid parking tickets.

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

[Act 20 Vetoed Section: 3435x]

16. OPERATING AN AIRCRAFT WHILE INTOXICATED

Assembly/Legislature: Modify provisions that prohibit the operation of an aircraft while under the influence of intoxicating liquor or controlled substances to also prohibit the operation of an aircraft with a prohibited alcohol concentration. Define "prohibited alcohol concentration" for the purposes of this provision as an alcohol concentration of 0.04 or more if there is no passenger in the aircraft or more than 0.0 if there is a passenger in the aircraft. Modify current law penalties for violations of the prohibition against operating an aircraft while under the influence of intoxicating liquor or controlled substances to create the same penalties for operating under the influence or with a prohibited alcohol concentration and to make those forfeitures, fines, and terms of imprisonment conform to current law forfeitures, fines, and terms of imprisonment for operating a motor vehicle while under the influence of intoxicating liquor or with a prohibited blood alcohol concentration, including penalty enhancers for having a minor passenger and having a blood alcohol concentration over certain thresholds. Require courts, for a person convicted of an offense of operating an aircraft while under the influence of intoxicating liquor or with a prohibited blood alcohol concentration, to order an assessment of the person's alcohol use and apply the same provisions and procedures to such assessments that apply under current law for assessments under the state's motor vehicle operating while intoxicated law. Specify that offenses of operating an aircraft while under the influence of intoxicating liquor or with a prohibited blood alcohol concentration shall be included in the list of offenses that are counted as prior offenses for the purposes of determining the penalties for convictions of operating a motor vehicle while intoxicated, and related offenses.

Modify penalty provisions related to the reckless operation of an aircraft to specify that a person may be required to: (a) forfeit not less than \$25 nor more than \$200 for a first offense, instead of paying a fine of not less than \$10 nor more than \$100, under current law; and (b) pay a fine of not less than \$50 nor more than \$500 or be imprisoned for not more than one year in the county jail, or both, for a second or subsequent offense in a four-year period.

[Act 20 Sections: 814m, 1819m, 2665g thru 2665r, 3315k, and 3315s]

17. OPERATING WHILE INTOXICATED DRIVER IMPROVEMENT SURCHARGE

Governor: Eliminate a current law provision that exempts persons who are convicted of a first operating while intoxicated (OWI) offense and who had a blood alcohol level between 0.08 and 0.10 from paying the \$355 OWI driver improvement surcharge. Specify that this change would first apply to offenses that are committed on the effective date of the bill. Under this change, all persons who are convicted of an OWI offense would be required to pay the surcharge.

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

State Patrol

1. STATE PATROL FLEET COSTS

SEG	\$1,078,200
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Governor/Legislature: Provide \$550,000 in 2007-08 and \$528,200 in 2008-09 for anticipated increases in State Patrol fleet costs. These amounts would be an increase of 12.0% in 2007-08, relative to 2006-07, and a decrease of 0.4% in 2008-09, relative to 2007-08. These amounts are based on projections of miles driven by State Patrol vehicles, fuel prices, the purchase cost of vehicles, and other costs related to maintaining the vehicle fleet.

2. STATE PATROL RADIO REPLACEMENT

SEG	\$371,400
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Governor/Legislature: Provide \$371,400 in 2008-09 for the first year of payments on a five-year master lease-purchase of new communication radios for State Patrol vehicles. The Department would purchase 600 radios at a total cost of \$1,584,000. The Department indicates that the replacement of the current radios is required to comply with Federal Communications Commission rules, which mandate the use of digital, narrow band equipment by 2013.

3. MOTORCYCLE SAFETY GRANT

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
SEG	-\$150,000	\$150,000	\$0

Joint Finance: Require DOT to award a grant of \$75,000 annually during the 2007-09 biennium to a motorcycling organization that is composed primarily of motorcycle riders, that includes the promotion of motorcycle safety as one of its objectives, and that has a statewide membership. Specify that the grants shall be used to conduct a "rider-to-rider" campaign to reduce impaired motorcycle riding by educating motorcyclists about the dangers of impaired riding, with the goal of reducing the number of motorcycle accidents, injuries, and fatalities. Specify that the grant recipient, as a condition of receiving the grant, must provide to DOT a proposed budget for the use of the grant funds to conduct such a campaign and must provide an audited financial statement of its use of the grant funds, prepared in accordance with generally accepted accounting principles.

Require DOT to include a proposal to spend \$75,000 in the federal traffic safety plans prepared for federal fiscal years 2008 and 2009 to fund the grants for the impaired rider campaign. Require DOT to award the grant from the Department's FED appropriation for highway safety if this proposal is approved and require the grant to be made within three months of the approval. Require DOT to award the grant from the Department's SEG

appropriation for highway safety if the proposal is not approved and require the grant to be made within three months of such disapproval.

Transfer \$75,000 annually from the Department's SEG appropriation for the State Patrol to the Joint Committee on Finance's supplemental appropriation. Specify that the Department may submit a request to the Committee for an appropriation supplement of \$75,000 in each year of the biennium and specify that the Committee may provide the supplement without being required to find that an emergency exists. Specify that the supplement may be requested and provided for the Department's appropriation for the State Patrol if the motorcycle impaired rider campaign is approved as part of the Department's proposed federal safety plan, and may be requested and made for the Department's appropriation for transportation safety if the proposal is not approved. Modify the Department's SEG appropriation for transportation safety to allow the grants to be made from that appropriation and repeal this authorization on July 1, 2009. The fiscal effect of increasing the Committee's supplemental appropriation is reflected under "Program Supplements."

Assembly/Legislature: Eliminate the requirement that the grant be provided using state funds if federal funds are not provided for the grant. Transfer \$75,000 SEG annually from the Joint Committee on Finance supplemental appropriation to the Department's appropriation for the State Patrol to reverse the part of the provision related to providing the grant with state funds. The fiscal effect of decreasing the Committee's supplemental appropriation is reflected under "Program Supplements."

[Act 20 Section: 9148(7c)]

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Adjust the base budget for: (a) turnover reduction (-\$3,607,200 SEG and -\$54,500 FED annually); (b) removal of noncontinuing elements (-\$207,100 SEG, -3.00 SEG positions, and -5.00 FED positions in 2007-08 and -\$257,500 SEG, -3.00 SEG positions, -\$53,100 FED, and -6.00 FED positions in 2008-09); (c) full funding of continuing position salaries and fringe benefits (\$10,375,300 SEG, \$887,100 FED, \$54,100 SEG-S, and -\$100,500 PR annually); (d) overtime (\$2,841,800 SEG, \$75,800 FED, \$14,500 SEG-S, and \$172,000 PR annually); (e) night and weekend salary differentials (\$265,200 SEG, \$5,400 FED, and \$300 SEG-S annually); and (f) full funding of lease costs and directed moves (\$12,200 SEG annually).

	Funding	Positions
SEG	\$19,310,000	- 3.00
FED	1,774,500	- 6.00
SEG-S	137,800	0.00
PR	<u>143,000</u>	<u>0.00</u>
Total	\$21,365,300	- 9.00

2. MAINTENANCE AND UTILITY FUNDING

SEG	\$968,200
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Governor/Legislature: Provide \$484,100 annually in the departmental management and operations appropriation for building and grounds maintenance costs associated with the Department's commercial motor vehicle size and weight enforcement facilities and for increased utility costs at other facilities management by the Department. As part of a reorganization of responsibilities, the Department's Division of Business Management (DBM) is assuming the responsibility for the maintenance of the 13 commercial motor vehicle enforcement facilities from the Division of State Patrol (DSP). Of the amount provided by the bill, \$237,700 annually would be to allow DBM to assume the maintenance costs of those facilities. There is no corresponding decrease in funding for DSP to reflect this transfer. Three of the enforcement facilities have either recently been expanded or are in the process of expansion, which is expected to increase the utility costs at those facilities. Another \$33,200 annually would be for projected increases in utility costs associated with an expansion of these three facilities. Finally, \$213,200 annually would be for increases in the cost of utilities for all other Department-managed buildings and facilities.

3. RENT COSTS FOR DIVISION OF MOTOR VEHICLES SERVICE CENTERS

SEG	\$355,000
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Governor/Legislature: Provide \$203,000 in 2007-08 and \$152,000 in 2008-09 in the departmental management and operations appropriation for costs associated with the move of the Division of Motor Vehicles service centers in Madison (west Madison location) and Waukesha. It is anticipated that both service centers will be moved to new locations during 2007-08. The funding in the bill would cover moving costs and anticipated higher rent costs.

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 11.0 classified positions and create 1.0 unclassified position in 2008-09 to reflect the consolidation of the agency's attorneys and legal staff under DOA, effective July 1, 2008. Reallocate \$1,309,700 in 2008-09 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 the Department of Transportation as general counsel for the agency. 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 they had at DOT. Specify that attorneys and legal staff who 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 July 1, 2008. [See "Administration -- Transfers to the Department."]

Joint Finance: Delete provision.

Senate: Restore provision.

Conference Committee/Legislature: Delete provision.

5. DEPARTMENTAL REALIGNMENT

Governor/Legislature: Provide \$1,067,800 FED, \$146,400 SEG and 2.00 SEG positions annually and delete \$150,100 SEG-S and 2.05 SEG-S positions annually associated with a realignment

	Funding	Positions
FED	\$2,135,600	0.00
SEG	292,800	2.00
SEG-S	<u>- 300,200</u>	<u>- 2.05</u>
Total	\$2,128,200	- 0.05

of departmental funding and functions between divisions and bureaus. Although this item generally reflects the movement of funding and functions between appropriations, it results in a net increase in funding in FED and SEG appropriations. The net increase in FED funding reflects standard budget adjustments to the appropriations for departmental management and operations (\$1,918,800 annually) and administration and planning (-\$851,000 annually). Normally, these adjustments would have been included in the standard budget adjustment decision items, but were included in this departmental reorganization decision item in the bill. The net increase in SEG funding reflects the conversion of 2.0 SEG-S positions and associated funding in the Department's printing service center to 2.0 SEG-funded positions in the departmental management and operations appropriation. Other adjustments generally reflect the transfer of funding and positions from various program areas to the Department's Division of Business Management, to reflect a centralization of certain functions, such as facilities management and data processing. In addition, 0.05 SEG-S vacant position and associated funding of \$3,700 SEG-S would be eliminated in the Department's service center appropriation for data processing services.

UNIVERSITY OF WISCONSIN HOSPITAL AND CLINICS AUTHORITY

1. MODIFY BOARD MEMBERSHIP, ELIMINATE LIMIT ON BONDING, AND OTHER CHANGES

Joint Finance: Delete current law governing: (a) the review by the Joint Finance Committee of the lease agreement between the University of Wisconsin Hospital and Clinics Authority (UWHCA) and the University of Wisconsin Board of Regents; (b) the power of the Joint Finance Committee to terminate the lease agreement or the affiliation agreement between the UWHCA and the Board of Regents; and (c) the authority of the Joint Finance Committee to recommend legislation in the event that the lease agreement or the affiliation agreement has been terminated.

Modify current law relating to the UWHCA Board such that: (a) Board members would be appointed to 5-year terms, rather than 3-year terms; (b) each Co-Chairperson of the Joint Finance Committee could designate a member of the Legislature to serve on the UWHCA Board, rather than a member of the Committee; and (c) three members, to be nominated by the UWHCA Board of Directors and appointed by the Governor, subject to Senate confirmation, would be added to the Board. Specify that the initial appointments of the three new members would be appointed to terms of 3-, 4-, and 5-years so that memberships would be staggered. Provide that the Board membership of the University of Wisconsin Hospital and Clinics Board (UWHCB) would be similar in composition to the proposed board of the UWHCA. Provide that eight members would constitute a quorum for the purposes of the UWHCA and the UWHCB.

Delete the limit on the amount of bonds the UWHCA can issue, which is \$235,000,000 under current law. Prohibit UWHCA from issuing bonds unless one of the following applies: (a) the bonds or indebtedness are a refinancing of existing bonds or indebtedness; (b) the Authority has a bond rating from a major rating agency of better than A, the Authority has provided notice to the Joint Finance Committee of the bond rating of the Authority, the amount of the proposed bonds or indebtedness, and the proposed use of the proceeds, and the Joint Finance Committee has not notified the Authority within 30 working days after the receipt of the notice that the Joint Finance Committee has scheduled a meeting to review the proposed bonds or indebtedness; or (c) the Joint Finance Committee votes to approve the amount of the bonds or indebtedness.

Delete obsolete references to a one-time transfer of funds that occurred in 1996 and to "carry-over employees." Delete current law that prohibits the UWHCA from accepting research grants in which the grant investigator is an employee of the UW Board of Regents. Delete the phrase "comprehensive, high-quality" from current law relating to the purpose of the UWHCA. Delete current law that: (a) requires UWHCA to use the Building Commission as a financial consultant to assist and coordinate the issuance of bonds; (b) requires the UWHCA to operate a poison control center; and (c) states UWHCA is subject to Chapter 150 of the statutes, which would result in UWHCA being subject to Chapter 150 (regulating health providers) to the same extent that other

hospitals are subject to that Chapter. Clarify current law relating to collective bargaining by referencing the Authority. Delete current law that authorizes the State Superintendent of Public Instruction to apply to the Board of Directors of the UWHCA for the admission to Hospitals and Clinics of any pupil at the Schools for the Deaf and Hard of Hearing and for the Blind and the Visually Impaired and the rate charged for the treatment of such pupils.

Conference Committee/Legislature: Modify the provision to require approval by the Secretary of Administration, in addition to the Joint Committee on Finance, of bond issues.

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

[Act 20 Vetoed Sections: 3w, 28e, 28m, 30c, 30g, 68k, 68L, 68m, 68n, 235m, 1799m, 2710e, 2710m, 2710s, 2875e, 2898g, 2898r, 3023a, 3023b, 3023c, 3023d, 3023e, 3023f, 3023g, 3023h, 3023i, 3023j, 3023k, 3023L, 3023m, 3023n, 3023o, 3023p, 3023q, 3023r, 3023s, 3023t, 3023u, 3036m, 9150(1f), 9151(1f), 9350(1f), 9351(1f), and 9451(1f)]

UNIVERSITY OF WISCONSIN HOSPITAL AND CLINICS BOARD

Budget Summary							
Fund	2006-07 Base Year Doubled	2007-09 Governor	2007-09 Jt. Finance	2007-09 Legislature	2007-09 Act 20	Act 20 Change Over Base Year Doubled Amount	Percent
PR	\$235,836,000	\$287,701,000	\$287,701,000	\$287,701,000	\$287,701,000	\$51,865,000	22.0%

FTE Position Summary						
Fund	2006-07 Base	2008-09 Governor	2008-09 Jt. Finance	2008-09 Legislature	2008-09 Act 20	Act 20 Change Over 2006-07 Base
PR	2,371.46	2,462.49	2,462.49	2,462.49	2,462.49	91.03

Budget Change Item

1. STAFF AND SALARY INCREASES

	Funding	Positions
PR	\$51,865,000	91.03

Governor/Legislature: Provide \$25,932,500 annually and 91.03 positions for the following: (a) \$13,744,200 annually for classified position salaries; (b) \$12,197,500 annually for fringe benefits; and (c) a reduction of \$9,200 annually for supplies and services. Current law permits the Board to create positions without legislative action. The additional positions would reflect the position levels at the Board in 2006-07.

UNIVERSITY OF WISCONSIN SYSTEM

Budget Summary							
Fund	2006-07 Base Year Doubled	2007-09 Governor	2007-09 Jt. Finance	2007-09 Legislature	2007-09 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$2,054,135,400	\$2,236,805,600	\$2,235,205,600	\$2,237,870,400	\$2,237,870,400	\$183,735,000	8.9%
FED	2,060,039,400	2,060,039,400	2,060,039,400	2,060,039,400	2,060,039,400	0	0.0
PR	4,478,732,800	4,699,845,500	4,693,167,300	4,689,040,500	4,689,040,500	210,307,700	4.7
SEG	<u>52,894,000</u>	<u>55,542,800</u>	<u>55,842,800</u>	<u>56,042,800</u>	<u>56,042,800</u>	<u>3,148,800</u>	6.0
TOTAL	\$8,645,801,600	\$9,052,233,300	\$9,044,255,100	\$9,042,993,100	\$9,042,993,100	\$397,191,500	4.6%

FTE Position Summary						
Fund	2006-07 Base	2008-09 Governor	2008-09 Jt. Finance	2008-09 Legislature	2008-09 Act 20	Act 20 Change Over 2006-07 Base
GPR	18,133.58	18,133.58	18,133.58	18,133.58	18,133.58	0.00
FED	5,156.17	5,156.17	5,156.17	5,156.17	5,156.17	0.00
PR	8,040.77	8,044.77	8,044.77	8,044.77	8,044.77	4.00
SEG	<u>121.70</u>	<u>121.70</u>	<u>121.70</u>	<u>121.70</u>	<u>121.70</u>	<u>0.00</u>
TOTAL	31,452.22	31,456.22	31,456.22	31,456.22	31,456.22	4.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$92,870,400
PR	<u>28,931,400</u>
Total	\$121,801,800

Governor/Legislature: Provide adjustments to base budget of \$45,707,400 GPR and \$15,193,500 PR in 2007-08 and \$47,163,000 GPR and \$13,737,900 PR in 2008-09 for: (a) full funding of classified pay plan provisions beyond general wage adjustments (\$5,279,000 GPR and \$1,752,700 PR annually); (b) 75% funding of the April 1, 2007, 2.25% pay plan adjustment for unclassified, classified, and graduate assistants (\$14,294,900 GPR and \$6,056,000 PR annually); (c) full funding of 2004-05 and 2005-06 craftworker pay plan increases (\$700,700 GPR and \$241,000 PR annually); (d) full funding of fringe benefits (\$23,787,400 GPR and \$6,670,800 PR in 2007-08 and \$25,243,000 GPR and \$5,215,200 PR in 2008-09); (e) full funding of Smith-Lever cooperative extension pay plan for 2005-06 and 2006-07 (\$269,700 GPR annually); and (f) full funding for discretionary compensation adjustments and

performance recognition awards paid in 2004-05 and 2005-06 (\$1,375,700 GPR and \$473,000 PR annually).

2. BASE BUDGET REDUCTIONS

Assembly: Reduce funding for eleven UW System GPR appropriations by a total of \$47,996,800 annually. The following table shows each affected appropriation, its adjusted base, the proposed reduction amount by year, and the percentage reduction from the base for each year.

<u>Appropriation</u>	<u>Adjusted Base</u>	<u>Reduction Amount</u>		<u>% Change to Base</u>
		<u>2007-08</u>	<u>2008-09</u>	
General program operations	\$721,680,700	-\$36,084,000	-\$36,084,000	-5.0%
Area health education centers	1,147,200	-114,700	-114,700	-10.0
Energy costs	107,887,400	-5,394,400	-5,394,400	-5.0
Educational technology	6,593,700	-659,400	-659,400	-10.0
School of Business	1,630,000	-163,000	-163,000	-10.0
Grants for study abroad	1,000,000	-500,000	-500,000	-50.0
Department of family medicine and practice	8,975,400	-448,800	-448,800	-5.0
State laboratory of hygiene	8,743,000	-437,200	-437,200	-5.0
Veterinary diagnostic laboratory	4,386,200	-219,300	-219,300	-5.0
General program operations --				
UW System Administration	9,154,100	-1,830,800	-1,830,800	-20.0
Minority and disadvantaged programs	<u>10,725,900</u>	<u>-2,145,200</u>	<u>-2,145,200</u>	-20.0
Total	\$881,923,600	-\$47,996,800	-\$47,996,800	

Conference Committee/Legislature: Delete provision.

3. UW SYSTEM INITIATIVES [LFB Paper 820]

GPR	\$21,455,600
PR	<u>7,935,200</u>
Total	\$29,390,800

Governor: Provide \$21,455,600 GPR and \$7,935,200 PR in 2008-09 for 11 campus initiatives and five systemwide initiatives within the UW System. The UW System's agency budget request included a total of \$22,401,900 GPR and \$7,935,200 PR and 313.35 GPR positions for these sixteen initiatives in 2008-09. The Executive Budget Book indicates that the Governor intends to fund each of these initiatives and DOA staff has indicated the Board of Regents is expected to find savings in the initiatives equal to the difference between the amount of GPR requested and the amount of GPR provided in the Governor's budget (\$946,300). The Governor's recommendation does not include any of the requested 313.35 positions. UW System staff has indicated that the necessary positions will be reallocated from vacant positions or created using the UW System's GPR position creation authority under current law. The individual initiatives are described below. All dollar amounts and positions shown are as requested by the UW System for 2008-09.

Campus Initiatives

(1) *UW-Milwaukee [Agency Request -- \$8,769,900 GPR, \$1,230,100 PR and 110.0 GPR positions]*. With this funding, UW-Milwaukee would: (a) expand its existing research initiative to compete for additional extramural research funds; (b) hire twenty leading faculty in targeted clusters, such as biomedical and health technologies, advanced manufacturing, and other science and engineering areas; and (c) enhance the level of graduate and undergraduate education and research.

(2) *UW-Eau Claire and UW-Stout [Agency Request -- \$2,209,700 GPR, \$852,900 PR and 21.0 GPR positions]*. This proposal would: (a) educate more students in advanced science, technology, engineering, and mathematics disciplines including nanotechnology, biotechnology, polymer engineering, and computer and electrical engineering; (b) improve access to science and engineering facilities and expertise for both students and regional businesses and industry; and (c) enhance the science, engineering, and technology training of graduates to attract and retain high-end employers.

(3) *Nursing Education [Agency Request -- \$2,021,700 GPR, \$1,088,600 PR and 27.5 GPR positions]*. This Systemwide initiative would: (a) expand off-site programs at UW-Eau Claire, UW-Oshkosh, UW-Green Bay, and UW-Milwaukee to reach areas of the state that currently do not have access to nursing programs; (b) develop accelerated programs at UW-Eau Claire and UW-Madison to serve students who already have a bachelor's degree in another field; and (c) increase the capacity in graduate programs at UW-Oshkosh, UW-Milwaukee, and UW-Madison to increase the number of potential nursing faculty and clinical instructors. The UW System estimates that this request would result in an additional 130 baccalaureate level nurses and 92 graduate level nurses who would have the potential to become nurse educators.

(4) *Teacher Education [Agency Request -- \$1,757,500 GPR, \$946,400 PR and 28.5 GPR positions]*. This funding would be used to: (a) enhance the cultural and social competencies of education students, especially in the areas of urban and rural education; (b) recruit and retain a diverse student body; and (c) assess and evaluate UW System teacher education programs.

(5) *UW-Colleges and UW-Extension [Agency Request -- \$1,703,100 GPR, \$917,100 PR and 33.6 positions]*. This item would increase the number of baccalaureate degree holders in the state by serving adult students. UW Colleges and UW-Extension would: (a) identify and recruit potential adult learners; (b) expand opportunities for these students by making courses more accessible; (c) make better use of prior learning assessment to enhance degree completion and student success; and (d) provide increased counseling, student services, and advising to improve student retention.

(6) *UW-Oshkosh [Agency Request -- \$1,691,000 GPR, \$910,600 PR and 22.95 GPR positions]*. The funding would be the first part of a three biennia plan with the goal of increasing the number of Wisconsin residents with bachelor's degrees; by the end of the three biennia, UW-Oshkosh plans to increase undergraduate headcount enrollment by 1,440. UW-Oshkosh would accomplish this increase in headcount enrollment by increasing access to programs and

majors and by increasing retention and graduation rates. Under the plan, UW-Oshkosh would expand existing programs, including: (a) biology and microbiology; (b) medical technology; (c) psychology; (d) nursing; (e) criminal justice; and (f) teacher education. In addition, new programs relating to business, applied science, and fire and emergency response management would be offered.

(7) *UW-Green Bay Access Plan [Agency Request -- \$1,140,400 GPR, \$614,000 PR and 24.3 GPR positions]*. Under this provision, UW-Green Bay would increase its headcount enrollment by 70 undergraduate students during the 2007-09 biennium. UW System indicates that this would represent the first stage of a three stage plan to increase the UW-Green Bay student population by 2,100 undergraduate students, to a total of 7,500 undergraduate students, by 2016-17.

(8) *UW-Parkside [Agency Request -- \$817,800 GPR, \$440,300 PR and 14.0 GPR positions]*. This initiative is intended to increase student retention and graduation rates, enhance student performance, and reduce credits to degree. In order to accomplish these goals, UW- Parkside would: (a) improve diagnostic tools for determining students' needs and deficiencies; (b) expand advising; (c) develop learning communities and first year seminars; (d) establish faculty, staff, and peer mentoring programs; (e) improve orientation programs for transfer and transitioning students; and (f) improve campus-wide communication. This program would be targeted to high risk students, which include first generation college students, students of color, students who graduated in the bottom half of their high school class, and adult students.

(9) *UW-Superior [Agency Request -- \$734,900 GPR, \$395,700 PR and 12.5 GPR positions in 2008-09]*. The components of this initiative include: (1) an emphasis on academic service learning; (2) programs aimed at integrating first-year students into the campus community; (3) the enhancement of the existing global studies program, through increasing the number of languages available for study, offering coursework in global economic development, and increasing support for study abroad programs and international students; (4) a new requirement that all students create a significant piece of scholarly or creative work prior to graduation; (5) an expanded writing center; and (6) increased institutional support in the areas of admissions, advising, and institutional research. Under this initiative, UW-Superior would attempt to increase enrollment of new freshman and transfer students from outside of its traditional service area and increase its second year retention rate.

(10) *UW-Platteville/UW Colleges [Agency Request -- \$369,500 GPR, \$199,000 PR and 4.0 GPR positions]*. This item would fund a third phase of a collaboration between UW-Platteville and UW-Fox Valley and UW-Rock County to provide electrical and mechanical engineering programs to non-traditional students throughout the state. This funding would increase access to these programs by providing increased instruction, mobile laboratory facilities, and the ability to transmit programs through the state via distance education formats. This would expand the existing programs at UW-Fox Valley and UW-Rock County by 200 students and add up to 300 students at other UW College campuses.

(11) *Applied Research Grant Program [Agency Request -- \$250,000 GPR]*. This item would

match a private sector grant of \$250,000 per year for four years. The applied research program provides additional grant funding to faculty and academic staff who are conducting research in partnership with the private sector. To be eligible for these funds, this research must be likely to promote economic growth within the state.

(12) *UW-Whitewater [Agency Request -- Request \$248,000 GPR, \$133,500 PR and 5.50 GPR positions]*. This initiative would fund efforts to recruit and increase the retention of multicultural, disadvantaged, and disabled students. This proposal includes six initiatives that would provide for: (a) the recruitment of multicultural, disadvantaged, and disabled students to the campus and to specific programs; (b) transitional support for these students during the summer before, and the course of, their freshman year; (c) a learning community program for these students during the freshman year; (d) smaller class sizes and supplemental instruction in certain courses that are required before entry into specified majors; (e) faculty mentors and resource people in education, business and science; and (f) on-campus employment and opportunities.

(13) *UW-River Falls [Agency Request -- \$211,300 GPR, \$113,700 PR and 3.0 GPR positions]*. This funding would support a transitioning student workshop series, the development and implementation of a first-year curriculum, an emerging leaders program, and a parent communication tools program. These programs would help first year and transitioning students, the majority of whom are low-income or first generation college students, acquire the skills necessary to become successful college students.

(14) *Transfer Information System [Agency Request -- \$173,700 GPR and 1.0 GPR position]*. This funding would implement the fourth phase of the technology information system (TIS). TIS phase four would establish a system to generate unofficial degree audits for UW System and WTCS students considering transfer into or between UW System institutions using a web-based interface.

(15) *UW-Stevens Point [Agency Request -- \$173,400 GPR, \$93,300 PR and 4.0 GPR positions]*. This initiative would fully implement a health science major which is currently being offered on a preliminary, limited basis. One-time funding for the major for 2006-07 has been secured through a campus grant and institutional reallocation. This program would be targeted to students who: (a) wish to pursue a baccalaureate degree in the field of health sciences; (b) are practicing professionals who have only an associate degree or a certificate; (c) are adult students who are seeking to complete a second or interrupted baccalaureate degree; and (d) other students interested in working in health care. If fully implemented, UW-Stevens Point estimates that 50 students per year would graduate from the major.

(16) *Early Math Placement Test [Agency Request -- \$130,000 GPR and 1.5 GPR positions]*. This item would fund an early math placement testing program. The early math placement testing program is designed to measure the math skills of college-bound high school juniors and encourage them to take additional math courses with the goal of reducing the number of incoming UW System students who must take remedial math courses.

Joint Finance: Fund each initiative as a separate budget item, adjusting funding for each proportionately to match the amount of GPR funding provided in SB 40, compared to the larger amount under the agency budget request. The table below shows how GPR funding would be distributed.

<u>Initiative</u>	<u>GPR</u>	<u>PR</u>	<u>Total</u>
Milwaukee	\$8,399,400	\$1,230,100	\$9,629,500
Eau Claire and Stout	2,116,400	852,900	2,969,300
Nursing Education	1,936,300	1,088,600	3,024,900
Teacher Education	1,683,300	946,400	2,629,700
Colleges and Extension	1,631,200	917,100	2,548,300
Oshkosh	1,619,600	910,600	2,530,200
Green Bay	1,092,200	614,000	1,706,200
Parkside	783,200	440,300	1,223,500
Superior	703,800	395,700	1,099,500
Platteville and Colleges	353,900	199,000	552,900
Applied Research	239,400	0	239,400
Whitewater	237,500	133,500	371,000
River Falls	202,400	113,700	316,100
Transfer IS	166,400	0	166,400
Stevens Point	166,100	93,300	259,400
Early Math Placement	<u>124,500</u>	<u>0</u>	<u>124,500</u>
Total	\$21,455,600	\$7,935,200	\$29,390,800

Assembly: Delete \$7,935,200 of tuition revenue funding in 2008-09.

Conference Committee/Legislature: Restore the \$7,935,200 of tuition revenue funding deleted by the Assembly.

4. REQUIRED LAPSE OF FUNDING

GPR-Lapse \$25,000,000

Conference Committee/Legislature: Require the Secretary of Administration to lapse or transfer \$25,000,000 biennially of funding for UW System and campus administration in each of the 2007-09 and 2009-11 biennia to the general fund from UW System appropriations. These moneys will be treated as a reduction to GPR expenditures (GPR-Lapse). [See "Budget Management and Compensation Reserves" for more information on this lapse requirement.]

[Act 20 Section: 9201(1c)]

5. UW-LA CROSSE [LFB Paper 821]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR	\$0	\$664,800	\$664,800
PR	<u>4,363,400</u>	<u>-4,126,800</u>	<u>236,600</u>
Total	\$4,363,400	\$901,400	\$901,400

Governor: Provide \$4,363,400 PR in 2008-09 for UW-La Crosse to support its growth and access initiative. The goals of this initiative are to: (a) increase access, particularly to students from the lower two economic quintiles, by providing tuition-funded financial aid; (b) increase the number of degrees awarded; (c) increase student diversity; (d) increase academic excellence; and (e) maintain or improve retention and graduation rates. The request would be funded by increased tuition revenue resulting from increases in enrollment and tuition. Under this provision, full-time equivalent enrollment would increase by 1,000 to 1,100 over the next six to eight years. UW-La Crosse estimates that 750 of these new students would be Wisconsin residents or Minnesota reciprocity students. In addition, undergraduate resident tuition would increase by \$440 annually in 2008-09, 2009-10, and 2010-11, for a total increase of \$1,320 per academic year. Students enrolled in UW-La Crosse prior to the fall of 2008 would not be subject to these tuition increases. The UW System requested 28.0 PR positions to support this initiative, but no positions are provided in the Governor's recommendation. UW System staff has indicated that the necessary positions will be created using the UW System's PR position creation authority under current law.

Senate: Delete \$4,126,800 PR in 2008-09 and provide \$664,800 GPR in 2008-09 for UW-La Crosse to support its growth and access initiative, which would result in the initiative receiving \$901,400 in 2008-09 (\$664,800 GPR and \$236,600 PR). This funding level is consistent with the UW System's estimate of additional revenues that would be generated by the proposed 2008-09 tuition increase at that campus. Under this modification, the financial aid portion of the initiative (\$225,400) would be 100% GPR funded and the remaining initiative activities would be 65% GPR and 35% PR funded. By providing this GPR funding, the tuition increase at La Crosse would be significantly less than initially proposed.

Assembly: Delete \$236,600 PR from tuition revenue in 2008-09 and provide an additional \$3,698,600 GPR in 2008-09. Specify that this funding may only be used to support faculty and instructional staff positions.

Conference Committee/Legislature: Adopt Senate modification.

6. REESTIMATE DEBT SERVICE [LFB Paper 175]

GPR	\$32,964,900
PR	<u>22,320,200</u>
Total	\$55,285,100

Governor/Legislature: Provide \$14,900,500 GPR and \$7,301,300 PR in 2007-08 and \$18,064,400 GPR and \$15,018,900 PR in 2008-09 to reflect a reestimate of debt service. Annual base level funding for these appropriations is \$119,506,500 GPR and \$63,829,100 PR.

7. FUEL AND UTILITY EXPENSES

GPR	\$23,464,900
PR	<u>12,101,000</u>
Total	\$35,565,900

Governor/Legislature: Provide \$7,768,200 GPR and \$4,058,900 PR in 2007-08 and \$15,696,700 GPR and \$8,042,100 PR in 2008-09 for increases in fuel and utility costs. The funding provided reflects increased fuel and utility costs related to new space; operational costs related to the UW-Madison co-generation electric power and steam and chilled water facility; and expected changes in commodity prices.

8. RESTORE POWER PLANT POSITIONS [LFB Paper 104]

Governor: Restore 146.42 power plant and wastewater treatment facility positions at UW-Eau Claire, UW-Green Bay, UW-La Crosse, UW-Madison, UW-Milwaukee, UW-Oshkosh, UW-Parkside (Kenosha), UW-Platteville, UW-River Falls, UW-Stevens Point, UW-Stout (Menomonie), UW-Superior, and UW-Whitewater. [See "Administration -- General Agency Provisions."]

Joint Finance/Legislature: Delete provision. The power plant positions that were recommended by the Governor were provided under 2007 Wisconsin Act 5. These position counts (146.42 (GPR) positions annually) will be reflected in the adjusted base position counts.

9. RETENTION OF HIGH DEMAND FACULTY [LFB paper 822]

GPR	\$6,922,900
PR	<u>3,077,100</u>
Total	\$10,000,000

Governor: Provide \$2,307,600 GPR and \$1,025,700 PR in 2007-08 and \$4,615,300 GPR and \$2,051,400 PR in 2008-09 to support competitive compensation of faculty in high-demand academic disciplines. In 2005 Act 25, the UW System was provided \$1,667,000 GPR in 2005-06 and \$3,333,000 GPR in 2006-07 for this purpose.

Specify that the Board of Regents could not expend moneys in any fiscal year from the UW System's largest GPR general program operations appropriation or the PR tuition appropriation for certain purposes. This restriction would apply to expenditures to support supplemental salary increases for faculty whose services are in high demand by other higher educational institutions in an amount that exceeds the amount expended for that purpose in the previous fiscal year. This restriction would not apply if the Board of Regents submits a plan for expending that excessive amount to the Secretary of the Department of Administration (DOA) and the Secretary of DOA approves the expenditure of that excessive amount.

Joint Finance: Delete the provision that would require the UW System to submit a plan to the Secretary of DOA and for the Secretary of DOA to approve that plan.

Assembly: Delete \$307,600 GPR and \$1,025,700 PR in 2007-08 and \$615,300 GPR and \$2,051,400 PR in 2008-09 from Joint Finance. This would result in total funding for retention of high demand faculty of \$2,000,000 GPR in 2007-08 and \$4,000,000 GPR in 2008-09. Prohibit the UW System Board of Regents from allocating more than 60% of this funding to the UW-

Madison and UW-Milwaukee, without submitting a plan to the Joint Finance Committee for its approval.

Conference Committee/Legislature: Restore Joint Finance provision.

10. REDUCE GPR FUNDING FOR PUBLIC TELEVISION AND RADIO

Assembly: Reduce GPR funding for public television and radio under the UW-Extension by approximately 50% in 2007-08 and 100% in 2008-09. These reductions would total -\$2,700,000 in 2007-08 and -\$5,400,000 in 2008-09.

Conference Committee/Legislature: Delete provision.

11. UW CANCER CENTER -- LUNG CANCER RESEARCH

GPR	\$2,500,000
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Senate: Provide \$5,000,000 in 2008-09 in one-time funding for the comprehensive cancer center, located in the UW School of Medicine and Public Health, for lung cancer research. Require that the UW School of Medicine and Public Health would have to receive \$5,000,000 in gifts and grants from private sources for lung cancer research in order to expend this funding.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision, but modify to provide \$2,500,000 in 2008-09 and require \$2,500,000 of gifts and grants.

[Act 20 Section: 9152(3t)]

12. BIOMEDICAL TECHNOLOGY ALLIANCE [LFB Paper 823]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	\$2,500,000	-\$2,000,000	-\$500,000	\$0

Governor: Provide \$2,500,000 in 2007-08 in a new, biennial appropriation for a biomedical technology alliance in southeastern Wisconsin. According to DOA staff, the biomedical technology alliance promotes collaborative research involving UW-Milwaukee, UW-Parkside, the Medical College of Wisconsin, Marquette University, and the Milwaukee School of Engineering. The funds provided would be used to leverage additional non-state research grant dollars. Under 2005 Act 25, the biomedical technology alliance was allocated \$500,000 GPR from the Wisconsin Development Fund under the Department of Commerce.

Joint Finance: Delete \$2,000,000 in 2007-08.

Assembly/Legislature: Delete provision.

13. ISLET TRANSPLANTATION PROGRAM [LFB Paper 824]

GPR	\$400,000
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Governor: Provide \$200,000 annually to support research related to islet transplantation at the UW School of Medicine and Public Health. Islet transplantation is an experimental treatment for type 1 (juvenile) diabetes. According to DOA staff, this funding is for rent on additional space (\$150,000) and general operating costs (\$50,000). This funding would complement ongoing federal grant funds.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

14. UW-MILWAUKEE SCHOOL OF PUBLIC HEALTH

Governor: Require the Board of Regents to allocate \$200,000 from its largest GPR appropriation for the establishment of a School of Public Health at the UW-Milwaukee, but only if the Board approves the School.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Section: 9152(1)]

15. LAWTON AND ADVANCED OPPORTUNITY PROGRAMS [LFB Paper 825]

GPR	\$2,091,500
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Governor: Provide \$376,100 in 2007-08 and \$644,400 in 2008-09 to increase funding for the Lawton minority undergraduate need-based grant program. Annual base GPR funding for the Lawton program is \$5,531,400. Funding for Lawton would increase by 6.80% in 2007-08, which is equal to the resident undergraduate tuition increase at four-year campuses in 2006-07, and by an additional 4.54% in 2008-09. Under 2005 Act 25, Lawton funding increases are linked to the average percentage increase in undergraduate tuition at UW System institutions.

Provide \$362,300 in 2007-08 and \$708,700 in 2008-09 to increase funding for the Advanced Opportunity Program (AOP). Annual base GPR funding for AOP is \$7,090,800. Funding for AOP would increase by 5.11% in 2007-08, which is equal to the average graduate student tuition increase in 2006-07, and by an additional 4.65% in 2008-09.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

16. CAP ANNUAL INCREASES IN TUITION AND NONALLOCABLE FEES AT 4% FROM 2007-08 THROUGH 2010-11

Assembly: Prohibit the UW System Board of Regents from increasing resident undergraduate tuition by more than 4% in any one academic year from 2007-08 to 2010-11. In addition, provide that the nonallocable portion of segregated fees charged at any campus may not increase by more than 4% unless the increase is authorized by a student referendum. Under this provision, a student referendum would only be valid if: (a) the ballot question specified the amount by which the proposed increase would exceed the 4% cap, the duration of the proposed increase, and the reason for an increase in excess of the 4% cap; and (b) more than 10% of the total undergraduate student body voted to approve the proposed increase.

Conference Committee/Legislature: Delete provision.

17. APPLICATION FEE INCREASE [LFB Paper 826]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$3,628,200	-\$1,428,200	\$2,200,000

Governor: Increase statutorily set application fees from \$45 to \$60 for graduate, law, professional students and from \$35 to \$50 for new freshman and out-of-system transfers. This increase would first apply to applications received on the effective date of the bill. Provide \$1,814,100 annually to reflect the estimated increase in revenues from this increase in application fees. The additional funding obtained through an application fee increase would be used to defray the costs of application publications; brochures; IT enhancements or updates to electronic applications and other student services sites; reimbursement of campuses for e-commerce costs related to credit card payment processes; to support campus admissions operations related to assessment and evaluation of candidates; and to support institutional activities related to the Wisconsin covenant. [See "Higher Educational Aids Board" for more information about the Wisconsin covenant.]

Joint Finance: Modify provision to increase statutorily set application fees from \$35 to \$44 for new freshmen and out-of-system transfers and from \$45 to \$56 for graduate, law, and professional students. Delete \$714,100 annually to reflect this modification. Require the Board of Regents to ensure that no less than \$9 of the undergraduate application fee and \$11 of the graduate, law, and professional students application fee be used for admission application expenses.

Assembly: Delete provision.

Conference Committee/Legislature: Restore Joint Finance provision.

[Act 20 Sections: 730, 731, and 9352(3)]

18. STUDENT TECHNOLOGY FEE REVENUES

PR \$1,536,100

Governor: Provide \$123,800 in 2007-08 and \$1,412,300 in 2008-09 for instructional technology funds to reflect projected higher fee revenues attributable to general tuition revenue growth, since the fee is set as a percentage (2.5% at Madison, 2.0% at all other campuses) of overall tuition. This would provide expenditure authority for student technology fee revenues from fees established in previous biennia.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

19. UW-MADISON INTERCOLLEGIATE ATHLETICS [LFB Paper 827]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$23,350,400	-\$5,250,000	\$18,100,400

Governor: Provide \$9,873,200 in 2007-08 and \$13,477,200 in 2008-09 for: (a) general program operations (\$5,050,400 in 2007-08 and \$8,544,600 in 2008-09); (b) National Collegiate Athletic Association legislative changes allowing additional home games (\$2,197,800 in 2007-08 and \$2,307,600 in 2008-09); and (c) University Ridge Golf Course (\$2,625,000 annually). This program revenue includes receipts from athletic events, camps, clinics, the University Ridge golf course, and gifts. Annual base level funding is \$63,689,500. In November, 2006, the Joint Finance Committee approved a one-time increase in expenditure authority of \$5,861,900 for UW-Madison intercollegiate athletics in 2006-07. This additional expenditure authority is being used to support the expansion of the University Ridge golf course, additional football and men's basketball home games, increased guarantees paid to visiting teams, and operating expenses associated with Camp Randall stadium and the Porter boathouse above those estimated during the previous budget cycle.

Joint Finance/Legislature: Delete \$2,625,000 annually to reflect a decision by the UW-Madison athletics board to forgo plans to create an academy course at the University Ridge golf course.

20. REESTIMATE AUXILIARY OPERATIONS AND GENERAL OPERATING RECEIPTS

PR \$76,115,700

Governor/Legislature: Provide \$25,021,600 in 2007-08 and \$51,094,100 in 2008-09 to reestimate revenues for auxiliary operations and general operating receipts to reflect projected growth and cost increases. The programs provided by auxiliary enterprises and general operating receipts are self-supporting through the collection of student segregated fees and the sale of goods and services. Auxiliary enterprises include student housing, parking, bookstores, student health services, student unions, intercollegiate athletics, and a variety of other services.

General operating receipt activities include such activities as conferences, camps, workshops, clinics, outreach programs in business, education, and engineering, and sales from products or services resulting from instructional endeavors. Annual base level funding is \$684,124,600.

21. REESTIMATE GIFT FUNDS

PR	\$36,954,000
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Governor/Legislature: Provide \$12,308,700 in 2007-08 and \$24,645,300 in 2008-09 for gifts donated to the University of Wisconsin System. These increases reflect projected growth in private gifts and bequests and corporate donations as well as related expenditures. Annual base level funding is \$451,479,300.

22. REESTIMATE TRUST FUND INCOME

SEG	\$2,648,800
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Governor/Legislature: Provide \$872,500 in 2007-08 and \$1,776,300 in 2008-09 for projected growth in trust fund income. Trust funds are donated by individuals, corporations, and non-profit organizations and can be used for specific purposes or as discretionary funds. Trust fund interest income is used for such items as scholarships, loans, books, and medical equipment. Annual base level funding is \$24,302,400.

23. SLH -- IMPLIED CONSENT DRUG TESTING

	Funding	Positions
PR	\$400,000	2.00

Governor/Legislature: Provide \$200,000 annually and 2.0 senior chemist positions beginning in 2007-08 to fund drug testing under the implied consent laws by the State Lab of Hygiene (SLH). Under those laws, any person who drives or operates a motor vehicle on public highways is deemed to have consented to the testing of his or her breath, urine, or blood for alcohol, controlled substances, and other drugs. Most of this testing is performed by the SLH. Implied consent testing is funded by a driver improvement surcharge that is imposed on all individuals who have been convicted of operating while intoxicated (OWI).

24. VETERINARY DIAGNOSTIC LAB -- AVIAN INFLUENZA TESTING

	Funding	Positions
PR	\$400,000	2.00

Governor/Legislature: Provide \$200,000 annually and 2.0 positions beginning in 2007-08 to participate in the United States Department of Agriculture's avian influenza surveillance program. Program participation would require the Veterinary Diagnostic Lab (VDL) to test samples received from the federal government and other state agencies for the avian flu. The VDL estimates that this program would generate revenues sufficient to cover costs.

25. TUITION AND FEE REMISSIONS FOR THE CHILDREN OF CERTAIN VETERANS

Governor/Legislature: Delete the requirement that the children of certain veterans be enrolled as full-time students to receive tuition and fee remissions. In addition, modify current law such that the children of certain veterans are eligible for tuition remissions provided they are at least 17 years old. These changes would first apply to students enrolled in the 2007-08 academic year. Under current law, UW System institutions and Wisconsin technical colleges must remit 100% of tuition, for up to 128 credits or 8 semesters, whichever is longer, to a student who is the child of any veteran who entered service from Wisconsin and either incurred at least a 30% service-connected disability or, while a resident of this state, died on active duty, died as the result of a service-connected disability, or died in the line of duty, provided that the student is at least 18 years old but not yet 26 years old and enrolled full-time.

[Act 20 Sections: 734 and 9352(1k)]

26. SURVIVING SPOUSES VETERANS TUITION REMISSION

Senate/Legislature: Specify that an unremarried surviving spouse of an eligible veteran who had a child with the veteran could receive an undergraduate tuition remission until ten years after the youngest child that the spouse had with the eligible veteran reaches, or would have reached, 18 years of age, or during the first ten years after the veteran died as under current law, whichever is later.

[Act 20 Sections: 733mr, 733mw, and 9352(1k)]

27. NONRESIDENT TUITION REMISSION FOR CERTAIN UNDOCUMENTED PERSONS [LFB Paper 828]

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) the person 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 one year following the first day of attending a high school in this state; and (c) the person 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.

Assembly/Legislature: Delete provision.

28. COLLECTIVE BARGAINING RIGHTS FOR UW FACULTY AND ACADEMIC STAFF

Governor: Provide collective bargaining rights for University of Wisconsin faculty and academic staff. Create 16 different bargaining units including: 13 units, one for the faculty of each four-year campus; one unit for the faculty of the UW Colleges; one unit for the faculty of UW-Extension; and one unit for all academic staff employed by the UW System. Specify subjects of bargaining and prohibit bargaining on a number of items, including: (1) the mission and goals of the Board of Regents as set forth in the statutes; (2) the diminution of the right of tenure provided to faculty; (3) rights related to governance granted to faculty and academic staff in the statutes; (4) rights of appointment provided to academic staff; and (5) academic freedom. [See "Office of State Employment Relations."]

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

Senate: Restore provision with some modifications. [See "Office of State Employment Relations."]

Assembly/Legislature: Delete provision.

29. PROGRAMS RELATED TO MEDICAL PRACTICE IN UNDERSERVED URBAN AND RURAL AREAS

GPR	\$400,000
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Joint Finance/Legislature: Provide \$400,000 in 2008-09 over base funding of \$8,571,200 for the Department of Family Medicine in the UW School of Medicine and Public Health. Specify that this funding would be used to support the Wisconsin Academy for Rural Medicine, the Academy for Center-city Medical Education, and the Wisconsin Scholars Academy programs. Require that the UW School of Medicine and Public Health would have to receive \$400,000 in gifts and grants from private sources in a fiscal year in order to receive this funding in that fiscal year.

[Act 20 Section: 732t]

30. DISCOVERY FARM FUNDING

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
SEG	\$300,000	\$200,000	\$500,000

Joint Finance: Provide \$150,000 in each year of the 2007-09 biennium from the agricultural chemical cleanup program (ACCP) fund to the UW-Extension to provide grants for research and outreach at the discovery farms. Specify that discovery farm would mean an operating commercial farm that conducts on-farm research under the Wisconsin agricultural stewardship initiative. Repeal this biennial appropriation on June 30, 2009.

Assembly: Modify the provision to provide an additional \$100,000 SEG annually. Specify that all funds should be from the nonpoint account instead of the agricultural chemical cleanup program as under Joint Finance.

Conference Committee/Legislature: Provide \$250,000 in each year of the 2007-09 biennium from the agricultural chemical cleanup fund SEG account instead of from the nonpoint account as under the Assembly.

[Act 20 Sections: 261e and 732x]

31. SHORT COURSE TO INTRODUCE CHINESE STUDENTS TO THE WISCONSIN IDEA

Joint Finance: Require the UW System to allocate \$25,000 from its largest GPR appropriation to develop a five-week course to be offered in the summer of 2008. The course would introduce Chinese political, business, and academic leaders and practitioners to the Wisconsin Idea, especially as it relates to China's environmental issues.

Require that the UW System report to the Legislature on the course no later than May 1, 2009. Require that the report: (a) assess the environmental, economic, and educational impacts of the course on China and the state; (b) recommend whether the course should be continued and, if so, how it could be improved; (c) assess how the Wisconsin Idea may be used to position the state as a preferred trade partner with China and to position the UW System as a preferred venue at which to discuss environmental and natural resources issues related to China.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Section: 9152(2u)]

32. ELIMINATE CERTAIN ADMINISTRATIVE POSITIONS

Assembly: Eliminate 17.0 GPR positions with \$2,310,000 GPR and \$875,000 PR annually for the following positions: the UW System Executive Senior Vice President; one Vice Chancellor at each campus that currently has more than one such position; all GPR-funded special assistants (three) to the UW-Madison Chancellor; and the special assistant to the Chancellor of the UW Colleges and UW-Extension. The Executive Senior Vice President position is funded wholly by GPR; each of the other 16 positions are funded by 70% GPR and 30% fees.

Conference Committee/Legislature: Delete provision.

33. UW LAW SCHOOL

Assembly: Reduce GPR funding for the UW Law School by \$1,000,000 in 2007-08 and by \$3,000,000 in 2008-09. In addition, specify that GPR funding would be reduced by \$5,000,000 as compared to the 2006-07 base in 2009-10 and prohibit the UW System from allocating any GPR funding to the UW Law School beginning in 2010-11. Reduce the UW System GPR general programs operations by \$1,000,000 in 2007-08 and by \$3,000,000 in 2008-09 to reflect these changes.

Conference Committee/Legislature: Delete provision.

34. REDUCE GPR FUNDING FOR UNIVERSITY RELATIONS AND COMMUNICATIONS FUNCTIONS

Assembly: Reduce UW System GPR funding for university relations and communications functions not directly related to the instructional, research, and public service missions of the University by 25% in 2008-09. This reduction would also apply to items within the UW System's budget that are not titled "university relations" or "communications" but perform similar functions, including titles such as news bureau, public relations, and information services. Reduce the UW System's general program operations appropriation by \$1,989,400 in 2008-09 and the general programs operations appropriation for UW System administration by \$53,400 in 2008-09 to reflect this 25% reduction. Systemwide GPR expenditures for communications and university relations functions not directly related to the instructional, research, and public service missions of the University are estimated to be \$8,171,300 in 2006-07.

Conference Committee/Legislature: Delete provision.

35. UW-EXTENSION SCHOOL FOR WORKERS

Assembly: Beginning in 2008-09, prohibit the UW System from using GPR to fund the School for Workers under UW-Extension. Reduce the UW System's GPR general program operations budget by \$932,800 in 2008-09 to reflect this change.

Conference Committee/Legislature: Delete provision.

36. THE HAVENS CENTER

Assembly: Beginning in 2008-09, prohibit the UW System from using GPR to fund the Havens Center, which is located within the Sociology Department of UW-Madison. Reduce the UW System's GPR general program operations budget by \$131,700 in 2008-09 to reflect this change.

Conference Committee/Legislature: Delete provision.

37. WISCONSIN HUMANITIES COUNCIL

Assembly: Delete a separate GPR appropriation with \$72,600 annually for the Wisconsin Humanities Council.

Conference Committee/Legislature: Delete provision.

38. AQUACULTURE DEMONSTRATION FACILITY

Assembly: Delete the appropriation which would provide \$402,100 PR annually for operational costs associated with the aquaculture demonstration facility. The aquaculture demonstration facility is funded by tribal gaming revenues.

Conference Committee/Legislature: Delete provision.

39. USE OF UNIVERSAL SERVICE FUND MONEYS

Senate/Legislature: Authorize the use of moneys from the universal service fund to pay for any telecommunications services across the UW System, rather than only for telecommunications services provided by the Department of Administration to the campuses at River Falls, Stout, Superior, and Whitewater as under current law.

Veto by Governor [A-3]: Restore the requirement that moneys from the universal service fund may only be used to pay for telecommunications services provided by DOA. Current law would still be modified to delete references to the specific campuses at River Falls, Stout, Superior, and Whitewater.

[Act 20 Section: 2929v]

[Act 20 Vetoed Section: 2929v]

40. INFORMATION TECHNOLOGY REPORTING

Joint Finance: Establish the following information technology (IT) reporting requirements:

Strategic Plan. Specify that the Board of Regents must require the UW System and each campus in the UW System to adopt and submit to the Board, no later than March 1 of each year, a strategic plan for the utilization of information technology to carry out the functions of the System or campus in the succeeding fiscal year. Require that as part of each plan, the UW System and each campus address the business needs of the System or campus and identify all proposed information technology development projects that serve those needs as well as the priority, justification, and anticipated benefits of those projects. Specify that each proposed plan identify any changes in the functioning of the UW System or campus that will occur under the

plan. Provide that each proposed strategic plan separately identify self-funded projects and projects for which additional resources would be required.

Specify that after receipt of a proposed strategic plan, the Board of Regents would have to notify the UW System or the campus of any concerns that the Board has regarding the plan and provide its recommendations regarding the plan before June 1. Authorize the Board to submit its concerns and recommendations to the Information Technology Management Board (ITMB) in the Department of Administration for its recommendations. Specify that the UW System or any campus may submit modifications to its proposed plan in response to any recommendations. Require the Board of Regents to consider any recommendations by the ITMB before June 15, and then approve or disapprove each proposed plan in whole or in part. Prohibit the UW System or any campus from implementing an information development project under the strategic plan until approved by the Board of Regents under the Board's procedures. Require the Board of Regents to consult with the Joint Committee on Information Policy and Technology (JCIPT) in providing guidance for planning by the UW System and campuses. Specify that if the JCIPT is not organized, the Joint Legislative Audit Committee would assume the responsibilities assigned to the JCIPT throughout these provisions.

Written Policies for IT Projects. Require the UW System to adopt written policies for information technology projects included in the strategic plan that are in excess of \$1 million or are otherwise vital to the functions of the UW System. Specify that the policies must: (a) prescribe a standardized format; and (b) require both ongoing and planned information technology projects be included. Specify that a preliminary draft of these adopted policies must be provided to the Joint Legislative Audit Committee and JCIPT, if it is organized, by January 1, 2008, and specify that subsequent revisions to these policies must be provided to these Committees. Specify that the Joint Committee on Information Policy and Technology must approve the written information technology policies established by the UW System.

Administrative Rules for Information Technology Projects. Require the UW System to establish administrative rules by June 30, 2008, that would include the following: (a) a definition of and methodology for identifying large, high-risk information technology projects; (b) standardized, quantifiable project performance measures for evaluating large, high-risk projects; (c) policies and procedures for routine monitoring of these projects; (d) a formal process for modifying project specifications when necessary because of changes in program requirements; (e) requirements for reporting cost or time-line changes to these projects to the Board of Regents and to the JCIPT; (f) methods for discontinuing projects or modifying projects in such a way to correct the performance problems of failing projects; (g) policies and procedures for the use of master leases to finance new large, high-risk system costs and to maintain current systems; and (h) establishment of a standardized progress point in the execution of these projects at which time an estimate of the costs and timeline can be presented to the Board of Regents and the JCIPT. Require the UW System to consult with the Joint Legislative Audit Committee and the Legislative Audit Bureau in creating these rules.

Rules Governing Commercially Available Products. Require the UW System to promulgate administrative rules that do the following: (a) require the UW System and campuses to review

commercially available information technology products to determine whether such a system would meet information technology needs; (b) establish procedures and criteria to determine when a commercially available product must be used; and (c) require that before a system is modified or created as a customized system, the UW System or campus must provide information demonstrating that an off-the-shelf system would not meet its needs.

Master Lease Financing. By October 1, of each year, require the UW System to provide to the Governor and the members of JCIPT a report on the previous fiscal year's information technology projects funded through master leases. Specify that the report must include: (a) the amounts financed in the previous year; (b) the specific financing amounts that have been approved for future years; (c) the principal and interest paid on projects funded from master leases compared to total financing originally approved; and (d) a summary of the repayments completed in the previous fiscal year.

High Cost IT Contracts. Require the UW System to ensure that all IT vendor contracts that have potential costs of greater than \$1 million, or are otherwise determined to be high-risk, include clauses that require vendors to submit to the Board for approval any change order that would affect the scope of the project and have the effect of increasing the price. Authorize the Board to review the original contract and negotiate an adjustment if it is within the original scope and is necessary, and authorize the Board to negotiate, if necessary, with the vendor about any price change. Allow the UW System to exclude these clauses if such a stipulation would negatively impact the contract negotiations or limit the number of bidders on a contract. Specify that if such a clause is excluded, the UW System or campus must submit a plain language explanation to the Board of Regents that states the reason why such a clause was not included and what other safeguards would be included under the contract to ensure that the information technology project would be completed on time and within budget. Require the Board of Regents to submit any explanation and alternative contract provisions to the JCIPT for approval of the modified contract elements under a 14-day passive review. Specify that if within 14 working days, JCIPT does not contact the Board, the explanation and alternative contract provisions are deemed approved.

Open-Ended IT Contracts. Require the UW System and each campus, if it has an open-ended information technology contract, to make quarterly reports to the Board of Regents stating the amounts expended on the IT project. Define "open-ended contracts" as stipulations in which a maximum payment is not specified or a stipulation that pays an hourly wage to a vendor without specifying the number of hours required for completing the project. Require the Board of Regents to annually compile this information for submission to the JCIPT.

Assembly/Legislature: In addition to the provisions approved by Joint Finance, the JCIPT, if it is organized, or the Joint Legislative Audit Committee, if JCIPT is not organized, to review all UW System information technology projects with an actual or projected cost of at least \$1 million or projects that are considered high-risk. Require semiannual reports from the UW System to JCIPT or the Joint Legislative Audit Committee that document the following for each project: (a) original and updated projections for project costs; (b) original and updated projections for the date of completion for the project or any stage of the project; (c) the reason

for cost or timeline changes under points (a) and (b); (d) a copy of any contract related to an information technology project; (e) all funding sources for the project; (f) the amount of funding provided under a master lease; (g) information on the status of the project, including any portion of a project that has been completed; and (h) any additional information requested by the Committee related to information technology projects. Allow JCIPT or the Joint Legislative Audit Committee to make recommendations to the Legislature and the Governor related to whether an information technology project should be implemented or continued.

Veto by Governor [C-1]: Delete the requirement that the Board promulgate administrative rules related to large, high-risk information technology projects and the related date of June 30, 2008. The Board is still required to promulgate the same list of factors, but not as administrative rules. Delete the requirement that the Board consult with the Joint Legislative Audit Committee (JLAC) and the Legislative Audit Bureau in promulgating these rules. In addition, delete the specification that these rules would have been applicable to the system and each institutions and college campus within the UW System.

Delete the requirement that a preliminary draft and any subsequent revisions of policy related to information technology projects that exceed \$1,000,000 or that are vital to the functions of the system, institution, or college be provided for review by JLAC. Approval by the JCIPT of such policy is still required. Delete the specific date of January 1, 2008, for the submission of the preliminary draft of these policies to JCIPT.

Delete the requirement that the Board promulgate administrative rules related to commercially available information technology products. The Board is still required to promulgate the same list of factors, but not as administrative rules. In addition, delete the specification that these rules would have been applicable to the system and each institutions and college campus within the UW System.

Delete the provision that would have specified that if the JCIPT is not organized, JLAC would assume the responsibilities assigned to the JCIPT throughout these provisions.

[Act 20 Sections: 9rk, 731m, 731p, 736x, 2994g, and 9152(2v)]

[Act 20 Vetoed Sections: 9p, 736x, 9152(2v), and 9152(2w)]

41. PROVIDE INFORMATION RELATED TO SEGREGATED FEES ON TUITION BILLS

Joint Finance/Legislature: Require each UW System campus to provide information on segregated fees on the internet website of the institution. Specify that this information would include: (a) the amount of allocable and non-allocable fees; and (b) information related to the organizations and activities that receive funds generated by the allocable portion of fees. Require that each student's tuition bill: (a) itemize the amount of tuition and the amount of segregated fees; and (b) show the internet web address where information related to segregated fees is provided.

[Act 20 Sections: 736e, 736m, and 736s]

42. LIMITED APPOINTMENTS AND CONCURRENT AND BACK-UP POSITIONS

Joint Finance/Legislature: Require an annual report from the UW System to the Governor and the Legislature relating to the number of employees with limited appointments, back-up positions, and concurrent appointments. Specify that a backup position means a position that the Board of Regents is contractually required to provide for an employee who resigns or is terminated from his or her current position.

[Act 20 Section: 732m]

43. INFORMATION ON INSTRUCTOR

Joint Finance/Legislature: Require each UW System institution to provide certain information to students at the time of registration. This information would include who would be teaching the course on a daily basis and whether that individual is a tenured or probationary faculty member, an academic staff person, or a teaching assistant.

Veto by Governor [A-4]: Delete provision.

[Act 20 Vetoed Section: 732p]

44. TRANSFER REQUIREMENT

Joint Finance/Legislature: Require the UW System to transfer \$15,000,000 annually in fiscal years 2007-08 through 2010-11 to the medical assistance trust fund from its PR appropriation for general operations receipts. [See "Health and Family Services -- Medical Assistance -- General" for more information on this item.]

[Act 20 Section: 254]

VETERANS AFFAIRS

Budget Summary							
Fund	2006-07 Base Year Doubled	2007-09 Governor	2007-09 Jt. Finance	2007-09 Legislature	2007-09 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$4,214,400	\$5,394,900	\$4,906,700	\$5,071,700	\$5,071,700	\$857,300	20.3%
FED	3,487,200	3,867,800	3,867,800	3,867,800	3,867,800	380,600	10.9
PR	135,333,200	162,831,400	159,843,900	159,843,900	159,843,900	24,510,700	18.1
SEG	<u>120,475,800</u>	<u>123,379,800</u>	<u>120,391,600</u>	<u>120,426,600</u>	<u>120,426,600</u>	<u>- 49,200</u>	< - 0.1
TOTAL	\$263,510,600	\$295,473,900	\$289,010,000	\$289,210,000	\$289,210,000	\$25,699,400	9.8%
BR		\$50,000,000	\$85,000,000	\$85,000,000	\$85,000,000		

FTE Position Summary						
Fund	2006-07 Base	2008-09 Governor	2008-09 Jt. Finance	2008-09 Legislature	2008-09 Act 20	Act 20 Change Over 2006-07 Base
GPR	0.00	2.20	0.00	0.00	0.00	0.00
FED	12.50	12.50	12.50	12.50	12.50	0.00
PR	952.49	991.57	974.85	974.85	974.85	22.36
SEG	<u>134.41</u>	<u>123.33</u>	<u>119.55</u>	<u>119.55</u>	<u>119.55</u>	<u>- 14.86</u>
TOTAL	1,099.40	1,129.60	1,106.90	1,106.90	1,106.90	7.50

Budget Change Items

General Agency Provisions

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide standard budget adjustments totaling -\$142,300 GPR, \$32,100 FED, \$5,119,400 PR, and \$63,500 SEG annually. Adjustments are for: (a) turnover reduction (-\$335,300 PR and -\$160,600 SEG annually); (b) removal of noncontinuing elements from the base (-\$142,300 GPR, -\$393,500 PR, and -\$11,900 SEG annually); (c) full funding of continuing salaries and fringe

GPR	- \$284,600
FED	64,200
PR	10,238,800
SEG	<u>127,000</u>
Total	\$10,145,400

benefits (\$32,100 FED, \$3,837,800 PR, and \$236,000 SEG annually); (d) overtime (\$956,600 PR annually); (e) night and weekend differential (\$1,053,800 PR annually); and (f) minor offsetting transfers within the same appropriation.

2. DEBT SERVICE REESTIMATES

GPR	\$154,900
PR	1,093,400
SEG	<u>5,249,000</u>
Total	\$6,497,300

Governor/Legislature: Reestimate the agency's debt services requirements by \$83,000 GPR, \$74,800 PR, and \$3,284,600 SEG in 2007-08 and \$71,900 GPR, \$1,018,600 PR, and \$1,964,400 SEG in 2008-09 for the following programs: (a) facilities at the Veterans Home at King and the Southern Wisconsin Veterans Retirement Center (\$83,000 GPR and \$74,800 PR in 2007-08 and \$71,900 GPR and \$1,018,600 PR in 2008-09); (b) borrowing for the veteran mortgage loan program (\$3,284,300 SEG in 2007-08 and \$1,964,600 SEG in 2008-08); and (c) capital construction at the Southern Wisconsin Memorial Cemetery (\$300 SEG in 2007-08 and -\$200 SEG in 2008-09).

3. BONDING AUTHORITY INCREASE FOR THE PRIMARY MORTGAGE LOAN PROGRAM

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
BR	\$50,000,000	\$35,000,000	\$85,000,000

Governor: Provide an increase in bonding authority for the primary mortgage loan program of \$50,000,000. The total bonding authority for the program would increase from \$2,120,840,000 to \$2,170,840,000 under this request. Bond proceeds are used to issue primary mortgage loans to Wisconsin veterans.

Joint Finance/Legislature: Provide an additional \$35,000,000 of bonding authority for the primary mortgage loan program. The total bonding authority would increase from \$2,120,840,000 to \$2,205,840,000.

[Act 20 Section: 597]

4. REALLOCATION OF POSITIONS

	Funding	Positions
PR	\$1,785,400	9.18
SEG	<u>-1,785,200</u>	<u>-9.18</u>
Total	\$200	0.00

Governor/Legislature: Provide \$892,700 PR and 9.18 PR positions and -\$892,600 SEG and -9.18 SEG positions annually for the reallocation of positions at the Wisconsin Veterans Homes at King and Union Grove, administration of loans and aids to veterans, and general program operations of the primary mortgage loan repayment fund as shown in the table below:

Annual Transfer of Positions and Funding Authority

Positions

	<u>Source</u>	<u>Classified Positions</u>	<u>Unclassified Positions</u>	<u>Total Positions</u>
Wisconsin Veterans Home at Union Grove	PR	7.35	0.45	7.80
Wisconsin Veterans Home at King	PR	1.32	0.06	1.38
Primary Mortgage Loan Operations	SEG	-16.40	-1.20	-17.60
Administration of Loans and Aids	SEG	<u>7.73</u>	<u>0.69</u>	<u>8.42</u>
Total		0.00	0.00	0.00

Funding

	<u>Source</u>	<u>Salary and Fringe Benefits</u>	<u>LTE</u>	<u>Supplies and Services</u>	<u>Permanent Property</u>	<u>Unallotted Reserves</u>	<u>Total</u>
Wisconsin Veterans Home at Union Grove	PR	\$694,000	\$0	\$39,300	\$0	\$0	\$733,300
Wisconsin Veterans Home at King	PR	112,900	0	46,500	0	0	159,400
Primary Mortgage Loan Operations	SEG	-1,650,400	-18,600	-486,400	-20,400	-72,600	-2,248,400
Administration of Loans and Aids	SEG	<u>843,500</u>	<u>18,600</u>	<u>400,700</u>	<u>20,400</u>	<u>72,600</u>	<u>1,355,800</u>
Total		\$0	\$0	\$100	\$0	\$0	\$100

The modifications are for the following reasons: (a) increased workload related to the start-up and expansion of the Wisconsin Veterans Home at Union Grove, including an 120-bed skilled nursing facility; (b) shifts in workload related to the expansion of programs funded by the veterans trust fund; and (c) reduced activity of the mortgage loan repayment fund.

5. DOCUMENT IMAGING OF VETERANS' BASEFILES

SEG	\$690,000
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Governor/Legislature: Provide one-time funding of \$390,000 in 2007-08 and \$300,000 in 2008-09 for electronic document images of veteran basefiles. Under the bill, funding would be provided by the veterans trust fund (\$156,000 in 2007-08 and \$120,000 in 2008-09) and from the mortgage loan repayment fund (\$234,000 in 2007-08 and \$180,000 in 2008-09). It is estimated that there are approximately 288,000 basefiles that hold approximately 5.8 million paper documents. Funding would support the purchase of hardware and software, and the hiring of staff to do the document imaging. Basefiles may include reports of separation from the military, residency affidavits, grant applications (including any supporting documents required), proof of mortgage loan eligibility, denial letters, appeal letters, and marriage and death certificates.

6. FEASIBILITY STUDIES FOR VETERANS HOME AND CEMETERY [LFB Paper 836]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
SEG	\$375,000	-\$110,000	\$35,000	\$300,000

Governor: Provide \$375,000 of one-time funding in 2007-08 for the following capital planning and feasibility studies: (a) \$35,000 for a study of a new state veterans cemetery in the Fox Valley region; (b) \$65,000 for a study of a veterans home in Superior; (c) \$75,000 for development of a master plan for future DVA capital construction projects; and (d) \$200,000 to initiate design planning of a veterans home in Chippewa Falls.

Joint Finance: Delete \$110,000 in 2007-08 for the following: (a) \$35,000 in 2007-08 for a study of a new veterans cemetery in the Fox Valley region; and (b) \$75,000 in 2007-08 for development of a master plan for future DVA capital construction projects.

Delete \$65,000 in 2007-08 to fund a study of a veterans home in Superior. Instead, provide \$65,000 SEG in 2007-08 for a study of the long-term health care needs of the veterans population in Douglas County, including the demand for, and feasibility of, establishing a rehabilitative care center, in addition to an evaluation of the anticipated need for a nursing home and/or assisted living facility in that area. Require DVA to use the funding to contract for the study, and specify that the scope and methodology of the study be determined by the Legislative Audit Bureau, with the cooperation of DVA.

Assembly/Legislature: Modify Joint Finance provision to provide \$35,000 in 2007-08 for a study of a new state veterans cemetery in Outagamie County.

[Act 20 Sections: 9153(2c) and 9153(3g)]

7. 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	-0.10	0.10	0.00
SEG	<u>-1.90</u>	<u>1.90</u>	<u>0.00</u>
Total	-2.00	2.00	0.00

Governor: Delete 0.1 PR and 1.9 SEG positions in 2008-09 to reflect the consolidation of the agency's attorneys and legal staff under DOA, effective July 1, 2008. Reallocate \$21,900 PR and \$171,100 SEG in 2008-09 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 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 July 1, 2008. [See "Administration -- Transfers to the Department."]

Joint Finance: Delete provision.

Senate: Restore provision with the following modifications: (a) specify that the lead attorneys would be under classified service; and (b) exempt the Board on Aging and Long-Term Care, the Department of Military Affairs, and the Department of Public Instruction from the consolidation.

Assembly/Legislature: Delete provision.

8. INTERAGENCY LIAISON [LFB Paper 837]

	<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	\$180,600	1.00	-\$180,600	-1.00	\$0	0.00

Governor: Create a GPR appropriation for the administration of loans and aids to veterans. Provide \$80,100 in 2007-08 and \$100,500 in 2008-09 and 1.0 classified position annually under this appropriation for an interagency liaison to coordinate the activities of all state agencies providing veterans services.

Joint Finance/Legislature: Delete provision.

9. EXHIBIT FUNDING FOR VETERANS MUSEUM [LFB Paper 838]

GPR	\$150,000
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Governor/Legislature: Provide one-time funds of \$150,000 in 2008-09 for the development of an exhibit on the Iraq War at the Wisconsin Veterans Museum in Madison. Funds would be provided for structural alterations, custom casework, graphic design, photographic reproduction, lighting, and carpentry services for a three-dimensional exhibit at the museum.

10. VETERANS MUSEUM AUDIO AND LIGHTING UPGRADES [LFB Paper 838]

GPR	\$143,000
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Governor/Legislature: Provide one-time funding of \$143,000 in 2007-08 for the following:
 (a) \$101,500 for audio-visual system that would include digital recordings, sound effects management, audio-visual zoning (information provided based on your proximity to displays),

and wireless microphones; (b) \$29,500 for the replacement of seven 4' x 12' banners, used to advertise the museum; and (c) \$12,000 for six water leak detection devices, two security cameras, and four access card readers for the museum.

11. VETERANS MUSEUM CURATOR [LFB Paper 838]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$120,900	1.00	-\$120,900	-1.00	\$0	0.00

Governor: Provide \$55,700 in 2007-08 and \$65,200 in 2008-09 and 1.0 classified position annually for a curator at the Wisconsin Veterans Museum in Madison. Currently, the museum has 3.0 curator positions funded from the segregated veterans trust fund.

Joint Finance/Legislature: Delete provision, but allow the Department to convert 1.0 FTE existing marketing specialist position within the museum operations appropriation into a curator position.

12. NATIONAL GUARD MUSEUM STAFFING [LFB Paper 838]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$45,700	0.20	-\$45,700	-0.20	\$0	0.00

Governor: Provide \$25,100 in 2007-08 and \$20,600 in 2008-09 and 0.2 classified position annually for the following at the Wisconsin National Guard Museum at Volk Field: (a) \$9,400 and 0.2 position annually for salary and fringe benefits for converting the curator position from 80% to a full-time position; (b) \$11,200 annually for a 0.5 limited-term employee to work at the museum; and (c) one-time funding of \$4,500 in 2007-08 for a computer and workstation for the limited-term employee. The 0.8 FTE curator position is currently funded from the segregated veterans trust fund.

Joint Finance/Legislature: Delete provision.

13. OPERATING COSTS AT THE VETERANS CEMETERY AT KING

FED	\$25,000
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Governor/Legislature: Provide \$12,500 annually for equipment and operating costs at the veteran's cemetery at King. Base level funding for the federal continuing appropriation is \$12,500.

14. FEE REVENUE FOR BURIAL OF VETERANS' SPOUSES AND DEPENDANTS

PR	\$14,000
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Governor/Legislature: Provide \$7,000 annually associated with increased revenues from fees assessed to unremarried spouses and dependants of veterans that are interred at veterans cemeteries. Under current Department rules, the Department may not charge a fee for the interment of a veteran, but may charge fees for the interment of spouses, unremarried spouses and dependants of veterans. Currently, the Department assesses \$450 for such burials or cremations. Base level funding for this appropriation is \$5,000 annually.

15. ADMINISTRATIVE POSITIONS [LFB Paper 835]

	Funding	Positions
PR	-\$212,200	- 1.82
SEG	- 701,600	- 5.68
Total	-\$913,800	- 7.50

Joint Finance/Legislature: Delete \$106,100 PR and 1.82 PR positions, and \$350,800 SEG and 5.68 SEG positions annually as follows: (a) -\$238,300 SEG for salaries and fringe benefits and -\$4,800 SEG for supplies and services annually for 4.01 SEG positions annually under the administration of loans and aids to veterans appropriation; (b) -\$103,900 PR for salaries and fringe benefits and -\$2,200 PR for supplies and services annually for -1.82 PR position annually under the veterans homes institutional operations appropriation; and (c) -\$105,700 SEG for salaries and fringe benefits and -\$2,000 SEG for supplies and services annually for -1.67 SEG positions annually under the administration of the mortgage loan repayment fund appropriation.

16. COUNCIL ON VETERANS PROGRAM MEMBERSHIP

Assembly: Include the provisions of 2007 Assembly Bill 270 which would modify the membership of the Council on Veterans Programs to include the following: (a) a representative from the Wisconsin Council of the Military Officers Association of America; and (b) a representative of the Retired Enlisted Association. Specify that these members would replace the following: (a) a representative of the Veterans of World War I of the U.S.A., Incorporated; and (b) the Federation of Minority Veterans.

Conference Committee/Legislature: Delete provision.

Aids to Veterans and Veterans Organizations

1. VETERAN EDUCATION GRANTS [LFB Paper 835]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	-\$1,815,600	-\$1,939,100	-\$3,824,700

Governor: Provide -\$669,200 in 2007-08 and -\$1,216,400 in 2008-09 to reflect fewer reimbursement requests for veteran education grants. Base funding for the program is \$3,832,200. Total funding would be \$3,163,000 in 2007-08 and \$2,615,800 in 2008-09.

Under current law, the UW System Board of Regents and each technical college district board must remit 50% of tuition and fees, minus any federal tuition reimbursement, for up to 128 credits or eight semesters, whichever is longer, for a student who meets the following qualifications: (a) is a qualified veteran as defined in Chapter 36 of the statutes; (b) is a resident of this state as defined in Chapter 45 of the statutes; and (c) has entered or reentered service from Wisconsin. Beginning in academic year 2007-08 the amounts remitted increase to 100%.

The Department of Veterans Affairs must reimburse veteran students for tuitions and fees not remitted at any eligible institution (eligible institutions include any UW System institution or center, Wisconsin Technical College System (WTCS) institution, private school approved by the Educational Approval Board, private or public high school or similar institution with a tuition reciprocity agreement with Wisconsin). If the veteran student is also eligible for DVA's veterans education grant program, the student could be reimbursed for the amounts not remitted by the UWS or WTCS institution, up to 100% of the cost of undergraduate tuition and fees, minus any other grants or scholarships received by the veteran, with a maximum reimbursement based on the costs of a UW-Madison resident undergraduate. If a veteran is eligible for the veterans education grant program, attends an institution outside of the UW-System or WTCS, or qualifies for the Department's education grant program but not remittance from the UW-System or WTCS, then DVA must pay all tuition and fees up to 100% of the UW-Madison's rate for resident undergraduate students.

Joint Finance/Legislature: Reduce the amounts provided for the Department's tuition reimbursement appropriation by an additional \$1,364,900 in 2007-08 and \$574,200 in 2008-09 to reflect estimates of anticipated need.

2. RETRAINING GRANTS

SEG	\$36,000
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Governor/Legislature: Provide \$18,000 annually for veteran's retraining grant program. The 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 \$192,000 annually.

3. ASSISTANCE TO VETERANS AND THEIR DEPENDANTS

Governor/Legislature: Modify the Department's federal continuing appropriation that currently provides education assistance to veterans and war orphans, so that the appropriation would instead support assistance to veterans and their dependants or the operation of DVA facilities for any purpose authorized by law.

[Act 20 Section: 514]

4. FEDERAL PER DIEM GRANTS FOR HOMELESS VETERANS

FED	\$291,400
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Governor/Legislature: Provide \$145,700 annually for homeless per diem grants provided by the federal government to the Northern Wisconsin Center at Chippewa Falls. The Department is requesting federal authority to operate 30 beds at the Northern Wisconsin Center at a rate of \$29.31 per day. If approved by the federal government and if all beds were filled during each day of the fiscal year then federal per diem payments would total \$320,900 annually. The Legislature approved expenditure authority of \$167,700 in 2005-06 and \$175,200 in 2006-07 under 2005 Wisconsin Act 25 to relocate beds from the Fort McCoy to the Northern Wisconsin Center and increase the number of beds from 14 to 30. This funding was placed in unallotted reserve pending federal approval of the expansion and \$175,200 annually remains in the agency's base budget.

5. VETERANS ASSISTANCE PROGRAM [LFB Papers 844 and 845]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$200,000	-\$75,000	\$125,000

Governor: Create a GPR veterans assistance appropriation and provide \$100,000 annually. The veterans assistance program, which 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. The Executive Budget Book indicates that the GPR funding would support assistance to veterans with post traumatic stress disorder. It should be noted that provisions of the bill do not specify that this money would be

directed for that specific purpose.

Under current law, the veterans assistance program is supported from the veterans trust fund, which is appropriated at \$723,900 SEG annually (including standard budget adjustments). Under the bill, total assistance for the veterans assistance program would be \$823,900 (all funds) annually.

Joint Finance/Legislature: Delete \$25,000 in 2007-08 and \$50,000 in 2008-09 and specify that funding would be provided on a one-time basis. Sunset the appropriation on June 30, 2009. Require the Department to provide information on the number of veterans that were referred to Veterans Administration hospitals, veterans centers or any other health care facility as a result of telemedicine facilities to the Governor and the chair of the standing committee formed in each house for oversight of veteran's issues. Require \$15,000 annually of the amounts be provided to the Center for Veterans Issues (Milwaukee) for providing outreach services to homeless veterans with post-traumatic stress disorder.

Require the Department to provide post-traumatic stress disorder services, including: (a) outreach services to service members and veterans who may be experiencing post-traumatic stress disorder; and/or (b) information on the availability of post-traumatic stress disorder medical services and referrals to those services.

[Act 20 Sections: 512, 782m, 783m, 786g, and 786m]

6. VETERANS ASSISTANCE PROGRAM OPERATIONAL COSTS

SEG	- \$450,000
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[LFB Paper 835]

Joint Finance/Legislature: Delete \$450,000 in 2008-09 from the veterans assistance program appropriation, relating to contracting with the Center for Veterans Issues for the operation of the veterans assistance facilities at King and Union Grove.

7. MILITARY FUNERAL HONORS

GPR	\$57,000
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Governor/Legislature: Provide \$28,500 annually for an increased number of \$50 reimbursement payments to veterans organizations that provide honor guard details at military honors funerals. Base funding for the program is \$175,500 annually.

8. OUTREACH SERVICES AT THE CENTER FOR VETERANS ISSUES [LFB Papers 844 and 845]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$50,000	-\$50,000	\$0

Governor: Provide \$25,000 annually for payments to the Center for Veterans Issues (Milwaukee) for providing outreach services to homeless veterans. Create an annual GPR appropriation in DVA for providing these grants. Specify that no funding could be expended from this appropriation after June 30, 2009.

The Center for Veterans Issues is a non-profit organization that provides transitional housing, training and employment services, drug and alcohol counseling, community outreach and financial services to veterans in the Milwaukee metropolitan area.

Joint Finance/Legislature: Delete provision, but specify that \$15,000 GPR annually of the amounts provided for post-traumatic stress disorder under the veterans assistance program must be provided to the Center for Veterans Issues in Milwaukee.

9. "MISSION WELCOME HOME" OUTREACH SERVICES [LFB Paper 846]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$50,000	-\$16,000	\$34,000

Governor: 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.

Under current law, DVA is required to provide materials to these volunteers, veterans, their spouses and dependents, which contain information about state and federal benefits for veterans and their families. Base funding for the program is \$25,000 annually. However, current law specifies that the program will sunset after June 30, 2007, including the appropriation that supports the program. Base funding is removed as a standard budget adjustment. Under the bill's provisions, the sunset dates are not removed.

Joint Finance/Legislature: Delete \$8,000 annually and specify that funding could not be expended from the appropriation after June 30, 2009.

[Act 20 Section: 513m]

10. AMERICAN INDIAN VETERANS SERVICES

PR	\$44,000
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Governor/Legislature: Provide \$22,000 annually from tribal gaming revenues for outreach assistance grants the American Indian veterans services. Base level funding for this program is \$34,000 annually. Currently, four Native American tribes apply for the maximum grant of \$8,000 per tribe. The Department anticipates three additional tribes applying for these grants, bringing total funding to \$56,000 annually.

11. COUNTY VETERANS SERVICE OFFICER GRANTS [LFB Paper 847]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$34,900	\$20,500	\$55,400

Governor: Provide \$26,400 in 2007-08 and \$8,500 in 2008-09 for increased grants to counties for their county veterans service officers (CVSO). The provision would provide \$4,000 annually for increased grants due to projected population increases in Jackson, Taylor, Calumet and Polk counties; \$4,500 in 2008-09 for increased grants due to projected population increases in Dunn, Monroe, and Sheboygan counties; and \$22,400 in 2007-08 for shortfalls in previous funding.

Under current law, DVA awards grants to counties that maintain and operate a county veterans service office consistent with standards developed by the Department. Each county must have a CVSO and must provide the CVSO with office space and clerical assistance. The primary duties of a CVSO are: (a) to advise veterans of any benefits to which they may be entitled and to provide assistance regarding any complaint or problem arising from such services; (b) make reports to their county board; (c) cooperate with federal and state officials that provide aids or benefits to veterans; and (d) furnish information about burial benefits within the county. These duties are required to be performed separately and distinctly from any other county department. A county's grant to support these activities is based on whether the CVSO is full-time or part-time and the county's population. Reimbursement for full-time CVSO's are: (a) \$8,500 per year for counties with a population under 20,000; (b) \$10,000 per year for counties with a population from 20,000 to 45,499; (c) \$11,500 per year for counties with a population between 45,500 and 74,999; and (d) \$13,000 per year for counties with more than 75,000 people. Counties with part-time CVSO's are eligible for a \$500 reimbursement.

Joint Finance/Legislature: Provide an additional \$17,000 SEG in 2007-08 and \$3,500 in 2008-09 for county veterans service office reimbursements, including the following: (a) \$10,200 SEG in 2007-08 and \$2,100 SEG in 2008-09 from the mortgage loan repayment fund; and (b) \$6,800 SEG in 2007-08 and \$1,400 SEG in 2008-09 from the veterans trust fund.

12. ELIGIBILITY FOR BURIAL IN VETERANS CEMETERIES

Governor/Legislature: Specify that a person would be eligible for burial at a state veterans cemetery if the person died while on active duty or was discharged or released from active duty in the U.S. armed forces under any *conditions other than dishonorable*. Under current law, a person must have been released under *honorable conditions* in order to be eligible for burial in a Wisconsin veterans cemetery. As under current law, eligibility is limited to resident veterans, their surviving spouses and their dependant children.

[Act 20 Sections: 791 and 792]

13. ASSISTANCE TO NEEDY VETERANS

SEG	\$192,000
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Joint Finance/Legislature: Provide \$96,000 annually to the assistance to needy veterans appropriation related to the following: (a) increase the maximum amount that may be provided to an eligible veteran for subsistence aid grants from \$2,000 to \$3,000 within any 12-month period; (b) increase the lifetime maximum for assistance to needy veterans from \$5,000 to \$7,500; and (c) delete current statutory maximums for vision, dental and hearing care for health care aid grants.

The assistance to needy veterans program provides two distinct types of service: (a) assistance for health care costs; and (b) subsistence aid. The 2005-07 biennial budget established a \$5,000 lifetime maximum for these grants. Under current DVA rules, an applicant must earn less than 130% of the federal poverty level to be eligible for these grants. An unremarried spouse or dependant of a veteran that died while on active duty (including training) are also eligible to receive either of these grants

The health care component provides emergency assistance to financially needy veterans to help pay for medical treatment and hospitalization. This program covers costs related to dental care, hearing aids and eyeglass costs. Currently, over any 12-month period, grants for a veteran may not exceed \$500 for vision care, \$1,500 per ear for hearing care, and \$2,500 for dental care.

The subsistence aid portion of the program provides temporary emergency aid to veterans in the event of an illness, injury or natural disaster that causes a loss of income. Subsistence aid is limited to the difference between the amount of income earned before the loss of income and the amount of income earned after the loss of income. The subsistence aids are provided on a month-to-month basis or for a three-month period. Currently, payments cannot exceed \$2,000 over any consecutive 12-month period.

[Act 20 Sections: 785d thru 785m]

14. KOREAN WAR MEMORIAL REFURBISHMENT

GPR	\$165,000
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Senate: Provide \$165,000 in 2007-08 for a matching grant for the refurbishment of the Korean War Memorial in Plover. Create an annual GPR appropriation for the program and sunset the appropriation on June 30, 2008. Require veterans groups to demonstrate that they have raised at least \$165,000 for the refurbishment before funding is released by the Department of Veterans Affairs.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Sections: 513g and 9153(3i)]

15. BURIAL OF NON-RESIDENT SERVICE MEMBERS

Assembly/Legislature: Specify that non-resident service members that are killed in action may be buried in a state veteran's cemetery. Specify that interment costs not covered by the federal government must be provided by the estate of the decedent. If the decedent's estate is insufficient, then the family member requesting the burial must pay all remaining costs.

[Act 20 Sections: 791m, 792c, and 792e]

16. GOLD STAR LICENSE PLATE ELIGIBILITY

Assembly: Include the provisions of 2007 Assembly Bill 80 which would expand the group of individuals eligible for the "gold star" license plate to include widows, parents, and next of kin of members of the armed forces who: (a) lost their lives during World War I, World War II, or during any subsequent period of armed hostilities in which the United States was engaged before July 1, 1958; (b) lost their lives after June 30, 1958 while engaged in an action against an enemy of the United States, while engaged in military operations involving conflict with an opposing foreign force, or while serving with friendly foreign forces engaged in an armed conflict in which the United States is not a belligerent party against an opposing armed force; or (c) lost their lives after March 28, 1973, as a result of an international terrorist attack against the United States or a foreign nation friendly to the United States, recognized as such an attack by the Secretary of Defense or military operations while serving outside the United States as part of a peacekeeping force. Under current law, the license plate may be provided to immediate family members of persons who die in combat.

Conference Committee/Legislature: Delete provision.

Homes and Facilities for Veterans

1. ENERGY COSTS [LFB Paper 850]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$3,885,000	-\$1,740,900	\$2,144,100
SEG	62,900	0	62,900
Total	\$3,947,900	-\$1,740,900	\$2,207,000

Governor: Provide \$1,633,000 (\$1,604,100 PR and \$28,900 SEG) in 2007-08 and \$2,314,900 (\$2,280,900 PR and \$34,000 SEG) in 2008-09 to fund projected increases in energy costs at facilities operated by DVA. This item includes funding to support energy costs at: (a) Northern

and Southern Wisconsin Veterans Memorial cemeteries (\$28,900 SEG in 2007-08 and \$34,000 SEG in 2008-09); (b) the Veterans Home at King (\$1,574,200 PR in 2007-08 and \$2,126,800 PR in 2008-09); and (c) the Veterans Home at Union Grove (\$29,900 PR in 2007-08 and \$154,100 PR in 2008-09). The program revenue component of this item would be supported primarily by Veteran Home member contributions, medical assistance payments, and USVDA per diem payments. The remaining portion would be funded from the veterans trust fund.

Joint Finance/Legislature: Reduce funding for fuel and utilities at the Veterans Home at King by \$639,500 PR in 2007-08 and by \$1,101,400 PR in 2008-09 to reflect reestimates of the funding needed to support these costs.

2. OVERTIME [LFB Paper 851]

PR	\$1,473,500
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Governor/Legislature: Provide \$712,100 in 2007-08 and \$761,400 in 2008-09 to fund projected increases in the cost of holiday and regular overtime pay for staff at the Veterans Home at King (\$689,000 in 2007-08 and \$713,500 in 2008-09) and at the Veterans Home at Union Grove (\$23,100 in 2007-08 and \$47,900 in 2008-09).

3. NIGHT AND WEEKEND DIFFERENTIAL

PR	\$360,200
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Governor/Legislature: Provide \$168,900 in 2007-08 and \$191,300 in 2008-09 to fund projected increases in the cost of paying higher wages for night and weekend shifts worked by nursing staff than the wages DVA pays these staff to work other shifts, based on provisions included in union contracts.

4. MARKETING FUNDS [LFB Paper 852]

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

Governor: Provide \$100,000 annually to conduct a marketing study for the veterans homes for DVA to assess current and future needs for nursing home services.

Joint Finance/Legislature: Reduce funding by \$50,000 annually so that DVA would use the remaining \$50,000 annually to support a contracted nurse position to work with discharge planners at various care facilities to promote the King and Union Grove facilities (\$31,200) and media marketing initiatives (\$18,800) for the veterans homes.

5. KING -- SUPPLIES AND SERVICES [LFB Paper 853]

PR	\$4,064,200
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Governor/Legislature: Provide \$1,798,600 in 2007-08 and \$2,265,600 in 2008-09 to support

food, insurance, pharmacy, and other supplies and services at the Veterans Home at King. Base funding for these supplies and services is \$7,446,000 annually.

In 2005-06, DVA's costs of providing supplies and services at the King Home exceeded the amounts provided in the 2005-07 budget act for this purpose by approximately \$932,100. DVA funded this shortfall by: (a) requesting additional funding authority under s. 16.515 of the statutes (\$386,200); and (b) transferring funds budgeted for the Veterans Home at Union Grove that were not needed due to a delay in opening that facility (\$546,000). This item would increase funding to more closely reflect current costs of providing these services, as well as to support projected increases in these costs in the 2007-09 biennium.

6. KING -- DIRECT CARE STAFF [LFB Paper 851]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$2,533,700	30.00	-\$1,021,800	- 15.00	\$1,511,900	15.00

Governor: Provide \$1,085,900 in 2007-08 and \$1,447,800 in 2008-09 and 30.0 positions, beginning in 2007-08, to increase the number of direct care staff available to serve residents of the Veterans Home at King. In his budget message, the Governor further recommends that the Department seek surplus or pool positions to address additional staffing needs.

Under current law, and at the request of the Director of the Office of State Employment Relations, the Secretary of Administration may authorize the temporary creation of pool or surplus positions under any source of funds if the Director determines that temporary positions are necessary to maintain adequate staffing levels for high turnover classifications, in anticipation of attrition, or to fill positions for which recruitment is difficult.

Joint Finance/Legislature: Reduce funding by \$437,900 in 2007-08 and \$583,900 in 2008-09 and delete 15.0 positions, beginning in 2007-08. With this modification, \$648,000 in 2007-08 and \$863,900 in 2008-09 would be provided to support 15.0 additional direct care positions (including 4.0 registered nurses), beginning in 2007-08, to serve the residents of the Veterans Home at King.

7. KING -- LIMITED-TERM EMPLOYEES [LFB Paper 851]

PR	\$1,407,400
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Governor/Legislature: Provide \$703,700 annually to increase funding for limited-term employees (LTEs) at the Veterans Home at King. Base funding for LTE staffing at King is \$1,031,300 annually.

8. KING -- RADIOLOGY EQUIPMENT [LFB Paper 853]

PR	\$110,000
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Governor/Legislature: Provide one-time funding of \$110,000 in 2007-08 to replace the x-ray film processor at the Veterans Home at King.

9. KING -- NURSING STAFF TRAINING

PR	\$50,000
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Governor/Legislature: Provide \$25,000 annually to support training the Fox Valley Wisconsin Technical College provides for newly-hired nursing staff at the Veterans Home at King.

10. UNION GROVE -- STATE SUBSIDIES FOR THE CARE OF INDIGENT VETERANS AT ASSISTED LIVING FACILITIES [LFB Paper 854]

GPR	\$313,000
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Governor/Legislature: Provide \$104,300 in 2007-08 and \$208,700 in 2008-09 to increase funding for a program that subsidizes the costs of caring for indigent veterans at assisted living facilities at Union Grove. Create a GPR annual appropriation to support these costs.

Base funding for subsidies is \$208,700 SEG annually from the veterans trust fund. The program was created in 2005 Act 25 to support veterans applying to reside at the Veterans Home at Union Grove's assisted living facility who lack other financial resources due to homelessness, incarceration, or other circumstances that DVA designates by rule. An eligible veteran or dependent may be admitted or reside in the assisted living facilities at Union Grove only if the individual has sufficient income and resources (including the subsidies) to do so, and applies these resources to fully reimburse DVA for the cost of providing care.

[Act 20 Section: 508]

11. UNION GROVE -- FUNDS TO HIRE CENTER STAFF

PR	\$238,600
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Governor/Legislature: Provide \$93,200 in 2007-08 and \$145,400 in 2008-09 to the Veterans Home at Union Grove to enable the facility to hire former employees of the Southern Wisconsin Center for the Developmentally Disabled whose salaries are above the minimum pay range.

12. TRANSFER FUNDS TO THE VETERANS TRUST FUND [LFB Paper 855]

Governor: Authorize DVA to transfer up to \$7,000,000 during the 2007-09 biennium from the program revenue appropriation that supports the institutional operations of the Veterans Homes if, in either year of the biennium, the balance in the appropriation is in excess of the amount needed for the care of the members of the homes and to support its employee stipend program. Delete the current provision that authorizes DVA to transfer up to \$16 million in 2006-07 if there are excess revenues in this appropriation.

The sources of program revenue for this appropriation are medical assistance payments

DVA receives from the Department of Health and Family Services for caring for MA-eligible nursing home residents, per diem payments DVA receives from the U.S. Department of Veterans Affairs for caring for veterans, and member contributions, which include VA pension payments.

Joint Finance/Legislature: Modify the Governor's recommendation to require that any such transfer be subject to the approval of the Joint Committee on Finance under a 14-day passive review process.

[Act 20 Sections: 783 and 786u]

13. NURSE STIPEND [LFB Paper 835]

PR	\$87,400
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Joint Finance/Legislature: Provide \$43,700 PR and delete \$43,700 SEG (budgeted under the Department of Health and Family Services) annually to transfer the source of funding for the nurse stipend program from veterans trust fund SEG to the institutional operations appropriation for the veterans homes.

Under the nurse stipend program, DVA provides stipends to individuals to attend school and receive the necessary credentials to become employed at the Veterans Home at King or the Southern Wisconsin Veterans Retirement Center at Union Grove. Recipients are required to work for DVA for one year for each year that they received a stipend.

14. RESTORE POWER PLANT POSITIONS [LFB Paper 104]

Governor: Restore 6.0 heating and power plant facility positions at the Veterans Home at King in Waupaca County. [See "Administration -- General Agency Provisions."]

Joint Finance/Legislature: Delete provision. The power plant positions that were recommended by the Governor were provided under 2007 Wisconsin Act 5. These position counts (6.0 PR positions annually) will be reflected in the adjusted base position counts.

WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

1. REQUIRE APPROVAL OF WHEFA APPLICANTS BY THE DHFS SECRETARY

Governor: Require that the Wisconsin Health and Educational Facilities Authority (WHEFA) inform the Secretary of the Department of Health and Family Services (DHFS) of any health facility or participating health institution that seeks financial assistance. Specify that WHEFA could not provide any financial assistance to a health facility or participating health institution unless the facility or institution demonstrates progress in improving medical information systems technology, as determined by the Secretary of DHFS. Provide that these provisions would first apply to applications for financial assistance made on or after the bill's effective date.

Joint Finance/Legislature: Delete provision.

2. REQUIRE WHEFA TO ISSUE BONDS IN CERTAIN CASES

Assembly: Modify current law relating to WHEFA decisions regarding whether or not to issue bonds for a project so that WHEFA would be required to issue bonds if it determines that revenues associated with the project would be sufficient to pay all debt service costs related to the bonds.

Conference Committee/Legislature: Delete provision.

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

1. DIVIDENDS FOR WISCONSIN TRANSFER

Governor: Specify that WHEDA transfer \$2,000,000 from its unencumbered reserves in 2007-08 and in 2008-09 to the Department of Commerce for deposit to a biennial PR housing grants and loans appropriation. Repeal this appropriation on June 30, 2009. The \$2 million transfer amount is estimated to be 25% of the revenues expected to be available for the "Dividends for Wisconsin" plan each year of the biennium. Further, require Commerce to submit its budget request to the Governor for the 2009-11 biennium as though \$2,000,000 GPR was provided annually for housing grants and loans as base level funding (no GPR is provided for this purpose under the bill).

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 and special housing programs and small business assistance.

This provision is similar to a provision in the 2005-07 biennial budget act that required WHEDA to transfer \$3 million in 2005-06 and \$2 million in 2006-07 from its unencumbered reserves, on a one-time basis, to Commerce for housing grants and loans in order to offset equivalent GPR reductions for these purposes.

Joint Finance: Approve the Governor's recommendation. In addition, require that WHEDA transfer an additional \$1,000,000 from its unencumbered reserves in each of 2007-08 and 2008-09 to a Commerce biennial PR shelter for homeless and transitional housing appropriation. Repeal this appropriation on June 30, 2009.

As a result, WHEDA would be required to transfer a total of \$3 million in each year of the biennium from its unencumbered reserves to Commerce appropriations.

Senate: Increase the transfer from WHEDA's unencumbered reserves to Commerce for housing grants and loans by \$25,000 in 2007-08, and specify that Commerce make a grant of \$25,000 to the City of Oshkosh for neighborhood improvement and stabilization. (Commerce would enter into an agreement with the City of Oshkosh that specifies the uses for the grant

proceeds and reporting and auditing requirements.)

Assembly: Include the Governor's recommendation to transfer \$2,000,000 each year from WHEDA reserves to be appropriated under Commerce on a one-time basis in the 2007-09 biennium for housing costs grants and loans, but delete the Joint Finance additional transfer of \$1,000,000 each year from WHEDA reserves for Commerce shelter for homeless and transitional housing programs.

In addition, require WHEDA to transfer \$2,500,000 from its unencumbered reserves in 2007-08 to the Department of Agriculture, Trade and Consumer Protection (DATCP) for deposit in a biennial PR appropriation. DATCP would use this funding (along with \$2,500,000 recycling fund SEG) to award a grant to the first pulp and paper mill to be free of natural gas and coal usage in Wisconsin. Under the Assembly provision, a total of \$6.5 million would be transferred from WHEDA over the biennium.

Conference Committee/Legislature: Delete Assembly modifications (a pulp and paper mill award from the renewable energy grant and loan program is included under the Department of Commerce).

[Act 20 Sections: 201, 202, 3025 thru 3028f, 9108(1)&(5i), and 9424(1i)&(2i)]

WISCONSIN TECHNICAL COLLEGE SYSTEM

Budget Summary							
Fund	2006-07 Base Year Doubled	2007-09 Governor	2007-09 Jt. Finance	2007-09 Legislature	2007-09 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$281,811,600	\$287,305,800	\$284,308,000	\$285,305,000	\$285,305,000	\$3,493,400	1.2%
FED	65,882,000	66,705,200	66,785,000	66,785,000	66,785,000	903,000	1.4
PR	15,750,200	15,891,200	15,903,800	15,903,800	15,903,800	153,600	1.0
SEG	<u>0</u>	<u>997,000</u>	<u>997,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	N.A.
TOTAL	\$363,443,800	\$370,899,200	\$367,993,800	\$367,993,800	\$367,993,800	\$4,550,000	1.3%

FTE Position Summary						
Fund	2006-07 Base	2008-09 Governor	2008-09 Jt. Finance	2008-09 Legislature	2008-09 Act 20	Act 20 Change
						Over 2006-07 Base
GPR	30.25	30.25	30.25	30.25	30.25	0.00
FED	36.85	36.85	36.85	36.85	36.85	0.00
PR	<u>14.20</u>	<u>14.20</u>	<u>14.20</u>	<u>14.20</u>	<u>14.20</u>	<u>0.00</u>
TOTAL	81.30	81.30	81.30	81.30	81.30	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 870]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$491,200	\$2,200	\$493,400
FED	823,200	79,800	903,000
PR	<u>31,000</u>	<u>12,600</u>	<u>43,600</u>
Total	\$1,345,400	\$94,600	\$1,440,000

Governor: Adjust the base budget by \$245,600 GPR, \$411,600 FED, and \$15,500 PR annually for: (a) full funding of continuing salaries and fringe (\$240,600 GPR, \$401,600 FED, and \$15,500 PR annually); and (b) full funding of lease costs and directed moves (\$5,000 GPR and \$10,000 FED annually).

Joint Finance/Legislature: Provide an additional \$1,100 GPR, \$39,900 FED, and \$6,300 PR annually in order to fully fund continuing salaries and fringe. This correction was requested by the administration.

2. BASE BUDGET REDUCTIONS

Assembly: Reduce funding for six WTCS GPR appropriations by a total of \$7,112,900 GPR annually. The following table shows each affected appropriation, its adjusted base, the proposed reduction amount by year, and the percentage reduction from the base for each year. Prohibit these reductions from being offset through increases in the property tax levy in the 2007-09 biennium.

<u>Appropriation</u>	<u>Adjusted Base</u>	<u>2007-08</u>	<u>2008-09</u>	<u>% Change</u>
General program operations	\$3,326,200	-\$665,200	-\$665,200	-20.0%
Displaced homemakers	813,400	-506,700	-506,700	-62.3
Incentive grants	6,483,100	-1,944,900	-1,944,900	-30.0
Faculty development grants	794,600	-158,900	-158,900	-20.0
Supplemental aid	1,432,500	-284,700	-284,700	-20.0
State aid to technical colleges	<u>118,415,000</u>	<u>-3,552,500</u>	<u>-3,552,500</u>	-3.0
Total	\$132,264,800	-\$7,112,900	-\$7,112,900	

Conference Committee/Legislature: Delete provision.

3. REQUIRED LAPSE OF FUNDING

GPR-Lapse \$1,000,000

Conference Committee/Legislature: Require the Secretary of Administration to lapse or transfer \$1,000,000 biennially in each of the 2007-09 and 2009-11 biennia from WTCS appropriations to the general fund. These moneys would be treated as a reduction to GPR expenditures (GPR-Lapse). [See "Budget Management" for more information on this lapse requirement.]

[Act 20 Section: 9201(1c)]

4. LEVY LIMIT FOR TECHNICAL COLLEGE DISTRICTS

Assembly: Prohibit any technical college district from increasing its tax levy by more than a percentage determined through formula, beginning in 2007. Provide that the percentage be calculated as the average, annual percentage change in the statewide equalized value due to new construction, less improvements removed, as determined for the January 1 equalized values in the five years preceding the levy, but not less than zero.

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, 2007, and secured by the full faith and credit of the district. Specify that the levy limit would 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 would be 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 would be 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, 2007, authorizing the issuance of debt, the levy increase limit would be 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 2007 or 2009 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 2008 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 percentage increase in the levy of the (name of district) for the.... (next) fiscal year, is limited topercent, 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 will bepercent, resulting in a levy of \$....?". Require the district board 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. If the resolution specifies that the increase is for one year only, the amount of the increase must be subtracted from the base used to calculate the district's levy limit for the second succeeding fiscal year.

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 state 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.

Conference Committee/Legislature: Modify the Assembly provision as follows:

Percentage Limitation. Prohibit any technical college district from increasing its tax levy by more than 4% annually in 2007 or 2008.

Exclusions and Adjustments. Exclude from the limitation any amounts levied for the payment of any general obligation debt service.

Authorize the district to hold a special referendum, with regard to a referendum relating to the 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 2008 levy.

Repeal. Repeal these provisions on November 30, 2009.

Veto by Governor [A-5]: Delete provision.

[Act 20 Vetoed Sections: 737m, 737r, and 9446(1d)]

5. TRAINING PROGRAM GRANTS [LFB Paper 871]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$6,000,000	-\$3,000,000	\$3,000,000

Governor: Provide \$2,000,000 in 2007-08 and \$4,000,000 in 2008-09 for training program grants, which would fund skills training or other education related to the needs of business. Annual base level funding for the program, also known as jobs advantage training grants, is \$1,000,000.

Joint Finance: Delete \$1,000,000 in 2007-08 and \$2,000,000 in 2008-09. Of the increase, specify that the following requirements would apply to \$500,000 in 2007-08 and \$1,000,000 in 2008-09 and annually thereafter:

(1) Require that, in order to be eligible for a grant, the employer that would receive skills training or education from a technical college district once they are located in this state must satisfy either of the following criteria: (a) has no more than 100 employees; or (b) had no more than \$10,000,000 in gross annual income in the prior year.

(2) Authorize the WTCS Board to award a grant to a district board to provide skills training or education for a business if all of the following requirements applied: (a) the district board agrees in writing that the grant will provide skills training or other education that is related to the needs of the business to current or prospective employees; (b) the business agrees in writing to comply with the restrictions on grant use; (c) the business and district board

submit a plan to the WTCS Board detailing the proposed use of the grant, and the Board approves the plan; (d) the business and district board enter into a written agreement with the WTCS Board that specifies the conditions for the use of the grant, including reporting and auditing requirements; and (e) the business and district board agree in writing to submit to the Board, no later than six months after spending the full amount of the grant, a report detailing the use and effect of the grant; and

(3) Provide that the maximum amount of a grant that could be awarded to a district board for each business receiving training or education would be \$20,000. Require that the business provide cash matching funds equal to the amount of the grant. However, authorize the Board to waive the matching requirement if it determined that the business was subject to extreme hardship. Provide 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 in connection with providing the training or other education or otherwise.

Assembly: Delete the proposed increase in funding of \$1,000,000 in 2007-08 and \$2,000,000 in 2008-09 under Joint Finance for training program grants, which would continue base level funding of \$1,000,000 annually. Also, delete the proposed program modifications, which would limit eligibility to employers with fewer than 100 employees or less than \$10,000,000 in gross annual income and would have applied to \$500,000 in grant awards for 2007-08 and \$1,000,000 in grant awards for 2008-09. Instead, require that in each year, two-thirds of the amount awarded must be used for grants to small businesses, defined as those employing fewer than 100 employees.

Conference Committee/Legislature: Delete the Assembly modifications.

Veto by Governor [A-6]: Delete the limit of \$20,000 on the maximum amount of a training grant from the allocation of \$500,000 in 2007-08 and \$1,000,000 in 2008-09 for small business training grants. Also, delete the requirement of a dollar-for-dollar match of the grant from the small business, unless the WTCS Board waived the requirement after determining the business was subject to extreme financial hardship.

[Act 20 Section: 743m]

[Act 20 Vetoed Section: 743m]

6. CONVERSION OF THREE PROGRAMS FROM THE GENERAL FUND TO THE TRANSPORTATION FUND [LFB Paper 765]

	Governor (Chg. to Base)	Legislature (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 to reflect the conversion of funding from the general fund to the transportation fund for the following: (a) driver education--local assistance (\$307,500 annually), (b) chauffeur training grants (\$191,000 annually), and (c) emergency medical technician--basic training state operations (no funding). Specify that the new appropriations for driver education, chauffeur training, and emergency medical technicians would be made from the transportation fund notwithstanding a current law provision that restricts the use of transportation fund revenues to a list of statutorily enumerated transportation programs and funds.

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 shown in an item titled "Use of Transportation Fund Revenues for General Fund Purposes," which can be found under the Transportation Finance section of the Department of Transportation.

Senate: Delete \$498,500 SEG in 2008-09 and provide an equal amount of GPR to convert funding from the transportation fund back to the general fund in the second year of the biennium.

Assembly/Legislature: Delete \$498,500 SEG in 2007-08 and provide an equal amount of GPR in 2007-08 to convert funding from the transportation fund back to the general fund in the first year of the biennium as well.

7. REESTIMATE PERSONNEL CERTIFICATION REVENUE

PR	\$110,000
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Governor/Legislature: Provide \$55,000 annually as a reestimate of personnel certification course revenue. These revenues represent fees charged by the WTCS Board to certify district educational and certain administrative personnel. Annual base funding is \$228,600.

8. ALLOCATE INCENTIVE GRANT TO NORTHCENTRAL TECHNICAL COLLEGE

Joint Finance: Require the WTCS Board to allocate \$194,000 GPR in 2008-09 within the incentive grants appropriation to Northcentral Technical College, in order to implement a dairy science associate degree program. Require that Northcentral provide local matching funds of at least \$65,000 in 2008-09 in order to receive this allocation.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Section: 9146(1k)]

9. ELIMINATE VACANT GPR POSITIONS

Assembly: Delete \$104,700 annually and 1.50 positions for salary and fringe benefits of GPR positions that have been vacant for 12 months or more.

Conference Committee/Legislature: Delete provision.

10. TUITION AND FEE REMISSIONS FOR THE CHILDREN OF CERTAIN VETERANS

Governor/Legislature: Delete the requirement that the children of certain veterans be enrolled as full-time students to receive tuition and fee remissions. In addition, modify current law such that the children of certain veterans are eligible for tuition remissions provided they are at least 17 years old. These changes would first apply to students enrolled in the 2007-08 academic year.

Under current law, UW System institutions and Wisconsin technical colleges must remit 100% of tuition, for up to 128 credits or 8 semesters, whichever is longer, to a student who is the child of any veteran who entered service from Wisconsin and either incurred at least a 30% service-connected disability or, while a resident of this state, died on active duty, died as the result of a service-connected disability, or died in the line of duty, provided that the student is at least 18 years old but not yet 26 years old and enrolled full-time.

[Act 20 Sections: 739 and 9346(1)]

11. SURVIVING SPOUSE TUITION REMISSION

Senate/Legislature: Provide that an unremarried surviving spouse of an eligible veteran who had a child with the veteran may receive a tuition remission until ten years after the youngest child that the spouse had with the eligible veteran reaches, or would have reached, 18 years of age, or during the first ten years after the veteran died as under the prior law provision, whichever is later. Specify that this change first applies to students enrolled in the 2007-08 academic year.

[Act 20 Sections: 738mr, 738mw, and 9346(1)]

12. NONRESIDENT TUITION REMISSION FOR CERTAIN UNDOCUMENTED PERSONS [LFB Paper 828]

Governor: Require WTCS to consider certain undocumented persons as residents of this state for purposes of admission and tuition if that person meets all of the following requirements: (a) the person 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) the person 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 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.

Assembly/Legislature: Delete provision.

13. FIRE DUES STATE OPERATIONS [LFB Paper 227]

Joint Finance/Legislature: Require that the unencumbered balance in the WTCS fire schools state operations appropriation revert to the fire dues distribution appropriation at the end of each fiscal year, beginning June 30, 2008.

Under current law, unencumbered balances in the appropriation carry over to the next fiscal year.

[Act 20 Sections: 265m and 9346(3k)]

14. COLLEGIATE TRANSFER TUITION

Assembly: Increase the uniform tuition charge for collegiate transfer courses, from the current law minimum of 31% of the statewide average operational costs for such programs, to at least 42% in 2008-09 and at least 50% in 2009-10 and in each year thereafter. Require that, beginning in 2008-09, each district board offering such programs reduce its property tax levy each year by an amount equal to the amount of revenue generated in that school year by the higher percentage cost recovery, less the amount of revenue that would have been generated in that school year if the applicable percentage had been 37%, which is the actual level of cost recovery attained in 2006-07. It is estimated that, assuming that the number of full-time equivalent students remained unchanged, collegiate transfer revenues could have been approximately \$7.3 million higher, had the 50% recovery rate been in place for 2006-07 compared to the 37% recovery rate that applied in that year. Three districts currently offer collegiate transfer programs: Madison, Milwaukee, and Nicolet.

Conference Committee/Legislature: Delete provision.

15. ENTERPRISE CENTERS

Assembly: Beginning in 2009-10, prohibit a technical college district board from: (a) using revenues from property taxes or state aid to fund the operation of an enterprise center; and (b) transferring more than 10% of the revenue generated by an enterprise center in any school year to fund the operation of another enterprise center. Define enterprise center as a revenue-generating operation such as a bookstore, cafeteria, or day care center, and including a public broadcasting station.

Conference Committee/Legislature: Delete provision.

16. ENGLISH AS A SECOND LANGUAGE COURSES

Assembly: Delete the current law prohibition on technical colleges charging fees for courses in English as a second language. Require the WTCS Board to establish uniform fees for such courses. Specify that such fees would first apply to students enrolled in the 2008-09 school year.

Conference Committee/Legislature: Delete provision.

17. AUDIT OF CERTAIN GRANT PROGRAMS

Assembly: Require the Legislative Audit Bureau (LAB) to conduct a performance evaluation audit of all grant programs administered by the Wisconsin Technical College System Board that are intended to recruit or retain students. Require the LAB to file its report by January 15, 2009.

Conference Committee/Legislature: Delete provision.

WORKFORCE DEVELOPMENT

Budget Summary							
Fund	2006-07 Base Year Doubled	2007-09 Governor	2007-09 Jt. Finance	2007-09 Legislature	2007-09 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$356,873,600	\$206,393,200	\$204,693,200	\$205,843,400	\$205,843,400	-\$151,030,200	-42.3%
FED	1,392,848,800	884,396,800	884,368,600	884,368,600	884,368,600	-508,480,200	-36.5
PR	285,226,000	187,709,900	185,068,400	185,068,400	185,068,400	-100,157,600	-35.1
SEG	<u>55,318,600</u>	<u>53,250,500</u>	<u>53,277,700</u>	<u>52,177,500</u>	<u>52,177,500</u>	<u>-3,141,100</u>	<u>-5.7</u>
TOTAL	\$2,090,267,000	\$1,331,750,400	\$1,327,407,900	\$1,327,457,900	\$1,327,457,900	-\$762,809,100	-36.5%

FTE Position Summary						
Fund	2006-07 Base	2008-09 Governor	2008-09 Jt. Finance	2008-09 Legislature	2008-09 Act 20	Act 20 Change
						Over 2006-07 Base
GPR	160.73	145.07	145.62	145.62	145.62	-15.11
FED	1,257.85	1,102.81	1,102.81	1,102.81	1,102.81	-155.04
PR	380.02	368.66	368.66	368.66	368.66	-11.36
SEG	<u>103.55</u>	<u>103.55</u>	<u>103.55</u>	<u>103.55</u>	<u>103.55</u>	<u>0.00</u>
TOTAL	1,902.15	1,720.09	1,720.64	1,720.64	1,720.64	-181.51

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide adjustments of -\$318,000 GPR annually; -\$2,709,400 FED and -15.5 FED positions in 2007-08; -\$2,884,800 FED and -17.5 FED positions in 2008-09; -\$9,793,100 PR annually; and \$321,100 SEG annually.

Adjustments are for: (a) turnover reduction (-\$221,700 GPR, -\$1,696,100 FED, -\$726,700 PR, and -\$152,800 SEG annually); (b) removal of noncontinuing elements from the base (-\$780,400 FED

	Funding	Positions
GPR	-\$636,000	0.00
FED	-5,594,200	-17.50
PR	-19,586,200	0.00
SEG	<u>642,200</u>	<u>0.00</u>
Total	-\$25,174,200	-17.50

and -15.5 FED positions in 2007-08, -\$955,800 FED and -17.5 FED positions in 2008-09, and -\$7,615,600 PR annually); (c) full funding of continuing salaries and fringe benefits (-\$96,400 GPR, -\$232,900 FED, -\$1,769,400 PR, and \$473,900 SEG annually); (d) overtime (\$224,500 PR annually); (e) night and weekend differential (\$94,100 PR annually); and (f) minor transfers within the same alpha appropriation (\$100 GPR annually). The \$7,615,600 PR annually in the removal of noncontinuing items consists of one-time funding from accumulated assigned child support collections used to support TANF-related programs and the child support program during the 2005-07 biennium.

2. REASSIGN EXECUTIVE POSITION TO NEW EXECUTIVE SALARY GROUP LEVEL
 [LFB Paper 606]

Governor: Reassign the executive salary group (ESG) classification of the Secretary of the Department of Workforce Development (DWD) from ESG 6 to ESG 7. Under current law, state agency executive positions are assigned to one of ten executive salary groupings. Under the state's biennial compensation plan, approved by the Joint Committee on Employment Relations, a minimum and maximum salary amount is established for each ESG level. Currently, the annual salary range for ESG 6 is from \$86,424 to \$133,960 for the 2007-08 fiscal year. The range for ESG 7 is from \$93,340 to \$144,678. The provision would affect other executive positions in a number of state agencies. [See "Office of State Employment Relations."]

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Section: 624]

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	-0.55	0.55	0.00

Governor: Delete 1.55 classified positions and create 1.0 unclassified position in 2008-09 to reflect the consolidation of the agency's attorneys and legal staff under DOA, effective July 1, 2008. Reallocate \$37,800 in 2008-09 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. 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 July 1, 2008. [See "Administration -- Transfers to the Department."]

Joint Finance: Delete provision.

Senate: Restore provision with the following modifications: (a) specify that the lead attorneys would be under classified service; (b) exempt the Board on Aging and Long-Term Care, the Department of Military Affairs, and the Department of Public Instruction from the consolidation.

Assembly/Legislature: Delete provision.

4. TRANSFER W-2, CHILD CARE, CHILD SUPPORT, AND OTHER TANF-RELATED PROGRAMS TO DEPARTMENT OF CHILDREN AND FAMILIES [LFB Paper 200]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$160,393,400	-17.11	\$5,500,000	0.00	-\$50,000	0.00	-\$154,943,400	-17.11
FED	-450,345,300	-137.54	-270,700	1.00	0	0.00	-450,616,000	-136.54
PR	-58,423,700	-10.65	91,500	0.00	0	0.00	-58,332,200	-10.65
SEG	<u>-9,645,000</u>	<u>0.00</u>	<u>-251,600</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>	<u>-9,896,600</u>	<u>0.00</u>
Total	-\$678,807,400	-165.30	\$5,069,200	1.00	-\$50,000	0.00	-\$673,788,200	-164.30

Governor: Decrease funding by \$160,393,400 GPR, \$450,345,300 FED, \$58,423,700 PR, and \$9,645,000 SEG in 2008-09 and decrease positions by 17.11 GPR positions, 137.54 FED positions, and 10.65 PR positions, beginning in 2008-09, to reflect the transfer of responsibilities for the Wisconsin Works (W-2) program, child care program, child support program, and other temporary assistance for needy families (TANF) related programs from DWD's Division of Economic Support to the Department of Children and Families (DCF) on July 1, 2008. DCF is a new state agency that would be created under the bill.

Reduce the number of division administrators in DWD from seven to six.

Specify that on July 1, 2008, the following would occur:

a. The assets and liabilities primarily related to the functions of DWD's Bureau of W-2 and Child Support and the child care section of the Bureau of Workforce Programs would become the assets and liabilities of DCF;

b. Classified positions, and incumbent employees holding positions, relating primarily to the functions of the Bureau of W-2 and Child Support and the child care section of the Bureau of Workforce Programs would be transferred to DCF;

c. Classified positions relating primarily to general administration and program

support that the Secretary of DOA determines should be transferred would be transferred to DCF. Upon determination of these employees, DWD would have to, in conjunction with DHFS, by October 1, 2007, submit a plan to DOA requesting the transfer of moneys between the appropriations for DWD, DHFS, and DCF, if necessary to adjust previous allocated costs in accordance with the transfer of personnel;

d. Employees transferred would have the same rights and status in DCF that they enjoyed in DWD, and no employee transferred who has attained permanent status would have to serve a probationary period;

e. All tangible personal property, including records, primarily related to the functions of the Bureau of W-2 and Child Support and the child care section of the Bureau of Workforce Programs would be transferred to DCF;

f. All contracts primarily related to the functions of the Bureau of W-2 and Child Support and the child care section of the Bureau of Workforce Programs would remain in effect and would be transferred to DCF. DCF would be required to carry out these contractual obligations unless modified or rescinded by DCF to the extent allowed under the contract;

g. All rules promulgated and orders issued that are in effect on July 1, 2008, and are primarily related to the Bureau of W-2 and Child Support and the child care section of the Bureau of Workforce Programs would remain in effect until their specified expiration dates or until amended, repealed, modified, or rescinded by DCF; and

h. Any matter pending with DWD primarily related to the functions of the Bureau of W-2 and Child Support and the child care section of the Bureau of Workforce Programs would be transferred to DCF and all materials submitted to or actions taken by DWD with respect to the pending matter would be considered as having been submitted to or taken by DCF.

Finally, the bill would also correct obsolete references related to DWD and to statutory sections related to actions affecting the family.

Joint Finance: Decrease the amount of funding to be transferred from DWD to DCF by \$5,500,000 GPR and \$91,500 PR, increase the amount to be transferred by \$270,700 FED and \$251,600 SEG, and transfer 1.0 fewer FED position in 2008-09 to reflect various funding and position changes made to W-2, child care, child support, and other TANF-related programs during the 2007-09 biennium. These funding changes are described in more detail in the separate entries below.

Senate: Increase the amount of funding to be transferred from DWD to DCF by \$643,700 GPR in 2008-09 to reflect an increase in funding for pregnant women under W-2.

Assembly: Delete provision.

Conference Committee/Legislature: Restore Joint Finance provision. In addition, increase the amount of funding to be transferred from DWD to DCF by \$50,000 GPR in 2008-09

to reflect an increase in funding for the Boys and Girls Clubs by \$50,000 annually.

5. TRANSFER FOODSHARE EMPLOYMENT AND TRAINING PROGRAM FROM DWD TO DHFS [LFB Paper 407]

	<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	-\$16,451,200	-1.71	-\$184,000	0.00	-\$16,635,200	-1.71

Governor: Decrease funding by \$8,225,600 annually and positions by 1.71 positions, beginning in 2007-08, to reflect the transfer of the FoodShare employment and training (FSET) program from DWD to DHFS.

Federal law generally requires individuals participating in the food stamp program (FoodShare) to participate in the FSET program if the individual is physically and mentally fit, over the age of 16, and under the age of 60. Under the FSET program, an individual may be required to participate in job search, workfare programs, employment experience, and other educational programs to improve basic skills and employability.

Current state law requires DHFS to contract with DWD to administer the FSET program for FoodShare recipients and authorizes DWD to contract with W-2 agencies to administer the program at the local level. DHFS provides \$8,112,600 annually to DWD to administer FSET. In addition, DWD would eliminate 1.71 positions and \$113,000 annually associated with these positions, which currently supports FSET administration at the state level.

The bill would require DHFS to administer FSET and would authorize DHFS to contract with county departments of human/social services and with tribal governing bodies to carry out the administrative functions. The bill would also authorize county departments and tribal governing bodies to subcontract with W-2 agencies or other providers to administer the FSET program. The bill would eliminate the requirement that DHFS contract with DWD to administer the FSET program.

Under current law, for purposes of worker's compensation coverage, W-2 agencies are the employers of FSET participants, and participants who are provided worker's compensation coverage by DHFS or W-2 agencies cannot make a claim or maintain an action in tort against the employer who provided the employment and training from which the claim arose if the participant makes a claim for worker's compensation. The bill would expand these provisions to include other providers who contract with DHFS, a county department, or a tribal governing body to administer FSET. As a result, these "other providers" would be considered employers of FSET participants for purposes of worker's compensation coverage, and participants who are provided worker's compensation coverage by these other providers could not make a tort claim against them if a claim for worker's compensation was already made.

As a result of the transfer of FSET program, DWD would no longer receive FSET revenue from DHFS. The bill would modify the interagency and intra-agency programs appropriation in DWD to eliminate FSET revenue as part of the monies received in this appropriation. The bill would also modify the income maintenance appropriation in DHFS to include FSET.

Joint Finance: Reduce funding by \$92,000 annually to reflect the actual amount DHFS has transferred to DWD for state administration of the FSET program.

In addition, specify that 1.0 FTE classified position, and the incumbent employee or employees holding the position, related primarily to the administration of the FSET program, as determined by the Secretary of the Department of Administration, would be transferred from DWD to DHFS and that the employee transferred would have the same rights and status that he or she enjoyed in DWD immediately before the transfer and would not be required to serve a probationary period if the employee has attained permanent status in class. As a result of the transfer of the FSET program, 0.71 position would be eliminated [1.71 positions would be deleted in DWD and 1.00 position would be created in DHFS.]

Assembly: Delete provision.

Conference Committee/Legislature: Restore Joint Finance provision.

[Act 20 Sections: 387, 464, 1397 thru 1407, 1425, 1662 thru 1667, 1669, 2645, and 9154(3k)]

6. TRANSFER PROGRAMS, APPROPRIATIONS, AND POSITION AUTHORITY FROM ECONOMIC SUPPORT PROGRAM TO WORKFORCE DEVELOPMENT PROGRAM
[LFB Paper 200]

Governor: Transfer \$237,500 GPR, \$6,035,300 FED, and \$4,069,500 PR in 2008-09 and 9.05 FED positions and 41.4 PR positions, beginning in 2008-09, from the economic support program in DWD to the workforce development program in DWD. These amounts reflect the transfer of the refugee assistance program, which provides temporary assistance to help arriving refugees while they become self-sufficient; the state supplement to employment opportunity demonstration projects, which provide funds to community action agencies for job creation and development for individuals with low incomes; funding and positions from the interagency and intra-agency programs appropriation; and unclassified position authority.

These items reflect the remaining programs, appropriations, and position authority under the economic support program that would not be transferred to the Department of Children and Families. Instead, these programs would be transferred within DWD to the workforce development program. The economic support program within DWD would be deleted.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Sections: 452, 473, and 1489]

7. OFFICE OF ECONOMIC ADVISORS POSITION REALIGNMENT

	Funding	Positions
FED	- \$172,600	- 1.00
PR	<u>172,600</u>	<u>1.00</u>
Total	\$0	0.00

Governor/Legislature: Reduce funding for the workforce investment and assistance appropriation by \$86,300 FED annually and 1.0 FED position, beginning in 2007-08, and increase funding for the workforce development administrative services appropriation by \$86,300 PR annually and 1.0 PR position, beginning in 2007-08, to more accurately reflect the responsibilities of the position of the Director of the Office of Economic Advisors.

8. ELIMINATE VACANT GPR POSITIONS

Assembly: Delete \$26,400 and 0.43 position annually associated with the salary and fringe benefits of GPR positions that have been vacant for 12 months or more.

Conference Committee/Legislature: Delete provision.

Employment, Training, and Vocational Rehabilitation Programs

1. VOCATIONAL REHABILITATION -- PROGRAM AND FEDERAL APPROPRIATION REVENUE AND EXPENDITURE REESTIMATES [LFB Paper 880]

FED	\$3,509,300
PR	<u>- 510,000</u>
Total	\$2,999,300

Governor/Legislature: Provide expenditure authority adjustments to DVR appropriations to reflect revenue and expenditure reestimates as follows:

a. A decrease of \$55,000 PR annually to reflect lower rent payments from legally blind business enterprise program (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.

b. An increase of \$873,100 FED in 2007-08 and \$2,636,200 FED in 2008-09 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.

c. A decrease of \$200,000 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.

2. VOCATIONAL REHABILITATION -- INCREASE CASE SERVICES FUNDING [LFB Paper 880]

GPR	\$1,619,800
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Governor/Legislature: Provide \$571,300 in 2007-08 and \$1,048,500 in 2008-09 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.

3. VOCATIONAL REHABILITATION -- APPROPRIATION CHANGE [LFB Paper 881]

Governor: Modify the GPR vocational rehabilitation general program operations; purchased services for clients appropriation from an annual appropriation to a continuing appropriation. Under current law, the appropriation is an annual appropriation, but permits the transfer of funds between fiscal years. Any funds appropriated for a particular fiscal year that are transferred to the next fiscal year and are not spent or encumbered by September 30 of that next fiscal year lapse to the general fund on October 1. The provision would allow DWD to expend the appropriated funds until depleted.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Section: 481]

4. WORKER'S COMPENSATION -- WORK INJURY SUPPLEMENTAL BENEFIT FUND APPROPRIATION INCREASE

SEG	\$3,000,000
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Governor/Legislature: Provide \$1,500,000 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 disbarred claims. Employers or insurers must make the following payments to the fund: (a) \$20,000 if a work-related injury is the proximate cause of death; (b) \$20,000 for the total impairment or loss of a hand, arm, leg, or

eye; or (c) the death benefit when there are no dependents. In addition, employers and insurers that fail to keep certain records or file certain reports pay surcharges into the fund.

5. WORKER'S COMPENSATION -- UNINSURED EMPLOYERS

SEG	\$1,900,000
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FUND APPROPRIATION INCREASE

Governor/Legislature: Provide \$950,000 expenditure authority annually in the uninsured employers fund (UEF) 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.

6. WORKER'S COMPENSATION -- FUNDING FOR

SEG	\$451,700
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RESOLUTION OFFICER POSITION AND MOU SUPPORT

Governor/Legislature: Provide expenditure authority of \$221,500 in 2007-08 and \$230,200 in 2008-09 in the worker's compensation operations appropriation to provide funding for a resolution officer position at the Department of Justice (DOJ), and a memorandum of understanding (MOU) with the University of Wisconsin Hygiene Lab. The resolution officer position is responsible for reviewing and processing certain worker's compensation claims, and DOJ invoices DWD for the costs associated with it. Under the MOU, DWD pays the state match to federal funds for costs associated with the UW-Hygiene Lab's Occupational Safety and Health Survey (OSHS) and the Census of Fatal Occupational Injuries (CFOI) programs. The OSHS program conducts an annual survey to obtain detailed information that measures the incidence of work-related injuries and occupational illnesses in Wisconsin. The CFOI collects and compiles information related to occupational injuries and illnesses that are fatal. The source of revenue for the worker's compensation operations appropriation is the annual administrative assessment on worker's compensation insurance carriers and self-insured employers.

7. UNEMPLOYMENT INSURANCE -- EXPENDITURE AUTHORITY FOR
UNEMPLOYMENT INFORMATION TECHNOLOGY SYSTEMS [LFB Paper 882]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$1,300,000	-\$1,300,000	\$0

Governor: Provide annual expenditure authority of \$650,000 in the unemployment insurance (UI) interest and penalties, information technology systems appropriation. The funding would be used for the costs of developing and implementing the UI tax and accounting information technology system, and the benefit payment and appeals processing information

technology system. The sources of funds for the appropriation are penalties for certain actions related to fraudulent benefit claims, penalties on employers for not filing wage reports in a timely manner or in the required media, and interest on delinquent tax contribution payments. Another provision in SB 40 would consolidate into a single PR appropriation all current appropriations that are funded by interest and penalty payments, including this appropriation.

Joint Finance/Legislature: Delete expenditure authority, but retain the separate unemployment insurance interest and penalties, information technology systems appropriation for funding the costs of renovation and modernization of the UI Division's systems.

8. UNEMPLOYMENT INSURANCE -- RENT COSTS FOR MILWAUKEE OFFICE [LFB Paper 882]

PR	\$44,600
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Governor/Legislature: Provide increased expenditure authority of \$22,300 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 UI administrative grants to pay any portion of rent costs that are 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 federal funds are placed. Another provision in SB 40 would consolidate into a single PR appropriation most current appropriations that are funded by interest and penalties, including this appropriation.

9. UNEMPLOYMENT INSURANCE -- INTEREST AND PENALTY PAYMENTS APPROPRIATIONS CONSOLIDATION

Governor: Delete expenditure and position authority for unemployment insurance interest and penalty appropriations for: (a) reserve fund research; (b) administration of the UI program or state unemployment insurance programs authorized by the Governor under state law; (c) renovation and modernization of UI information technology systems; and (d) funding for the Department of Justice to enforce the state unemployment insurance law. The funding and position authority from these appropriations would be consolidated into the current unemployment insurance interest and penalty payments appropriation that 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. The new consolidated appropriation would be designated to fund all of the activities that the separate appropriations currently fund. Annual expenditure authority of \$2,377,900 PR and 2.50 PR positions would be transferred to the new consolidated appropriation. The sources of funding for the consolidated appropriation are penalties for certain actions related to fraudulent benefit claims, penalties on employers for not filing wage reports in a timely manner or in the required media, and interest on delinquent tax contribution payments. Currently, this revenue is first placed in the interest and penalty payments appropriation, and then transferred to each of the other separate appropriations.

Joint Finance/Legislature: Modify provision to retain the unemployment insurance interest and penalties, information technology systems appropriation as a separate appropriation funded by UI interest and penalties.

[Act 20 Sections: 441 thru 445, 2651, and 9254(1)]

10. FEDERAL AND PROGRAM REVENUE APPROPRIATION REESTIMATES

FED	\$40,300
PR	- 11,173,200
Total	- \$11,132,900

Governor/Legislature: Increase funding by \$2,100 FED in 2007-08 and by \$38,200 FED in 2008-09, and decrease funding by \$5,577,600 PR in 2007-08 and by \$5,595,600 PR in 2008-09 to reflect a more accurate estimate of actual expenditures and revenues for various programs in the Divisions of Workforce Solutions and Economic Support. These modifications would: (a) provide \$2,100 FED in 2007-08 and \$38,200 FED in 2008-09 for the UI administration; apprenticeship appropriation to reflect an increase in pay-plan and health insurance calculations; (b) provide \$7,000 PR annually for the UI administration appropriation to reflect a cost-to-continue adjustment to maintain the existing level of reemployment services staffing; (c) delete \$2,375,400 PR annually from the workforce development local agreements appropriation and delete \$2,282,900 PR annually from the economic support interagency and intra-agency programs appropriation to reflect the current revenue estimates from local agreements, where workforce development boards, W-2 agencies, or local governments contract with DWD for employment and training services; (d) delete \$944,300 PR annually from the workforce development interagency and intra-agency agreements appropriation to reflect the current level of other-agency reimbursements related to transportation grants; and (e) provide \$18,000 PR in 2007-08 for the economic support gifts and grants appropriation to reflect non-federal match sources for an existing federal grant to provide legal advocacy for non-custodial parents in child support proceedings in Milwaukee. [A separate provision would consolidate the UI administration appropriation with the UI interest and penalty payments appropriation.]

11. CONVERSION OF FUNDING FROM GPR TO THE TRANSPORTATION FUND [LFB Paper 765]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR	-\$1,100,200	\$1,100,200	\$0
SEG	1,100,200	- 1,100,200	0
Total	\$0	\$0	\$0

Governor: Provide \$550,100 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 employment transit assistance program. Specify that the new appropriation for the employment transit assistance program shall be made from the transportation fund notwithstanding a current law provision that restricts the use of transportation fund revenues to a list of statutorily-

enumerated transportation programs and functions. The employment transit assistance program assists in the development of innovative transit service methods to increase transportation available to workers seeking employment in outlying suburban and sparsely populated and developed areas.

This item is part of an initiative to convert several appropriations from the general fund to the transportation fund. A summary listing of these appropriations is shown in an item titled "Use of Transportation Fund Revenues for General Fund Purposes," which can be found under the Transportation Finance section of the Department of Transportation.

Senate: Delete \$550,100 SEG in 2008-09 and provide \$550,100 GPR in 2008-09 to reflect the elimination of the provision for the second year of the biennium. Under the Senate provision, the use of transportation fund revenues for the employment transit assistance program would be in effect only for 2007-08.

Assembly/Legislature: Delete provision.

12. YOUTH APPRENTICESHIP PROGRAM [LFB Paper 883]

	Funding	Positions
GPR	\$1,629,400	2.00

Governor: Provide \$412,600 in 2007-08, \$1,216,800 in 2008-09, and 2.0 positions, beginning in 2007-08, to increase funding for the youth apprenticeship program. The youth apprenticeship program is a two-year program that combines academic and technical instruction with mentored on-the-job learning for high school students. Base funding for the youth apprenticeship program is \$1,100,000.

Joint Finance: Adopt the Governor's recommendation, but place \$87,600 in 2007-08, \$116,800 in 2008-09, and 2.0 positions, beginning in 2007-08, in the workforce development general program operations appropriation and place the remaining \$325,000 in 2007-08 and \$1,100,000 in 2008-09 in the local youth apprenticeship grants appropriation. The original bill incorrectly placed all of these funds in the local youth apprenticeship grants appropriation.

Assembly: Delete provision.

Conference Committee/Legislature: Restore Joint Finance provision.

13. BOYS AND GIRLS CLUBS OF GREATER MILWAUKEE [LFB Paper 884]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$250,000	-\$250,000	\$0

Governor: Provide \$250,000 in 2007-08 from vital records fees from the licensing, review and certifying activities; fees; supplies and services appropriation in DHFS to provide grants to the Boys and Girls Clubs of Greater Milwaukee to fund programs that improve the social,

academic, and employment skills of youths who reside in first class cities. Currently, Milwaukee is the only first class city in the state. These are new grants with no base funding.

The bill would create a PR appropriation in DWD into which funds from the DHFS appropriation would be transferred and used to funds grants to the Boys and Girls Clubs of Greater Milwaukee.

It should be noted that the bill provides funding for these grants in DWD only in 2007-08. However, the bill would continue to fund these grants in the new Department of Children and Families, beginning in 2008-09.

Joint Finance/Legislature: Delete provision.

14. YOUTH SUMMER JOBS PROGRAMS [LFB Paper 884]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$0	\$1,000,000	\$1,000,000
PR	1,000,000	- 1,000,000	0
Total	\$1,000,000	\$0	\$1,000,000

Governor: Provide \$500,000 PR annually from vital records fees from the licensing, review and certifying activities; fees; supplies and services appropriation in the Department of Health and Family Services (DHFS) to fund youth summer jobs programs in first class cities. Currently, Milwaukee is the only first class city in this state. These are new programs with no base funding.

The bill would create a PR appropriation in DWD into which the funds from the DHFS appropriation would be transferred and expended on youth summer jobs programs.

Joint Finance: Provide \$500,000 GPR annually to fund youth summer jobs programs in first class cities. Reduce funding by \$500,000 PR annually to reflect that funding would not be supported with vital records fees.

Assembly: Delete provision.

Conference Committee/Legislature: Restore Joint Finance provision.

[Act 20 Sections: 440g and 2650]

15. GRANT TO RACINE YOUNG WOMEN'S CHRISTIAN ASSOCIATION (YWCA)

GPR	\$25,000
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Joint Finance: Provide \$25,000 in 2007-08 to DWD to fund a one-time grant to the Racine

YWCA for start-up costs for a job skills training program.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Sections: 453e, 453f, 9154(4k), and 9454(3k)]

16. GRANT TO RACINE COUNTY WORKFORCE DEVELOPMENT BOARD (WDB)

GPR	\$25,000
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Joint Finance: Provide \$25,000 in 2007-08 to DWD to fund a one-time grant to the Racine County WDB to develop a comprehensive community-wide workforce development plan that addresses specific challenges in Racine County, including the preparation of a highly skilled and educated workforce to meet employer needs, to enhance the economic viability of Racine County.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Sections: 440m, 440p, 9154(5k), and 9454(5k)]

17. REGULATION OF TRAVELING SALES CREWS

Senate: Require DWD to regulate traveling sales crews, beginning the first day of the 12th month after publication of the bill. A traveling sales crew involves two or more individuals who are employed as salespersons, or in related support work, who travel together in a group, and who are absent overnight from their permanent places of residence for the purpose of selling goods or services to consumers from house to house, on any street, or in any other place that is open to the public. Two or more individuals who are traveling together for the purpose of participating in a trade show or convention, or two or more immediate family members who are traveling together for the purpose of selling goods or services would not constitute a traveling sales crew. No additional funding or positions would be provided to DWD to regulate traveling sales crews.

Regulation of traveling sales crews would include the following provisions:

Certificate of Registration

Require any person to first obtain a certificate of registration from DWD in order to employ, offer to employ, or otherwise recruit an individual to work as a traveling sales crew worker. Require a person to complete an application for registration, meet minimum requirements for issuance of a certificate of registration as specified by rules promulgated by DWD, and pay a registration fee determined by rules promulgated by DWD in order to obtain a

certificate of registration. A certificate of registration would be valid for 12 months unless suspended, restricted, or revoked, and would be nontransferable. Authorize a registrant to renew a certificate of registration by submitting an application and paying the registration fee not less than 30 days before the expiration date of the certificate of registration. The certificate of registration would not expire if the registrant is on active military duty when the certificate is due to expire.

Require a registrant and all employees, agents, or representatives of a registrant who supervise or transport traveling sales crew workers to carry at all times, while engaging in traveling sales crew activities, a copy of the certificate of registration and to exhibit that copy upon the request of any deputy of DWD, law enforcement officer, or person with whom the registrant, employee, agent, or representative is doing business. Failure to exhibit the copy upon request would be prima facie evidence of a violation of this provision.

Application for Certificate of Registration

Information. Require a person to complete an application that contains all of the following information in order to obtain a certificate of registration:

a. The name of the applicant, the address and telephone number of the applicant's principal place of business, and, if the applicant is engaged in sales activities on behalf of a principal, the name, address, and telephone number of the principal.

b. If the applicant is a corporation, the date and place of the applicant's incorporation, or, if the applicant is a limited liability company, the date and place of the applicant's organization.

c. The names and permanent home addresses of the proprietors, managing partners, managers, or principal officers of the applicant, together with proof of identification of those individuals, which may be in the form of a birth certificate, a valid operator's license that contains a photograph of the license holder, or an identification card that contains a photograph of the person identified.

d. The names, permanent home addresses, motor vehicle operator's license numbers, and dates of birth of all employees, agents, or representatives of the applicant who supervise or transport traveling sales crew workers, together with proof of identification of those individuals.

e. Information regarding the conviction record of all proprietors, managing partners, managers, or principal officers of the applicant, and of all employees, agents, or representatives of the applicant who supervise or transport traveling sales crew workers, and information regarding any violation by any those individuals of fraudulent representation, unfair billing for consumer goods or services, or unfair methods of competition and unfair trade practices.

f. The social security number or federal employer identification number of the

applicant.

g. The type of sales activities to be performed and the nature of the goods or services to be sold by the traveling sales crew workers of the applicant. If the goods to be sold are magazine subscriptions, the applicant must provide the names, addresses, and telephone numbers of the publishers of those magazines.

h. A statement identifying each motor vehicle that would be used to transport the applicant's traveling sales crew workers, including the type and license number of each motor vehicle, and documentation showing that each motor vehicle is in compliance with all state and federal safety standards that are applicable to the motor vehicle.

i. A statement indicating whether the duties of the applicant's traveling sales crew workers would include the storage, handling, or transportation of hazardous materials, as defined under federal law, or may result in any other exposure of those workers to hazardous materials, and, if so, documentation showing that the applicant is in compliance with all state and federal safety standards that are applicable to the storage, handling, and transportation of the hazardous materials.

j. Any document required by DWD to prove that the applicant has complied with the proof of financial responsibility requirement, the disclosure requirement, and the proof of insurance requirement, discussed in further detail below.

k. Any other information that DWD considers relevant to the protection of the health, safety, and welfare of the traveling sales crew workers employed by the applicant.

Investigation. Require DWD to investigate an applicant, upon receipt of the application and payment of the registration fee, to determine whether the applicant is qualified to receive a certificate of registration. The investigation would have to include a criminal history search by the Department of Justice (DOJ) of all proprietors, managing partners, managers, or principal officers of the applicant, and of all employees, agents, or representatives of the applicant who supervise or transport traveling sales crew workers. The investigation would also have to include a search by DWD to determine whether any of those individuals has committed fraudulent representation, unfair billing for consumer goods or services, or unfair methods of competition and unfair trade practices.

Authorize DWD to require the person being investigated to be fingerprinted on two fingerprint cards, each bearing a complete set of the person's fingerprints, if the person being investigated is, or at any time within the five years preceding the date of the application has been, a nonresident of Wisconsin, or if DWD determines that any information obtained from the criminal history search provides a reasonable basis for further investigation. Authorize DOJ to provide for the submission of the fingerprint cards to the Federal Bureau of Investigation (FBI) for the purposes of verifying the identification of the person and obtaining the person's criminal conviction record. Require DWD to keep all information received from DOJ and FBI confidential.

Issuance. Require DWD to issue a certificate of registration to the applicant after completing the investigation, determining that the applicant meets the minimum requirements for issuance, and being satisfied that the applicant would comply with all requirements and rules.

Denial, Suspension, Revocation, Restriction, or Refusal. Authorize DWD to deny, suspend, revoke, restrict, or refuse to renew a certificate of registration if DWD determines that any of the following apply:

a. The applicant or registrant is not the real party in interest with respect to the application or certificate of registration, and the real party in interest has previously been denied issuance or renewal of a certificate of registration, has had a certificate of registration suspended, revoked, or restricted, or is not qualified to receive a certificate of registration.

b. A proprietor, managing partner, manager, or principal officer of the applicant, or an employee, agent, or representative of the applicant who supervises or transports traveling sales crew workers has been convicted of a disqualifying offense within the five years preceding the date of the application.

c. The applicant or registrant has made a material misrepresentation or false statement in the application for the certificate of registration.

d. The applicant or registrant has failed to notify DWD of any change in the information submitted in the application for a certificate of registration as required under these provisions.

e. The applicant or registrant has failed to maintain proof of financial responsibility; failed to comply with the written disclosure statement requirements; failed to pay wages; failed to provide a required statement; failed to keep, preserve, or furnish records; violated a safety standard; failed to maintain insurance coverage; engaged in a prohibited practice as described in further detail below; employed a traveling sales crew worker without a proper permit; failed to pay a penalty imposed or to comply with an order DWD imposed as a result of a violation; or otherwise failed to comply with this law or rules.

For purposes of item "b" above, a disqualifying offense would include violations of underage drinking, falsifying proof of age, allowing the consumption of alcohol without a permit, manufacturing or delivering drug paraphernalia, or delivering drug paraphernalia to a minor if the violation of one or more of these offenses was committed in connection with, or incident to, any traveling sales crew activities.

Disqualifying offenses would also include violations involving homicide; felony battery; mayhem; sexual assault; reckless or negligent injury; injury by intoxicated use of a vehicle; false imprisonment; taking hostages; kidnapping; arson; burglary; threats to injure, accuse of crimes, or communicate derogatory information; robbery; soliciting or keeping a place of prostitutes; bribery; and certain crimes against children.

If the value of the property misappropriated is \$2,500 or more, then disqualifying offenses would include certain theft, fraud, operating a motor vehicle without the owner's consent, issuing worthless checks, and computer crimes.

Finally, disqualifying offenses would include any violation of fraudulent representation, unfair billing for consumer goods or services, or unfair methods of competition and unfair trade practices.

Change of Information. Require a registrant to notify DWD if any change occurs in any of the information submitted to DWD for an application for a certificate of registration within 30 days after the change occurs.

Employer Requirements

Financial Responsibility. Require an applicant to establish proof of ability to pay any compensation owed to a traveling sales crew worker employed by the applicant and any penalties that could be imposed. Require the applicant to prove its ability to pay by maintaining one of the following commitments in an amount approved by DWD, but not less than \$10,000, and in a form approved by DWD: (a) a bond; (b) a certificate of deposit; (c) an escrow account; or (d) an irrevocable letter of credit. Require the commitment to be established in favor of, or made payable to, DWD for the benefit of the state and any traveling sales crew worker who does not receive the compensation earned by the worker. Require the applicant to file with DWD any agreement, instrument, or other document necessary to enforce the commitment against the applicant or any relevant third party, or both.

Disclosure Statement. Require the employer to provide an individual with a written disclosure statement of the terms of employment at the time the individual is offered employment as a traveling sales crew worker or is otherwise recruited to work as a traveling sales crew worker. Require the employer and the individual to sign the written disclosure statement if the individual accepts the offer of employment. Require the written disclosure statement to include all of the following information:

- a. The place or places of employment, stated with as much specificity as possible.
- b. The compensation, including wage rates, commissions, bonuses, and contest awards, to be paid.
- c. The type or types of work on which the individual may be employed.
- d. The pay period and the manner in which compensation would be paid.
- e. The number of days per week and hours per day that the individual may be required to engage in sales activities or related support work.
- f. The nature and frequency of any employment-related meetings that the individual may be required to attend, the time of day of those meetings, and how compensation would be paid for attendance at those meetings.

g. The period of employment, including the approximate beginning and ending dates of employment.

h. A description of the board, lodging, and other facilities to be provided by the employer to the individual and any costs to be charged to the individual for those facilities.

i. A description of the transportation to be provided by the employer to the individual, and, if the employment involves the storage, handling, or transportation of hazardous materials or involves any other exposure to hazardous materials, a description of the hazardous materials.

j. Whether worker's compensation would be provided and, if so, the name and telephone number of the employee, agent, or representative of the employer to whom a notice of a claim for worker's compensation must be provided and the time period within which that notice must be provided.

Require the employer to comply with the terms of a disclosure statement, and authorize the employer to change the terms of a disclosure statement. However, any change to the terms of a disclosure statement would not be effective until a supplemental disclosure statement is signed by both the employer and the traveling sales crew worker, and any change would apply prospectively only.

Payment of Compensation. Require an employer to pay all compensation earned by a traveling sales crew worker on regular paydays designated in advance by the employer, but in no case less often than semimonthly. Require compensation to be paid in U.S. currency or by check or draft.

Authorize an employer to deduct, from a traveling sales crew worker's compensation, the cost of furnishing board, lodging, or other facilities to the worker if the board, lodging, or other facilities are customarily furnished by the employer to the traveling sales crew workers. Specify that the amount deducted would not exceed the fair market value of the board, lodging, or other facilities and would not include any profit to the employer. Require the traveling sales crew worker to authorize the deduction by signing a written disclosure statement that includes a description of the board, lodging, and other facilities to be provided and any costs to be charged to the worker for those facilities.

Require the employer to provide a written statement itemizing the amount of gross and net compensation paid to the worker and the amount of, and reason for, each deduction from the amount of gross compensation with each payment of compensation to a traveling sales crew worker. Require an employer to keep records of the information specified with respect to each traveling sales crew worker, to preserve those records for three years after the worker leaves the employ of the employer, and to furnish those records to DWD upon request.

Authorize a traveling sales crew worker who is owed compensation to file a wage claim with DWD or bring an action without first filing a wage claim with DWD.

Worker Safety. Require an employer of a traveling sales crew worker to maintain and operate, or cause to be maintained and operated, any motor vehicle used to transport a traveling sales crew worker in compliance with all state and federal safety standards that are applicable to the maintenance and operation of the motor vehicle, including any additional safety standards relating specifically to the transportation of traveling sales crew workers prescribed by rules promulgated by DWD. In prescribing additional safety standards, require DWD to consider all of the following: (a) the types of motor vehicles that are commonly used to transport traveling sales crew workers; (b) the safe passenger-carrying capacity of those motor vehicles; (c) the extent to which a proposed safety standard would cause an undue burden to traveling sales crew employers; and (d) any safety standards prescribed by the federal Secretary of Transportation that are applicable to the maintenance and operation of a motor vehicle that is commonly used to transport traveling sales crew workers.

Require the employer to ensure that any hazardous materials are stored, handled, and transported, and that the traveling sales crew worker is trained in the safe storage, handling, and transportation of hazardous materials, in accordance with all applicable state and federal safety standards, including any additional safety standards prescribed by rules promulgated by DWD. In prescribing additional safety standards, require DWD to consider all of the following: (a) the types of hazardous materials that are included in products commonly sold by traveling sales crews; (b) the extent to which a proposed safety standard would cause an undue burden to traveling sales crew employers; and (c) any safety standards prescribed by the federal Secretary of Transportation or by the federal Occupational Safety and Health Administration that are applicable to the storage, handling, and transportation of hazardous materials by a traveling sales crew worker or to any other exposure of a traveling sales crew worker to hazardous materials.

Insurance Coverage. Require the employer to have a policy of insurance that insures the employer, in an amount prescribed by rule promulgated by DWD, against liability for damages to persons and property arising out of the ownership or operation by the employer or by any employee, agent, or representative of the employer of a motor vehicle that is used to transport a traveling sales crew worker. In addition, require the employer to have a policy of insurance that insures the employer, in an amount prescribed by rule promulgated by DWD, against liability for damages to persons and property arising out of any negligent act or omission of the employer or of any employee, agent, or representative of the employer. Finally, require the employer to provide worker's compensation coverage for its employees if the employer is required to do so under current law.

Prohibited Practices, Enforcement, and Penalties

Prohibited Practices. Prohibit an employer of a traveling sales crew worker and an employee, agent, or representative of that employer who supervises or transports traveling sales crew workers from doing the following:

- a. Employing or permitting to work as a traveling sales crew worker a person under 18 years of age or employing or permitting to work as a traveling sales crew worker a person 18

years of age or over who has been adjudged incompetent without the permission of the person's guardian.

b. Requiring a traveling sales crew worker to engage in any in-person sales or solicitation before 9:00 a.m. or after 9:00 p.m.

c. Considering a traveling sales crew worker to be an independent contractor rather than an employee.

d. Requiring a traveling sales crew worker to purchase any goods or services solely from the employer or to pay any of the employer's business expenses, except as permitted for board, lodging, or other facilities.

e. Abandoning a traveling sales crew worker who is unable to work due to illness or injury or who is discharged from employment, for reasons other than misconduct, without providing for the return of the traveling sales crew worker to his or her permanent place of residence.

f. Abandoning a traveling sales crew worker who has been arrested and is being held in custody for failing to exhibit the identification card upon request as required under these provisions or for a violation of some local ordinance regulating that conduct.

g. Requiring a traveling sales crew worker to relinquish custody of any of his or her personal property to the employer, to any employee, agent, or representative of the employer who supervises or transports traveling sales crew workers, or to any other traveling sales crew worker of the employer.

h. Prohibiting or restricting a traveling sales crew worker from contacting any family member, friend, or other person while traveling with a traveling sales crew.

i. Intentionally inflicting, or threatening to inflict, bodily harm on a traveling sales crew worker or damage to the property of a traveling sales crew worker as a means of discipline or motivation.

j. Advising or counseling a traveling sales crew worker to make false representations to a person to whom he or she is offering goods or services concerning his or her motivation for selling those goods or services.

k. Discharging or discriminating against any person for opposing a prohibited practice.

Enforcement and Penalties. Subject any person engaging in traveling sales crew activities, or employing or permitting the employment of any individual as a traveling sales crew worker, in violation of these provisions, any rule promulgated for these provisions, or any order issued under these provisions, or that hinders or delays DWD or any law enforcement officer in the performance of their duties under these provisions to a forfeiture not less than \$25 nor more

than \$1,000 for each day of a first offense, or to a fine not less than \$250 nor more than \$5,000 for each day or to imprisonment not more than 30 days, or both, for a second or subsequent offense. An offense would be a second or subsequent offense if it occurred within five years of the first offense, as measured from the dates the violations initially occurred.

In addition, specify that any person that employs or permits the employment of any individual as a traveling sales crew worker in violation of these provisions would be liable, in addition to wages paid, to pay each individual affected an amount equal to twice the regular rate of pay as liquidated damages for all hours worked in violation per day or per week, whichever is greater.

Finally, authorize DWD to refer violations of these provisions or of any rules related to these provisions for prosecution by DOJ or the district attorney of the county in which the violation occurred.

Child Support and Delinquent Taxes

Specify that DWD must require each applicant for a certificate of registration to provide a social security number, if the applicant is an individual, or a federal employer identification number, if the applicant is not an individual, when initially applying for or applying to renew the certificate of registration. This is consistent with state law regarding other state-issued licenses, certifications, and credentials.

Current law also requires licensing agencies and credentialing boards to deny, suspend, restrict, refuse to renew, or otherwise withhold a license or certificate for individuals who owe past-due support or who fail to comply with subpoenas or warrants relating to paternity or child support proceedings or who owe back taxes. This provision would add a certificate of registration for traveling sales crews to the list of licenses, credentials, certificates, or registrations that may be denied, suspended, or restricted.

Traveling Sales Crew Worker Permits

Prohibit an individual from being employed or permitted to work as a traveling sales crew worker unless the employer of the individual first obtains from DWD a traveling sales crew worker permit for the individual and the individual first obtains from DWD an identification card. Require the worker permit and the identification card to be in a form prescribed by DWD, which must include, at a minimum, the name and permanent home address of the traveling sales crew worker and the name, address, and phone number of his or her employer.

Require the employer and all employees, agents, or representatives who supervise or transport traveling sales crew workers to carry a copy of the worker permit at all times for each traveling sales crew worker and to exhibit that copy upon request of any deputy of DWD, law enforcement officer, or person with whom the employer, employee, agent, or representative is doing business.

Require a traveling sales crew worker to carry the identification card at all times while engaged in traveling sales crew activities and to exhibit that card upon request of any deputy of DWD, law enforcement officer, or person with whom the traveling sales crew worker is doing business.

Specify that failure to exhibit a copy of the permit or identification card is prima facie evidence of a violation of this provision.

Require the employer to: (a) keep a copy of the permit for each traveling sales crew worker for at least three years after the traveling sales crew worker leaves the employ of the employer and allow DWD to inspect the permits upon request; (b) keep a list of names of all cities, villages, or towns where traveling sales crew workers engaged in traveling sales crew activities within the last three years and allow DWD to inspect the list upon request; and (c) provide a list of all cities, villages, or towns where the employer intends to employ traveling sales crew workers in traveling sales crew activities, upon the request of DWD, for the six-month period beginning on the date of DWD's request.

Require the employer to obtain a stamp or endorsement on a traveling sales crew worker's permit from the clerk of the city, village, or town before the employer may permit a traveling sales crew worker to engage in traveling sales crew activities in that city, village, or town. Require the employer, once the stamp or endorsement is obtained, to provide notice that the traveling sales crew workers would be engaging in traveling sales crew activities in that city, village, or town to the following: (a) the local police department, if the city, village, or town has a police department; or (b) the sheriff of the county where the city, village, or town is located, if the city, village, or town does not have a police department. In addition, require clerks of cities, villages, and towns to stamp or endorse traveling sales crew worker permits at the request of an employer.

Require law enforcement officers of counties, cities, villages, and towns to assist DWD in enforcing these provisions by questioning individuals seen engaging in traveling sales crew activities and reporting to DWD all cases of individuals apparently engaging in traveling sales crew activities in violation of these provisions.

Rules Related to these Provisions

Require DWD to promulgate rules to implement these provisions, which must include all of the following: (a) a fee for obtaining a certification of registration, which must be based on the cost of issuing certificates of registration; (b) minimum requirements for the issuance of a certificate of registration; (c) safety standards relating to the transportation of traveling sales crew workers, the storage, handling, and transportation of hazardous materials by traveling sales crews and any other exposure of a traveling sales crew worker to hazardous materials, and the training of traveling sales crews in the storage, handling, and transportation of hazardous materials; and (d) the amount of liability insurance that an employer must have in force.

Require DWD to submit the rules in proposed form to the Legislative Council staff no later than the first day of the sixth month beginning after the effective date of the bill. DWD would not be required to prepare an economic impact report for these rules.

Non-applicability and Non-preemption

Non-applicability. Specify that these provisions do not apply to the employment of a person in a fund-raising sale for a nonprofit organization, a public school, or a private school.

Non-preemption. Specify that these provisions do not preempt a county, city, village, or town from enacting a local ordinance regulating traveling sales crew activities. Require the local ordinance to be at least as strict as the regulation of conduct under these provisions to the extent that the local ordinance regulates the same conduct.

Assembly/Legislature: Delete provision.

Economic Support and Child Care

1. W-2 AND TANF RELATED REVENUES AND EXPENDITURES [LFB Paper 886]

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. It should be noted that these programs will be transferred from DWD to the Department of Children and Families (DCF) in 2008-09. Therefore, the revenues and expenditures shown in Table 1 are for DWD in 2007-08 and for DCF in 2008-09.

Revenues Available for W-2 and TANF Related Programs

As shown, the administration estimates total revenues for W-2 and TANF related programs at \$567,181,500 in 2007-08 and \$566,848,900 in 2008-09. Overall, total revenues would decrease by \$24,512,300 in 2007-08 and \$24,844,900 in 2008-09 compared to the amount available in 2006-07. These decreases primarily reflect the loss of the TANF high performance bonus funds due to the federal Deficit Reduction Act of 2005 (DRA), the transfer of the food stamp employment training program (FSET) from DWD to the Department of Health and Family Services (DHFS), the removal of one-time funding from accumulated child support collections that was used to fund W-2 and TANF related programs in the 2005-07 biennium, and the depletion of the TANF carryover funds that were available at the beginning of 2006-07. These reductions are partially offset by an increase in the child care development block grant (CCDBG) funds of \$1,529,800 annually.

State funding would include \$167,125,100 (\$150,061,200 GPR, \$7,831,900 PR, and

\$9,232,000 SEG) in 2007-08 and \$166,792,500 (\$150,061,200 GPR, \$7,499,300 PR, and \$9,232,000 SEG) in 2008-09. The program revenue includes the state's share of aid to families with dependent children (AFDC) overpayment recoveries and child support collections that are assigned to the state by public assistance recipients. The segregated revenue is from the Department of Administration's low-income energy assistance program (formerly known as utility public benefits funding).

Federal funding is estimated at \$400,056,400 annually, which includes monies from the TANF block grant, the CCDBG block grant, and recoveries of overpayments to W-2 recipients.

It should be noted that Congress has reauthorized the federal TANF program through September 30, 2010, at the same funding levels, by including the reauthorization provision in the DRA.

Expenditures for W-2 and TANF Related Programs

Under the Governor's recommendations, overall expenditures for W-2 and TANF related programs would be \$567,181,500 in 2007-08 and \$566,848,900 in 2008-09. These amounts include all funds, and represent a decrease from the base budget of \$24,431,800 in 2007-08 and \$24,764,400 in 2008-09. According to the Executive Budget in Brief document, the decreases reflect ongoing funding for the W-2 program and an effort to maintain other programs that service families under the TANF block grant. Expenditures include: W-2 cash grants, wage subsidies, and other employer reimbursements; child care subsidies; 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.

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 2007-08 and 2008-09, leaving no TANF balance to carry forward.

TABLE 1

W-2 and TANF Related Revenues and Expenditures Under the Governor's Budget Bill

	2007-08	2008-09	Change to Base		Item #
			2007-08	2008-09	
Revenues					
State General Purpose Revenue in DWD (GPR)	\$150,061,200	\$150,061,200	\$0	\$0	
AFDC Overpayment Recoveries (PR)	187,500	210,400	-525,200	-502,300	2
CCDBG and TANF Overpayment Recovery (FED)	2,194,900	2,194,900	0	0	
TANF High Performance Bonus Funds (FED)	0	0	-5,000,000	-5,000,000	
TANF Block Grant (FED)	314,499,400	314,499,400	0	0	
Child Care Block Grant (FED)	83,362,100	83,362,100	1,529,800	1,529,800	
FSET Funds (PR-S)	0	0	-8,112,600	-8,112,600	2
Child Support Collections (PR)	7,644,400	7,288,900	-7,262,000	-7,617,500	2
Department of Administration (SEG)	9,232,000	9,232,000	0	0	
W-2 Agency Filing Fees (PR)	0	0	-1,000	-1,000	
TANF Carryover (FED)	0	0	-5,141,300	-5,141,300	
Total Revenues	\$567,181,500	\$566,848,900	-\$24,512,300	-\$24,844,900	
Expenditures					
W-2 Agency Contracts					
Benefits	\$48,276,900	\$51,003,200	-\$4,165,000	-\$1,438,700	3,7,8
Administration	13,201,100	13,201,100	0	0	4
Services	38,604,400	40,066,300	-7,979,700	-6,517,800	4,6
Child Care					
Direct Child Care Subsidies	\$314,888,400	\$315,821,900	\$1,456,300	\$2,389,800	8,9
Child Care State Administration	2,956,900	2,355,200	1,432,000	830,300	9,10,11
Quality Care for Quality Kids	8,703,500	8,703,500	1,325,000	1,325,000	11
Day Care Licensing	5,236,800	5,245,500	796,300	805,000	10,12
Other Benefits					
Kinship Care	\$23,655,000	\$23,655,000	\$968,700	\$968,700	13
Caretaker Supplement for Children of SSI Recipients	30,272,400	30,272,400	-121,600	-121,600	14
Emergency Assistance	8,900,000	9,400,000	4,400,000	4,900,000	15
Administrative Support					
State Administration	\$16,972,000	\$17,201,500	\$549,100	\$778,600	6,23
Fraud Prevention/Program Integrity	605,500	605,500	605,500	605,500	16
Other Support Services					
Children First	\$1,140,000	\$1,140,000	\$0	\$0	
Grant Programs					
Boys and Girls Clubs	\$350,000	\$350,000	\$50,000	\$50,000	17
Educare	750,000	750,000	750,000	750,000	18
Expenditures in Other Programs					
Earned Income Tax Credit	\$30,616,700	\$25,004,300	-\$24,615,300	-\$30,227,700	20
Social Services Block Grant	13,420,500	13,420,500	0	0	
Child Welfare Safety Services	5,631,300	5,631,300	-75,900	-75,900	21
Child Welfare Prevention Services	1,489,600	1,489,600	0	0	
Milwaukee Child Welfare/WISACWIS	1,510,500	1,532,100	192,800	214,400	22
Total Expenditures	\$567,181,500	\$566,848,900	-\$24,431,800	-\$24,764,400	
Ending Balance	\$0	\$0			

Joint Finance: Table 2 shows the W-2 and TANF related revenue estimates and expenditures adopted by the Joint Committee on Finance.

As shown, total revenues for W-2 and TANF related programs are estimated at \$566,682,000 in 2007-08 and \$566,349,400 in 2008-09. Compared to the Governor's proposal, these numbers represent a decrease of \$499,500 annually due to a reestimate of the CCDBG and the W-2 agency filing fee.

Overall expenditures for W-2 and TANF related programs would be \$566,682,000 in 2007-08 and \$566,349,400 in 2008-09. These amounts represent a decrease to the Governor's bill of \$499,500 annually. The net decrease results from adding funds to child care and reducing funds for other programs, which are described below in separate entries.

There would be an estimated balance in TANF funding of \$0 on June 30, 2009, under the Joint Finance proposal.

TABLE 2

W-2 and TANF Related Revenues and Expenditures Under the Joint Committee on Finance

	<u>Joint Finance</u>		<u>Change to Governor</u>		Item #
	<u>2007-08</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2008-09</u>	
Revenues					
State General Purpose Revenue in DWD (GPR)	\$150,061,200	\$150,061,200	\$0	\$0	
AFDC Overpayment Recoveries (PR)	187,500	210,400	0	0	2
CCDBG and TANF Overpayment Recoveries (FED)	2,194,900	2,194,900	0	0	
TANF Block Grant (FED)	314,499,400	314,499,400	0	0	
Child Care Block Grant (FED)	82,862,100	82,862,100	-500,000	-500,000	
Child Support Collections (PR)	7,644,400	7,288,900	0	0	2
Department of Administration (SEG)	9,232,000	9,232,000	0	0	
W-2 Agency Filing Fees (PR)	500	500	500	500	2
Total Revenues	\$566,682,000	\$566,349,400	-\$499,500	-\$499,500	
Expenditures					
W-2 Agency Contracts					
Benefits	\$44,068,500	\$43,392,200	-\$4,208,400	-\$7,611,000	3,6,7,8
Administration	10,701,100	10,701,100	-2,500,000	-2,500,000	4
Services	38,471,500	38,471,500	-132,900	-1,594,800	4,6
Child Care					
Direct Child Care Subsidies	\$345,601,800	\$355,352,000	\$30,713,400	\$39,530,100	8,9
Child Care State Administration	1,765,600	1,600,300	-1,191,300	-754,900	9,10,11
Quality Care for Quality Kids	5,311,000	5,311,000	-3,392,500	-3,392,500	11
Day Care Licensing	4,800,600	4,800,600	-436,200	-444,900	10,12
Other Benefits					
Kinship Care	\$23,579,800	\$23,579,800	-\$75,200	-\$75,200	13
Caretaker Supplement for Children of SSI Recipients	30,094,700	30,094,700	-177,700	-177,700	14
Emergency Assistance	6,000,000	6,000,000	-2,900,000	-3,400,000	15
Administrative Support					
State Administration	\$16,064,600	\$16,263,000	-\$907,400	-\$938,500	6,23,24
Fraud Prevention/Program Integrity	605,500	605,500	0	0	16
Other Support Services					
Children First	\$1,140,000	\$1,140,000	\$0	\$0	
Grant Programs					
Boys and Girls Clubs	\$300,000	\$300,000	-\$50,000	-\$50,000	17
Educare	0	0	-750,000	-750,000	18
Expenditures in Other Programs					
Earned Income Tax Credit	\$16,125,400	\$6,664,200	-\$14,491,300	-\$18,340,100	20
Social Services Block Grant	13,420,500	13,420,500	0	0	
Child Welfare Safety Services	5,631,300	5,631,300	0	0	21
Child Welfare Prevention Services	1,489,600	1,489,600	0	0	
Milwaukee Child Welfare/WISACWIS	1,510,500	1,532,100	0	0	22
Total Expenditures	\$566,682,000	\$566,349,400	-\$499,500	-\$499,500	
Ending Balance	\$0	\$0			

Senate: Under the Senate provisions, total revenues and expenditures for W-2 and TANF related programs are estimated at \$567,003,800 in 2007-08 and \$566,993,100 in 2008-09. Compared to the Joint Finance proposal, these numbers represent an increase of \$321,800 in 2007-08 and \$643,700 in 2008-09 due to additional GPR to support benefits for pregnant women.

Assembly: Under the Assembly provisions, total revenues for W-2 and TANF related programs would be \$574,794,600 in 2007-08 and \$574,462,000 in 2008-09. Compared to the Joint Finance provisions, revenues would be higher by \$8,112,600 annually, which reflects that the FSET program would not be transferred to DHFS from DWD.

Total expenditures under the Assembly provisions would be \$574,794,600 in 2007-08 and \$574,462,000 in 2008-09. Compared to the Joint Finance provisions, these amounts are higher by \$8,112,600 annually. Changes to expenditures under the Assembly provisions would include decreases in funding for W-2 benefits, child care subsidies, child care state administration, day care licensing, emergency assistance, TANF state administration, and Milwaukee child welfare. In addition, funding increases would be provided for W-2 services (to reflect that the FSET program would not be transferred from DHFS to DWD), child care quality and availability programs, child welfare safety services, and the earned income tax credit. These items are described in more detail in separate items under this section.

Conference Committee/Legislature: Table 3 shows W-2 and TANF related revenue estimates and expenditures as approved by the Legislature. Items are described separately in the sections following the table according to the item number listed in the right-hand column of the table.

TABLE 3

W-2 and TANF Related Revenues and Expenditures Under the Legislature/Act 20

	Act 20		Change to It. Finance		Item
	2007-08	2008-09	2007-08	2008-09	
Revenues					
State General Purpose Revenue (GPR)	\$150,111,200	\$150,111,200	\$50,000	\$50,000	2
AFDC Overpayment Recoveries (PR)	187,500	210,400	0	0	2
CCDBG and TANF Overpayment Recoveries (FED)	2,194,900	2,194,900	0	0	
TANF Block Grant (FED)	314,499,400	314,499,400	0	0	
Child Care Development Block Grant (FED)	82,862,100	82,862,100	0	0	
Child Support Collections (PR)	7,644,400	7,288,900	0	0	2
Department of Administration (SEG)	9,232,000	9,232,000	0	0	
W-2 Agency Filing Fees (PR)	500	500	0	0	2
Total Revenues	\$566,732,000	\$566,399,400	\$50,000	\$50,000	
Expenditures					
W-2 Agency Contracts					
Benefits	\$44,068,500	\$43,392,200	\$0	\$0	3,6,7,8
Administration	10,701,100	10,701,100	0	0	4
Services	38,471,500	38,471,500	0	0	4,6
Child Care					
Direct Child Care Subsidies	\$340,601,800	\$355,352,000	-\$5,000,000	\$0	8,9
Child Care State Administration	1,765,600	1,600,300	0	0	9,10,11,23
Quality Care for Quality Kids	5,311,000	5,311,000	0	0	11
Day Care Licensing	4,800,600	4,800,600	0	0	10,12
Other Benefits					
Kinship Care	\$23,579,800	\$23,579,800	\$0	\$0	13
Caretaker Supplement for Children of SSI Recipients	30,094,700	30,094,700	0	0	14
Emergency Assistance	6,000,000	6,000,000	0	0	15
Administrative Support					
State Administration	\$16,064,600	\$16,263,000	\$0	\$0	6,23,24
Fraud Prevention/Program Integrity	605,500	605,500	0	0	16
Other Support Services					
Children First	\$1,140,000	\$1,140,000	\$0	\$0	
Grant Programs					
Boys and Girls Clubs	\$350,000	\$350,000	\$50,000	\$50,000	17
Educare	0	0	0	0	18
Expenditures in Other Programs					
Earned Income Tax Credit	\$21,125,400	\$6,664,200	\$5,000,000	\$0	20
Social Services Block Grant	13,420,500	13,420,500	0	0	
Child Welfare Safety Services	5,631,300	5,631,300	0	0	21
Child Welfare Prevention Services	1,489,600	1,489,600	0	0	
Milwaukee Child Welfare/Ewisacwis	1,510,500	1,532,100	0	0	22
Total Expenditures	\$566,732,000	\$566,399,400	\$50,000	\$50,000	
Ending Balance	\$0	\$0			

As shown, total revenues under the provisions of the Legislature are estimated at \$566,732,000 in 2007-08 and \$566,399,400 in 2008-09. These amounts are higher compared to the Joint Finance provisions by \$50,000 annually. The increases reflect additional GPR funding for the Boys and Girls Clubs.

Total expenditures under the provisions approved by the Legislature would be \$566,732,000 in 2007-08 and \$566,399,400 in 2008-09. Compared to the Joint Finance provisions, these amounts are higher by \$50,000 annually. In addition to an increase in funding for the Boys and Girls Clubs, funding for child care subsidies would be reduced in 2007-08 and funding for the earned income tax credit would be increased in 2007-08.

Under the provisions of the Legislature, there would be no TANF ending balance at the end of 2007-08 or 2008-09.

2. TANF REVENUE ADJUSTMENTS [LFB Paper 886]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	\$0	\$0	\$100,000	\$100,000
FED	31,973,200	- 1,000	- 100,000	31,872,200
PR	<u>-2,007,000</u>	<u>1,000</u>	<u>0</u>	<u>-2,006,000</u>
Total	\$29,966,200	\$0	\$0	29,966,200

Governor: Decrease funding by \$837,200 PR in 2007-08 and \$1,169,800 PR in 2008-09 and increase funding by \$15,820,300 FED in 2007-08 and \$16,152,900 FED in 2008-09 to reflect: (a) a reestimate of funding generated from the state's share of AFDC overpayment recoveries; (b) a reestimate of the state's share of child support collections used to fund W-2 (the removal of one-time funding of \$6,950,000 annually is shown under standard budget adjustments); (c) an increase in TANF funding to replace revenue lost from the transfer of the FSET program from DWD to DHFS; (d) an increase in TANF funding needed to support TANF-related programs to offset the reduction in program revenue (including the loss of one-time funding of \$6,950,000).

Joint Finance: Increase funding by \$500 PR annually to reflect more recent estimates of W-2 agency filing fees and decrease TANF funding by \$500 FED annually to reflect that due to the additional revenue from filing fees, less TANF funding is needed to support TANF-related programs.

Senate: Increase funding by \$321,800 GPR in 2007-08 and \$643,700 GPR in 2008-09 and decrease funding by \$321,800 FED in 2007-08 and \$643,700 FED in 2008-09 to reflect additional GPR funding to support W-2 benefits for pregnant women and a corresponding reduction in TANF funds to offset the increase in GPR funds.

Assembly: Delete Senate modification. Instead, increase funding by \$8,112,600 PR annually and decrease funding by \$8,112,600 FED annually to reflect an increase in program revenue due to not transferring the FSET program to DHFS from DWD and a corresponding reduction in TANF funds to offset the increase in PR funds.

Conference Committee/Legislature: Delete Senate and Assembly modifications. In addition, increase funding by \$50,000 GPR annually and reduce funding by \$50,000 FED annually to reflect additional GPR funding to support the Boys and Girls Clubs and a corresponding reduction in TANF funds to offset the increase in GPR funds.

3. W-2 CASH BENEFITS ALLOCATION [LFB Paper 887]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	-\$16,172,200	-\$1,375,900	-\$17,548,100

Governor: Reduce funding by \$7,368,800 in 2007-08 and \$8,803,400 in 2008-09 for payments to W-2 participants in subsidized employment positions, trial job subsidies, and caretaker of newborn infant (CNI) grants under current law. Benefits funding for the current W-2 program would total \$45,073,100 in 2007-08 and \$43,638,500 in 2008-09 for the 2006-2009 W-2 agency contracts (which cover calendar years 2006 through 2009). The first 18 months of the 2006-2009 contracts were funded in the 2005-07 biennial budget. This provision would fund the next 24 months of the 2006-2009 contracts. The last six months of the 2006-2009 contracts would be funded in the 2009-11 biennial budget. The reduction in funding reflects an anticipated decrease in the W-2 cash benefit caseload from that assumed in the 2005-07 biennium (7,500). The administration anticipates the monthly cash benefit caseload to be 6,500. The cash benefit caseload in January, 2007, was 6,332. Base funding for cash benefits is \$52,441,900.

Joint Finance: Reduce funding by \$1,046,600 in 2007-08 and \$329,300 in 2008-09 for payments to W-2 participants in subsidized employment positions, trial job subsidies, and CNI grants under current law.

With the Committee's actions to: (a) eliminate the provision to extend CNI grants from 12 weeks to 26 weeks; (b) eliminate the provision to extend W-2 grants for pregnant women who do not have children and are in their third trimester of an at-risk pregnancy; and (c) reduce the real work, real pay demonstration project to 100 participants, W-2 benefits for the next 24 months of the 2006-2009 W-2 contracts would total \$44,068,500 in 2007-08 and \$43,392,200 in 2008-09.

Assembly: Reduce funding by \$1,046,500 in 2007-08 and \$329,200 in 2008-09 for payments to W-2 participants in subsidized employment positions, trial job subsidies, and CNI grants under current law. With the Assembly's actions to eliminate the real work, real pay demonstration project, W-2 benefits for the next 24 months of the 2006-2009 W-2 contracts would total \$42,980,000 annually.

Conference Committee/Legislature: Delete Assembly modification.

[Act 20 Section: 1436]

4. W-2 AGENCY CONTRACTS -- ADMINISTRATION AND SERVICES [LFB Paper 887]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	-\$16,225,200	-\$5,000,000	-\$21,225,200

Governor: Reduce funding by \$8,112,600 annually for services under the W-2 agency contracts under current law. Services funding for the current W-2 program would total \$38,471,500 annually for the 2006-2009 W-2 agency contracts. The first 18 months of the 2006-2009 W-2 agency contracts had been funded in the 2005-07 biennial budget. Funding for the next 24 months of the 2006-2009 contracts would be provided under this provision. Funding for the last six months of the 2006-2009 contracts would be provided in the 2009-11 biennial budget. The reduction in funding reflects the transfer of the FoodShare employment and training program from DWD to DHFS. Base funding for services is \$46,584,100.

Modify the current statutory allocation for W-2 administration to reflect actual base funding of \$13,201,100. The bill would provide no additional funding for W-2 administration.

Joint Finance: Reduce funding by \$2,500,000 annually for local administration of W-2 for the next 24 months of the 2006-2009 W-2 agency contracts.

Assembly: Increase funding by \$8,112,600 annually to reflect that the FSET program would not be transferred to DHFS from DWD.

Conference Committee/Legislature: Delete Assembly modification.

[Act 20 Sections: 1437 and 1439]

5. W-2 AGENCY PERFORMANCE BONUSES

Governor/Legislature: Delete the statutory allocation and authority for performance bonuses. No funding has been allocated for W-2 agency performance bonuses since the 2001-2002 W-2 agency contracts.

[Act 20 Section: 1438]

6. REAL WORK, REAL PAY PILOT PROJECT [LFB Paper 888]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
FED	\$1,872,100	1.00	-\$1,747,100	-1.00	\$125,000	0.00

Governor: Provide \$194,800 in 2007-08 and \$1,677,300 in 2008-09, and 1.0 position,

beginning in 2007-08, to establish a real work real pay demonstration project. Of these amounts, \$61,900 in 2007-08 and \$82,500 in 2008-09 would fund a project position to administer the demonstration project and \$132,900 in 2007-08 and \$1,594,800 in 2008-09 would fund W-2 services for participants in the demonstration project.

Require DWD to conduct and evaluate the real work, real pay pilot project from January 1, 2008, to December 31, 2009. The pilot project would include the following provisions:

Participants. Limit the project to 500 individuals.

Location. Conduct the project in at least one of the W-2 geographical areas established by DWD in Milwaukee County and in at least two geographical regions outside of Milwaukee County.

Wage Subsidy. Require a W-2 agency to pay a wage subsidy to a participating employer in an amount that does not exceed the federal minimum wage [currently \$5.85 per hour, \$6.55 per hour on July 24, 2008, and \$7.25 per hour on July 24, 2009.] Wage subsidy payments would continue until the participant completes participation in the pilot project, for any participant who is accepted into the program before December 31, 2009. Worksite training activities prescribed by the employer consistent with training provided to other employees at the worksite would be considered work for purposes of calculating the wage subsidy.

Employer Reimbursement. Require the W-2 agency, in addition to the wage subsidy, to reimburse the employer for up to 100% 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 December 31, 2009.

Employers. Require an employer that employs an individual and receives a wage subsidy to agree to make a good faith effort to retain the individual as a permanent unsubsidized employee after the wage subsidy ends if the individual successfully completes participation. If the participant were not retained, the employer would be required to agree to serve as an employment reference for the individual or provide to the W-2 agency a written performance evaluation of the participant, including recommendations for improvements.

Mentors and Stipends. Require the W-2 agency and the employer of an individual to work together to find a mentor for the individual at the work site. The W-2 agency would be required to pay each mentor a stipend of \$50.

Time Limits. Limit participation in the pilot project to a maximum of six months. Participation could be extended for up to three months.

Learnfare Attendance Requirements. Expand school attendance requirements in Learnfare and sanctions for failing to comply with the school attendance requirements to include dependent children of pilot project participants. Under current law, an individual who is a

dependent child in a W-2 group that includes a participant placed in a trial job, community service job, or transitional job is subject to the school attendance requirement under Learnfare and subject to a monthly sanction for failing to comply with the requirement. Under the Learnfare attendance requirement, the child must be enrolled in school, or must have been enrolled in the immediately preceding semester. In addition, habitual truants, dropouts, and students not enrolled in school must participate in case management services.

Children First. Expand the kinds of work experience and job training services that Children First may provide to include activities under the pilot project. Under current law, Children First may provide the kinds of work experience and job training services available from W-2 trial jobs, community service jobs, or the former job opportunities and basic skills program. Children first is a work experience and job training program for parents who are not custodial parents and who fail to pay child support to meet their children's needs for support as a result of unemployment or underemployment.

Trial Jobs and Real Work, Real Pay. Apply all provisions of the statutes related to the trial job program to the real work, real pay 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.

Rules Exemption. Specify that the statutory definition of rule would not apply to the pilot project. As a result, DWD would not be required to promulgate administrative rules regarding the real work real pay 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 real work, real pay 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: Reduce funding by \$152,800 in 2007-08 and \$1,594,300 in 2008-09, and delete 1.0 position, beginning in 2007-08. Limit participation in the real work, real pay pilot project to 100 individuals, rather than 500 under the bill. Show funding for employer reimbursements as W-2 benefits, rather than W-2 services.

In addition, delete unnecessary cross references to the development zones jobs credit that were inadvertently included in the Governor's bill.

Assembly: Delete provision.

Conference Committee/Legislature: Restore Joint Finance provision.

[Act 20 Sections: 1410, 1436, 1478, 1479, 1511, 1961 thru 1965, 2034 thru 2038, 2090 thru 2094, 2162 thru 2166, 2994, 3935, and 9341(3)]

7. BENEFITS FOR PREGNANT WOMEN [LFB Paper 889]

	Governor (Chg. to Base)	Jt. Finance/leg. (Chg. to Gov)	Net Change
FED	\$1,407,700	-\$1,407,700	\$0

Governor: Increase funding by \$469,200 in 2007-08 and \$938,500 in 2008-09 to extend W-2 grants beginning January 1, 2008, 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.

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 for purposes of the time limits on program participation.

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, 2008.

Joint Finance: Delete provision.

Senate: Restore provision.

Assembly/Legislature: Delete provision.

8. CARETAKER OF A NEWBORN INFANT (CNI) GRANTS [LFB Paper 890]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$7,824,600	- \$7,824,600	\$0

Governor: Provide \$2,193,100 in 2007-08 and \$5,631,500 in 2008-09 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 includes \$2,734,600 in 2007-08 and \$6,426,200 in 2008-09 for cash benefits, which would be partially offset by reductions in child care funding of \$541,500 in the first year and \$794,700 in the second year to reflect that individuals would be caring for their infants an additional 14 weeks, instead of engaging in work and training activities, and may not need child care.

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 AFDC or a W-2 employment position. For a child born more than 10 months after the date the participant was first determined to be eligible for AFDC or a W-2 employment position, receipt of the grant does constitute participation unless the child was conceived as a result of a sexual assault or incest, which has been reported to a physician and to law enforcement authorities.

Under the bill, the parent could not be required to participate in a W-2 employment position during the 26 weeks. 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, unless the child was conceived as a result of a sexual assault, sexual assault of a child, or incest, which has been reported to a physician and to law enforcement authorities.

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 the effective date of the bill. In addition, CNI grants would first constitute participation for purposes of time limits

beginning with grants received on the effective date of the bill.

Joint Finance/Legislature: Delete provision.

9. CHILD CARE SUBSIDIES AND COST SAVING MEASURES [LFB Paper 891]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
FED	\$5,558,100	\$68,907,300	-\$5,000,000	\$69,465,400

Governor: Provide \$2,284,800 in 2007-08 and \$3,273,300 in 2008-09 for direct child care services under the Wisconsin Shares program, including funding for child care subsidies, local administration, on-site child care at job centers and counties, and migrant child care. Funding for the Wisconsin Shares program under the bill would total \$314,888,400 in 2007-08 and \$315,821,900 in 2008-09. These amounts are based on estimates of how much the program would cost under current law with adjustments to account for savings relating to the extension of benefits for caretakers of newborn infants and the cost-saving measures summarized below. Base level funding is \$313,432,100.

Attendance-Based Payments. Beginning in 2006-07, DWD implemented a change to attendance policy, effective March 4, 2007. Wisconsin Shares no longer pays the child care provider for absences in child care when attendance is less than half the number of authorized hours per week for enrollment based authorizations. This change will affect parents who have children in licensed family or group programs, or child care run by public schools and have enrollment based authorizations. This measure will result in estimated savings of \$20,387,000 annually.

Income Eligibility. Under current law, an individual who is first applying for a child care subsidy must have a family income level no higher than 185% of the federal poverty level (FPL) and remains eligible until the family income level reaches 200% of the FPL. The bill would reduce the initial threshold to 175% of the FPL, and the recipient would remain eligible until the family income level reaches 190% of the FPL. This provision would apply to individuals who first apply for a child care subsidy, or reapply for a child care subsidy after losing eligibility, on or after the effective date of the bill. The 200% threshold would continue to apply to families who are receiving a subsidy on the bill's effective date. This measure would result in estimated savings of \$1,836,600 in 2007-08 and \$4,764,100 in 2008-09.

Copayments. DWD will increase copayments on March 11, 2007, by 8%. The bill would then increase copayments again in March, 2008, by 7.0% and in March, 2009, by 3.1%. Copayments are paid by the parents, which results in a savings to the child care subsidies program. Under the schedule used by DWD, the weekly copayment amount varies based on the family's size and income, the number of children in subsidized care, and whether the parent is using licensed or certified child care. Under the bill, the copayment schedule would be modified so that the aggregate amount of copayments increases by the percentages shown above. However, the copayments for individual families could increase by more or less than

these percentages. This measure would result in estimated savings of \$3,538,600 in 2007-08 and \$5,627,800 in 2008-09.

Waiting List. The bill would authorize DWD to implement a prioritized waiting list system for applicants who are otherwise eligible for a child care subsidy if DWD determines that the projected child care subsidies expenditures would exceed the amount budgeted. An applicant on the waiting list would not receive a child care subsidy until funding became sufficient. However, participants in work components of W-2 would not be subject to the waiting list. This measure would result in estimated savings of \$6,359,700 in 2007-08 and \$6,756,500 in 2008-09.

Information Technology. Provide \$287,000 in 2007-08 and \$88,800 in 2008-09 to increase funding for information technology (IT) changes to accommodate the cost savings measures to the child care subsidy program.

The following table shows the projected costs of child care subsidies without the cost savings measures, as well as each of the cost saving measures. It should be noted that the IT component is not included in the table because these increases in funding are reflected in child care state administration rather than child care subsidies.

Child Care Subsidies Under SB 40

	<u>2007-08</u>	<u>2008-09</u>
Estimated Cost of Child Care Subsidies Under Current Law	\$347,551,800	\$354,152,000
Cost Saving Measures		
Attendance-Based Payments	-\$20,387,000	-\$20,387,000
Changes to Income Eligibility	-1,836,600	-4,764,100
Increased Copayments	-3,538,600	-5,627,800
Implementation of a Waiting List	<u>-6,359,700</u>	<u>-6,756,500</u>
Total	-\$32,121,900	-\$37,535,400
Savings Due to Extension of CNI Grant	-\$541,500	-\$794,700
Total Subsidies Under SB 40	\$314,888,400	\$315,821,900

Joint Finance: Increase funding by \$30,171,900 in 2007-08 and \$38,735,400 in 2008-09 for direct child care services under the Wisconsin Shares program. These amounts reflect the following changes to the bill:

Funding Under Current Law. Reduce funding by \$1,200,000 in 2007-08 and increase funding by \$2,200,000 in 2008-09 to reflect more recent estimates of the cost of child care subsidies under current law. These estimates include inflationary increases in the copayments and assume that provider reimbursement rates will continue to remain frozen over the 2007-09 biennium.

Attendance-Based Payments. Require DWD to reimburse licensed child care providers on the basis of the number of authorized hours for a child to receive services from the child care provider and to adjust the number of authorized hours on the basis of a child's history of underutilization. Require DWD to: (a) program the child care computer system to track the hourly usage of child care authorized hours for each child for each provider over a review period of six consecutive two-week periods and automatically adjust a child's authorized hours if usage is consistently less than 50% of the authorized hours for the child in each of the two-week periods; (b) reduce the authorized hours for a child to reflect actual usage and provide an automated notice to the child's parent, child care provider, and local case worker that allows a reasonable time for the child care provider to fill the vacant child care slot; (c) adjust the authorized hours for a child to the highest usage during the 12-week review period, except that DWD could not set the authorized hours for a child at a level that is less than 20 hours per week; and (d) allow families to request adjustments in authorized hours if needed to meet work requirements and to appeal any determinations made with respect to adjustments in authorized hours. This provision would replace the policy implemented by DWD on April 1, 2007, which no longer pays a child care provider for absences in child care when attendance is less than half the number of authorized hours per week.

Increase funding by \$19,637,000 in 2007-08 and \$19,387,000 to reflect both the savings under the new proposal and that the original provision for attendance-based payments under the bill was deleted.

Income Eligibility. Increase funding by \$1,836,600 in 2007-08 and \$4,764,100 in 2008-09 to reflect that this provision was deleted.

Copayments. Direct DWD to increase copayment amounts by no more than 2.8% per year and increase funding by \$3,538,600 in 2007-08 and \$5,627,800 in 2008-09 to offset the estimated savings from the higher copays assumed under the bill.

Waiting List. Increase funding by \$6,359,700 in 2007-08 and \$6,756,500 in 2008-09 to reflect that this provision was deleted.

Assembly: Reduce funding for child care subsidies by \$20,236,600 in 2007-08 and \$32,364,100 in 2008-09, and implement several cost saving measures as follows:

Attendance-Based Payments. Restore Governor's provision. This measure would result in revised estimated savings of \$13,000,000 annually. In addition, delete the Joint Finance provision, which would add in costs of \$750,000 in 2007-08 and \$1,000,000 in 2008-09.

Income Eligibility. Restore Governor's provision. This measure would result in estimated savings of \$1,836,600 in 2007-08 and \$4,764,100 in 2008-09.

Copayments. Restore Governor's provision and delete Joint Finance provision. [Estimated savings are included in the estimated costs of the program.]

Waiting List. Require DWD to implement a prioritized waiting list system for applicants

who are otherwise eligible for a child care subsidy, beginning October 1, 2007. An applicant on the waiting list would not receive a child care subsidy until funding became sufficient. However, participants in work components of W-2 would not be subject to the waiting list. This measure would result in estimated savings of \$6,150,000 in 2007-08 and \$15,600,000 in 2008-09.

Time Limits. Impose a limit on the time that an individual could receive child care subsidies for his or her child to 60 months, which would not have to be consecutive. As a result, a family would receive child care subsidies up to 60 months for each child. This provision would affect families who first apply for child care subsidies after the effective date of the bill. Therefore, no savings are estimated in the 2007-09 biennium.

Funding for the Wisconsin Shares program would total \$325,365,200 in 2007-08 and \$322,987,900 in 2008-09.

Conference Committee/Legislature: Delete Assembly modification. In addition, reduce funding by \$5,000,000 in 2007-08 for direct child care services to reflect savings from the attendance-based reimbursement policy under the Governor's provision. Funding for the Wisconsin Shares program would total \$340,601,800 in 2007-08 and \$355,352,000 in 2008-09.

DWD would also be permitted to continue the attendance-based reimbursement policy described under the Governor's provision, rather than implement the attendance-based payments under the Joint Finance provision, and to modify copayments under current law, rather than implement the limited increase under the Joint Finance provision.

[Act 20 Section: 1442]

10. CHILD CARE QUALITY RATING SYSTEM [LFB Paper 892]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$2,827,300	-\$2,827,300	\$0

Governor: Provide \$1,627,500 in 2007-08 and \$1,199,800 in 2008-09 to establish a child care quality rating system. Of these amounts \$436,200 in 2007-08 and \$444,900 in 2008-09 would be transferred to DHFS to support 6.0 FTE in its Bureau of Regulation and Licensing to implement the quality rating system and \$1,191,300 in 2007-08 and \$754,900 in 2008-09 would fund the quality rating computer system in DWD.

The bill would require the quality rating system to include licensed child care providers that receive reimbursement from the Wisconsin Shares program and child care providers that volunteer to be rated.

The bill would require DWD to make the rating information available to parents, guardians, and legal custodians of children who are recipients, or prospective recipients, of care and supervision from a child care provider that is rated under the system. DWD would have to

provide this information on its Internet site.

The bill would require quality ratings to be completed by June 30, 2009, for all child care providers that are licensed and are receiving reimbursement under the Wisconsin Shares program on that date.

Joint Finance/Legislature: Delete provision.

11. QUALITY CARE FOR QUALITY KIDS AND CHILD CARE ADMINISTRATION [LFB Paper 893]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$2,406,400	-\$6,785,000	-\$4,378,600

Governor: Provide \$1,203,200 annually for programs to improve child care quality and availability. Total funding of \$8,703,500 annually would be allocated under the bill as shown in the table below. This funding reflects an increase for child care scholarship programs of \$1,200,000 annually. The bill would also provide \$3,200 annually to accurately reflect base funding in child care administration.

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. The \$125,000 shown for the child care information center would be transferred internally from DWD's allocation for child care administration to its child care quality and availability allocation.

Funding for Programs to Improve Child Care Quality and Availability Under the Governor's Budget Bill

	Base Funding	Governor		Change to Base	
		2007-08	2008-09	2007-08	2008-09
Child Care Scholarship	\$3,275,000	\$4,475,000	\$4,475,000	\$1,200,000	\$1,200,000
Child Care Information Center	125,000	125,000	125,000	0	0
Resource and Referral	1,225,000	1,225,000	1,225,000	0	0
Technical Assistance	400,000	400,000	400,000	0	0
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	\$7,503,500	\$8,703,500	\$8,703,500	\$1,200,000	\$1,200,000

Joint Finance: Reduce funding by \$3,392,500 annually. In addition, require DWD to spend no more than the minimum amount required under federal law (estimated at \$10,928,900 annually) on programs to improve the quality and availability of child care and to allocate funding for the following programs: (a) the child care scholarship and bonus program in the amount of at least \$3,475,000 annually; (b) child care resource and referral services in the

amount of at least \$1,225,000 annually; and (c) child care licensing activities in the amount of at least \$4,800,600 annually.

With the remaining funds required to be expended on programs to improve the quality and availability of child care under federal law, DWD would have the discretion to set the funding level for the following programs: (a) the local pass-through program; (b) technical assistance; and (c) the child care information center.

Assembly: Increase funding by \$119,400 in 2007-08 and \$284,700 in 2008-09 for child care quality and availability programs and for child care administration. Of these amounts, increase funding by \$360,100 annually, so that DWD can spend the minimum amount required under federal law for child care quality and availability programs, and reduce funding by \$240,700 in 2007-08 and \$75,400 in 2008-09 to maintain base funding for child care administration.

In addition, authorize DWD to determine which child care quality and availability programs would receive funding and to allocate the amount of funding for each program. A reduction in child care licensing spending by \$360,100 annually required that amount to be spent on other child care quality and availability programs to meet minimum federal requirements.

Conference Committee/Legislature: Delete Assembly modification.

[Act 20 Sections: 1407c thru 1407j, 1420f, 1420m, and 1443c thru 1444c]

12. LICENSING OF CHILD CARE PROVIDERS

FED	\$720,200
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Governor: Increase funding by \$360,100 annually for child care licensing responsibilities in DHFS. DHFS staff license and monitor family and group day care facilities. Licensing activities are funded from the child care development block grant funds, which are transferred from DWD to DHFS, general purpose revenue, licensing fees, and the social services block grant.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Sections: 1420m and 1444c]

13. KINSHIP CARE [LFB Paper 886]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$1,937,400	-\$150,400	\$1,787,000

Governor: Increase funding transferred to DHFS for the kinship care program by \$968,700 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 \$23,655,000 annually, including \$21,953,500 for benefits, \$237,500 for administration, and \$1,464,000 for assessments.

Joint Finance/Legislature: Reduce funding by \$75,200 annually to reflect a reestimate of kinship care benefits. The total allocation under the bill would be \$23,579,800 annually, including \$21,878,300 for benefits, \$237,500 for administration, and \$1,464,000 for assessments.

[Act 20 Section: 1449]

14. CARETAKER SUPPLEMENT [LFB Paper 886]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	-\$243,200	-\$355,400	-\$598,600

Governor: Decrease TANF funding by \$121,600 annually for benefits and administration of the caretaker supplement for children of recipients of supplemental security income (SSI), administered by DHFS. TANF funding under the bill would total \$30,272,400 annually, including \$29,627,800 for benefits and \$644,600 for administration. The benefits amounts are based on reestimates of caseloads under the program.

Joint Finance/Legislature: Decrease funding by \$177,700 annually to reflect a reestimate to fully fund benefits for the program. TANF funding under the bill would total \$30,094,700 annually, including \$29,450,100 for benefits and \$644,600 for administration.

[Act 20 Section: 1450]

15. EMERGENCY ASSISTANCE [LFB Paper 894]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$9,300,000	-\$6,300,000	\$3,000,000

Governor: Provide \$4,400,000 in 2007-08 and \$4,900,000 in 2008-09 to increase funding for the emergency assistance program to reflect increased demand for the program, which provides assistance to needy persons in cases of fire, flood, natural disaster, energy crisis, homelessness, or impending homelessness. Funding for the program would total \$8,900,000 in 2007-08 and \$9,400,000 in 2008-09. The increases reflect the amount spent on the program in recent years.

Joint Finance: Reduce funding by \$2,900,000 in 2007-08 and \$3,400,000 in 2008-09 for the emergency assistance program. Funding for the emergency assistance program would total \$6,000,000 annually.

Assembly: Delete provision.

Conference Committee/Legislature: Restore Joint Finance provision.

[Act 20 Section: 1441]

16. FRAUD PREVENTION AND PROGRAM INTEGRITY

FED	\$1,211,000
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Governor: Provide \$605,500 annually for certain fraud-prevention and follow-up activities conducted by DHFS and county income maintenance (IM) agencies. Currently, DWD contracts with DHFS for these activities, and expenditures associated with this contract have been made primarily from the state share of AFDC recoveries. Revenue from AFDC recoveries has been declining and would no longer be sufficient to fund these contracted activities.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Section: 1440]

17. BOYS AND GIRLS CLUBS [LFB Paper 895]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
FED	\$100,000	-\$100,000	\$100,000	\$100,000

Governor: Provide increased TANF funding of \$50,000 annually to the Boys and Girls Clubs of America to support programs that improve the social, academic, and employment skills of youths who are eligible to receive TANF. TANF funding for the Boys and Girls Clubs of America would total \$350,000 annually.

Joint Finance: Delete provision. As a result, TANF funding for the Boys and Girls Clubs of America would total \$300,000 annually.

Conference Committee/Legislature: Restore provision.

[Act 20 Section: 1447b]

18. GRANTS TO EDUCARE CENTER OF MILWAUKEE [LFB Paper 895]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$1,500,000	-\$1,500,000	\$0

Governor: Provide \$750,000 annually to the Educare Center of Milwaukee. The Educare

Center of Milwaukee is an initiative of the Bounce Learning Network with its focus on the improvement of early childhood development and education for children from socially and economically disadvantaged backgrounds.

Joint Finance/Legislature: Delete provision.

19. EARLY CHILDHOOD EXCELLENCE

Governor/Legislature: Delete the TANF allocation for the early childhood excellence program. Funding was eliminated in 2005-06.

[Act 20 Section: 1445]

20. EARNED INCOME TAX CREDIT

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
FED	-\$54,843,000	-\$32,831,400	\$5,000,000	-\$82,674,400

Governor: Decrease the amount of TANF funding used for the state earned income tax credit (EITC) by \$24,615,300 in 2007-08 and \$30,227,700 in 2008-09. The bill estimates the total state EITC at \$87,552,000 in 2007-08 and \$90,658,000 in 2008-09. The amount of TANF funding for the EITC would be \$30,616,700 in 2007-08 and \$25,004,300 in 2008-09. The remainder of the EITC would be funded with GPR. GPR funding for the EITC is shown under "General Fund Taxes -- Individual and Corporate Income Taxes."

Joint Finance: Decrease the amount of TANF funding used for the EITC by an additional \$14,491,300 in 2007-08 and \$18,340,100 in 2008-09. Total TANF funding for the EITC would be \$16,125,400 in 2007-08 and \$6,664,200 in 2008-09.

Assembly: Increase TANF funding for the EITC by \$23,429,900 in 2007-08 and \$34,935,800 in 2008-09. Total TANF funding for the EITC would be \$39,555,300 in 2007-08 and \$41,600,000 in 2008-09.

Conference Committee/Legislature: Delete Assembly modification. In addition, increase TANF funding for the EITC by \$5,000,000 in 2007-08. Total TANF funding for the EITC would be \$21,125,400 in 2007-08 and \$6,664,200 in 2008-09.

[Act 20 Section: 1454]

FED	-\$151,800
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21. CHILD WELFARE SAFETY SERVICES

Governor: Reduce funding by \$75,900 annually to reflect a reestimate of the costs to support child welfare safety services in Milwaukee County based on more recent caseload and expenditure data. Funding for the services would total \$5,631,300 annually.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Section: 1451]

22. CHILD WELFARE INFORMATION SYSTEM

FED	\$407,200
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Governor: Increase funding by \$192,800 in 2007-08 and \$214,400 in 2008-09 for the electronic Wisconsin statewide child welfare information system (eWISACWIS) administered by DHFS. eWISACWIS 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.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 20 Section: 1453]

23. COMPENSATION AND HEALTH INSURANCE RESERVES

FED	\$808,600
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Governor/Legislature: Provide \$283,400 in 2007-08 and \$525,200 in 2008-09 in federal TANF funds to reflect compensation and health insurance reserve amounts. The funds would be held in reserve to supplement administrative costs, if necessary, for pay-plan and health insurance increases for DWD employees.

[Act 20 Sections: 1440 and 1443c]

24. STATE ADMINISTRATION

FED	-\$1,701,500
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Joint Finance: Reduce funding by \$845,500 in 2007-08 and \$856,000 in 2008-09 to reflect a decrease to TANF state administration expenses to balance the TANF budget. Funding for TANF state administration would total \$16,064,600 in 2007-08 and \$16,263,000 in 2008-09.

Assembly: Decrease funding by an additional \$247,200 in 2007-08 and \$445,600 in 2008-09 to maintain base funding for state administration, including fraud prevention and program integrity.

Conference Committee/Legislature: Delete Assembly modification.

[Act 20 Section: 1440]

25. FRAUD INVESTIGATION

Joint Finance: Authorize counties and tribal governing bodies to establish a program to investigate suspected fraudulent activity by W-2 and Wisconsin Shares participants and to recover incorrect payments as a result of fraudulent activity. Provide that if a county or tribal governing body establishes a fraud investigation program, then the county must pay to DWD: (a) 50% of all fraud recoveries during the first month in which any fraud recoveries are made; (b) 66% of all fraud recoveries during the second month in which any fraud recoveries are made; and (c) 100% of all fraud recoveries made after the second month.

Require DWD to credit moneys recovered from fraud in the Wisconsin Shares program for the Wisconsin Shares program and from fraud in W-2 for the W-2 program.

Assembly: Modify provision to allow the county or tribal governing body to retain all amounts recovered as a result of its fraud investigation program during the first three months in which it recovers any amounts. As a result, the county or tribal governing body would pay to DWD all amounts recovered as a result of its fraud investigation program beginning with the fourth month in which it recovers any amounts.

Conference Committee/Legislature: Delete Assembly modification.

[Act 20 Sections: 453m and 1465m]

26. CASE MANAGEMENT SERVICES FOR WISCONSIN WORKS (W-2) PARTICIPANTS

Assembly: Specify that in lieu of placing an individual in a W-2 subsidized employment position, DWD may provide case management services to an individual who applies for a W-2 employment position if DWD determines all of the following: (a) the individual meets the eligibility requirements; (b) the individual is willing to work and has no barriers to employment; (c) the individual is job-ready, based on the individual's employment history or education; and (d) the most appropriate placement for the individual is in unsubsidized employment.

Specify that in determining an appropriate placement for an applicant, a W-2 agency must give priority to placement in unsubsidized employment and providing case management services over placement in a W-2 employment position.

In addition, authorize an individual to petition for review if he or she believes that the provision of case management services in lieu of placement in a W-2 employment position is inappropriate and specify that if it is determined inappropriate, the individual must be placed in the first available W-2 employment position that is appropriate for the individual.

Finally, authorize a custodial parent in a W-2 group in which the other custodial parent is a participant in a W-2 employment position or is receiving case management services to be eligible for employment training and job search assistance services provided by the W-2 agency.

This modification is intended to allow DWD to continue to place unemployed individuals

in a "job-ready" category that does not provide cash benefits. A recent court decision indicated that the statutes only permitted placement into a W-2 employment position that receives a cash benefit or be placed in an unsubsidized employment category if employed.

Conference Committee/Legislature: Delete provision.

27. PROOF OF CITIZENSHIP OR LEGAL STATUS FOR PUBLIC ASSISTANCE

Assembly: Require an applicant for an assistance program to provide, as a condition of eligibility, documentary proof of citizenship or satisfactory immigration status as specified by rules promulgated by DWD and DHFS, to the extent permitted under federal law. Specify that only a person who is a United States citizen or an alien lawfully admitted for permanent residence or otherwise permanently residing in the United States under color of law is eligible for an assistance program.

Require every application for an assistance program to include a certification clause, completed by the welfare worker or other person processing the application, which certifies that he or she has received documentary proof that the applicant is a United States citizen or an alien lawfully admitted for permanent residence or otherwise permanently residing in the United States under color of law, and states the nature of the documentary proof. Require any person who processes the application and falsely certifies receipt of the documentary proof to pay a forfeiture of \$250 for each false certification. Specify that the notice of the penalty must be printed on the application directly below the certification clause.

Assistance programs would include: (a) relief block grants; (b) W-2; (c) Wisconsin Shares child care subsidies; (d) child support; (e) FoodShare; (f) funeral, burial, and cemetery expenses; (g) the disease aids program; and (h) other public assistance programs. However, assistance programs would not include: (a) Medicare; (b) medical assistance; (c) Badger Care; (d) Senior Care; and (e) federal supplemental security income payments.

This provision would take effect on the first day of the seventh month beginning after enactment of the bill.

Under current federal law, applicants for W-2, FoodShare, relief block grants, and funeral, burial, and cemetery expenses must be United States citizens or lawful aliens, and this information must be verified. This provision would require the verification to be documentary proof and would require a certification clause that the documentary proof was received.

Other state programs, such as the disease aids program, have no requirements that participants be United States citizens or lawful aliens. Rather, the applicant is required to be a Wisconsin resident. This provision would now require applicants for these programs to be United States citizens or lawful aliens, require documentary proof of their status, and require the certification clause that the proof was received.

Under current federal law, the children of applicants for child care subsidies must be

United States citizens or lawful aliens, rather than the person who applies for child care subsidies. Because this provision is limited to what federal law permits, this provision would not apply to the child care subsidy program to the extent that the child for whom child care subsidies are paid are United States citizens or lawful aliens, while his or her parents are not.

Under current law, there is no requirement that individuals who receive child support services be United State citizens or lawful aliens. However, federal regulations do not permit child support agencies to close child support cases solely because a parent is not a United States citizen. Child support agencies currently establish paternity cases and child support orders and enforcement of child support orders where the child is a United States citizen, but the parents are not. This provision would prohibit child support enforcement activities in cases where the person applying for child support services, the custodial parent, is not a United States citizen or lawful alien, regardless of the status of the child.

Conference Committee/Legislature: Delete provision.

Child Support

1. CHILD SUPPORT ENFORCEMENT PROGRAM OVERVIEW

The costs of administering the child support program in Wisconsin are supported by a combination of federal funds, state general purpose revenue, county tax revenue, program revenue collected from service fees, interest on balances in the support collections trust fund, and unclaimed child support. The largest source of funding for child support enforcement activities comes from the federal government in the form of federal child support incentive payments and federal matching funds.

The federal government distributes child support incentive payments to states in order to encourage and reward state programs that perform in a cost-effective and efficient manner. States must compete against each other for incentive dollars. These funds support both state operations of child support enforcement activities in DWD and child support enforcement activities performed by counties through contracts with DWD.

Under current law, these federal incentive payments expended for child support enforcement activities are reimbursed by the federal government based on a federal financial participation rate of 66% of eligible costs. The federal Deficit Reduction Act of 2005 eliminates the ability to receive federal matching funds for federal incentive payments, beginning October 1, 2007.

As a result of the inability to receive federal matching funds for federal incentive payments expended on child support enforcement activities, both DWD and the counties will lose substantial federal funding for child support enforcement activities. Federal incentive

payments are estimated to be \$12.9 million in 2007-08 and \$12.4 million in 2008-09. The majority of these funds are distributed to counties. As a result of the federal Deficit Reduction Act of 2005, it is estimated that the counties will lose federal matching funds of \$42.2 million over the biennium.

To partially offset this reduction, the bill would provide additional state funds through increased GPR, an increase in the centralized receipt and disbursement (CR&D) fee paid by support obligors, and a new annual fee on recipients of child support. However, even with the additional state funds, it is estimated that DWD's child support enforcement state operations budget would have a deficit of \$2.1 million annually. In addition, the counties would have less funding for child support enforcement activities by \$10.2 million in 2007-08 and \$8.5 million in 2008-09 than the amount budgeted in 2006-07. Unidentified reductions in expenditures and increases in local revenues would be needed to address the remaining shortfall in funding for child support enforcement activities.

2. FEDERAL AND STATE FUNDS FOR CHILD SUPPORT ENFORCEMENT ACTIVITIES
 [LFB Paper 905]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$8,400,000	-\$8,250,000	\$150,000
FED	<u>-38,107,900</u>	<u>1,242,500</u>	<u>-36,865,400</u>
Total	-\$29,707,900	-\$7,007,500	-\$36,715,400

Governor: Decrease federal expenditure authority by \$18,157,500 in 2007-08 and \$19,950,400 in 2008-09 and increase state funding by \$2,900,000 in 2007-08 and \$5,500,000 in 2008-09 for state and county child support enforcement activities. The reductions in federal funding are primarily due to: (a) a decrease in federal incentive payments from the base funding level due to the increase in performance levels of child support enforcement activities in other states, which increases their share of the federal incentive payments and decreases Wisconsin's share; and (b) the elimination of the ability to receive federal matching funds for federal incentive payments under the federal Deficit Reduction Act of 2005, beginning October 1, 2007.

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 until October 1, 2007. 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 payment that is less than \$12,340,000, then the state may provide state supplemental payments to counties. 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 \$13.7 million in 2006-07 from the federal fiscal year (FFY) 2005 award of incentive payments. Under the bill, it is estimated that the state would receive \$12.9 million in 2007-08 and \$12.4 million in 2008-09 in federal incentive payments. The state would also receive federal child support matching funds until October 1, 2007. More detailed information on the funding adjustments recommended by the Governor is provided below.

Funding for Child Support State Operations

State Share of Federal Incentive Payments. Decrease funding by \$2,206,500 FED in 2007-08 and \$2,579,100 FED in 2008-09 for the state's share of federal incentive payments. The state share of federal incentive payments would total \$398,600 in 2007-08 and \$26,000 in 2008-09.

Increased State Funding. Increase funding by \$150,000 GPR in 2007-08 for child support enforcement state operations. This one-time increase in funding would help offset the reduction in federal funds for state operations.

Federal Match on State Child Support Expenditures. Decrease funding by \$2,975,200 FED in 2007-08 and \$3,396,200 FED in 2008-09 in federal matching funds for state child support expenditures. These amounts also reflect changes in the estimated amount of non-federal and non-DWD match sources. Under the bill, the federal matching funds on state child support expenditures would total \$13,680,300 in 2007-08 and \$13,259,300 in 2008-09. However, the administration indicates that a more recent estimate of federal matching funds on state child support expenditures was omitted by error. Therefore, the federal matching funds on state child support expenditures should total \$14,067,300 in 2007-08 and \$13,002,300 in 2008-09.

Funding for Child Support Enforcement Activities by Counties

County Share of Federal Incentive Payments. Decrease funding by \$469,900 FED in 2007-08 and \$644,300 FED in 2008-09 for the county share of federal incentive payments. The counties would also receive medical support liability incentive earnings estimated at \$3.2 million annually. The county share of federal incentive payments, including the medical support liability incentive earnings, would total \$15,705,400 in 2007-08 and \$15,531,000 in 2008-09.

Federal Match on County Child Support Expenditures. Decrease funding by \$12,505,900 FED in 2007-08 and \$13,330,800 FED in 2008-09 in federal matching funds for the federal incentive payments distributed to counties, federal matching funds for state incentive payments, and federal matching funds for county expenditures. The federal matching funds on incentive payments would total \$35,199,100 in 2007-08 and \$34,374,200 in 2008-09.

Distribution of Incentive Payments to Counties. Provide \$2,750,000 GPR in 2007-08 and

\$5,500,000 GPR in 2008-09 in state supplemental incentive payments to partially offset the reduction in federal funds.

The bill would remove the requirement that the state may provide state incentive payments only if the federal incentive payment is less than \$12,340,000 and the requirement that the total of federal incentive payments and state incentive payments cannot exceed \$12,340,000.

Instead, the bill would cap the amount of state supplemental incentive payments at \$2,750,000 plus any amounts not obligated in the prior fiscal year, in 2007-08. The bill would then cap the amount of the state incentive payments at \$5,500,000 per fiscal year, beginning in 2008-09, plus any amounts not obligated in the prior fiscal year.

In addition, the bill would remove child support assigned to the state as a revenue source for state incentive payments. Instead, the bill would create a continuing GPR appropriation to distribute state child support incentive payments.

Joint Finance: Increase federal expenditure authority by \$471,800 in 2007-08 and \$770,700 in 2008-09 and decrease state GPR funding by \$2,750,000 in 2007-08 and \$5,500,000 in 2008-09 for state and county child support enforcement activities. These amounts reflect the following:

State Share of Federal Incentive Payments. Increase funding by \$137,700 FED in 2007-08 and \$770,700 FED in 2008-09 to reflect revised estimates of the state's share of federal incentive payments and carryover funds of federal incentive payments that will not be spent in 2006-07. The state share of federal incentive payments would total \$536,300 in 2007-08 and \$796,700 in 2008-09.

Federal Match on State Child Support Expenditures. Increase funding by \$334,100 FED in 2007-08 in federal matching funds for state child support expenditures. This amount includes \$66,800 in unspent federal incentive payments that will be carried over into 2007-08. Federal matching funds on state child support expenditures would total \$14,401,400 in 2007-08 and \$13,002,300 in 2008-09.

Distribution of Incentive Payments to Counties. Reduce funding in DWD by \$2,750,000 GPR in 2007-08 and \$5,500,000 GPR in 2008-09 in state supplemental incentive payments. Instead, place these monies in the Committee's general program supplementation appropriation and require DWD to submit a request under section 13.10 of the statutes to access these funds if it appears that federal legislation restoring the ability to match federal incentive payments will not be enacted prior to October 1, 2007.

Specify that if federal legislation reinstates the matching of federal funds for federal child support incentive payments, DWD must provide a notice in the Wisconsin Administrative Register that states the effective date of that federal legislation. Specify that if federal legislation reinstates the matching federal funds, then the statutory changes under the bill regarding the distribution of incentive payments to counties would be repealed and current law regarding the distribution of incentive payments to counties would be reinstated effective on the later of the following dates: (a) July 1, 2007; (b) the day after publication of the budget bill; or (c) the date

stated in the notice in the Wisconsin Administrative Register.

Assembly: Reduce funding by \$150,000 GPR in 2007-08 for child support enforcement state operations. In addition, reduce federal matching funds by \$291,200 FED in 2007-08.

Conference Committee/Legislature: Delete Assembly modification.

[Act 20 Sections: 449, 450d, 459, 460d, 1473, 1474d thru 1476g, and 9454(3p)]

3. INCREASE THE CENTRALIZED RECEIPT AND DISBURSEMENT FEE [LFB Paper 906]

PR	\$5,209,600
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Governor/Legislature: Provide \$1,906,500 in 2007-08 and \$3,303,100 in 2008-09 to reflect a revised estimate of revenues from the annual CR&D fee. This annual fee is paid by child support obligors and helps fund the CR&D system, which processes child support, maintenance (alimony), health care expenses, birth expenses, and other child support related payments.

Of these amounts, an increase of \$2,094,900 in 2007-08 and \$3,491,500 in 2008-09 is due to increasing the fee from \$35 under current law to \$65, beginning January 1, 2008. A reduction of \$188,400 annually reflects a reestimate of the CR&D fee revenue under current law.

Under current law, CR&D fee revenue is estimated at \$7,185,700 annually. With the fee increase from \$35 to \$65, estimated CR&D fee revenue would total \$9,280,600 in 2007-08 and \$10,677,200 in 2008-09.

[Act 20 Sections: 3734 and 9454(2)]

4. REVENUE FROM NEW CHILD SUPPORT ANNUAL FEE [LFB Paper 907]

PR	\$4,125,000
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Governor: Provide \$1,375,000 in 2007-08 and \$2,750,000 in 2008-09 to reflect an estimate of the amount received from a new, federally-mandated annual child support fee of \$25. The federal Deficit Reduction Act of 2005 requires states to impose an annual fee of \$25 on each family that never received TANF benefits and for which the child support program collects at least \$500 in a year. These funds would be used for state operations of the child support enforcement program.

The bill would require DWD, or its designee, to collect the fee from an individual receiving child support or family support payments. The bill would authorize DWD, or its designee, to deduct the fee from maintenance, child or family support, or arrearage payments.

This provision would take effect on January 1, 2008.

Joint Finance/Legislature: Modify statutory language under the bill to specify that the annual fee would be assessed to all custodial parents who receive support payments as a result

of contact with the child support enforcement program.

Statutory language under the original bill could be interpreted to assess the fee only to federal Title IV-D cases. "Title IV-D" refers to the section of the federal Social Security Act related to child support enforcement. Title IV-D cases are child support cases in which a person who has received public assistance has been referred to a child support agency for enforcement services. In addition, Title IV-D cases include child support cases in which a person who has never received public assistance has applied for enforcement services. Non-Title IV-D cases are child support cases in which a person has never received public assistance and has never applied for Title IV-D services to collect child support. All child support orders are processed through the child support enforcement program's centralized receipt and disbursement system, regardless of whether they are Title IV-D cases.

[Act 20 Sections: 455, 3733, 3737, and 9454(2)]

5. FEDERAL SHARE OF ASSIGNED CHILD SUPPORT COLLECTIONS PR - \$1,466,600

Governor/Legislature: Decrease funding by \$493,100 in 2007-08 and \$973,500 in 2008-09 to reflect a reestimate of the federal share of assigned child support collections. Under current federal law, child support collected on behalf of families who have never received public assistance must be distributed to the family. However, in the case 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).

Overall collections of assigned child support are expected to be lower. A decrease in the state's share of assigned child support collections is reflected in the TANF-related revenue adjustments. In addition, the federal Deficit Reduction Act of 2005 modifies the amount of the federal share of assigned child support collections by: (a) giving states the option, beginning October 1, 2008, to pass through \$100 per month (\$200 per month for a family that has two or more children) without being required to pay the federal share on that amount; and (b) no longer requiring public assistance recipients, beginning October 1, 2009 (or October 1, 2008, if the state chooses), to assign their owed child support obligation to the state.

6. INTEREST ON BALANCES IN THE SUPPORT COLLECTIONS TRUST FUND [LFB Paper 905]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$382,800	-\$37,200	\$345,600

Governor: Increase expenditure authority by \$191,400 annually 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. Base level funding is \$121,600. With the above increases, interest earnings are estimated at \$313,000 annually under the bill.

Joint Finance/Legislature: Increase expenditure authority by \$80,400 in 2007-08 and decrease expenditure authority by \$117,600 in 2008-09 to reflect revised estimates of interest earnings on balances in the support collections trust fund. Interest earnings are estimated at \$393,400 in 2007-08 and \$195,400 in 2008-09.

7. REVENUE FROM UNCLAIMED PAYMENTS [LFB Paper 905]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$100,000	\$316,000	\$416,000

Governor: Increase expenditure authority by \$500,000 in 2007-08 and reduce expenditure authority by \$400,000 in 2008-09 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 \$1,000,000 in 2007-08 and \$100,000 in 2008-09. The reduction of revenue in 2008-09 reflects the implementation of direct deposit and debit card disbursement procedures, which is expected to occur during the 2007-09 biennium.

Joint Finance/Legislature: Reduce expenditure authority by \$53,200 in 2007-08 and increase expenditure authority by \$369,200 in 2008-09 to reflect revised estimates of revenues from child support payments that were not able to be distributed. Revenues from unclaimed payments are expected to total \$946,800 in 2007-08 and \$469,200 in 2008-09.

8. INTERSTATE CHILD SUPPORT ENFORCEMENT

Governor/Legislature: Modify current law to authorize DWD to send another state's request for enforcement of a lien based on delinquent child support to a financial institution.

Under current law, if a person who has been ordered by a court to pay child or family support, maintenance, medical expenses of a child, or birth expenses fails to pay any of the court-ordered amount, the amount not paid becomes a lien against the person's property in favor of DWD. DWD may enforce the lien by levying against an account in which the person has an interest at a financial institution. DWD must follow certain notice procedures and the person against whom the lien is enforced may request a hearing. Both DWD and the financial institution may assess collection fees, which are charged against the person's account.

The federal Deficit Reduction Act of 2005 requires all states to implement interstate enforcement of liens on accounts at financial institutions and to give full faith and credit to other states' due process rights, rather than their own state's processes.

Therefore, the bill would expand current law to include liens in favor of other states. The bill would define "lien" as a lien in favor of DWD or a lien in favor of another state based on a support obligation. The bill would also specify the notice procedures that DWD would be required to follow if the lien is in favor of another state. The notice sent by DWD to the financial institution would consist of the request from the other state to enforce the lien, a certification by DWD that any necessary due process requirements were met in the other state, a request that the financial institution honor the request from the other state by sending the amount specified directly to the other state, and the address where the funds must be sent. In addition, the bill would specify that the notice and hearing requirements that apply to a lien in this state do not apply to a lien in favor of another state.

Finally, the bill would authorize a financial institution to assess collection fees for liens that are in favor of another state.

[Act 20 Sections: 1706 thru 1709]

9. STUDY ON CHILD SUPPORT COLLECTION PROCESS

Governor: Require DWD to study the efficiency of the current method used in Wisconsin for collecting court-ordered child support. The bill would require the study to examine the feasibility of using, and the efficiency of, other methods of collection. The bill would also require the submission of the study's findings and recommendations to the DOA Secretary by December 1, 2008.

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

10. PAYMENT OF VITAL RECORDS FEES AFTER PATERNITY JUDGMENTS [LFB Paper 908]

Joint Finance/Legislature: Provide that if the clerk of court or county child support agency is unable to collect a vital records fee for modifying a birth certificate following an action to establish paternity DWD would be required to pay the fee and could not require the county or child support agency to reimburse it for the cost. This provision would first apply with reports of determinations of paternity filed with the state registrar on the bill's general effective date.

[Act 20 Sections: 3746h, 3746i, and 9354(2d)]

REPORTS AND STUDIES

REPORTS AND STUDIES

Date Due	Nature	Prepared By	Reported To
No later than the 15 th day of each month through June, 2009	Election Administration Fund Expenditures. A report concerning expenditures made in the previous month from the Election Administration Fund for the Statewide Voter Registration System for: (a) staffing costs; (b) payments made to outside contractors; and (c) supplies and services costs. The report must detail the expenditures made under each of these categories, including an expenditure total for each category. The Election Administration Fund is a separate, nonlapsible trust fund consisting of federal Help America Vote Act (HAVA) funding and associated state match funding, as well as interest earned on these funds. HAVA required the state to develop an official, centralized, computerized Statewide Voter Registration System. [Section 9227(1L)]	Elections Board/ Government Accountability Board	Joint Committee on Finance
Quarterly	State Agency Information Technology Contracts Reports. Information on the amount expended in open-ended IT contracts. [Section 128t]	Executive Branch Agencies	Department of Administration
Annually	DOA Information Technology Contracts Report. Compile quarterly reports submitted by executive branch agencies regarding open-ended contract expenditures. [Section 128t]	Department of Administration	Joint Committee on Information Policy and Technology
Annually	Reports on Open-Ended Information Technology Projects. Compile quarterly reports on open-ended IT projects submitted to the Board of Regents and annually submit them to the Joint Committee on Information Technology. [Section 736x]	UW System	Joint Committee on Information Technology Projects
Annually, no date specified	Veterans Affairs Telemedicine Facilities. Information on the number of veterans referred to Veterans Administration hospitals, veterans centers, or other health care facilities as a result of telemedicine facilities. [Section 786m]	Department of Veterans Affairs	Governor and chairs of legislative committees responsible for oversight of veterans' issue
Annually in January	Activities, Receipts and Expenditure Report. Annual report in the form prescribed by the state auditor. [Section 3070p]	Lower Fox River Remediation Authority	Governor and Legislature

Date Due	Nature	Prepared By	Reported To
January 1 of each odd-numbered year	Overtime at the Correctional Institutions. Report on the usage of overtime in the correctional institutions, identifying, by institution, the amount and costs of overtime utilized, categorized by reason for overtime. [Section 3100g]	Department of Corrections	Joint Committee on Finance
January 1, 2008	HIV/AIDS Pilot Program. A report on the feasibility of modifying the HIV/AIDS pilot program authorized under the act as follows: (a) the costs of the drugs for individuals in the pilot program would continue to be paid for under the HIV/AIDS drug reimbursement program; and (b) the health insurance risk-sharing plan (HIRSP) would reimburse the HIV/AIDS drug reimbursement program for drugs provided to individuals in the pilot program. [Section 9121(7p)]	Department of Health and Family Services	Joint Committee on Finance
February 1, 2008, and annually thereafter	Major Highway Development Project Schedule. An annual report showing an updated project schedule, with the annual funding required until completion for each project. [Section 90h]	Department of Transportation	Transportation Projects Commission
March 1 and September 1 of each year	Information Technology Project Reporting. Original and updated information on all executive branch IT projects with an actual or projected cost of greater than \$1 million or was identified by the Department of Administration as a high risk project, including: project costs; completion dates; explanations for cost variances; contractual language; funding sources; amounts under master lease; status of the projects; any other information requested by the Joint Committee on Information Policy and Technology. [Section 128r]	Department of Administration	Joint Committee on Information Policy and Technology
March 1 and September 1 of each year	Large, High-Risk Information Technology Projects. A semiannual report that documents certain information regarding each information technology project within the UW System with a cost of greater than \$1,000,000 or that has been identified as a large, high-risk project.	UW System	Joint Committee on Information Policy and Technology
March 31, 2008	Response to Audit of Adult Court Jurisdiction for 17-Year Olds. Submit a response to the Legislative Audit Bureau's audit of the effect of providing adult court jurisdiction for 17-year olds. [Section 9109(1f)]	Department of Corrections	Joint Legislative Audit Committee and Joint Committee on Finance

Date Due	Nature	Prepared By	Reported To
May 1, 2008	Treatment Alternatives and Diversion Program. Report on the impact of the treatment alternatives and diversion program on the Department's 2009-11 biennial budget. The Department must evaluate the impact of increased community treatment and diversion programs for non-violent offenders on the Department's institutional and community populations, and on the Department's costs of operation. [Section 9109(2k)]	Department of Corrections	Joint Committee on Finance
May 1, 2008	Vehicle Emissions Inspection Program. A study of alternative program models of the vehicle emissions inspection program, including the possibility of remote emissions testing and testing performed by certified motor vehicle dealers. [Section 9148(4c)]	Department of Transportation	Transportation standing committees of each house
June 30, 2008	Routing of State Highways in Ripon. A study of the routes of three state trunk highways within the City of Ripon. [Section 9148(4m)]	Department of Transportation	Joint Committee on Finance
June 30, 2008	Improvements to CTH T and STH 312 in Eau Claire. A study of potential transportation improvements to improve access to businesses and promote economic development along CTH T north of STH 312 in the City of Eau Claire. [Section 9148(9d)]	Department of Transportation	Governor and Legislature
June 30, 2008	Extension of STH 138 in Rock County. A study of whether Tolles Road in Rock County should be added to the state trunk highway system as an extension of STH 138. [Section 9148(5i)]	Department of Transportation	Governor and Legislature
July 1, 2008	Prairie du Chien Correctional Institution. Report on the current capacity and usage of its segregation unit at the Prairie du Chien Correctional Institution, specifically addressing the issue of inmate overcrowding at the segregation unit. [Section 9109(3j)]	Department of Corrections	Joint Committee on Finance
October 1, 2008, Annually	Information Technology Master Lease Report. A report on IT projects funded through master lease, including the following: amounts financed in the previous year; amounts approved for future years; principal and interest paid in the previous fiscal year; and a summary of completed repayments. [Section 128t]	Department of Administration	Governor and Joint Committee on Information Policy and Technology

Date Due	Nature	Prepared By	Reported To
October 1, 2008, and annually thereafter	IT Projects Master Lease Financing. Report on information technology projects funded through master leases. [Section 736x]	UW System	Governor and Joint Committee on Information Policy and Technology
November 15, 2008, and annually thereafter	Stewardship Closed Lands. An annual report identifying each property acquired in the previous fiscal year using Stewardship funds that is not open for one or more of the following purposes: hunting, fishing, trapping, hiking, cross-country skiing, and other nature-based outdoor recreation (as defined by DNR rule), and the reason for the closure. [Section 638mg]	Department of Natural Resources	Joint Committee on Finance and standing committees on natural resources
November 15, 2008, and annually thereafter	Land Management Contracts. A report which includes the following information on contracts between DNR and non-profit conservation organizations for land management activities on DNR properties: costs of contracts, activities performed, and cost-effectiveness of the contracts. [Section 638m]	Department of Natural Resources	Joint Committee on Finance
January 1, 2009	Truck Size and Weight Laws. A study of the state's truck size and weight laws, identifying any changes in those laws that would have a net benefit to the state's economy, when considering the cost of protecting highway infrastructure. [Section 9148(4d)]	Department of Transportation	Legislature
January 31, 2009, and January 31, 2010	Initiatives Reports. Submit two annual reports on the implementation and outcomes of initiatives commenced as a result of changes in expenditure authority provided in 2007 Wisconsin Act 20. [Section 9126(1h)]	Investment Board	Joint Legislative Audit Committee and Joint Committee on Finance
May 1, 2009	Local Property Taxation of Electric Utilities. A report assessing the feasibility and desirability of imposing local general property taxes, or their equivalent, on property, other than production plants, of light, heat, and power companies, electric cooperatives, and municipal utilities. [Section 9141(1f)]	Study group convened by the Department of Revenue	Legislature
May 1, 2009	Report on Short Course for Chinese Students on Wisconsin Idea. Report on the required five-week course assessing the course and whether it should be continued. [Section 9152(2u)]	UW System	Legislature

Date Due	Nature	Prepared By	Reported To
June 30, 2009	Long-Term Health Care. A study of the long-term health care needs of the veterans population in Douglas County, including the demand for, and feasibility of, establishing a rehabilitative care center, in addition to an evaluation of the anticipated need for a nursing home or assisted living facility in that area. The scope and methodology of the study will be determined by the Legislative Audit Bureau, with the cooperation of the Department of Veterans Affairs. [Section 9153(2c)]	Department of Veterans Affairs	Not specified
January 1, 2010	Lightweight Utility Vehicles Pilot Program. A report describing the results of an evaluation of the lightweight utility vehicles pilot program conducted by DNR in consultation with the Department of Transportation and the participating counties and municipalities. [Section 666m]	Department of Natural Resources	Legislature
November, 2011	Stewardship Pre-November, 2007, Closed Lands. Provide a listing of all stewardship land that was acquired before October 27, 2007, for which public access has been restricted or prohibited and the reasons for that action. [Section 638mj]	Department of Natural Resources	Not specified
Semi-annually with no date specified	Report on Agreements Related to State Borrowing Programs. A report if the state is a party to an agreement relating to general obligation debt describing each agreement and providing specified information. [Section 144]	Department of Administration	Joint Committee on Finance and Building Commission
Annually with no date specified	Limited Appointments Report. Report on the number of employees with limited appointments, back-up positions, and concurrent appointments. [Section 732m]	UW System	Governor and Legislature
No date specified	Fetal and Infant Mortality and Morbidity. A report on fetal and infant mortality and morbidity in areas of Racine County that are encompassed by the zip codes 53402 to 53406, derived, at least in part, from a multidisciplinary review of all fetal and infant deaths in the relevant year. The report must specify causation found for the mortality and morbidity. [Section 9121(6d)]	The Racine City Health Department	The City of Racine, the Department of Health and Family Services, the Legislature, and the Governor

Date Due	Nature	Prepared By	Reported To
No date specified	Integrated Health Insurance System. Report on plan for implementing an integrated health insurance enrollment, eligibility, and processing system. [Section 9114(1c)]	Employee Trust Funds	Joint Committee on Finance
No date specified	Executive Branch Information Technology Policies. Adopt written policies for executive branch agencies for information technology (IT) projects in excess of \$1 million or that are vital to agencies functions. [Section 128d]	Department of Administration in consultation with other executive agencies	Joint Legislative Audit Committee and Joint Committee on Information Policy and Technology

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